

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the action you should take, you are recommended to seek your own financial advice immediately from an independent financial adviser who is authorised under the Financial Services and Markets Act 2000 (as amended) (“FSMA”) if you are resident in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

This document constitutes a prospectus relating to AEW UK REIT plc (the “**Company**”) prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the “**FCA**”) made pursuant to section 73A of FSMA. This document has been approved by the FCA and has been filed with the FCA and will be made available to the public in accordance with Rule 3.2 of the Prospectus Rules at <http://www.aewukreit.com>.

Applications will be made to the UK Listing Authority and the London Stock Exchange respectively for any Ordinary Shares issued in connection with the Share Issuance Programme to be admitted to listing on the premium segment of the Official List and to trading on the Main Market and for any C Shares issued in connection with the Share Issuance Programme to be admitted to listing on the standard segment of the Official List and to trading on the Main Market. It is expected that any Admission under the Share Issuance Programme will become effective and dealings will commence between 1 March 2019 and 28 February 2020.

The Company and the Directors, whose names appear on page 41 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Potential investors should read the whole of this document and, in particular, their attention is drawn to the risk factors set out on pages 23 to 33 of this document.

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## **AEW UK REIT PLC**

*(Incorporated in England and Wales with registered number 9522515 and registered as an investment company under Section 833 of the Companies Act)*

### **Share Issuance Programme of Ordinary Shares and/or C Shares**

*Investment Manager*

#### **AEW UK Investment Management LLP**

*Sponsor, Financial Adviser and Sole Bookrunner*

#### **Liberum Capital Limited**

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Liberum Capital Limited (“**Liberum**”), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and for no-one else in relation to the Share Issuance Programme and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Liberum, nor for providing advice in connection with the Share Issuance Programme, the contents of this document or any matters referred to in therein. Apart from the responsibilities and liabilities, if any, which may be imposed on Liberum by FSMA, or the regulatory regime established thereunder, or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, Liberum does not accept any responsibility whatsoever and makes no representation or warranty, express or implied, for the contents of this document, including its accuracy or completeness, or for any other statement made or purported to be made by it, or on its behalf, the Company or any other person in connection with the Company, the Shares or the Share Issuance Programme and nothing contained in this document is or shall be relied upon as a promise or representation in this respect, whether as to the past or future. Liberum (together with its affiliates) accordingly, to the fullest extent permissible by law, disclaims all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement.

Investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised by the Group, AEW UK Investment Management LLP (the “**Investment**

**Manager”)** or Liberum. Without prejudice to the Company’s obligations under the Prospectus Rules, neither the delivery of this document nor any subscription for or purchase of Shares made pursuant to the Share Issuance Programme, under any circumstances, create any implication that there has been no change in the affairs of the Group since, or that the information contained herein is correct at any time subsequent to, the date of this document.

Liberum and its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company and/or the Investment Manager, for which they would have received customary fees. Liberum and its affiliates may provide such services to the Company and/or the Investment Manager and any of their respective affiliates in the future. In connection with the Share Issuance Programme, Liberum and its affiliates, acting as investors for its or their own accounts, may subscribe for or purchase Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in the Shares and other securities of the Company or related investments in connection with the Share Issuance Programme or otherwise. Accordingly, references in this document to Shares being issued, offered, acquired, subscribed or otherwise dealt with, should be read as including any issue or offer to, acquisition of, or subscription or dealing by Liberum and any of its affiliates acting as an investor for its or their own account(s). Neither Liberum nor any of its affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition, Liberum and its affiliates may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements in connection with which Liberum may from time to time acquire, hold or dispose of shareholdings in the Company

The Shares to be issued pursuant to the Share Issuance Programme have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) or with any securities or regulatory authority of any state or other jurisdiction of the United States and the Shares to be issued pursuant to the Share Issuance Programme may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the Shares in the United States. The Shares to be issued pursuant to the Share Issuance Programme are being offered or sold only (i) outside the United States to non U.S. Persons in offshore transactions in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder; and (ii) pursuant to a private placement to persons located inside the United States or U.S. Persons that are “accredited investors” (as the term is used in Regulation D under the U.S. Securities Act) in reliance on the exemption from registration provided by Rule 506 of Regulation D under the U.S. Securities Act. The Company has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the “U.S. Investment Company Act”) and investors will not be entitled to the benefits of the U.S. Investment Company Act.

Copies of this document will be available on the Company’s website (<http://www.aewukreit.com>) and the National Storage Mechanism of the FCA at [www.morningstar.co.uk/uk/nsml](http://www.morningstar.co.uk/uk/nsml).

Dated: 1 March 2019

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## SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A-E (A.1-E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Some Elements are not required to be addressed which means there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted into the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

Section A – Introduction and warnings		
Element	Disclosure Requirement	Disclosure
A.1.	Warning	<p>This summary should be read as an introduction to this document. Any decision to invest in Shares should be based on consideration of this document as a whole by the investor.</p> <p>Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2.	Subsequent resale or final placement of securities through financial intermediaries	<p>The Company consents to the use of this document by selected financial intermediaries who have, or will be, appointed by the Company in connection with the subsequent resale or final placements of securities by financial intermediaries.</p> <p>The offer period within which any subsequent resale or final placement of securities by such appointed financial intermediaries can be made and for which consent to use this document is given commences, in the case of the First Intermediaries Offer, on 3 June 2019 and closes at 5.00 p.m. on 14 June 2019; in the case of the Second Intermediaries Offer, on 7 October 2019 and closes at 5.00 p.m. on 18 October 2019; and in the case of the Third Intermediaries Offer, on 3 February 2020 and closes at 5.00 p.m. on 14 February 2020, unless closed prior to those dates.</p> <p>Any such appointed intermediary that uses this document must state on its website that it uses this document in accordance with the Company’s consent. Intermediaries are required to provide the terms and conditions of any Intermediaries Offer(s) to any prospective investor who has expressed an interest in participating in any Intermediaries Offer(s) to such intermediary.</p> <p><b>Information on the terms and conditions of any subsequent resale or final placement of securities by any financial intermediary is to be provided at the time of the offer by the financial intermediary.</b></p>

Section B – Issuer																													
Element	Disclosure Requirement	Disclosure																											
B.1.	Legal and commercial name	AEW UK REIT plc.																											
B.2.	Domicile and legal form	The Company was incorporated in England and Wales on 1 April 2015 with registered number 9522515 as a public company limited by shares under the Companies Act. The principal legislation under which the Company operates is the Companies Act.																											
B.5.	Group description	As at the date of this document the Company has one wholly owned dormant subsidiary; AEW UK REIT 2015 Limited. Save for AEW UK REIT 2015 Limited, the Company has no subsidiaries or subsidiary undertakings.																											
B.6.	Major shareholders	<p>Other than as set out in the table below, as at 28 February 2019 (being the latest practicable date prior to the publication of this document) the Company was not aware (by virtue of notifications made to it pursuant to the Disclosure Guidance and Transparency Rules) of any person who was directly or indirectly interested in 3 per cent. or more of the issued share capital of the Company:</p> <table> <tr> <th>Name</th><th>Number of Ordinary Shares</th><th>Percentage of issued share capital (%)</th></tr> <tr> <td>Coutts &amp; Co</td><td>18,195,088</td><td>12.01</td></tr> <tr> <td>Quilter Cheviot Investment Management</td><td>10,823,994</td><td>7.14</td></tr> <tr> <td>Schroder Investment Management</td><td>10,018,814</td><td>6.61</td></tr> <tr> <td>Close Asset Management</td><td>9,967,129</td><td>6.58</td></tr> <tr> <td>Hargreaves Lansdown Asset Management</td><td>8,203,676</td><td>5.41</td></tr> <tr> <td>Premier Fund Management</td><td>5,835,085</td><td>3.85</td></tr> <tr> <td>IPS Capital</td><td>5,504,903</td><td>3.63</td></tr> <tr> <td>Seneca Investment Managers</td><td>4,790,000</td><td>3.16</td></tr> </table>	Name	Number of Ordinary Shares	Percentage of issued share capital (%)	Coutts & Co	18,195,088	12.01	Quilter Cheviot Investment Management	10,823,994	7.14	Schroder Investment Management	10,018,814	6.61	Close Asset Management	9,967,129	6.58	Hargreaves Lansdown Asset Management	8,203,676	5.41	Premier Fund Management	5,835,085	3.85	IPS Capital	5,504,903	3.63	Seneca Investment Managers	4,790,000	3.16
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B.7.	Key financial information	<p>The selected historical financial information set out below which has been prepared under IFRS, has been extracted without material adjustment from the audited financial statements of the Company for the period from the Company's incorporation to 30 April 2016, the audited financial statements of the Company for the financial year ended 30 April 2017 and the audited financial statements of the Company for the financial period from 1 May 2017 and ended 31 March 2018 and the interim reports and unaudited financial information of the Company for the six month period ended 31 October 2017 and the six month period ended 30 September 2018. Investors should read the whole of any such report and not rely solely on the key or summarised information set out below:</p> <p><b>Statement of Financial Position:</b></p> <table><tr><th></th><th>As at 30 April 2016 (audited) £'000</th><th>As at 30 April 2017 (audited) £'000</th><th>As at 31 March 2018 (audited) £'000</th><th>As at 31 October 2017 (unaudited) £'000</th><th>As at 30 September 2018 (unaudited) £'000</th></tr><tr><td><b>Assets and Liabilities</b></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Investment property</td><td>114,387</td><td>135,570</td><td>187,751</td><td>147,030</td><td>192,519</td></tr><tr><td>Investments</td><td>10,109</td><td>—</td><td>—</td><td>—</td><td>—</td></tr><tr><td>Investment property held for sale</td><td>—</td><td>—</td><td>3,650</td><td>—</td><td>—</td></tr><tr><td>Investments held for sale</td><td>—</td><td>7,594</td><td>—</td><td>—</td><td>—</td></tr><tr><td>Receivables and prepayments</td><td>2,962</td><td>3,382</td><td>2,938</td><td>2,204</td><td>3,394</td></tr><tr><td>Other financial assets held at fair value</td><td>77</td><td>31</td><td>26</td><td>24</td><td>9</td></tr><tr><td>Cash and cash equivalents</td><td>7,963</td><td>3,653</td><td>4,711</td><td>34,537</td><td>8,145</td></tr><tr><td><b>Total assets</b></td><td><b>135,498</b></td><td><b>150,230</b></td><td><b>199,076</b></td><td><b>183,795</b></td><td><b>204,067</b></td></tr><tr><td>Interest bearing loans and borrowing</td><td>(14,250)</td><td>(28,740)</td><td>(49,643)</td><td>(32,259)</td><td>(49,714)</td></tr><tr><td>Finance lease obligations</td><td>(1,914)</td><td>(60)</td><td>(620)</td><td>(638)</td><td>(620)</td></tr><tr><td>Payables and accrued expenses</td><td>(2,959)</td><td>(2,756)</td><td>(2,779)</td><td>(2,677)</td><td>(2,080)</td></tr><tr><td><b>Total liabilities</b></td><td><b>(19,123)</b></td><td><b>(31,556)</b></td><td><b>(53,042)</b></td><td><b>(35,574)</b></td><td><b>(52,414)</b></td></tr><tr><td><b>Net assets</b></td><td><b>116,375</b></td><td><b>118,674</b></td><td><b>146,034</b></td><td><b>148,221</b></td><td><b>151,653</b></td></tr><tr><td>Net Asset Value per Ordinary Share (basic) (pence per Ordinary Share)</td><td>99.03</td><td>95.98</td><td>96.36</td><td>97.80</td><td>100.06</td></tr></table>		As at 30 April 2016 (audited) £'000	As at 30 April 2017 (audited) £'000	As at 31 March 2018 (audited) £'000	As at 31 October 2017 (unaudited) £'000	As at 30 September 2018 (unaudited) £'000	<b>Assets and Liabilities</b>						Investment property	114,387	135,570	187,751	147,030	192,519	Investments	10,109	—	—	—	—	Investment property held for sale	—	—	3,650	—	—	Investments held for sale	—	7,594	—	—	—	Receivables and prepayments	2,962	3,382	2,938	2,204	3,394	Other financial assets held at fair value	77	31	26	24	9	Cash and cash equivalents	7,963	3,653	4,711	34,537	8,145	<b>Total assets</b>	<b>135,498</b>	<b>150,230</b>	<b>199,076</b>	<b>183,795</b>	<b>204,067</b>	Interest bearing loans and borrowing	(14,250)	(28,740)	(49,643)	(32,259)	(49,714)	Finance lease obligations	(1,914)	(60)	(620)	(638)	(620)	Payables and accrued expenses	(2,959)	(2,756)	(2,779)	(2,677)	(2,080)	<b>Total liabilities</b>	<b>(19,123)</b>	<b>(31,556)</b>	<b>(53,042)</b>	<b>(35,574)</b>	<b>(52,414)</b>	<b>Net assets</b>	<b>116,375</b>	<b>118,674</b>	<b>146,034</b>	<b>148,221</b>	<b>151,653</b>	Net Asset Value per Ordinary Share (basic) (pence per Ordinary Share)	99.03	95.98	96.36	97.80	100.06
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# Statement of Comprehensive Income:

	Financial period from 1 April 2015 to 30 April 2016 (audited) £0'000	Financial year ended 30 April 2017 (audited) £0'000	Financial period from 1 May 2017 to 31 March 2018 (audited) £0'000	Interim period for six months ended 31 October 2017 (unaudited) £0'000	Interim period for six months ended 30 September 2018 (unaudited) £0'000
Rental and other income	7,185	12,503	12,330	6,496	8,459
Property operating expenses	(300)	(1,434)	(1,106)	(641)	(630)
Dividend income	653	576	—	—	—
Other operating expenses	(1,151)	(1,768)	(1,539)	(895)	(970)
Directors' remuneration	(72)	(71)	(84)	—	—
Change in fair value of investment properties	(1,935)	(3,159)	1,014	2,480	5,653
(Loss) / profit on disposal of investment properties	—	731	(216)	(216)	(178)
Change in fair value of investments	482	(407)	—	—	—
Profit / (Loss) on disposal of investments	—	(113)	73	73	—
Operating profit	4,862	6,858	10,472	7,297	12,334
Finance expense	(226)	(759)	(652)	(308)	(656)
<b>Total comprehensive income for the period/year</b>	<b>4,636</b>	<b>6,099</b>	<b>9,820</b>	<b>6,989</b>	<b>11,678</b>

Save for: (i) the Company carrying out a placing and offer for subscription which raised gross proceeds of £100.5 million in May 2015; (ii) the Company carrying out a placing and four tap issues which raised, in aggregate, gross proceeds of c.£23.2 million between December 2015 and October 2016; (iii) the Company carrying out a placing, offer for subscription and intermediaries offer which raised gross proceeds of £28.1 million in October 2017; (iv) the Company declaring and paying aggregate dividends of 22.83 pence per Ordinary Share between 27 November 2015 and 30 June 2018; (v) the Group completing 40 acquisitions for a combined purchase price of £195.20 million and acquiring a holding in AEW UK Core Property Fund for £9.63 million as at 30 September 2018 and (vi) the Group disposing of two properties for gross sale proceeds of £13.10 million and its holding in AEW UK Core Property Fund for £9.66 million and part disposals of two assets for £3.65 million and £0.90 million, there has been no significant change in the financial condition and operating results of the Group during the financial period covered by the historical key financial information (being the date of incorporation to 30 September 2018).

Save for: (i) the Company declaring and paying a dividend of 2.0 pence for the three month period ended 30 September 2018, (ii) the Company declaring and paying a dividend of 2.0 pence for the three month period ended 31 December 2018, (iii) the Group extending the terms of its loan facility with RBS International by three years up to 22 October 2023; (iv) the Group disposing of two properties for gross sale proceeds of £2.25 million and (v) the Group completing one acquisition in Leeds for a purchase price of



		£6.9 million, there has been no significant change in the financial condition and operating results of the Group since 30 September 2018, being the date to which the Group's latest unaudited interim financial statements were prepared.
B.8.	Key <i>pro forma</i> financial information	Not applicable. No <i>pro forma</i> financial information is contained in this document.
B.9.	Profit forecast	Not applicable. No profit forecast or estimate made.
B.10.	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The audit report on the historical financial information incorporated by reference in this document is not qualified.
B.11.	Qualified working capital	Not applicable. The Company is of the opinion that the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of this document.
B.34.	Investment policy	<p><i>Investment objective</i></p> <p>The investment objective is to deliver an attractive total return to Shareholders from investing predominantly in a portfolio of smaller commercial properties in the United Kingdom.</p> <p><i>Investment policy</i></p> <p>In order to achieve its investment objective the Company invests in freehold and leasehold properties across the whole spectrum of the commercial property sector (office properties, retail warehouses, high street retail and industrial/warehouse properties) to achieve a balanced portfolio with a diversified tenant base. The Company intends to acquire smaller commercial properties.</p> <p>Within the scope of restrictions set out below (under the heading "Investment Restrictions") the Company may invest up to 10 per cent. of its Net Asset Value (at the time of investment) in the AEW UK Core Property Fund and up to 10 per cent. of its Net Asset Value (measured at the commencement of the project) in development opportunities, with the intention of holding any completed development as an investment. The AEW UK Core Property Fund is a property authorised investment fund managed by the Investment Manager which has a similar investment policy to that of the Company. Any investment by the Company into the AEW UK Core Property Fund will not be subject to management fees or performance fees otherwise charged to investors in the AEW UK Core Property Fund by the Investment Manager.</p> <p><i>Investment restrictions</i></p> <p>The Company will invest and manage its assets with the objective of spreading risk through the following investment restrictions:</p> <ul style="list-style-type: none"> <li>• the value of no single property, at the time of investment, will represent more than 15 per cent. of Gross Asset Value;</li> <li>• the Company may commit up to a maximum of 10 per cent. of its Net Asset Value (measured at the commencement of the relevant project) to development activities;</li> </ul>



		<ul style="list-style-type: none"> <li>the value of properties, measured at the time of each investment, in any one of the following sectors: office properties, retail warehouses, high street retail and industrial/warehouse properties will not exceed 50 per cent. of Gross Asset Value. The 50 per cent. sector limit may be increased to 60 per cent. as part of the Investment Manager's efficient portfolio management whereby the Investment Manager determines it appropriate to pursue an attractive investment opportunity which would cause the 50 per cent. sector limit to be exceeded on a short-term basis pending a repositioning of the portfolio through a sale of assets or other means;</li> <li>investment in unoccupied and non-income producing assets will, at the time of investment, not exceed 20 per cent. of Net Asset Value;</li> <li>the Company may commit up to a maximum of 10 per cent. of its Net Asset Value (at the time of investment) in the AEW UK Core Property Fund;</li> <li>the Company will not invest in other closed-ended investment companies; and</li> <li>if the Company invests in derivatives for the purposes of efficient portfolio and cash management, the total notional value of the derivatives at the time of investment will not exceed, in aggregate, 35 per cent. of Gross Asset Value.</li> </ul> <p>The Directors currently intend, at all times, to conduct the affairs of the Company so as to enable the Group to qualify as a REIT for the purposes of Part 12 of the CTA 2010 (and the regulations made thereunder).</p> <p>The Company will at all times invest and manage its assets in a way that is consistent with its objective of spreading investment risk and in accordance with its published investment policy and will not, at any time, conduct any trading activity which is significant in the context of the business of the Company as a whole.</p> <p>In the event of a breach of the investment policy and investment restrictions set out above, the Directors upon becoming aware of such breach will consider whether the breach is material, and if it is, notification will be made to a Regulatory Information Service.</p> <p>Any material change to the investment policy or investment restrictions of the Company may only be made with the prior approval of Shareholders.</p>
B.35.	Borrowing limits	<p>The Company intends to utilise borrowings to enhance returns over the medium term. Borrowings will be utilised on a limited recourse basis for each investment on all or part of the total Portfolio. It is currently anticipated that the Directors will target a level of total borrowings of up to 25 per cent. of Gross Asset Value (measured at drawdown) and will comply with the REIT condition relating to the ratio between the Group's 'property profits' and 'property finance costs'.</p> <p>The above borrowing limit of 25 per cent. may be increased to 35 per cent.: (i) provided that the Directors reasonably believe that the Company will complete an equity fundraising within 3 months of such investment; or (ii) as part of the Investment Manager's efficient portfolio management whereby the investment is made prior to the anticipated sale of an existing investment, and where completion of the sale is expected to be completed within 3 months</p>

		<p>of the relevant investment and the proceeds of such equity fund raising or sale would be reasonably expected to reduce the borrowing of the Company to 25 per cent of the Gross Asset Value or less.</p> <p>On 20 October 2015, the Company entered into the Facility with RBS International pursuant to which the lender agreed to make available £40 million over a five year term. On 8 March 2018 the terms of the Facility were amended and restated to a £60 million facility. On 22 October 2018, the loan term was extended by three years up to 22 October 2023. The loan attracts interest at 3 month LIBOR plus 1.4 per cent. To mitigate the interest rate risk that arises as a result of entering into a variable rate linked loan, the Company has entered into an interest rate cap on £36.5 million of the total balance of the loan at a strike rate of 2.5 per cent. on £26.5 million and 2 per cent. on £10 million, resulting in the loan being 73 per cent. hedged as at 31 December 2018. These interest rate caps are effective until 19 October 2020. The Company has entered into additional interest rate caps on a notional value of £46.51 million at 2.00 per cent., covering the extension period of the loan from 20 October 2020 to 19 October 2023. As at 28 February 2019 (being the latest practicable date prior to the publication of this document), the Company has drawn down £50 million. The Facility is secured by a negative pledge over the Company.</p> <p>As at 28 February 2019 (being the latest practicable date prior to the publication of this document), the Company had a gross loan-to-value of approximately 25.10 per cent. on the Portfolio.</p>
B.36.	Regulatory status	<p>The Company is not regulated as a collective investment scheme by the FCA but is subject to the Listing Rules, the Prospectus Rules, the Disclosure Guidance and Transparency Rules and MAR.</p> <p>As a REIT, the Shares are “excluded securities” under the FCA’s rules on non-mainstream pooled investments. Accordingly, the promotion of the Shares is not subject to the FCA’s restriction on the promotion of non-mainstream pooled investments.</p> <p>The Company has been advised that the Shares should be “transferable securities” and, therefore, should be eligible for investment by UCITS or NURS.</p> <p>The manager of a UCITS or NURS should, however, satisfy itself that the Shares are eligible for investment by that UCITS or NUR, including the factors relating to that UCITS or NURS itself, specified in the Collective Investment Scheme Sourcebook of the FCA Handbook.</p> <p>The Company operates as an externally managed alternative investment fund, with the Investment Manager being the Company’s AIFM.</p>
B.37.	Typical investor	<p>An investment in the Shares is only suitable for institutional investors, professionally-advised private investors and highly knowledgeable financially sophisticated non-advised private investors who understand and are capable of evaluating the risks of such an investment and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment.</p>

B.38.	Investment of 20 per cent. or more in a single underlying issuer or investment company	Not applicable. The Company will not invest 20 per cent. of Gross Asset Value or more in a single underlying issuer or investment company.
B.39.	Investment of 40 per cent. or more in another collective investment undertaking	Not applicable. The Company will not invest 40 per cent. or more of Gross Asset Value in another collective investment undertaking.
B.40.	Applicant's service providers	<p><i>Investment Manager</i></p> <p>AEW UK Investment Management LLP has been appointed investment manager to the Company. Under the terms of the Investment Management Agreement the Investment Manager is responsible for the day to day discretionary management of the Company's investments subject to the investment objective and investment policy of the Company and the overall supervision of the Directors.</p> <p>The Investment Manager is entitled to receive a management fee in respect of its services of 0.9 per cent. per annum of NAV (excluding uninvested proceeds from the Share Issuance Programme or any subsequent fundraising).</p> <p>The Investment Management Agreement may be terminated by the Company or the Investment Manager giving 12 months' notice.</p> <p><i>Administrator</i></p> <p>Link Alternative Fund Administrators Limited has been appointed administrator of the Company. Under the terms of the Administration Agreement the Administrator is responsible for the maintenance of the books and financial accounts of the Company and the calculation of the NAV and NAV per Ordinary Share and NAV per C Share, as applicable. The Administrator is currently entitled to receive a fee of £78,827 (exclusive of VAT) per annum. In addition, the Administrator is entitled to a fee of £8,099 (exclusive of VAT) per annum in respect of tax-related work and payroll for the Directors' fees.</p> <p><i>Property Manager</i></p> <p>M J Mapp Limited has been appointed property manager to the Company. Under the terms of the Property Management Agreement the Property Manager is responsible for providing property management services to the Company in relation to the Portfolio. The Property Manager is entitled to: (i) a fee of 0.325 per cent. of annual rents received (in respect of single let properties); (ii) fees capped at between 7 per cent. and 9.5 per cent. of annual service charges (in respect of multi-let properties); and (iii) a nominal charge (in respect of vacant buildings).</p> <p><i>Company Secretary</i></p> <p>Link Company Matters Limited has been appointed company secretary to the Company. Under the terms of the Company Secretarial Agreement the Company Secretary is responsible for providing company secretarial services to the Company including, but not limited to, the maintenance of the Company's statutory books. The Company Secretary is entitled to receive a fee of</p>

		<p>£54,140 per annum (exclusive of VAT) in addition to a fee of £1,876 (exclusive of VAT) in respect of services provided to the subsidiary of the Company.</p> <p><i>Depositary</i></p> <p>Langham Hall UK LLP has been appointed depositary to the Company. Under the terms of the Depositary Agreement the Depositary is responsible for: (i) setting up and maintaining the securities record; (ii) and safe custody of the Custody Assets and the Non-custody Assets of the Company entrusted to it (which it shall hold on trust for the Company); and (iii) the oversight and supervision of the Investment Manager and the Company. The Depositary is entitled to receive a fee of £49,855 per annum (exclusive of VAT) and subject to annual RPI linked increases calculated on 1 January each year.</p> <p><i>Registrar</i></p> <p>Computershare Investor Services PLC has been appointed registrar of the Company. Under the terms of the Registrar Agreement, the Registrar is entitled to an annual maintenance fee of £1.20 per Shareholder account per annum, subject to a minimum fee of £3,000 per annum (exclusive of VAT). The Registrar is also entitled to activity fees under the Registrar Agreement.</p> <p><i>Valuer</i></p> <p>Knight Frank LLP has been appointed valuer of the Company. The Valuer is entitled to receive a fee of 0.03 per cent. of the aggregate Fair Value (as such term is defined in the Red Book) per annum excluding VAT, to be invoiced quarterly.</p> <p><i>Audit services</i></p> <p>KPMG LLP provides audit services to the Group.</p>
B.41.	Regulatory status of investment manager and custodian	The Investment Manager and the Depositary are authorised and regulated by the FCA.
B.42.	Calculation of Net Asset Value	<p>The Net Asset Value (and Net Asset Value per Ordinary Share) is calculated quarterly by the Administrator (and reviewed by the Company). Calculations are made in accordance with IFRS. The Net Asset Value per C Share will also be calculated and published quarterly, on the same basis, until conversion of the C Shares.</p> <p>Details of each quarterly valuation, and of any suspension in the making of such valuations, are announced by the Company via a Regulatory Information Service announcement as soon as practicable after the end of the relevant quarter. The quarterly valuations of the Net Asset Value (and Net Asset Value per Ordinary Share and Net Asset Value per C Share, as applicable) will be calculated on the basis of the most recent quarterly independent valuation of the Company's properties.</p> <p>The calculation of the Net Asset Value will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained or in other circumstances (such as a systems failure of the Administrator) which prevents the Administrator from making such calculations. Details of any</p>

		suspension in making such calculations will be announced via a Regulatory Information Service announcement as soon as practicable after any such suspension occurs.																																																																																																																																																																																																		
B.43.	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.																																																																																																																																																																																																		
B.44.	No financial statements have been made up	Not applicable. The Company has commenced operations and financial information is incorporated by reference in this document. Please see the key financial information at B.7.																																																																																																																																																																																																		
B.45.	Portfolio	<div>As at the date of this document, the Portfolio consists of the following assets:</div> <table><thead><tr><th>Property</th><th>Sector</th><th>Sq ft</th><th>Purchase Price (£)</th><th>Current valuation (as at 31 December 2018 or date of purchase whichever is later) (£)</th></tr></thead><tbody><tr><td>NCRC, Wagon Road, Mossley*</td><td>Industrial</td><td>12,836</td><td>364,000</td><td>350,000*</td></tr><tr><td>NCRC, 349 Moorside Road, Swinton</td><td>Industrial</td><td>24,307</td><td>1,173,000</td><td>1,500,000</td></tr><tr><td>NCRC, Clarke Road, Milton Keynes</td><td>Industrial</td><td>28,349</td><td>1,526,000</td><td>2,500,000</td></tr><tr><td>1 Bentalls, Pippas Hill Industrial Estate, Basildon</td><td>Industrial</td><td>32,857</td><td>2,000,000</td><td>2,850,000</td></tr><tr><td>Vantage Point, Hemel Hempstead</td><td>Office</td><td>18,466</td><td>2,175,000</td><td>2,555,000</td></tr><tr><td>Magham Road, Rotherham, Carr's Coatings, North 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Corby</td><td>Other</td><td>52,353</td><td>12,400,000</td><td>12,875,000</td></tr><tr><td>Diamond Business Park, Wakefield</td><td>Industrial</td><td>204,631</td><td>4,175,000</td><td>4,600,000</td></tr><tr><td>Pearl House, Wheeler Gate, Nottingham</td><td>Retail</td><td>28,965**</td><td>8,150,000**</td><td>5,000,000</td></tr><tr><td>Bridge House, Knowles Lane, Bradford</td><td>Industrial</td><td>51,722</td><td>2,100,000</td><td>2,200,000</td></tr><tr><td>Gresford Industrial Park, Wrexham</td><td>Industrial</td><td>279,541</td><td>9,975,000</td><td>9,975,000</td></tr><tr><td>London East Leisure Park, Dagenham</td><td>Other</td><td>71,720</td><td>11,372,467</td><td>12,000,000</td></tr><tr><td>Leeds</td><td>Industrial</td><td>187,794</td><td>6,927,416</td><td>6,930,000</td></tr><tr><td colspan="2">Total:</td><td>3,024,680</td><td>191,067,883</td><td>199,585,000****</td></tr></tbody></table>					Property	Sector	Sq ft	Purchase Price (£)	Current valuation (as at 31 December 2018 or date of 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225 Bath Street, Glasgow	Offices	85,565	12,200,000	8,600,000																																																																																																																																																																																																
208-220 Commercial Road and 7-13 Crasswell St, Portsmouth	Retail	14,419	6,370,000	5,700,000																																																																																																																																																																																																
Cedar House, Gloucester	Offices	37,753	3,100,000	3,850,000																																																																																																																																																																																																
2 Geddington Road, Corby	Other	52,353	12,400,000	12,875,000																																																																																																																																																																																																
Diamond Business Park, Wakefield	Industrial	204,631	4,175,000	4,600,000																																																																																																																																																																																																
Pearl House, Wheeler Gate, Nottingham	Retail	28,965**	8,150,000**	5,000,000																																																																																																																																																																																																
Bridge House, Knowles Lane, Bradford	Industrial	51,722	2,100,000	2,200,000																																																																																																																																																																																																
Gresford Industrial Park, Wrexham	Industrial	279,541	9,975,000	9,975,000																																																																																																																																																																																																
London East Leisure Park, Dagenham	Other	71,720	11,372,467	12,000,000																																																																																																																																																																																																
Leeds	Industrial	187,794	6,927,416	6,930,000																																																																																																																																																																																																
Total:		3,024,680	191,067,883	199,585,000****																																																																																																																																																																																																
* contracts exchanged for disposal as at the date of the Prospectus. Completion due to take place in March 2018. Contracted sale price £450,000.																																																																																																																																																																																																				

		<p>** original purchase price of building. Retail accommodation totaling 6,021 sq ft was sold during 2018.</p> <p>*** original purchase price of building. Office accommodation totaling 41,262 sq ft was sold during 2018.</p> <p>**** Current valuation as set out in the Valuation Report at Part 7 of this document is £199,235,000 reflecting the imminent sale of NCRC Wagon Road, Mossley.</p>
B.46.	Net Asset Value	As at 31 December 2018 (the latest practicable date prior to the publication of this document), the unaudited Net Asset Value per Ordinary Share was 100.37 pence.
<b>Section C – Securities</b>		
<b>Element</b>	<b>Disclosure Requirement</b>	<b>Disclosure</b>
C.1.	Type and class of securities	<p>The Directors have authority to issue up to 250 million Ordinary Shares and up to 250 million C Shares pursuant to the Share Issuance Programme.</p> <p>The ISIN of the Ordinary Shares is GB00BWD24154 and the SEDOL is BWD2415. The ticker for the Ordinary Shares is AEWU.</p> <p>The ISIN of the C Shares is GB00BFXR1Y35 and the SEDOL is BFXR1Y3. The ticker for the C Shares is AEWC.</p>
C.2.	Currency	Sterling.
C.3.	Issued Shares	As at 28 February 2019 (being the latest practicable date prior to the publication of this document), the issued share capital of the Company was £1,515,582.51 divided into 151,558,251 Ordinary Shares of £0.01 each.
C.4.	Description of the rights attaching to the securities	<p><b>Ordinary Shares</b></p> <p>The Ordinary Shares carry the right to receive the profits of the Company available for distribution at such times as the Directors may determine in accordance with the Articles.</p> <p>Subject to the rights of any C Shares in issue, on a winding-up, the surplus capital and assets of the Company shall be divided amongst the holders of Ordinary Shares <i>pro rata</i> according to the nominal capital paid up on their holdings of Ordinary Shares.</p> <p>Holders of Ordinary Shares have the right to receive notice of, and to attend and vote at, general meetings and class meetings of the Company.</p> <p>Each holder of Ordinary Shares who is present in person (or, being a corporation, by representative) or by proxy at a general meeting or a class meeting on a show of hands has one vote and, on a poll, every such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of each Ordinary Share held by him.</p> <p><b>C Shares</b></p> <p>The C Shares are a new class of convertible, non-voting preference share which, if issued, will be listed on the standard segment of the Official List and admitted to trading on the Main Market. The restriction on voting is required in order to protect the Company's status as a REIT, but C Shareholders will be able to vote in relation to matters affecting the rights of the C Shares.</p>



		<p>At the relevant Conversion Date, C Shares shall be converted into Ordinary Shares in accordance with the provisions of the Articles.</p> <p>The C Shares shall not carry the right to receive any profits of the Company available for distribution whether by way of interim or final dividend. The new Ordinary Shares arising on Conversion of C Shares shall rank <i>pari passu</i> with the Ordinary Shares then in issue for dividends and distributions made or declared by reference to a record date falling after the relevant Calculation Date.</p> <p>On a winding up or return of capital (otherwise than on a purchase or redemption by the Company of any C Shares), the holders of the C Shares shall be entitled to receive an amount per C Share equal to the lower of (i) the amount subscribed for the issue of each C Share and (ii) the Net Asset Value per C Share, but shall have no other rights to participate in the capital of the Company. C Shares shall rank on a winding up in priority to all other shares of the Company from time to time in issue. For so long as C Shares are in issue, and without prejudice to the Company's obligations under the Act, the assets attributable to the C Shares shall, at all times, be separately identified and shall have allocated to them such proportion of the expenses or liabilities of the Company as the Directors fairly consider to be attributable to the C Shares.</p> <p>The holders of C Shares shall have:</p> <ul style="list-style-type: none"> <li>the right to receive notice of, and attend, speak and vote at class meetings of C Shareholders. Each holder of C Shares who is present in person (or being a corporation, by representative), or by proxy at a class meeting on a show of hands has one vote, and on a poll, every such person who is present in person (or being a corporation, by representative), or by proxy has one vote in respect of each C Share held by him; and</li> <li>no rights to receive notice of, attend, speak or vote at general meetings of the Company.</li> </ul>
C.5.	Restrictions on the free transferability of the securities	There are no restrictions on the free transferability of the Shares.
C.6.	Admission	<p>Applications will be made to the UKLA and the London Stock Exchange respectively for any Ordinary Shares, issued pursuant to any Tranche of the Share Issuance Programme, to be admitted to listing on the premium segment of the Official List and to trading on the Main Market and for any C Shares, issued pursuant to any Tranche of the Share Issuance Programme, to be admitted to the standard segment of the Official List and to trading on the Main Market.</p> <p>Application will be made to the UKLA and the London Stock Exchange respectively for the Ordinary Shares arising on the relevant Conversion of any C Shares to be admitted to listing on the premium segment of the Official List and to trading on the Main Market.</p> <p>It is expected that any Admission under the Share Issuance Programme will become effective and dealings will commence between 1 March 2019 and 28 February 2020.</p>
C.7.	Dividend policy	At the time of the IPO, the Investment Manager provided guidance that they would assemble a portfolio supporting a target annual dividend between 8 to 9 pence per Ordinary Share. The Portfolio



		<p>has now been assembled enabling the Company to pay a 2 pence per Ordinary Share dividend for each quarter since January 2016. Currently the Company pays dividends to holders of Ordinary Shares on a quarterly basis with dividends declared in January, April, July and October of each year and paid within one month of being declared.</p> <p>The Board has declared and paid dividends totaling 26.83 pence per Ordinary Share in respect of the period from launch to 28 February 2019 (the latest practicable date prior to the publication of this document).</p> <p>The Directors will declare dividends taking into account the level of the Company's net income and the Directors' view on the outlook for sustainable recurring earnings. As such, the level of dividends paid to holders of Ordinary Shares may increase or decrease from the current annual dividend. Based on the current market conditions as at the date of this document, the Company expects to pay an annualised dividend of 8 pence per Ordinary Share in respect of the financial period ending 31 March 2019 and the interim financial period ending 30 September 2019.</p> <p>Investors in C Shares should note that the C Shares issued pursuant to the Share Issuance Programme shall not carry the right to receive any profits of the Company available for distribution whether by way of interim or final dividend prior to the relevant Conversion.</p> <p>In order to comply with and maintain REIT status, the Group will be required to meet a minimum distribution test for each accounting period that it is a REIT. This minimum distribution test requires the Company to distribute 90 per cent. of the income profits of the Property Rental Business for each accounting period, as adjusted for tax purposes.</p> <p><b>Investors should note that the figures in relation to dividends, total shareholder return and targeted annual growth in NAV set out above and elsewhere in this document are for illustrative purposes only and are not intended to be, and should not be taken as, a profit forecast or estimate. Actual returns cannot be predicted and may differ materially from these illustrative figures. There can be no assurance that they will be met or that any dividend or NAV growth will be achieved.</b></p>
Section D – Risks		
Element	Disclosure Requirement	Disclosure
D.1.	Key information on the key risks that are specific to the Company or its industry	<p><b>The Company may be unable to make further acquisitions</b></p> <p>In addition to the Portfolio, the Investment Manager has identified a number of available properties that are consistent with the Company's investment objective and investment policy. However, there can be no certainty that the Company will be able to acquire these or other properties on acceptable terms or at all.</p> <p><b>The Company's due diligence may not identify all risks and liabilities in respect of an acquisition</b></p> <p>Prior to entering into an agreement to acquire a property, the Company will perform due diligence on the property concerned. In doing so it would typically rely on third parties to conduct a</p>

		<p>significant portion of this due diligence. To the extent that such third parties underestimate or fail to identify risks and liabilities associated with the property in question, the Company may be affected by defects in title, or be exposed to environmental, structural or operational defects requiring remediation, or may be unable to obtain necessary permits or permissions which may have a material adverse effect on the Company's profitability, the Net Asset Value and the market price of the Shares.</p> <p>A due diligence failure may also result in properties that are acquired failing to perform in accordance with projections, particularly as to rent and occupancy, which may have a material adverse effect on the Company's profitability, the Net Asset Value and the market price of the Shares.</p> <p><b>UK exit from the European Union</b></p> <p>A referendum was held on 23 June 2016 to decide whether the UK should remain in the EU. A vote was given in favour of the UK leaving the EU ("<b>Brexit</b>") and on 29 March 2017 the UK Government triggered Article 50 to commence Brexit negotiations with the EU. The extent of the impact of Brexit on the Company will depend in part on the nature of the arrangements that are put in place between the UK and the EU following the eventual Brexit (including the possibility of the UK leaving the EU without securing a deal) and the extent to which the UK continues to apply laws that are based on EU legislation. The Company may be subject to a significant period of uncertainty in the period leading up to eventual Brexit including, <i>inter alia</i>, uncertainty in relation to any potential regulatory or tax change. In addition, the macroeconomic effect of an eventual Brexit on the value of investments in the UK real estate sector and, by extension, the value of the investments in the Portfolio, is unknown. Brexit could also create significant UK (and potentially global) stock market uncertainty, which may have a material adverse effect on the Net Asset Value and the market price of the Shares. As such, it is not possible to accurately state the impact that Brexit will have on the Company and its proposed investments at this stage. Brexit may also make it more difficult for the Company to raise capital in the EU and/or increase the regulatory compliance burden on the Company. This could restrict the Company's future activities and thereby negatively affect returns.</p> <p><b>Asset management initiatives may be more expensive than anticipated and take longer to implement</b></p> <p>The Company intends, where it believes it is necessary, to continue to undertake asset management initiatives, such as refurbishment works, in respect of properties that it acquires. These works may prove to be more extensive, expensive and take longer than anticipated.</p> <p>In implementing refurbishment works the Company relies upon the performance of third party service providers and contractors. Failure by any such service providers and contractors to carry out their obligations in accordance with their appointment terms could result in the refurbishment works being more expensive than anticipated and taking longer to complete which may have a material adverse effect on the Company's profitability, the Net Asset Value and the market price of the Shares.</p>
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		<p><b>It may prove difficult to attract new tenants for the Company's properties</b></p> <p>Once properties have been refurbished or existing leases have expired, the Company may experience difficulty in attracting new tenants on suitable terms or at all. The Company may need to incur additional costs and expenses, including the granting of rent free periods, legal and surveying costs, maintenance costs, insurance costs, rates and marketing costs as a result of properties being without tenants and in order to attract tenants.</p> <p>In addition the market value of a property could be diminished because the value of a property will depend principally upon the value of the leases of such property. Reduced revenues or reductions to the market value of a property may in turn have a material adverse effect on the Company's profitability, the Net Asset Value and the market price of the Shares.</p> <p><b>Tenant default</b></p> <p>Dividends payable by the Company are dependent on the income generated from the properties it owns. Failure by tenants to comply with their rental obligations could affect the ability of the Company to pay dividends to Shareholders.</p> <p><b>The Company may not be able to maintain or increase the rental rates for the Portfolio, which may, in the longer term, have a material adverse impact on the value of the Portfolio, as well as the Company's turnover.</b></p> <p>The value of the Company's Portfolio and the Company's turnover is dependent on the rental rates that can be achieved from the properties in the Portfolio. The ability of the Company to maintain or increase the rental rates for its properties generally may be adversely affected by general UK economic conditions. In addition, there may be other factors that depress rents or restrict the Company's ability to increase rental rates, including local factors relating to particular properties/locations (such as increased competition). Any failure to maintain or increase the rental rates for the Company's properties generally may have a material adverse effect on the Company's profitability, the Net Asset Value and the market price of the Shares.</p> <p><b>The Company's investments will be illiquid and may be difficult or impossible to realise at a particular time</b></p> <p>The Company predominantly invests in UK commercial properties. Such investments are illiquid; they may be difficult for the Company to sell and the price achieved on any realisation may be at a discount to the prevailing valuation of the relevant property, which may have a material adverse effect on the Company's profitability, the Net Asset Value and the market price of the Shares.</p> <p><b>The property market</b></p> <p>Any property market recession or future deterioration in the property market in the UK could, <i>inter alia</i>: (i) cause the Company to realise its investments at lower valuations; (ii) delay the timings of the Company's realisations; and (iii) impact the Company's rental yields. Any of the foregoing could have a material adverse effect on the ability of the Company to achieve its investment objective.</p>
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		<p><b>Property valuation is inherently subjective and uncertain</b></p> <p>Property and property related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to uncertainty and there can be no assurance that the estimates resulting from the valuation process will reflect actual sales prices that could be realised by the Company in the future.</p> <p><b>Availability of borrowings and the gearing effect of borrowing can work against as well as for Shareholders</b></p> <p>The Company has entered into the Facility and intends to secure additional borrowing facilities in the future to pursue the Company's investment objective. Accordingly, should returns derived from the Company's investments not be sufficient to cover the costs and liabilities of such borrowings, on a liquidation of the Company, Shareholders may not recover their initial investment and in certain circumstances may lose their entire investment. An inability to borrow at levels or on terms acceptable to the Board could require cash to be retained to fund future asset management initiatives and/or acquisitions. This could reduce the reserves available to make distributions to Shareholders.</p> <p>Whilst the use of borrowings should enhance the NAV per Share where the value of the Company's investments is rising, it will have the opposite effect where the value of the Company's investments is falling.</p>
D.3.	Key information on the key risks that are specific to the Shares	<p><b>The Ordinary Shares or C Shares may trade at a discount to NAV per Ordinary Share or NAV per C Share and Shareholders may be unable to realise their investments through the secondary market at NAV per Ordinary Share or NAV per C Share or at all</b></p> <p>Either the Ordinary Shares and/or the C Shares may trade at a discount to NAV per Ordinary Share or NAV per C Share (respectively) for a variety of reasons. While the Directors may seek to mitigate any discount to NAV per Ordinary Share through such discount management mechanisms as they consider appropriate, there can be no guarantee that they will do so or that such mechanisms will be successful.</p> <p><b>The Company may in the future issue new equity, which may dilute Shareholders' equity</b></p> <p>The Company may seek to issue new equity in the future pursuant to the Share Issuance Programme or otherwise. While the Companies Act contains statutory pre-emption rights for Shareholders in relation to issues of shares in consideration for cash, such rights can be disapplied, and have been disapplied in relation to the maximum amount of Shares that may be issued pursuant to the Share Issuance Programme. Where statutory pre-emption rights are disapplied, any additional equity financing will be dilutive to those Shareholders who cannot, or choose not to, participate in such financing.</p> <p><b>Future sales of Shares could cause the market price of the Shares to fall</b></p> <p>Sales of Shares or interests in Shares by significant investors could depress the market price of the Shares. A substantial number of Shares being sold, or the perception that sales of this type could occur, could also depress the market price of the Shares. Both</p>

		<p>scenarios, occurring either individually or collectively, may make it more difficult for Shareholders to sell the Shares at a time and price that they deem appropriate.</p> <p><b>Standard listing of C Shares</b></p> <p>Any C Shares issued pursuant to the Share Issuance Programme will be admitted to the standard segment of the Official List, which affords C Shareholders a lower level of regulatory protection than that afforded to investors of the Ordinary Shares which are admitted to the premium segment of the Official List.</p>
<b>Section E – Offer</b>		
<b>Element</b>	<b>Disclosure Requirement</b>	<b>Disclosure</b>
E.1.	Proceeds and expenses	<p>It is expected that the fixed costs and expenses in connection with the establishment of the Share Issuance Programme, including fees and commissions payable under the Share Issuance Agreement, admission fees, printing, legal, accounting fees, fees payable in respect of the preparation of this document and the Valuation Report and any other applicable expenses will be £162,000 and will be borne by the Company or, in the event the initial Tranche under the Share Issuance Programme is an issue of C Shares, such costs and expenses will be attributed to those subscribers for C Shares.</p> <p>The net proceeds of the Share Issuance Programme are dependent, <i>inter alia</i>, on the Directors determining to proceed with an Issue or Placing-Only Issue under the Share Issuance Programme and the level of subscriptions received, the applicable price of such Shares and the aggregate costs and commissions for each Tranche. The costs of issuing Shares under the Share Issuance Programme will be capped at 2 per cent. of the gross proceeds of each Tranche of Shares issued under the Share Issuance Programme.</p> <p>The costs and expenses of any Placing-Only Issue of Ordinary Shares will be covered by issuing such Ordinary Shares at a premium to the latest published Net Asset Value per Ordinary Share. The costs and expenses of any Issue or Placing-Only Issue of C Shares under the Share Issuance Programme will be paid out of the gross proceeds of such issue of C Shares and will be borne by the holders of C Shares only.</p>
E.2.a.	Reason for offer and use of proceeds	<p>The Share Issuance Programme is being undertaken in order to raise funds for the purpose of investment in accordance with the investment objective and investment policy of the Company.</p> <p>The net proceeds of any Issue or Placing-Only Issue under the Share Issuance Programme will be utilised by the Group to fund investments in accordance with the Company's investment policy.</p>
E.3.	Terms and conditions of the offer	<p>The Company has authority to issue up to 250 million Ordinary Shares and up to 250 million C Shares pursuant to the Share Issuance Programme. Shares will only be issued at times when the Company considers that suitable investments in accordance with the Company's investment policy will be capable of being secured.</p>

		<p>The Directors may, in their sole discretion (in consultation with the Investment Manager and Liberum) decide to carry out one or more Placings of Ordinary Shares or C Shares under the Share Issuance Programme at any time prior to the final closing date of 28 February 2020.</p> <p>In addition the Company may instigate up to three Offers of C Shares (provided this is in accordance with the timetable set out in the below paragraph) if the Directors, in their sole discretion in consultation with the Investment Manager and Liberum, determine market conditions are appropriate.</p> <p>The First Offer for Subscription and First Intermediaries Offer will open on 3 June 2019 and will remain open until 5.00 p.m. on 14 June 2019 and 5.00 p.m. on 14 June 2019 respectively, the Second Offer for Subscription and Second Intermediaries Offer will open on 7 October 2019 and will remain open until 5.00 p.m. on 18 October 2019 and 5.00 p.m. on 18 October 2019 respectively and the Third Offer for Subscription and Third Intermediaries Offer will open on 3 February 2020 and will remain open until 5.00 p.m. on 14 February 2020 and 5.00 p.m. on 14 February 2020 respectively.</p> <p>The price at which any Ordinary Shares are issued on a non-pre-emptive basis pursuant to a Placing-Only Issue will be not less than the latest published Net Asset Value per Ordinary Share at the time of issue plus a premium to cover the costs and expenses of the relevant Placing. The price at which any C Shares are issued on a non-pre-emptive basis pursuant to a Placing-Only Issue will be 100 pence per C Share.</p> <p>The price at which any C Shares are issued on a non-pre-emptive basis pursuant to an Issue will be 100 pence per C Share.</p> <p>The issuance of each Tranche of Shares pursuant to the Share Issuance Programme is conditional upon, <i>inter alia</i>,</p> <ul style="list-style-type: none"> <li>• in relation to non-pre-emptive offerings of Ordinary Shares, the applicable Placing Price being not less than the latest published Net Asset Value per Ordinary Share;</li> <li>• Admission of the relevant Shares issued pursuant to each Tranche; and</li> <li>• the Share Issuance Agreement having become unconditional in respect of the relevant Tranche and not having been terminated in accordance with its terms or a particular Tranche not having been suspended in accordance with the terms of the Share Issuance Agreement.</li> </ul>
E.4.	Material interests	Not applicable. No interest is material to the Share Issuance Programme.
E.5.	Name of person selling securities	Not applicable. No person or entity is offering to sell Shares as part of the Share Issuance Programme.
E.6.	Dilution	As no Ordinary Shares will be issued under the Share Issuance Programme at a price which is less than the latest published Net Asset Value per Ordinary Share, plus a premium to cover the costs and expenses of the relevant Placing, there is not expected to be any dilution in the Net Asset Value per Ordinary Share as a result of the issue of Ordinary Shares under the Share Issuance Programme.



		<p>Any issue of C Shares under the Share Issuance Programme will be at 100 pence per C Share and the costs of such issue will be borne by the holders of C Shares only so there will be no dilutive effect on the Net Asset Value per Ordinary Shares.</p> <p>Any C Shares issued pursuant to the Share Issuance Programme will convert into Ordinary Shares in accordance with the Articles. As a result of such Conversion, the percentage of the issued Ordinary Shares held by each existing holder of Ordinary Shares may be reduced depending on the extent to which such Shareholders do not participate in the relevant Issue or Placing-Only Issue and the total number of C Shares issued under the relevant Issue or Placing-Only Issue. However, Conversion will be Net Asset Value neutral to holders of the Ordinary Shares. The potential dilution of shareholdings of Ordinary Shareholders will depend on the number of C Shares issued under the relevant Issue or Placing-Only Issue and the ultimate number of the Ordinary Shares issued on conversion of the C Shares.</p>
E.7.	Estimated Expenses charged to the investor by the issuer	<p>The Company will not charge investors any separate costs or expenses in connection with the Share Issuance Programme.</p> <p>It is expected that the fixed costs and expenses in connection with the establishment of the Share Issuance Programme will be £162,000 and will be borne by the Company or, in the event the initial Tranche under the Share Issuance Programme is an issue of C Shares, such costs and expenses will be attributed to those subscribers for C Shares. The costs of issuing Shares under the Share Issuance Programme will be capped at 2 per cent. of the gross proceeds of each Tranche of Shares issued under the Share Issuance Programme.</p>



## RISK FACTORS

Investment in the Company should not be regarded as short term in nature and involves a high degree of risk. Accordingly, investors should carefully consider all of the information set out in this document and the risks attaching to an investment in the Company.

The Directors believe the risks described below are the material risks relating to an investment in C Shares and/or Ordinary Shares and the Company at the date of this document. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this document, may also have an adverse effect on the performance of the Company and the value of C Shares and/or Ordinary Shares. Investors should review this document carefully and in its entirety and consult with their professional advisers before making an application to invest in C Shares and/or Ordinary Shares to be issued pursuant to the Share Issuance Programme.

### RISKS RELATING TO THE COMPANY

#### ***The Company may not meet its investment objective***

The Company may not achieve its investment objective. Meeting the investment objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it can or will be met.

An element of the target total return to Ordinary Shareholders includes providing Ordinary Shareholders with dividends. The declaration, payment and amount of any future dividends, whether covered or uncovered, by the Company to Ordinary Shareholders are subject to the discretion of the Directors and will depend upon, amongst other things, the Company successfully pursuing the Company's investment policy and the Company's earnings, financial position, cash requirements, level and rate of borrowings and availability of profit, as well as the provisions of relevant laws or generally accepted accounting principles from time to time. Earnings may fluctuate in periods when the Company is not fully invested either due to deployment of net proceeds or due to asset sales as part of the Company's investment strategy. There can be no assurance as to the level and/or payment of future dividends by the Company.

An element of the target total return to Ordinary Shareholders also includes the aim of providing Ordinary Shareholders with capital appreciation. The amount of any capital appreciation will depend upon, amongst other things, the Company successfully pursuing its investment policy and performance of the Company's assets. There can be no assurance as to the level of any capital appreciation.

#### ***The Company's targeted returns are based on estimates and assumptions that are inherently subject to significant uncertainties and contingencies, and the actual rate of return may be materially lower than the targeted returns***

The Company's targeted returns for the Ordinary Shares set out in this document are targets only and are based on estimates and assumptions about a variety of factors including, without limitation, purchase price, yield and performance of the Company's investments, which are inherently subject to significant business, economic and market uncertainties and contingencies, all of which are beyond the Company's control and which may adversely affect the Company's ability to achieve its targeted returns for the Ordinary Shares. The Company may not be able to implement its investment objective and investment policy in a manner that generates returns in line with the targets. Furthermore, the targeted returns are based on the market conditions and the economic environment at the time of assessing the targeted returns, and are therefore subject to change. In particular, the targeted returns assume no material changes occur in government regulations or other policies, or in law and taxation, and that the Company is not affected by natural disasters, terrorism, social unrest or civil disturbances or the occurrence of risks described elsewhere in this document. There is no guarantee that actual (or any) returns can be achieved at or near the levels set out in this document. Accordingly, the actual rate of return achieved may be materially lower than the targeted returns, or may result in a partial or total loss, which could have a material adverse effect on the Company's profitability, the Net Asset Value and the market price of the C Shares and/or Ordinary Shares.

***The Company may be unable to make further acquisitions***

In addition to the Portfolio, the Investment Manager has identified a number of available properties that are consistent with the Company's investment objective and investment policy. However, there can be no certainty that the Company will be able to acquire these or other properties on acceptable terms or at all.

The Company faces competition from other property investors. Competitors may have greater financial resources than the Company and a greater ability to borrow funds to acquire properties. Competition in the UK property market may also lead either to an oversupply of properties in the target market through over development or the price of existing properties being driven up through competing bids by potential purchasers.

Any delays in deployment of the net proceeds from the Share Issuance Programme may have an impact on the Company's results of operations, cash flows and the ability of the Company to pay dividends or pay covered dividends to Shareholders and to achieve the stated target dividend return referred to in this document and therefore to achieve its return objective. Pending deployment of the net proceeds from the Share Issuance Programme, the Company intends to invest cash in cash deposits and cash equivalents for cash management purposes. Interim cash management is likely to yield lower returns than the expected returns from investments.

***Unsuccessful transaction costs***

There is a risk that the Company may incur substantial legal, financial and other advisory expenses arising from unsuccessful transactions which may include expenses incurred in dealing with transaction documentation and legal, accounting and other due diligence.

***Portfolio concentration risk***

Although the Company will seek to invest in a diversified portfolio of UK properties in the UK commercial property sector, all of the Company's assets will, once the Company is fully invested, be invested in UK property. Consequently, any downturn in the UK and its economy or regulatory changes in the UK could have a material adverse effect on the Company's results of operations or financial condition. Greater concentration of investments in any sector or exposure to the creditworthiness of any one tenant or tenants may lead to greater volatility in the value of the Company's investments and the NAV and may materially and adversely affect the performance of the Company and returns to Shareholders.

***Derivative instruments***

On 20 October 2015, the Company entered into the Facility with The Royal Bank of Scotland International Limited pursuant to which the lender agreed to make available £40 million. On 8 March 2018 the terms of the Facility were amended to a £60 million facility and on 22 October 2018, the Company extended the term of the loan facility by three years up to October 2023. The loan attracts interest at 3 month LIBOR plus 1.4 per cent. To mitigate the interest rate risk that arises as a result of entering into a variable rate linked loan, the Company has entered into an interest rate cap on £36.5 million of the total balance of the loan at a strike rate of 2.5 per cent. on £26.5 million and 2 per cent. on £10 million, resulting in the loan being 73 per cent. hedged as at 31 December 2018. These interest rate caps are effective until 19 October 2020. The Company has entered into additional interest rate caps on a notional value of £46.51 million at 2.00 per cent. per annum, covering the extension period of the loan from 20 October 2020 to 19 October 2023. In such circumstances where the Company utilises derivative instruments, it is likely to take a credit risk with regard to the parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. Accordingly, the Company's use of derivative instruments may expose the Company to greater risk and have a material adverse effect on the Company's performance. However, there can be no assurances or guarantees that the Company will successfully hedge against such risks or that adequate hedging arrangements will be available on an economically viable basis. Hedging arrangements may result in additional costs being incurred or losses being greater than if hedging had not been used.

***The Company's due diligence may not identify all risks and liabilities in respect of an acquisition***

Prior to entering into an agreement to acquire a property, the Company will perform due diligence on the property concerned. In doing so it would typically rely on third parties to conduct a significant portion of this due diligence (including legal reports on title and property valuations). To the extent that such third parties underestimate or fail to identify risks and liabilities (including any environmental liabilities) associated with the property in question, the Company may be affected by defects in title, or be exposed to environmental, structural or operational defects requiring remediation, or may be unable to obtain necessary permits or permissions which may have a material adverse effect on the Company's profitability, the Net Asset Value and the market price of the Shares.

A due diligence failure may also result in properties that are acquired failing to perform in accordance with projections, particularly as to rent and occupancy, which may have a material adverse effect on the Company's profitability, the Net Asset Value and the market price of the Shares.

***Investor returns will be dependent upon the performance of the Portfolio and the Company may experience fluctuations in its operating results***

Returns achieved are reliant primarily upon the performance of the Portfolio. No assurance is given, express or implied, that Shareholders will be able to realise the amount of their original investment in the Shares. The Company may experience fluctuations in its operating results due to a number of factors, including changes in the values of properties in the Portfolio from time to time, changes in the Group's rental income, operating expenses, occupancy rates, the degree to which the Group encounters competition and general economic and market conditions. Such variability may be reflected in dividends, may lead to volatility in the market price of the Shares and may cause the Company's results for a particular period not to be indicative of its performance in a future period.

***UK exit from the European Union***

A referendum was held on 23 June 2016 to decide whether the UK should remain in the EU. A vote was given in favour of the UK leaving the EU ("**Brexit**") and on 29 March 2017 the UK Government triggered Article 50 to commence Brexit negotiations with the EU. The extent of the impact of Brexit on the Company will depend in part on the nature of the arrangements that are put in place between the UK and the EU following the eventual Brexit (including the possibility of the UK leaving the EU without securing a deal) and the extent to which the UK continues to apply laws that are based on EU legislation. The Company may be subject to a significant period of uncertainty in the period leading up to eventual Brexit including, *inter alia*, uncertainty in relation to any potential regulatory or tax change. In addition, the macroeconomic effect of an eventual Brexit on the value of investments in the UK real estate sector and, by extension, the value of the investments in the Portfolio, is unknown. Brexit could also create significant UK (and potentially global) stock market uncertainty, which may have a material adverse effect on the Net Asset Value and the market price of the Shares. As such, it is not possible to accurately state the impact that Brexit will have on the Company and its proposed investments at this stage. Brexit may also make it more difficult for the Company to raise capital in the EU and/or increase the regulatory compliance burden on the Company. This could restrict the Company's future activities and thereby negatively affect returns.

**REAL ESTATE RISKS**

***Asset management initiatives may be more expensive than anticipated and take longer to implement***

The Company intends, where it believes it is necessary, to continue to undertake asset management initiatives, such as refurbishment works, in respect of properties that it acquires. These works may prove to be more extensive, expensive and take longer than anticipated.

The ability to carry out refurbishment works may be adversely affected by a number of factors including constraints on location, planning legislation and the need to obtain other licences, consents and approvals and the existence of restrictive covenants.

In implementing refurbishment works the Company relies upon the performance of third party service providers and contractors. Failure by any such service providers and contractors to carry out their obligations in accordance with their appointment terms could result in the refurbishment

works being more expensive than anticipated and taking longer to complete which may have a material adverse effect on the Company's profitability, the Net Asset Value and the market price of the Shares.

***It may prove difficult to attract new tenants for the Company's properties***

Once properties have been refurbished or existing leases have expired, the Company may experience difficulty in attracting new tenants on suitable terms or at all. The Company may need to incur additional costs and expenses, including the granting of rent free periods, legal and surveying costs, maintenance costs, insurance costs, rates and marketing costs as a result of properties being without tenants and in order to attract tenants.

The assumptions made by the Valuer regarding the length of void periods may underestimate the actual void periods suffered by the Company. If vacancies continue for longer periods of time the Company may suffer reduced revenues resulting in less income being available for distribution to Shareholders. In addition the market value of a property could be diminished because the value of a property will depend principally upon the value of the leases of such property. Reduced revenues or reductions to the market value of a property may in turn have a material adverse effect on the Company's profitability, the Net Asset Value and the market price of the Shares.

***Tenant default***

Dividends payable by the Company are dependent on the income generated from the properties it owns. Failure by tenants to comply with their rental obligations could affect the ability of the Company to pay dividends to Shareholders.

***The Company may not be able to maintain or increase the rental rates for the Portfolio, which may, in the longer term, have a material adverse impact on the value of the Portfolio, as well as the Company's turnover***

The value of the Company's Portfolio and the Company's turnover is dependent on the rental rates that can be achieved from the properties in the Portfolio. The ability of the Company to maintain or increase the rental rates for its properties generally may be adversely affected by general UK economic conditions. In addition, there may be other factors that depress rents or restrict the Company's ability to increase rental rates, including local factors relating to particular properties/locations (such as increased competition). Any failure to maintain or increase the rental rates for the Company's properties generally may have a material adverse effect on the Company's profitability, the Net Asset Value and the market price of the Shares.

***The Company's investments are illiquid and may be difficult or impossible to realise at a particular time***

The Company predominantly invests in UK commercial properties. Such investments are illiquid; they may be difficult for the Company to sell and the price achieved on any realisation may be at a discount to the prevailing valuation of the relevant property, which may have a material adverse effect on the Company's profitability, the Net Asset Value and the market price of the Shares.

***The property market***

Any property market recession or future deterioration in the property market in the UK could, *inter alia*: (i) cause the Company to realise its investments at lower valuations; (ii) delay the timings of the Company's realisations; and (iii) impact the Company's rental yields. Any of the foregoing could have a material adverse effect on the ability of the Company to achieve its investment objective.

***Real estate development may incur more cost and time than expected***

To the extent that the Company invests in property developments it will be subject to the risks normally associated with property development. These risks include, without limitation, risks relating to the availability and timely receipt of planning and other regulatory approvals, the cost and timely completion of construction (including risks beyond the control of the Company, such as weather or labour conditions or material shortages), general market and letting risk, and the availability of both construction and permanent financing on favourable terms. These risks could result in substantial unanticipated delays or expense and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have a material adverse effect on the Company's profitability, the Net Asset Value and the market price of the Shares.

***Property valuation is inherently subjective and uncertain***

Property and property related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to uncertainty and there can be no assurance that the estimates resulting from the valuation process will reflect actual sales prices that could be realised by the Company in the future. The Administrator will rely on property valuations in calculating the Net Asset Value.

**RISKS RELATING TO TAXATION AND REGULATION**

***A change in the Company's tax status or in taxation legislation in the UK could adversely affect the Company's profits and portfolio value and/or returns to Shareholders***

The levels of, and reliefs from, taxation may change, adversely affecting the financial prospects of the Company and/or the returns payable to Shareholders.

Any change in the Company's tax status or in taxation legislation in the UK (including a change in interpretation of such legislation) could affect the Company's ability to achieve its investment objective or provide favourable returns to Shareholders. In particular, an increase in the rates of SDLT could have a material effect on the price at which UK property assets can be acquired. Any such change could also adversely affect the net amount of any dividends payable to Shareholders and/or the price of the Shares.

***There is no guarantee that the Group will maintain REIT status***

The Company cannot guarantee that the Group will maintain REIT status nor can it guarantee continued compliance with all of the REIT conditions and there is a risk that the REIT regime may cease to apply in some circumstances. HMRC may require the Group to exit the REIT regime if:

- it regards a breach of conditions or failure to satisfy the conditions relating to the REIT status of the Company or the Group, or an attempt to obtain a tax advantage, as sufficiently serious;
- the Company or the Group has committed a certain number of breaches in a specified period; or
- HMRC has given members of the Group at least two notices in relation to the avoidance of tax within a 10 year period.

If the conditions for REIT status relating to the share capital of the Company (i.e. the Company may issue only one class of ordinary shares and/or issue non-voting restricted preference shares) or the prohibition on entering into loans with abnormal returns are breached, or the Company ceases to be UK tax resident, becomes dual tax resident or becomes an open-ended investment company, the Group will automatically lose its REIT status with effect from the end of the previous accounting period.

The Group could lose its status as a REIT as a result of actions by third parties, for example, in the event of a successful takeover by a company that is not a REIT, or due to a breach of the close company conditions after the period of 3 years beginning with the date the Group becomes a REIT, if it is unable to remedy the breach within a specified timeframe.

Future changes in legislation may cause the Group to lose its REIT status.

If the Group were to be required to leave the REIT regime within 10 years of joining, HMRC has wide powers to direct how it is to be taxed, including in relation to the date on which the Group is treated as exiting the REIT regime. The Group may also in such circumstances be subject to an increased tax charge.

***If the Group fails to remain a REIT for UK tax purposes, its profits and gains will be subject to UK corporation tax***

Minor breaches of certain conditions within the REIT regime may only result in additional tax being payable or may not be penalised if remedied within a given period of time, provided that the regime is not breached more than a certain number of times. A serious breach of these regulations may lead to the Group ceasing to be a REIT. If the Company or the Group fails to meet certain of the statutory requirements to maintain its status as a REIT, it may be subject to UK corporation tax on its property rental income profits and any chargeable gains on the sale of some or all properties. This could reduce the reserves available to make distributions to Shareholders, the yield on the Shares, and the amount available to the Group to make further investments. In addition,



incurring a UK corporation tax liability might require the Company and the Group to borrow funds, liquidate some of its assets or take other steps that could negatively affect its operating results. Moreover, if the Group's REIT status is withdrawn altogether because of its failure to meet one or more REIT qualification requirements, it may be disqualified from being a REIT from the end of the accounting period preceding that in which the failure occurred.

***Distribution requirements may limit the Company's flexibility in executing its acquisition plans***

The Group intends to grow through investment in UK freehold and leasehold properties and development opportunities. However, the REIT distribution requirements may limit the Group's ability to fund acquisitions and capital expenditures through retained income earnings. To maintain REIT status and as a result obtain full exemption from UK corporation tax on the profits of the Property Rental Business of the Group, the Company is required to distribute annually to Shareholders an amount sufficient to meet the 90 per cent. distribution test by way of Property Income Distributions. The Group would be required to pay tax at regular UK corporation tax rates on any shortfall to the extent that the Company distributes as Property Income Distributions less than the amount required to meet the 90 per cent. distribution test for each accounting period. Therefore, the Group's ability to grow through acquisitions of operating properties and development of new properties could be limited if the Group was unable to obtain debt or issue Shares.

In addition, differences in timing between the receipt of cash and the recognition of income for the purposes of the REIT rules and the effect of any potential debt amortisation payments could require the Group to borrow funds to meet the distribution requirements that are necessary to achieve the full tax benefits associated with qualifying as a REIT, even if the then-prevailing market conditions are not favourable for these borrowings.

As a result of these factors, the constraints of maintaining REIT status could limit the Group's flexibility to make investments.

***The Group's status as a REIT may restrict the Company's distribution opportunities to Shareholders***

A REIT may become subject to an additional tax charge if it makes a distribution to, or in respect of, a Substantial Shareholder, that is, broadly any person which has rights to 10 per cent. or more of the distributions or Shares or controls at least 10 per cent. of the voting rights. This additional tax charge will not be incurred if the Company has taken reasonable steps to avoid paying distributions to a Substantial Shareholder. Therefore, the Articles contain provisions designed to avoid the situation where distributions may become payable to a Substantial Shareholder and these provisions are summarised at paragraph 4 of Part 8 of this document. These provisions provide the Directors with powers to identify Substantial Shareholders and to prohibit the payment of dividends on Shares that form part of a Substantial Shareholding, unless certain conditions are met. The Articles also allow the Directors to require the disposal of Shares forming part of a Substantial Shareholding in certain circumstances where the Substantial Shareholder has failed to comply with the above provisions.

## **RISKS OF LEVERAGE**

***Availability of borrowings and the gearing effect of borrowing can work against as well as for Shareholders.***

The Company has entered into the Facility and intends to secure additional borrowing facilities in the future to pursue the Company's investment objective. Any amounts that are secured under a bank facility are likely to rank ahead of Shareholders' entitlements. Accordingly, should returns derived from the Company's investments not be sufficient to cover the costs and liabilities of such borrowings, on a liquidation of the Company, Shareholders may not recover their initial investment and in certain circumstances may lose their entire investment. An inability to borrow at levels or on terms acceptable to the Board could require cash to be retained to fund future asset management initiatives and/or acquisitions. This could reduce the reserves available to make distributions to Shareholders.

Whilst the use of borrowings should enhance the NAV per Share where the value of the Company's investments is rising, it will have the opposite effect where the value of the Company's investments is falling. In addition, in the event that rental income from the Company's investments falls (for example as a result of defaults by tenants) the use of borrowings will increase the impact

of such falls on the net revenue of the Company and this in turn will have an adverse effect on the Company's ability to pay dividends.

## **RISKS RELATING TO SERVICE PROVIDERS**

### ***The Company has no employees and is reliant on the performance of third party service providers***

The Company has no employees and the Directors have all been appointed on a non-executive basis. Whilst the Company has taken all reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations, the Company is reliant upon the performance of third party service providers for certain of its executive functions. In particular, the Investment Manager, the Property Manager, the Administrator and the Registrar perform services which are integral to the operation of the Company. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company.

The past performance of other investments managed or advised by the Investment Manager or Investment Manager's investment professionals cannot be relied upon as an indicator of the future performance of the Company. Investor returns will be dependent upon the Company successfully pursuing its investment objective and investment policy. The success of the Company will depend, *inter alia*, on the Investment Managers' ability to identify, acquire, refurbish, let and realise properties in accordance with the Company's investment objective and investment policy. This, in turn, will depend on the ability of the Investment Manager to apply its investment analysis processes in a way which is capable of identifying suitable properties for the Company to invest in. There can be no assurance that the Investment Manager will be able to do so or that the Company will be able to invest its assets on attractive terms or generate any investment returns for Shareholders or indeed avoid investment losses.

### ***The Company is dependent on the expertise of the Investment Manager and its key personnel to evaluate investment opportunities and to assist in the implementation of the Company's investment objective and investment policy***

In accordance with the Investment Management Agreement, the Investment Manager is responsible for providing discretionary investment management services to the Company. Accordingly, the Company is reliant upon, and its success depends on, the Investment Manager and its personnel, services and resources.

Consequently, the future ability of the Company to successfully pursue its investment objective and investment policy may, among other things, depend on the ability of the Investment Manager to retain its existing staff and/or to recruit individuals of similar experience and calibre. Whilst the Investment Manager has endeavoured to ensure that the principal members of its management team are suitably incentivised, the retention of key members of the team cannot be guaranteed. Furthermore, in the event of a departure of a key employee of the Investment Manager, there is no guarantee that the Investment Manager would be able to recruit a suitable replacement or that any delay in doing so would not adversely affect the performance of the Company. Events impacting but not entirely within the Investment Manager's control, such as its financial performance, it being acquired or making acquisitions or changes to its internal policies and structures could in turn affect its ability to retain key personnel.

Under the terms of the Investment Management Agreement, the Investment Manager is required to devote appropriate time and resources to the Company's investments. However, if the Investment Manager fails to allocate the appropriate time or resources to the Company's investments, the Company may be unable to achieve its investment objectives. In addition, although the Investment Management Agreement requires the Investment Manager to dedicate suitably qualified personnel to the Company's business or to require personnel servicing the Company's business to allocate a specific amount of time to the Company they may not be able to do so.

The Company is also subject to the risk that the Investment Management Agreement may be terminated and that no suitable replacement investment manager will be found. If the Investment Management Agreement is terminated and a suitable replacement is not secured in a timely manner or key personnel of the Investment Manager are not available to the Company with an appropriate time commitment, the ability of the Company to execute its investment objective and investment policy may be adversely affected.



The obligations of the Investment Manager under the Investment Management Agreement are not guaranteed by any other person.

***The Investment Manager and its affiliates may provide services to other clients which could compete directly or indirectly with the activities of the Company and may be subject to conflicts of interest in respect of its activities on behalf of the Company***

The Investment Manager and its affiliates are involved in other activities which may on occasion give rise to conflicts of interest with the Company. In particular: (i) the Investment Manager manages and/or advises other funds and may provide investment management, investment advisory or other services in relation to these funds or future funds which may have similar investment objectives and/or investment policies to that of the Company; (ii) the Investment Manager and its affiliates may carry on investment activities for their own accounts and for other accounts in which the Company has no interest; and (iii) the Investment Manager and its affiliates may give advice and recommend investments to other managed accounts or investment funds which may differ from advice given to, or investments recommended or bought for, the Company, even though their investment objectives and/or investment policies may be the same or similar. If these conflicts of interest are managed to the detriment of the Company by the Investment Manager they could materially and adversely affect the performance of the Company.

***The Investment Management Agreement may be costly or difficult to terminate***

The Investment Management Agreement was negotiated at the time of the IPO and subsequently amended and restated on 1 March 2019 to, *inter alia*, take account of new data protection laws and regulation. The initial fixed term in the agreement has expired and, in the absence of fault on the part of the Investment Manager, a 12 month notice period applies to terminate the Investment Management Agreement. This means that if the Company is dissatisfied with the performance of the Investment Manager it could be costly or difficult for the Investment Management Agreement to be terminated.

## **RISKS RELATING TO THE SHARES**

***The Ordinary Shares or C Shares may trade at a discount to NAV per Ordinary Share or NAV per C Share and Shareholders may be unable to realise their investments through the secondary market at NAV per Ordinary Share or NAV per C Share or at all***

Either the Ordinary Shares and/or the C Shares may trade at a discount to NAV per Ordinary Share or NAV per C Share (respectively) for a variety of reasons, including adverse market conditions, a deterioration in investors' perceptions of the merits of the Company's investment objective and investment policy, an excess of supply over demand in the Shares or to the extent investors undervalue the advisory activities of the Investment Manager or to the extent investors discount the valuation methodology and judgments made by the Company. While the Directors may seek to mitigate any discount to NAV per Ordinary Share through such discount management mechanisms as they consider appropriate, there can be no guarantee that they will do so or that such mechanisms will be successful.

***The value and/or market price of the Shares may go down as well as up***

Prospective investors should be aware that the value and/or market price of the Shares may go down as well as up and that the market price of the Shares may not reflect the underlying value of the Company. Investors may, therefore, realise less than, or lose all of, their investment.

The market price of the Shares may not reflect the value of the underlying investments of the Company and may be subject to wide fluctuations in response to many factors, including, among other things, variations in the Company's operating results, additional issuances or future sales of the Shares or other securities exchangeable for, or convertible into, its Shares in the future, expected dividend yield, divergence in financial results from stock market expectations, changes in stock market analyst recommendations regarding the UK property market as a whole, the Company or any of its assets, a perception that other markets may have higher growth prospects, general economic conditions, prevailing interest rates, legislative changes in the Company's market and other events and factors within or outside the Company's control. Stock markets experience extreme price and volume volatility from time to time, and this, in addition to general economic, political and other conditions, may have a material adverse effect on the market price of the Shares. There can be no assurance, express or implied, that Shareholders will receive back the amount of their investment in the Shares.

***Dilution risk relating to the C Shares***

Any C Shares issued pursuant to the Share Issuance Programme will convert into Ordinary Shares. The number of Ordinary Shares into which each C Share converts will be determined by the respective Net Asset Values, as the case may be, at the relevant Calculation Date. As a result of such Conversion, the percentage of the issued Ordinary Shares held by each existing holder of Ordinary Shares may be reduced to the extent that Shareholders do not participate in the issue of C Shares pursuant to the Share Issuance Programme on a *pro rata* basis and depending on the total number of C Shares issued under an Issue or Placing-Only Issue and the ultimate number of Ordinary Shares issued on Conversion. However, Conversion will be Net Asset Value neutral to holders of the Ordinary Shares.

C Shares will not have voting rights, except in relation to matters affecting their rights. Therefore, Ordinary Shareholders will not face any dilution of their voting rights, irrespective of the number of C Shares issued under the Share Issuance Programme until the C Shares are converted into Ordinary Shares on the relevant Conversion Date.

***Compensation risk***

The Ordinary Shares, the C Shares and performance of each of them is not covered by the Financial Services Compensation Scheme or by any other compensation scheme. If the value of the Company's shares falls, the loss suffered by the investor (which may be the whole of the investment) will not be recoverable under any compensation scheme.

***Difference between C Share Pool and Ordinary Share Pool***

Any C Shares will be issued as a separate class of Shares in the capital of the Company and will convert into Ordinary Shares on the relevant Conversion Date. Pending conversion of such C Shares into Ordinary Shares, the C Share Pool will differ from the Ordinary Share Pool in terms of performance and growth in Net Asset Value (the assets and liabilities in the pools will be different). There can be no assurances given that the performance of the C Share Pool will be commensurate with that of the Ordinary Share Pool.

***Voting rights***

In order to comply with the REIT Regime, the C Shares will not carry the right to receive notice of, or to attend or vote at, any general meeting of the Company. The limited voting rights of the holders of the C Shares limit their ability to have an impact on Board decisions or Company's policy and could adversely affect the value of such C Shares.

***Standard listing of C Shares***

Any C Shares issued pursuant to the Share Issuance Programme will be listed on the standard segment of the Official List whereas the Ordinary Shares are admitted to the premium segment of the Official List. A standard listing affords Shareholders a lower level of regulatory protection than that afforded to investors of shares admitted with a premium listing, which is subject to additional obligations under the Listing Rules in respect of those securities.

***Placing Price of Ordinary Shares under the Share Issuance Programme***

The Placing Price of any Ordinary Shares issued on a non-pre-emptive basis under the Share Issuance Programme cannot be lower than the latest published Net Asset Value per Ordinary Share. The Placing Price of such Ordinary Shares will be calculated by reference to the latest published (unaudited) NAV per Ordinary Share plus a premium to cover the costs and expenses of the relevant Placing. Such NAV per Ordinary Share is determined on the basis of the information available to the Company at the time and may be subject to subsequent revisions. Accordingly, there is a risk that, had the Placing Price been calculated by reference to information that emerged after the calculation date, it could have been greater or lesser than the Placing Price actually paid by investors. If the Placing Price should have been less than the Placing Price actually paid, investors will have borne a greater premium than intended. If the Placing Price should have been greater than the Placing Price actually paid, investors will have paid less than intended and, in certain circumstances, the Net Asset Value per Ordinary Share may have been diluted.

***The Company may in the future issue new Shares, which may dilute Shareholders' shareholdings***

The Company may seek to issue new Shares in the future pursuant to the Share Issuance Programme or otherwise. While the Companies Act contains statutory pre-emption rights for Shareholders in relation to issues of Shares in consideration for cash, such rights can be disapplied, and have been disapplied in relation to the maximum amount of Shares that may be issued pursuant to the Share Issuance Programme. Where statutory pre-emption rights are disapplied, any additional equity financing will be dilutive in respect of voting rights to those Shareholders who cannot, or choose not to, participate in such financing.

***Future sales of Shares could cause the market price of the Shares to fall***

Sales of Shares or interests in Shares by significant investors could depress the market price of the Shares. A substantial number of Shares being sold, or the perception that sales of this type could occur, could also depress the market price of the Shares. Both scenarios, occurring either individually or collectively, may make it more difficult for Shareholders to sell the Shares at a time and price that they deem appropriate.

***OECD Base Erosion and Profit Shifting, tax deductibility of corporate interest***

Following recommendations from the Organisation for Economic Co-operation and Development as part of its Base Erosion and Profit Shifting project and consultations carried out by the UK Government, new rules restricting the ability of corporation tax payers to deduct interest expenses were introduced with effect from 1 April 2017. Broadly the rules seek to restrict the deductibility of net tax interest expense. This is a figure which is the net of interest expense less income amounts arising from loan relationships, derivatives, finance leases, debt factoring and other deemed financing arrangements. Groups with net tax-interest expense amounts of £2 million or less for a period of account suffer no restriction on deductibility for that period.

The default position is that, for UK corporation tax purposes, a worldwide accounting group's deductible net tax-interest expense for a period of account ("interest capacity") is limited to 30 per cent of, broadly, its "tax-EBITDA" (taxable earnings before interest, depreciation and amortisation). However, a "modified debt cap" ensures that this cannot exceed the group's net finance related expense (so, broadly put, it will never be possible to claim an interest deduction for more than the worldwide group's third party interest cost). A 'group ratio rule' allows a 'group ratio' to be substituted for the 30 per cent, figure. The group ratio is based on the net interest expense to EBITDA ratio for the worldwide group based on its consolidated accounts. Unused interest capacity can be carried forward for, broadly, five years, and net tax-interest expense amounts for which deductions are denied may be carried forward indefinitely and may attract deductions in future periods if there is sufficient spare interest capacity.

For the purposes of the interest deductibility restriction rules, a REIT is treated as two separate companies: one carrying on the property rental business and the other carrying on the residual business. The residual business must apply the interest deductibility restrictions as outlined above in order to determine the interest restriction. However, for REITs, further calculations are required. The impact of these further calculations ensures that amounts which cannot be allocated to the property rental business (because the impact would be to prevent the property rental business from paying a PID (on which tax is collected though withholding)) are instead taken through the calculation of the interest restriction for the residual business. Whether this gives rise to a tax charge in the residual business will depend on the totality of that calculation for the residual business.

Certain categories of real estate owning company are eligible to make a public benefit infrastructure election, which modifies the application of the new rules. It is not necessarily the case that the Company would have a more favourable tax profile if it made such an election, if it is eligible to do so. The Company will monitor the impact of these rules on its activities, and will seek to structure its borrowings so as to optimise its overall tax profile, while bearing in mind all other relevant commercial considerations.

***The Shares may be subject to significant forced transfer provisions***

The Shares have not been registered and will not be registered in the United States under the U.S. Securities Act or with any securities or regulatory authority of any state or other jurisdiction in the United States. Moreover, the Shares are only being offered and sold, (i) outside the United

States to non-U.S. Persons (as defined in Regulation S under the U.S. Securities Act), and (ii) pursuant to a private placement to persons located inside the United States or U.S. Persons that are “accredited investors” (as the term is used in Regulation D under the U.S. Securities Act) in reliance on the exemption from registration provided by Rule 506 of Regulation D under the U.S. Securities Act. The Company has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the “U.S. Investment Company Act”) and investors will not be entitled to the benefits of the U.S. Investment Company Act.

If at any time the holding or beneficial ownership of any Shares by any person (whether on its own or taken with other Shares), in the opinion of the Directors: (i) would cause the assets of the Company to be treated as “plan assets” of any benefit plan investor under Section 3(42) of ERISA or the U.S. Code; or (ii) would or might result in the Company and/or the Shares being required to register or qualify under the U.S. Investment Company Act and/or the U.S. Securities Act and/or the U.S. Securities Exchange Act of 1934, as amended (the “**U.S. Exchange Act**”) and/or any laws of any state of the U.S. that regulate the offering and sale of securities; or (iii) may cause the Company not to be considered a “Foreign Private Issuer” under the U.S. Exchange Act; or (iv) may cause the Company to be a “controlled foreign corporation” for the purpose of the U.S. Code; or (v) creates a significant legal or regulatory issue for the Company under the U.S. Bank Holding Company Act of 1956 (as amended) or regulations or interpretations thereunder, the Directors may require the holder of such Shares to dispose of such Shares and, if the Shareholder does not sell such Shares, may dispose of such Shares on their behalf. These restrictions may make it more difficult for a U.S. Person to hold, and Shareholders generally to sell, the Shares and may have an adverse effect on the market price of the Shares.

## **IMPORTANT INFORMATION**

### **GENERAL**

In assessing an investment in the Company, investors should rely only on the information in this document (and any supplementary prospectus) published by the Company prior to the date of Admission.

No broker, dealer or other person has been authorised by the Company, the Investment Manager or Liberum to issue any advertisement or to give any information or to make any representations in connection with the offering or sale of Shares other than those contained in this document or any supplementary prospectus prior to the date of Admission) and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company, the Investment Manager or Liberum or any of their respective affiliates, officers, directors, employees or agents.

Prospective investors should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (i) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares and/or C Shares; (ii) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares and/or C Shares which they might encounter; and (iii) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares and/or C Shares. Prospective investors must rely upon their own legal advisers, accountants and other financial advisers as to legal, tax, investment or any other related matters concerning the Company and an investment in Ordinary Shares and/or C Shares.

Statements made in this document are based on the law and practice in force in England and Wales as at the date of this document and are subject to changes therein. Any reference to a treaty, regulation or directive of the Council of the European Union or any guidance published by any body to which the Commission of the European Union has delegated responsibility for producing guidance relating to a regulation or directive (whether issued jointly with any other persons or under any other name) is a reference to it as from time to time amended, consolidated, re-enacted or replaced (with or without modification) including any legalisation made by parliament or the government of the UK to replace provisions of any treaty relating to the EU or of any regulation of the Council of the European Union or of any guidance relating to a regulation or directive that will cease to apply to the UK when it ceases to be an EU member state provided that no such amendment, consolidation, re-enactment or replacement shall increase or extend the liability of any party to this document.

This document should be read in its entirety before making any application for Shares. All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this document and the offering of Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this document is received are required to inform themselves about and to observe such restrictions.

### **INTERMEDIARIES OFFERS**

The Company consents to the use of this document by selected Intermediaries in connection with any subsequent resale or final placement of C Shares by such Intermediaries in the UK from the date on which they are appointed to participate in connection with any subsequent resale or final placement of C Shares until the closing of the period for the subsequent resale or final placement of the C Shares by such Intermediaries which, in the case of the First Intermediaries Offer is at 5.00 p.m. on 14 June 2019, in the case of the Second Intermediaries Offer is at 5.00 p.m. on 18 October 2019 and in the case of the Third Intermediaries Offer is at 5.00 p.m. on 14 February 2020, unless closed prior to those dates. A list of Intermediaries appointed in connection with an Intermediaries Offer will be published on the Company's website at the time they are so appointed.



**Any Intermediary that uses this document must state on its website that it uses this document in accordance with the Company's consent. Intermediaries are required to provide the terms and conditions of each Intermediaries Offer of such Intermediary.**

**Information on the terms and conditions of any subsequent resale or final placement of Shares by any financial intermediary is to be provided at the time of the offer by the financial intermediary.**

The Company accepts responsibility for the information in this document with respect to any subscriber for Shares pursuant to any subsequent resale or final placement of C Shares by any Intermediaries which are given consent to use this document.

Any new information with respect to financial intermediaries unknown at the time of approval of this document will be available on the Company's website.

## **INFORMATION TO DISTRIBUTORS**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**Directive 2014/65/EU**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing Directive 2014/65/EU; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that any Ordinary Shares and/or C Shares which may be issued pursuant to any Issue pursuant to the Share Issuance Programme are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in Directive 2014/65/EU; and (ii) eligible for distribution through all distribution channels as are permitted by Directive 2014/65/EU (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to any Issue. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Liberum will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Directive 2014/65/EU; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

## **PRIIPS REGULATION**

Investors should be aware that the PRIIPs Regulation requires the Investment Manager, as a PRIIP manufacturer (as defined in the PRIIPs Regulation) to prepare a KID in respect of the Ordinary Shares and in respect of the C Shares. These KIDs must be made available by the Investment Manager to retail investors prior to them making any investment decision and will be available on the Company's website. The Company is not responsible for the information contained in the KIDs and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures in the KIDs may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed. The KIDs do not form part of this document.

## **DATA PROTECTION**

The information that a prospective investor in the Company provides in documents in relation to a subscription for Ordinary Shares and/or C Shares or subsequently by whatever means which



relates to the prospective investor (if it is an individual) or a third party individual (“**personal data**”) will be held and processed by the Company (and any third party in the United Kingdom to whom it may delegate certain administrative functions in relation to the Company) in compliance with: (a) the relevant data protection legislation and regulatory requirements of the United Kingdom (the “**Data Protection Legislation**”); and (b) the Company’s privacy notice, a copy of which is available for consultation on the Company’s website at <http://www.aewukreit.com> (“**Privacy Notice**”) (and if applicable any other third party delegate’s privacy notice).

Without limitation to the foregoing, each prospective investor acknowledges that it has been informed that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) in accordance with and for the purposes set out in the Company’s Privacy Notice which include:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- carrying out the business of the Company and the administering of interests in the Company; and
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in the United Kingdom or elsewhere or any third party functionary or agent appointed by the Company.

Where necessary to fulfil the purposes set out above and in the Company’s Privacy Notice, the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) will:

- disclose personal data to third party service providers, affiliates, agents or functionaries appointed by the Company or its agents to operate and administer the Company; and
- transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors provided that suitable safeguards are in place for the protection of such personal data, details of which shall be set out in the Privacy Notice or otherwise notified from time to time.

The foregoing processing of personal data is required in order to perform the contract with the prospective investor, to comply with the legal and regulatory obligations of the Company or otherwise is necessary for the legitimate interests of the Company.

If the Company (or any third party, functionary or agent appointed by the Company, which may include, without limitation, the Registrar) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will ensure that adequate safeguards are in place for the protection of such personal data, details of which shall be set out in the Privacy Notice or otherwise notified from time to time.

Prospective investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions. Individuals have certain rights in relation to their personal data; such rights and the manner in which they can be exercised are set out in the Company’s Privacy Notice.

#### **FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA**

In relation to each Relevant Member State, no Shares have been offered or will be offered pursuant to the Share Issuance Programme to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State, or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Shares to the public may be made at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- to any legal entity which is a “qualified investor” as defined in the Prospectus Directive;
- to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive (as defined below), 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State; or

- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of Shares in any Relevant Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (and the amendments thereto, including Directive 2010/73/EU) (the “**2010 PD Amending Directive**”), to the extent implemented in the Relevant Member State and includes any relevant implementing measure in each Relevant Member State.

In addition, Shares will only be offered to the extent that the Company: (i) is permitted to be marketed into the relevant EEA jurisdiction pursuant to either Article 36 or 42 of the AIFM Directive (if and as implemented into local law); or (ii) can otherwise be lawfully offered or sold (including on the basis of an unsolicited request from a professional investor).

## **FORWARD-LOOKING STATEMENTS**

This document contains forward looking statements, including, without limitation, statements containing the words “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or similar expressions. Such forward looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. These forward looking statements speak only as at the date of this document. Subject to its legal and regulatory obligations (including under the Prospectus Rules), the Company expressly disclaims any obligations to update or revise any forward looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based unless required to do so by law or any appropriate regulatory authority, including FSMA, the Prospectus Rules, the Disclosure and Transparency Rules and the Listing Rules.

Nothing in this document seeks to qualify or should be deemed as seeking to qualify the working capital statement given in paragraph 11 of Part 9 of this document.

## **AIFMD**

This document contains the information required to be made available to investors in the Company before they invest pursuant to the AIFM Directive and UK implementing measures (the AIFM Regulations and consequential amendments to the FCA Handbook).

## **UK RULES ON MARKETING OF POOLED INVESTMENTS**

The FCA Handbook contains rules restricting the marketing within the UK of certain pooled investments or ‘funds’, referred to in the FCA Handbook as non-mainstream pooled investments (“**NMPIs**”), to ‘ordinary retail clients’. These rules took effect on 1 January 2014. These rules currently do not apply to real estate investment trusts.

## **ELIGIBILITY FOR INVESTMENT BY UCITS OR NURS**

The Company has been advised that the Shares should be “transferable securities” and, therefore, should be eligible for investment by UCITS or NURS on the basis that: (i) the Company is a closed-ended investment company incorporated in England and Wales as a public limited company; (ii) the Shares are to be admitted to trading on the Main Market; and (iii) the Investment Manager is authorised and regulated by the FCA and, as such, is subject to the rules in the FCA’s conduct

of its investment business. The manager of a UCITS or NURS should, however, satisfy itself that the Shares are eligible for investment by that UCITS or NUR, including the factors relating to that UCITS or NURS itself, specified in the Collective Investment Scheme Sourcebook of the FCA Handbook.

#### **PRESENTATION OF FINANCIAL INFORMATION**

The Company prepares its financial information under IFRS. The financial information contained in this document, including that financial information presented in a number of tables in this document, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

#### **FURTHER SHARE ISSUES**

This document is valid for a period of up to 12 months following its publication. The Company may issue up to 250 million Ordinary Shares and up to 250 million C Shares at certain times within a period of up to 12 months from the date of this document in connection with the Share Issuance Programme.

#### **NO INCORPORATION OF WEBSITE INFORMATION**

The Company's website address is <http://www.aewukreit.com>. The contents of the Company's website do not form part of this document.

## EXPECTED TIMETABLE

### SHARE ISSUANCE PROGRAMME\*

Share Issuance Programme opens	1 March 2019
Publication of price in respect of each Tranche	as soon as practicable prior to the opening of each Tranche
Announcement of the results of each Tranche	as soon as practicable after the closing of each Tranche
Admission and crediting of CREST accounts in respect of each Tranche	as soon as practicable following the allotment of Shares pursuant to each Tranche
Share certificates despatched in respect of each Tranche	approximately two weeks after the Admission of the relevant Tranche
Share Issuance Programme closes	28 February 2020

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\* Placings under the Share Issuance Programme may take place at the same time as Offers (in accordance with the timetable set out below) or may take place separately, and at any time, as Placing-Only Issues.

### C SHARE OFFERS\*\*

First Intermediaries Offer and First Offer for Subscription opens	3 June 2019
Latest time and date for receipt of completed application forms and payment in full under the First Offer for Subscription	5.00 p.m. on 14 June 2019
Latest time and date for receipt of completed applications from the Intermediaries in respect of the First Intermediaries Offer	5.00 p.m. on 14 June 2019
Second Intermediaries Offer and Second Offer for Subscription opens	7 October 2019
Latest time and date for receipt of completed application forms and payment in full under the Second Offer for Subscription	5.00 p.m. on 18 October 2019
Latest time and date for receipt of completed applications from the Intermediaries in respect of the Second Intermediaries Offer	5.00 p.m. on 18 October 2019
Third Intermediaries Offer and Third Offer for Subscription opens	3 February 2020
Latest time and date for receipt of completed application forms and payment in full under the Third Offer for Subscription	5.00 p.m. on 14 February 2020
Latest time and date for receipt of completed applications from the Intermediaries in respect of the Third Intermediaries Offer	5.00 p.m. on 14 February 2020

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\*\* Under the Share Issuance Programme the Company may make up to three Offers of C Shares. The Company will announce, at the relevant time, by way of Regulatory Information Service, the number of C Shares to be offered. Offers will only be made if the Directors believe it advantageous to the Company to do so and in accordance with the timetable set out above. Prospective Investors who might wish to apply for C Shares in an Intermediaries Offer should consult their Intermediaries as to the relevant procedures and documentation requirements.

The times and dates set out in the expected timetable and mentioned throughout this document may, in certain circumstances, be adjusted by the Company, in which event details of the new times and dates will be notified, as required, to the UKLA and the London Stock Exchange and, where appropriate, Shareholders and an announcement will be made through a Regulatory Information Service. All references to times in this document are to London time unless otherwise stated.

## STATISTICS

Maximum number of Shares being made available under the Share Issuance Programme	250 million Ordinary Shares and 250 million C Shares
Placing Price for each Tranche	(i) In respect of any Ordinary Shares, not less than the latest published Net Asset Value per Ordinary Share plus a premium; and (ii) for any C Shares, 100 pence per C Share
Offer Price for each Tranche of C Shares	100 pence per C Share

## DEALING CODES

The dealing codes for the Ordinary Shares are as follows:

ISIN	GB00BWD24154
SEDOL	BWD2415
Ticker	AEWU

The dealing codes for the C Shares are as follows:

ISIN	GB00BFXR1Y35
SEDOL	BFXR1Y3
Ticker	AEWC

## DIRECTORS, MANAGEMENT AND ADVISERS

Directors	<p>Mark Burton (Non-executive Chairman)          Katrina Hart (Non-executive Director)          James Hyslop (Non-executive Director)          Bimaljit (“Bim”) Sandhu (Non-executive Director)</p> <p>all of the registered office below:</p>
Registered Office	<p>6th Floor, 65 Gresham Street,          London, EC2V 7NQ          Tel: +44 (0)20 7954 9584          Website: <a href="http://www.aewukreit.com">www.aewukreit.com</a></p>
Investment Manager and AIFM	<p>AEW UK Investment Management LLP          33 Jermyn Street          London SW1Y 6DN</p>
Property Manager	<p>M J Mapp Limited          180 Great Portland Street          London W1W 5QZ</p>
Sponsor, Financial Adviser and Sole Bookrunner	<p>Liberum Capital Limited          25 Ropemaker Street          London EC2Y 9LY</p>
Legal Adviser to the Company	<p>Gowling WLG (UK) LLP          4 More London Riverside          London SE1 2AU</p>
Legal Adviser to the Sponsor, Financial Adviser and Sole Bookrunner	<p>CMS Cameron McKenna Nabarro Olswang LLP          Cannon Place          78 Cannon Street          London EC4N 6AF</p>
Depository	<p>Langham Hall UK LLP          5 Old Bailey          London EC4M 7BA          + 44 (0)20 3597 7900</p>
Administrator	<p>Link Alternative Fund Administrators Limited          The Registry, 34 Beckenham Road,          Beckenham          Kent BK3 4TU</p>
Company Secretary	<p>Link Company Matters Limited          The Registry, 34 Beckenham Road,          Beckenham          Kent BK3 4TU</p>
Registrar	<p>Computershare Investor Services PLC          The Pavilions          Bridgwater Road          Bristol BS13 8AE</p>
Receiving Agent	<p>Computershare Investor Services PLC          Corporate Actions Projects          Bristol BS99 6AH</p>
Auditors and Reporting Accountants	<p>KPMG LLP          15 Canada Square          London E14 5GL</p>
Valuer	<p>Knight Frank LLP          55 Baker Street          London W1U 8AN</p>



## **PART 1**

### **INFORMATION ON THE COMPANY**

#### **1 INTRODUCTION**

The Company is a closed-ended investment company incorporated in England and Wales on 1 April 2015. The Company carries on business as the principal company of a REIT, investing in UK commercial property.

The Ordinary Shares issued pursuant to the IPO were admitted to the premium listing segment of the Official List and to trading on the Main Market on 12 May 2015, raising gross proceeds of £100.5 million. Since its IPO the Company has undertaken a number of additional equity fund raisings which have resulted in the issue of a further 51,058,251 Ordinary Shares at a premium to the NAV per Ordinary Share.

As at 28 February 2019 (the latest practicable date prior to the publication of this document), the Company had made direct property investments totaling over £191 million (net of acquisition costs), comprising 36 direct properties (including one property contracted to be sold in March 2019) and £50 million utilised of a £60 million, 5 year term credit facility with RBS International. The Company has declared and paid dividends of 26.83 pence per Ordinary Share since launch.

As at 31 December 2018 (the latest practicable date prior to the publication of this document), the unaudited Net Asset Value per Ordinary Share was 100.37 pence.

The Investment Manager continues to see a strong pipeline of potential opportunities generated by its network of contacts across the UK commercial property market. The current pipeline includes a diverse range of geographical locations and property sectors. In line with the Company's strategy, the Investment Manager continues to focus on finding future acquisitions which will deliver an attractive return as part of a well-diversified regional portfolio.

The Company has determined that it would be advantageous to raise further funds for investment over the following year. To this end, the Company is proposing a new Share Issuance Programme, the net proceeds of which will be utilised by the Group to fund investments in accordance with the Group's investment policy and for general corporate purposes.

Applications will be made to the UKLA and the London Stock Exchange respectively for any Ordinary Shares issued in connection with the Share Issuance Programme to be admitted to listing on the premium segment of the Official List and to trading on the Main Market and for any C Shares issued in connection with the Share Issuance Programme to be admitted to listing on the standard segment of the Official List and to trading on the Main Market. Applications will be made to the UKLA and the London Stock Exchange respectively for the Ordinary Shares arising on Conversion of any C Shares to be admitted to listing on the premium segment of the Official List and to trading on the Main Market.

#### **2 BACKGROUND TO, AND BENEFITS OF, THE SHARE ISSUANCE PROGRAMME**

The Share Issuance Programme is being undertaken in order to raise funds for the purpose of investment in accordance with the investment objective and investment policy of the Company. The net proceeds from the Share Issuance Programme will be utilised by the Group to fund investments in accordance with the Group's investment policy and for general corporate purposes.

The Directors believe that the Share Issuance Programme has the following principal benefits for Shareholders:

- provide the opportunity to raise additional capital which will enable the Company to benefit from the continued investment opportunities in the market;
- provide the opportunity to grow the Company, thereby spreading operating costs over a larger capital base, which should reduce the Company's total expense ratio;
- increase the number of Shares in issue, which may provide Shareholders with additional liquidity; and

- the Directors have the authority to issue C Shares as set out in paragraph 3.6 of Part 9 of this document. The option of issuing further equity in the form of C Shares can, in certain circumstances offer benefits over a conventional fixed price issue of further Ordinary Shares for cash. In particular:
  - by holding the net proceeds of the issue of C Shares as a distinct pool of assets until conversion, existing Shareholders will not be exposed to a portfolio containing a substantial amount of uninvested cash before conversion, thereby mitigating the risk of cash drag for existing holders of Ordinary Shares; and
  - the NAV of the existing Ordinary Shares will not be diluted by the costs and expenses directly associated with any issue of C Shares under the Share Issuance Programme (which will be borne by the subscribers of C Shares only).
  - the basis on which the C Shares will convert into Ordinary Shares is such that the number of Ordinary Shares to which the holders of C Shares will become entitled will reflect the relative NAV of the assets attributable to the C Shares and the Ordinary Shares. As a result, the NAV per Ordinary Share will not be adversely affected by the conversion.

### **3 INVESTMENT OBJECTIVE, POLICY AND RESTRICTIONS**

#### ***Investment Objective***

The investment objective is to deliver an attractive total return to Shareholders from investing predominantly in a portfolio of smaller commercial properties in the United Kingdom.

#### ***Investment Policy***

In order to achieve its investment objective the Company invests in freehold and leasehold properties across the whole spectrum of the commercial property sector (office properties, retail warehouses, high street retail and industrial/warehouse properties) to achieve a balanced portfolio with a diversified tenant base. The Company intends to acquire smaller commercial properties.

Within the scope of restrictions set out below (under the heading 'Investment Restrictions') the Company may invest up to 10 per cent. of its Net Asset Value (at the time of investment) in the AEW UK Core Property Fund and up to 10 per cent. of its Net Asset Value (measured at the commencement of the project) in development opportunities, with the intention of holding any completed development as an investment. The AEW UK Core Property Fund is a property authorised investment fund managed by the Investment Manager which has a similar investment policy to that of the Company. Any investment by the Company into the AEW UK Core Property Fund will not be subject to management fees or performance fees otherwise charged to investors in the AEW UK Core Property Fund by the Investment Manager.

The Company will at all times invest and manage its assets in a way that is consistent with its objective of spreading investment risk and in accordance with its published investment policy. The Company will not, at any time, conduct any trading activity which is significant in the context of the business of the Company as a whole.

In the event of a breach of the investment policy set out above or the investment restrictions set out below, the Investment Manager shall inform the Board upon becoming aware of the same and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service and the Investment Manager will look to resolve the breach.

Any material change to the investment policy or investment restrictions of the Company may only be made with the prior approval of Shareholders.

#### ***Investment Restrictions***

The Company will invest and manage its assets with the objective of spreading risk through the following investment restrictions:

- the value of no single property, at the time of investment, will represent more than 15 per cent. of Gross Asset Value;
- the Company may commit up to a maximum of 10 per cent. of its Net Asset Value (measured at the commencement of the relevant project) to development activities;

- the value of properties, measured at the time of each investment, in any one of the following sectors: office properties, retail warehouses, high street retail and industrial/warehouse properties will not exceed 50 per cent. of Gross Asset Value. The 50 per cent. sector limit may be increased to 60 per cent. as part of the Investment Manager's efficient portfolio management whereby the Investment Manager determines it appropriate to pursue an attractive investment opportunity which would cause the 50 per cent. sector limit to be exceeded on a short-term basis pending a repositioning of the portfolio through a sale of assets or other means;
- investment in unoccupied and non-income producing assets will, at the time of investment, not exceed 20 per cent. of Net Asset Value;
- the Company may commit up to a maximum of 10 per cent. of its Net Asset Value (at the time of investment) in the AEW UK Core Property Fund;
- the Company will not invest in other closed-ended investment companies; and
- if the Company invests in derivatives for the purposes of efficient portfolio and cash management, the total notional value of the derivatives at the time of investment will not exceed, in aggregate, 35 per cent. of Gross Asset Value.

The Directors currently intend, at all times, to conduct the affairs of the Company so as to enable the Group to qualify as a REIT for the purposes of Part 12 of the CTA 2010 (and the regulations made thereunder).

### ***Borrowings***

The Company intends to utilise borrowings to enhance returns over the medium term. Borrowings will be utilised on a limited recourse basis for each investment on all or part of the total Portfolio. It is currently anticipated that the Directors will target a level of total borrowings of up to 25 per cent. of Gross Asset Value (measured at drawdown) and will comply with the REIT condition relating to the ratio between the Group's 'property profits' and 'property finance costs'.

The above borrowing limit of 25 per cent. may be increased to 35 per cent.: (i) provided that the Directors reasonably believe that the Company will complete an equity fundraising within 3 months of such investment; or (ii) as part of the Investment Manager's efficient portfolio management whereby the investment is made prior to the anticipated sale of an existing investment, and where completion of the sale is expected to be completed within 3 months of the relevant investment and the proceeds of such equity fund raising or sale would be reasonably expected to reduce the borrowing of the Company to 25 per cent. of the Gross Asset Value or less.

On 20 October 2015, the Company entered into the Facility with RBS International pursuant to which the lender agreed to make available £40 million over a five year term. On 8 March 2018 the terms of the Facility were amended to a £60 million facility. On 22 October 2018, the loan term was extended by three years up to 22 October 2022. The loan attracts interest at 3 month LIBOR plus 1.4 per cent. To mitigate the interest rate risk that arises as a result of entering into a variable rate linked loan, the Company has entered into interest rate caps on £36.5 million of the total balance of the loan at a strike rate of 2.5 per cent. on £26.5 million and 2 per cent. on £10 million, resulting in the loan being 73 per cent. hedged as at 31 December 2018. These interest rate caps are effective until 19 October 2020. The Company has entered into additional interest rate caps on a notional value of £46.51 million at 2.00 per cent., covering the extension period of the loan from 20 October 2020 to 19 October 2023. As at 28 February 2019 (being the latest practicable date prior to the publication of this document), the Company has drawn down £50 million. The Facility is secured by a negative pledge over the Company.

As at 28 February 2019 (being the latest practicable date prior to the publication of this document), the Company had a gross loan-to-value of approximately 25.10 per cent. on the Portfolio.

## **4 INVESTMENT STRATEGY**

The Company intends to exploit what it believes to be the compelling relative value opportunities currently offered by pricing inefficiencies in smaller commercial properties let on shorter occupational leases. The Company intends to supplement this core strategy with asset management initiatives to upgrade buildings and thereby improve the quality of income streams.

In the current market environment the focus will be to invest in properties which:

- typically have a value, on investment, of between £2.5 million and £15 million;

- have initial net yields, on investment, of typically between 7.5-10 per cent.;
- achieve across the whole Portfolio an average weighted lease term of between three to six years remaining;
- achieve, across the whole Portfolio, a diverse and broad spread of tenants; and
- have potential for asset management initiatives to include refurbishment and re-lettings.

The Company may also invest up to a maximum of 10 per cent. of its Net Asset Value in the AEW UK Core Property Fund. The AEW UK Core Property Fund has an investment policy that is similar to that of the Company although it may invest in smaller value properties than those to be purchased by the Company. Accordingly, the Company has adopted a stock allocation process pursuant to which it has been agreed that in terms of investment opportunities, the Company may express an interest in respect of investment opportunities which fall within the Investment Objective, Investment Policy (including the value of no single property, measured at the time of investment, exceeding 15 per cent. of the Gross Asset Value), Investment Strategy, Investment Restrictions and Dividend Policy whilst the AEW UK Core Property Fund may do the same. Should there be any unresolved competition for an investment opportunity, the deal will be reviewed by the Investment Manager in greater detail to determine whether the opportunity is in fact suitable for each proposed fund. This review will consider whether there is any aspect of the investment opportunity which ought to be a decisive factor in deciding on an allocation. This review may include consideration of whether an equitable allocation could be reached based on the need to rotate opportunities between funds, and at this stage, will also take account of any existing periodic rights of exclusivity granted by the Investment Manager in favour of any of the funds it manages. Any continuing conflict will be referred to the Investment Manager's stock allocation committee and, if the stock allocation committee is unable to determine the conflict, will be subject to the rotational allocation process. Under the rotational allocation process, the investment opportunity subject to the conflict will be allocated to the fund that was not the beneficiary on the previous occasion that the rotational allocation process was applied between the funds.

The Company may invest in UK commercial properties or portfolios of commercial property assets which, in addition, include ancillary or secondary utilisations such as residential elements.

The Company may invest in UK corporate and other entities that hold property. The Company may also invest in conjunction with third party investors and purchase assets from, or sell assets to, AEW Funds, in each case subject to the approval of the Board. The Directors, rather than the Investment Manager, will determine when to divest of any investment made by the Company in the AEW UK Core Property Fund.

## **5 DIVIDEND POLICY AND TARGET RETURNS**

At the time of the IPO, the Investment Manager provided guidance that they would assemble a portfolio supporting a target annual dividend between 8 to 9 pence per Ordinary Share. The Portfolio has now been assembled enabling the Company to pay a 2 pence per Ordinary Share dividend for each quarter since January 2016. Currently the Company pays dividends to holders of Ordinary Shares on a quarterly basis with dividends declared in January, April, July and October of each year and paid within one month of being declared.

The Board has declared and paid dividends totalling 26.83 pence per Ordinary Share in respect of the period from launch to 28 February 2019 (the latest practicable date prior to the publication of this document).

The Directors will declare dividends taking into account the level of the Company's net income and the Directors' view on the outlook for sustainable recurring earnings. As such, the level of dividends paid to holders of Ordinary Shares may increase or decrease from the current annual dividend. Based on the current market conditions as at the date of this document, the Company expects to pay an annualised dividend of 8 pence per Ordinary Share in respect of the financial period ending 31 March 2019 and the interim financial period ending 30 September 2019.

Investors in C Shares should note that any C Shares issued pursuant to the Share Issuance Programme shall not carry the right to receive any profits of the Company available for distribution whether by way of interim or final dividend prior to the relevant Conversion.

In order to comply with and maintain REIT status, the Group will be required to meet a minimum distribution test for each accounting period that it is a REIT. This minimum distribution test requires

the Company to distribute 90 per cent. of the income profits of the Property Rental Business for each accounting period, as adjusted for tax purposes.

**Investors should note that the figures in relation to dividends, total shareholder return and targeted annual growth in NAV set out above and elsewhere in this document are for illustrative purposes only and are not intended to be, and should not be taken as, a profit forecast or estimate. Actual returns cannot be predicted and may differ materially from these illustrative figures. There can be no assurance that they will be met or that any dividend or NAV growth will be achieved.**

## **6 VALUATION POLICY**

The Directors use Knight Frank LLP as property valuer to the Company. Valuations of the Company's properties are conducted quarterly as at 31 December, 31 March, 30 June and 30 September. The market value of the Group's properties is determined by the Valuer in accordance with the internationally accepted RICS Appraisal and Valuation Standards. The Valuer has produced the Valuation Report in relation to the Portfolio as at 31 December 2018 which is set out at Part 7 of this document. The Company confirms that no material changes have occurred between the date of the respective valuations in the Valuation Report and the date of this document.

Details of each quarterly valuation, and of any suspension in the making of such valuations, will be announced by the Company via a Regulatory Information Service announcement as soon as practicable after the relevant valuation date.

## **7 CALCULATION OF NET ASSET VALUE**

The Net Asset Value (and Net Asset Value per Ordinary Share) is calculated quarterly by the Administrator (and reviewed by the Company). Calculations are made in accordance with IFRS. The Net Asset Value per C Share will also be calculated and published quarterly, on the same basis, until conversion of the C Shares.

Details of each quarterly valuation, and of any suspension in the making of such valuations, are announced by the Company via a Regulatory Information Service announcement as soon as practicable after the end of the relevant quarter. The quarterly valuations of the Net Asset Value (and Net Asset Value per Ordinary Share and Net Asset Value per C Share, as applicable) will be calculated on the basis of the most recent quarterly independent valuation of the Company's properties.

The calculation of the Net Asset Value will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained or in other circumstances (such as a systems failure of the Administrator) which prevents the Administrator from making such calculations. Details of any suspension in making such calculations will be announced via a Regulatory Information Service announcement as soon as practicable after any such suspension occurs.

## **8 MEETINGS, REPORTS AND ACCOUNTS**

The annual report and audited financial statements of the Company are prepared in Sterling under IFRS. The Company's annual report and accounts, to date, are prepared up to 31 March in each year. It is expected that copies of the report and accounts will be sent to Shareholders by the end of July in each year. Shareholders will also receive an unaudited half-yearly report covering the six months to 30 September each year, which will be dispatched within the following three months.

The Company has published its third annual report and accounts for the year ended 31 March 2018. Such annual accounts have been incorporated by reference into this document.

The Company held its third annual general meeting on 12 September 2018 and will hold an annual general meeting by the end of September each year thereafter.

## **9 SHARE PREMIUM AND DISCOUNT MANAGEMENT**

The Board has the discretion to seek to manage, on an on-going basis, the premium or discount at which the Ordinary Shares may trade to their Net Asset Value through further issues and buy-backs, as appropriate.



### ***Share buy-backs***

The Directors will consider repurchasing Ordinary Shares in the market if they believe it to be in Shareholders' interests as a whole and as a means of correcting any imbalance between supply of, and demand for, the Shares.

At the annual general meeting of the Company held on 12 September 2018, a special resolution was passed granting the Directors authority to repurchase up to 14.99 per cent. of the Company's issued share capital during the period expiring on the conclusion of the Company's annual general meeting to be held in 2019. Renewal of this buy-back authority will be sought at each annual general meeting of the Company.

The Directors will have regard to the Group's REIT status when making any repurchase and will only make such repurchase through the market at prices (after allowing for costs) below the relevant prevailing Net Asset Value per Ordinary Share and otherwise in accordance with guidelines established from time to time by the Board. As such, the repurchase of shares will enhance NAV per Ordinary Share for existing Shareholders. Purchases of Ordinary Shares may be made only in accordance with the Companies Act, the Disclosure Guidance and Transparency Rules, the Listing Rules and MAR. Under the Listing Rules, the maximum price that may be paid by the Company on the repurchase of any Ordinary Shares pursuant to a general authority is 105 per cent. of the average of the middle market quotations for the Ordinary Shares for the five Business Days immediately preceding the date of purchase or, if higher, that stipulated by Article 5(1) of the Buy Back and Stabilisation Regulation (EC No 2273/2003). The minimum price will not be below the nominal value of one penny in respect of the Ordinary Shares.

Shareholders should note that the purchase of Ordinary Shares by the Company is at the absolute discretion of the Directors and is subject to the working capital requirements of the Company and the amount of cash available to the Company to fund such purchases. Accordingly, no expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions.

### ***Further issues***

The Directors have authority to issue up to 250 million Ordinary Shares and up to 250 million C Shares pursuant to the Share Issuance Programme. Such authority will expire at the earlier of the close of the Share Issuance Programme and 30 June 2020.

Pursuant to the resolutions passed at the annual general meeting of the Company held on 12 September 2018, the Directors also have authority to allot Ordinary Shares up to an aggregate nominal amount of £151,558 on a non-pre-emptive basis. Such authority will expire at the conclusion of the annual general meeting of the Company to be held in 2019 (unless previously renewed, varied or revoked by the Company at a general meeting).

Investors should note that the issuance of new Ordinary Shares and/or C Shares is entirely at the discretion of the Board, and no expectation or reliance should be placed on such discretion being exercised on any one or more occasions or as to the proportion of new Ordinary Shares and/or C Shares that may be issued.

### ***Treasury Shares***

Any Ordinary Shares repurchased pursuant to the general buy-back authority referred to above may be held in treasury. The Companies Act allows companies to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. These shares may be subsequently cancelled or sold for cash. This would give the Company the ability to reissue Ordinary Shares quickly and cost efficiently, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base.

The Board currently intends only to authorise the sale of Ordinary Shares from treasury at prices at or above the prevailing Net Asset Value per Ordinary Share (plus costs of the relevant sale). This should result in a positive overall effect for Shareholders if Shares are bought back at a discount and then sold at a price at or above the prevailing Net Asset Value per Ordinary Share (plus costs of the relevant sale).

### ***Continuation vote***

The Company has been established with an indefinite life. At the annual general meeting of the Company to be held in 2020, under the provision of the Articles, the Board will propose an



ordinary resolution that the Company continues its business as presently constituted. If this resolution is not passed, the Board will formulate proposals to be put to Shareholders to reorganise, restructure or wind-up the Company and to present such proposals to Shareholders within six months of the date of the annual general meeting at which the continuation resolution was proposed.

## **10 CAPITAL STRUCTURE**

### ***Introduction***

The Company's capital structure currently consists of Ordinary Shares. The rights attaching to the C Shares which may be issued as part of the Share Issuance Programme are set out in the Articles and summarised in Part 9 of this document.

### ***Ordinary Shares***

The Ordinary Shares carry the right to receive the profits of the Company available for distribution at such times as the Directors may determine in accordance with the Articles.

Subject to the rights of any C Shares in issue, on a winding-up, the surplus capital and assets of the Company shall be divided amongst the holders of Ordinary Shares *pro rata* according to the nominal capital paid up on their holdings of Ordinary Shares.

Holders of Ordinary Shares have the right to receive notice of, and to attend and vote at, general meetings and class meetings of the Company. Each holder of Ordinary Shares who is present in person (or, being a corporation, by representative) or by proxy at a general meeting or a class meeting on a show of hands has one vote and, on a poll, every such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of each Ordinary Share held by him.

### ***C Shares***

The C Shares are a new class of convertible, non-voting preference share which, if issued, will be listed on the standard segment of the Official List and admitted to trading on the Main Market. The restriction on voting is required in order to protect the Company's status as a REIT, but C Shareholders will be able to vote in relation to matters affecting the rights of the C Shares.

At the relevant Conversion Date, C Shares shall be converted into Ordinary Shares in accordance with the provisions of the Articles.

The C Shares do not carry the right to receive any profits of the Company available for distribution whether by way of interim or final dividend. The new Ordinary Shares arising on Conversion of C Shares shall rank *pari passu* with the Ordinary Shares then in issue for dividends or distributions made or declared by reference to a record date falling after the relevant Calculation Date.

On a winding up or return of capital, the holders of the C Shares shall be entitled to receive an amount per C Share equal to the lower of (i) the amount subscribed for the issue of each C Share and (ii) the Net Asset Value per C Share, but shall have no other rights to participate in the capital of the Company. C Shares shall rank on a winding up in priority to all other shares of the Company from time to time in issue. For so long as C Shares are in issue, and without prejudice to the Company's obligations under the Act, the assets attributable to the C Shares shall, at all times, be accounted for as a separate pool and the C Shares will bear a proportionate share of the Company's costs and expenses until such pool is substantially invested in accordance with the Company's investment policy, following which the C Shares will convert into Ordinary Shares based on the respective Net Asset Value per Ordinary Share and the Net Asset Value per C Share.

The holders of C Shares have:

- the right to receive notice of, and attend, speak and vote at class meetings of C Shareholders. Each holder of C Shares who is present in person (or being a corporation, by representative), or by proxy at a class meeting on a show of hands has one vote, and on a poll, every such person who is present in person (or being a corporation, by representative), or by proxy has one vote in respect of each C Share held by him; and
- no rights to receive notice of, attend, speak or vote at general meetings of the Company.

## **11 REIT STATUS AND TAXATION**

The Company, as the principal company of the Group, gave notice to HMRC (in accordance with Section 523 CTA 2010) that the Group had become a REIT on 4 June 2015. As a REIT, it complies with certain on-going regulations and conditions (including minimum distribution requirements). Potential investors are referred to Part 8 of this document for details of the REIT regime and the taxation of the Group in the UK.

## **12 REGULATORY STATUS OF THE SHARES**

As a REIT, the Ordinary Shares and the C Shares will be “excluded securities” under the FCA’s rules on non-mainstream pooled investments. Accordingly, the promotion of the Ordinary Shares and the C Shares will not be subject to the FCA’s restriction on the promotion of non-mainstream pooled investments.

The Company also intends to conduct its affairs so that the Ordinary Shares and the C Shares can be recommended by financial advisers to retail investors in accordance with the rules on the distribution of financial instruments under The Markets in Financial Instruments Directive II (“**MiFID II**”). The Directors consider that the requirements of Article 57 of the MiFID II delegated regulation of 25 April 2016 will be met in relation to the Ordinary Shares and C Shares and that, accordingly, the Ordinary Shares and C Shares should be considered “non-complex” for the purposes of MiFID II.

## **13 TYPICAL INVESTORS**

An investment in Shares is only suitable for institutional investors, professionally-advised private investors and highly knowledgeable financially sophisticated non-advised private investors who understand and are capable of evaluating the risks of such an investment and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment.

## PART 2

### PROPERTY PORTFOLIO AND PIPELINE

#### 1 PROPERTY PORTFOLIO

As at the date of this document, the Portfolio consists of the following investments:

Property	Sector	Sq ft	Purchase Price (£)	Current valuation (as at 31 Dec 2018 or date of purchase, whichever is later) (£)
NCRC, Wagon Road, Mossley*	Industrial	12,836	364,000	350,000*
NCRC, 349 Moorside Road, Swinton	Industrial	24,307	1,173,000	1,500,000
NCRC, Clarke Road, Milton Keynes	Industrial	28,349	1,526,000	2,500,000
1 Bentalls, Pipp's Hill Industrial Estate, Basildon	Industrial	32,857	2,000,000	2,850,000
Vantage Point, Hemel Hempstead	Office	18,466	2,175,000	2,555,000
Magham Road, Rotherham,	Industrial	81,979	2,168,000	3,000,000
Carr's Coatings, North Moons Industrial Estate, Redditch	Industrial	37,992	2,000,000	2,600,000
Wella Warehouse, Basingstoke	Industrial	58,519	3,391,000	3,550,000
710 Brightside Lane, Sheffield	Industrial	121,733	3,500,000	3,850,000
Lea Green Industrial Estate, St Helen's	Industrial	93,588	3,441,000	3,950,000
Units 1001-1005 Sarus Court, Runcorn	Industrial	83,374	4,885,000	6,250,000
Brockhurst Crescent, Walsall	Industrial	136,171	3,850,000	5,150,000
Excel 95, Deeside Industrial Park, Deeside	Industrial	96,597	4,310,000	4,750,000
Sandford House, Solihull	Offices	34,418	5,400,000	4,850,000
Apollo Business Park, Basildon	Industrial	68,813	4,550,000	5,700,000
11/15 Fargate, Sheffield	Retail	8,054**	5,300,000**	2,500,000
Bank Hey Street, Blackpool	Retail	100,792	5,050,000	4,200,000
Euroway Trading Estate, Bradford	Industrial	143,765	4,950,000	5,550,000
Oak Park Ryelands Lane, Droitwich	Industrial	188,555	5,625,000	5,450,000
Odeon Cinema, Victoria Circus, Southend on Sea	Other	40,635	5,700,000	5,450,000
Wyndham, Storey's Bar Road, Peterborough	Industrial	184,114	5,700,000	6,650,000
Units 16 and 16a, Langthwaite Grange Industrial Estate, South Kirkby	Industrial	230,850	5,800,000	6,800,000
Barnstaple Retail Park, Barnstaple	Retail	51,021	6,790,000	7,000,000
Eastpoint Business Park, Oxford	Offices	74,266	8,200,000	11,250,000
69 – 75 Above Bar Street, Southampton	Retail	21,936	9,250,000	7,500,000
40 Queen Square, Bristol	Offices	36,230	7,200,000	12,100,000
225 Bath Street, Glasgow	Offices	85,565	12,200,000	8,600,000
208-220 Commercial Road and 7-13 Crasswell Street, Portsmouth	Retail	14,419	6,370,000	5,700,000
Cedar House, Gloucester	Office	37,753	3,100,000	3,850,000
2 Geddington Road, Corby	Other	52,353	12,400,000	12,875,000
Diamond Business Park, Wakefield	Industrial	204,631	4,175,000	4,600,000
Pearl House, Wheeler Gate, Nottingham	Retail	28,965***	8,150,000***	5,000,000
Bridge House, Knowles Lane, Bradford	Industrial	51,722	2,100,000	2,200,000
Gresford Industrial Park, Wrexham	Industrial	279,541	9,975,000	9,975,000
London East Leisure Park, Dagenham	Other	71,720	11,372,467	12,000,000
Leeds	Industrial	187,794	6,927,416	6,930,000
<b>Total:</b>		<b>3,024,680</b>	<b>191,067,883</b>	<b>199,585,000****</b>

\* contracts exchanged for disposal as at the date of the Prospectus. Completion due to take place in March 2018. Contracted sale price £450,000.

\*\* original purchase price of building. Retail accommodation totaling 6,021 sq ft was sold during 2018.

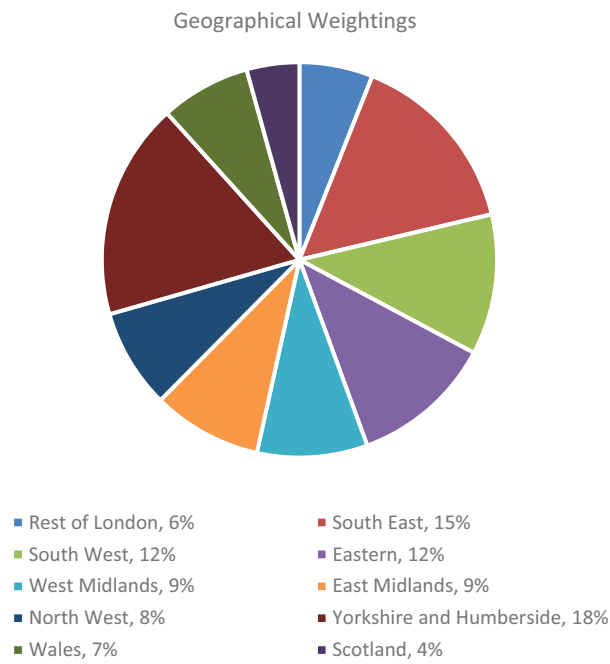
\*\*\* original purchase price of building. Office accommodation totaling 41,262 sq ft was sold during 2018.

\*\*\*\* Current valuation as set out in the Valuation Report at Part 7 of this document is £199,235,000 reflecting the imminent sale of NCRC Wagon Road, Mossley.

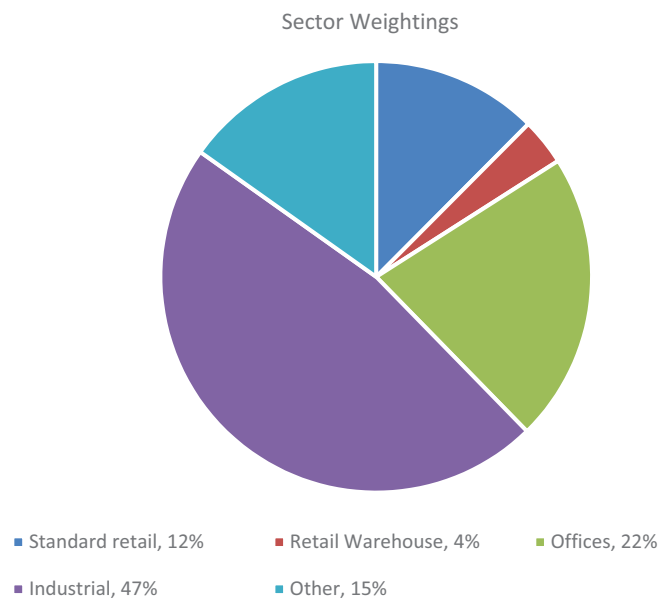
2 PORTFOLIO ANALYSIS

As at the date of this document, the Portfolio consists of 36 properties geographically diversified across the UK.

Portfolio Location



Sector Exposure



3 PIPELINE INVESTMENTS

Key to the success of the Company is timely deployment of capital through careful investment selection. The Investment Manager has identified a strong pipeline of potential opportunities generated by its network of connections across the UK commercial property market. Over the 12 months to 1 February 2019 the Investment Manager received over 1450 separate deal introductions via Propex, the online data exchange for the institutional property market, with a combined total value of over £15 billion. Over this period, the Investment Manager has invested c.£69.5 million into the smaller lot size commercial property strategy (both for the Company and the AEW UK Core Property Fund) and continues to see a range of attractive potential opportunities

which meet the Company's target return requirements. The current pipeline includes a diverse range of geographical locations and property sectors. The Investment Manager recently has seen an increased number of attractive opportunities in retail and other sectors and therefore expects that future acquisitions will represent a more balanced spread of property sectors, rather than being concentrated in the industrial sector as seen over past quarters. In line with the Company's strategy the Investment Manager continues to focus on finding future acquisitions which will deliver an attractive return as part of a well-diversified regional portfolio.

**There can be no assurance that any of these pipeline projects will be completed or will be purchased or funded by the Company. The Company will, in any event, continue to evaluate other potential acquisitions in accordance with its investment policy.**

## PART 3

### INVESTMENT OPPORTUNITY

#### 1 MARKET OVERVIEW

Both in absolute terms and relative to other markets, the UK property market returns continue to show a healthy spread over 10 year government bond yields, and therefore strong investor demand for commercial property continues. This is expected to persist in the short run albeit with interest rate and bond yield normalisation on the horizon, this yield premium could become less pronounced.

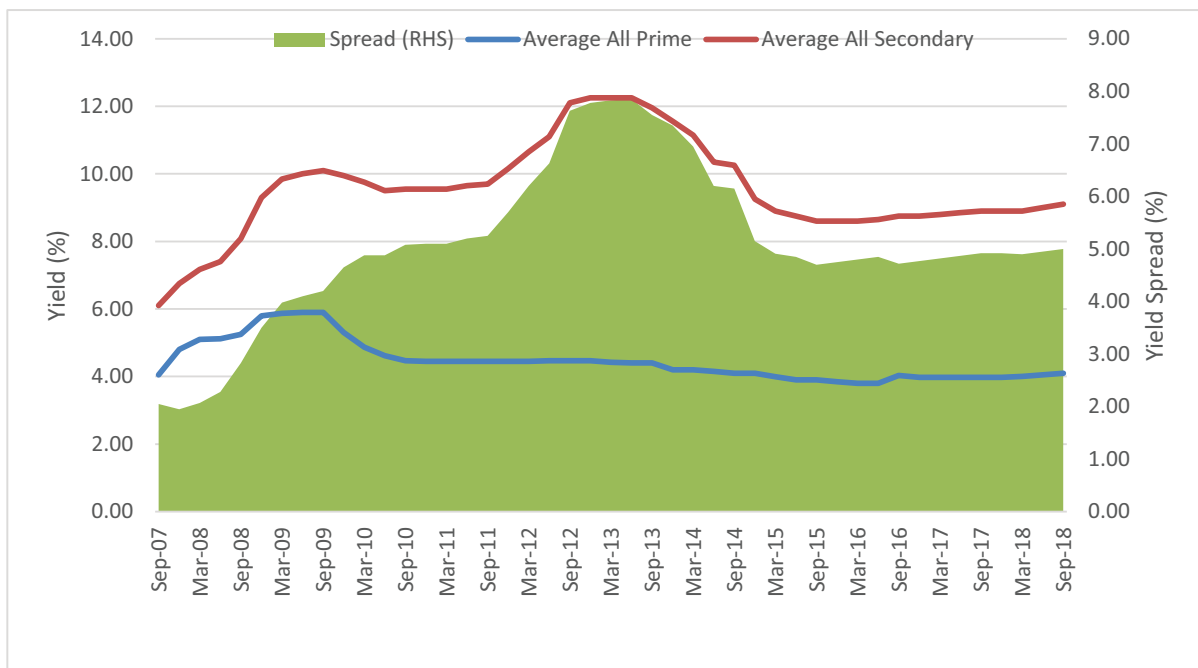
For the time being we continue to see yields remaining stable in the most sought after areas of the market, predominantly driven by continued inflows from overseas investors, in large logistics assets, prime industrial, and in the long leased market.

On the tenant demand side we see a rather polarised position highlighting to managers and investors alike the importance of robust and informed stock selection. Despite an uncertain outlook surrounding the UK's EU exit position, we have seen strong take up in the industrial sector leading to rental growth of 4.6% throughout 2018 according to MSCI, down slightly from 5.3 per cent. in 2017, but outperforming other major property sectors for the ninth consecutive quarter. The regional office sector has also recorded healthy recent performance with GVA reporting a 4.3% rise in net effective rents over the year to September 2018 across the 9 largest centers. Take-up for Q3 2018 exceeded 2 million sq ft which is 63 per cent. ahead of the ten year quarterly average.

A contrast to this is seen across the majority of the retail sector where the impact of declining footfall continue to hit the headlines. An exception to this has been in a few large dominant centres where rental growth has been recorded at modest levels.

#### 2 RELATIVE VALUE OF “SECONDARY” PROPERTY

The Directors (having been advised by the Investment Manager) believe that, at the current time, the secondary property market offers strong relative value compared to prime property.



(Source: CBRE as at September 2018)

The Directors (having been advised by the Investment Manager) believe that assets with relatively short, unexpired lease terms in strong, commercial locations can often be acquired at secondary pricing levels and therefore appear mispriced relative to longer let properties with the same fundamental characteristics, where pricing is currently closer to prime levels. The Directors believe that shorter leased assets in areas of strong tenant demand also provide opportunities for rental enhancement when combined with the Investment Managers active asset management style.



### 3 SECTOR

The Company holds a well-diversified portfolio in strong regional locations and expects that future acquisitions will represent a balanced spread of property sectors. The Company can invest up to 50 per cent. of Gross Asset Value (at the time of investment) in any one of the following sectors: office properties, retail warehouses, high street retail and industrial/warehouse properties. This sector limit may be increased to 60 per cent. as part of the Investment Manager's efficient portfolio management whereby the Investment Manager determines it appropriate to pursue an attractive investment opportunity which would cause the 50 per cent. sector limit to be exceeded on a short-term basis pending a repositioning of the portfolio through a sale of assets or other means. The Investment Manager takes a view on each sector at the time of acquisition and, as such, has recently concentrated acquisitions in the industrial sector. As at the date of this document the Investment Manager's opinion on each sector is:

**Office:** the Investment Manager typically focuses on established regional locations which have supply constrained markets with strong tenant demand as this indicates the potential for rental growth. There is also a preference for multi-let buildings as this provides for diversity of income. Office values are often underpinned by alternative use.

**Retail warehouse:** when considering retail warehousing opportunities, the Investment Manager has a cautious approach but is keen to exploit opportunities where they exist. The Investment Manager believes that the strongest opportunities exist where low rental values and high purchase yields can be found creating asset management value add initiatives.

**High street retail:** when considering high street retail opportunities, the Investment Manager has a cautious approach but is keen to exploit opportunities where they exist. Ideally, any opportunities would be in top 50 retail locations that demonstrate robust occupational demand with emphasis on what the Investment Manager believes are mispriced opportunities with the potential for alternative use.

**Industrial/warehouse:** the Investment Manager focuses on industrial/warehouse acquisitions in good locations with good transport infrastructure where there are low passing rents in areas that have constrained supply. Typically, in the Investment Manager's experience, the strongest opportunities exist where the capital value at the time of acquisition is lower than the vacant possession value.

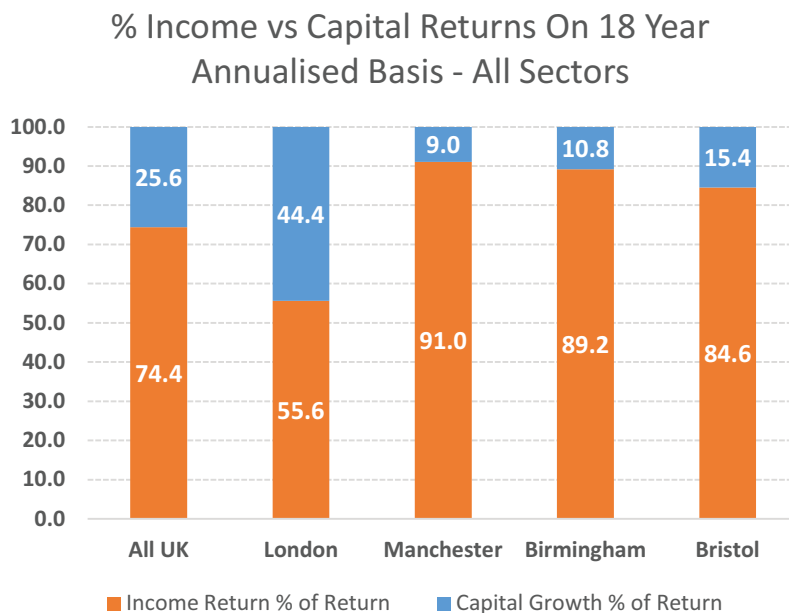
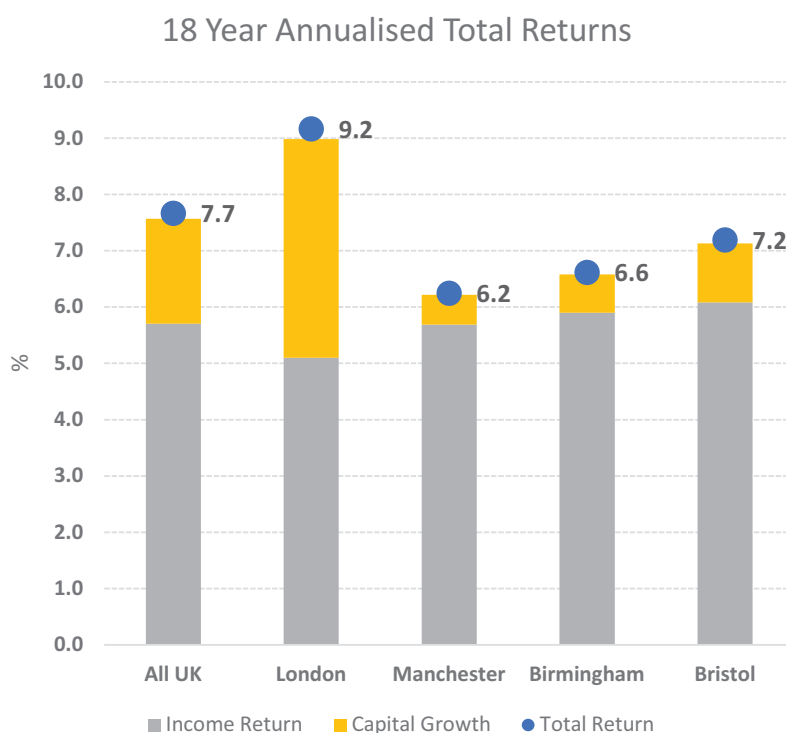
**Other:** alternative sectors include leisure and car parks. Shorter leased investment opportunities are often attractively priced with good future asset management and change of use potential.

### 4 REGIONAL STRENGTH

The Directors (having been advised by the Investment Manager) believe that there are parts of the UK that, more than others, will provide sustainable regional economies and therefore are expected to provide the basis for optimal asset performance. The Investment Manager will continue to focus investment into those regions which can demonstrate a sustainable level of tenant demand. In terms of industrial and office assets, the Investment Manager will seek locations demonstrating strong infrastructure links, such as major motorway junctions and city centres. The Investment Manager has actively excluded Central London in the construction of the Portfolio as it does not currently fit with the high yielding focus of the investment strategy and could be less resilient to a no deal Brexit outcome.

## 5 INCOME FOCUS

The Company's income focus strategy is in line with the Investment Manager's expectation that income will continue to be the largest component of total property return. The Investment Manager will continue to focus on a diversified high income strategy. The following charts demonstrate the importance of income in generating unlevered direct property total return.



Source: MSCI, December 2018 includes all property sectors in each location

## PART 4

### DIRECTORS, INVESTMENT MANAGER AND ADMINISTRATION

#### 1 THE DIRECTORS

The Directors are responsible for the determination of the Company's investment objective and investment policy and have overall responsibility for the Company's activities, including the review of investment activity and performance and the control and supervision of the Investment Manager. All of the Directors are non-executive and, save for James Hyslop, are independent of the Investment Manager. Any Director who is not independent of the Investment Manager is subject to annual re-election by Shareholders.

The Directors are as follows:

##### **Mark Burton, non-executive Chairman**

Mr. Burton was appointed as a Director on 9 April 2015. Mr. Burton currently serves as a board member of Value Retail plc. He also sits on the real estate advisory boards for Norges Bank Investment Management, is a member of the investment advisory council of Real Tech Ventures 1 and acts as an advisor to Citic Capital Real Estate. Mr. Burton has qualified as a Chartered Surveyor, has been a member of the UK Government Property Advisory Group and was formerly chairman of The Investment Property Forum and Urban Land Institute UK. Mr. Burton's career has included senior executive roles at United Bank of Kuwait, AXA REIM and AIG Global Real Estate Investment Europe. In 2001 Mr. Burton became chief investment officer of the real estate department at Abu Dhabi Investment Authority, subsequently performing the same role at Abu Dhabi Investment Council in 2007 from where he retired in 2010.

##### **Katrina Hart, non-executive Director**

Mrs. Hart was appointed as a Director on 5 June 2017. Mrs. Hart spent 14 years in the City advising, analysing and commentating on a broad range of businesses operating in the fund and asset management sectors. During this period, she accumulated an in-depth understanding of the dynamics and operational drivers of fund management and worked very closely with some of the most respected companies in the sector. Latterly, she was a highly rated financial analyst at HSBC, Bridgwell Group Plc and headed up the financial research team at Canaccord Genuity Inc. Mrs. Hart is a non-executive director of Polar Capital Global Financials Trust PLC, Miton Group Plc and has most recently been appointed as a non-executive director of Keystone Investment Trust PLC.

##### **James Hyslop, non-executive non-independent Director**

Mr. Hyslop was appointed as a Director on 9 April 2015. Mr. Hyslop has 50 years of investment industry experience. He is currently a member of the investment committee of Paloma Real Estate Fund I LP and Paloma Real Estate Fund II LP and is a consultant to AEW UK Investment Management LLP. He was until recently a member of the investment committee of Columbus U.K. Real Estate Fund LP and was on the investment committees of Gresham Real Estate Fund I & II and Columbus UK Real Estate Fund II (all Schroders funds). He was also previously a member of the investment committee of ING Lionbrook Property Partnership and CBRE Investors and a consultant to UBS Global Asset Management Limited. He also served as a non-executive director of Raven Mount plc, including being chairman of their main subsidiary's pension fund. From 1998 to 2002 he served as a non-executive director at Saville Gordon Estates plc, latterly as chairman. From 1990 to 1998, Mr. Hyslop was head of property at PDFM Limited (now UBS Global Asset Management Limited). From 1986 to 1990, he was a director of property corporate finance at UBS Phillips & Drew. He joined Phillips & Drew in 1967 where he held various sales and research positions before being appointed a partner in 1981.

##### **Bim Sandhu, non-executive Director**

Mr. Sandhu was appointed as a Director on 9 April 2015. Mr. Sandhu is chief executive officer and owner of The Santon Group which has developed over £1.4 billion of property. He is an independent non-executive director and chair of the audit committee of Africa Logistics Properties Holdings Limited. Mr. Sandhu was a founder and chief executive officer of Raven Mount plc, a co-founder of Raven Property Group Limited (formerly Raven Russia Limited), which Mr. Sandhu

helped to list on AIM raising over £450 million, and chief executive officer of the external fund manager to that company. He was chairman and a co-founder of Audley, an assisted living business operating retirement villages. Mr. Sandhu was a non-executive director of Oriel Securities Limited and chairman of the audit committee. In the 1990s, Mr. Sandhu was managing director of the UK Operations of the publicly listed Australian developer Hudson Conway and represented their 50 per cent. interest as a director of 5,000 pub unit strong The Courage Pub Company plc. Mr. Sandhu is a Fellow of the Institute of Chartered Accountants having qualified as a Chartered Accountant with KPMG in London. Following qualification, he became secretary of the KPMG UK Property & Construction Group.

## **2 THE INVESTMENT MANAGER**

The Investment Manager is part of the AEW Group, one of the world's largest real estate managers, with just over €65.4 billion of assets under management globally as at 31 December 2018. The AEW Group comprises AEW SA in Europe and AEW Capital Management L.P. in the U.S. and their respective subsidiaries as well as AEW UK Investment Management LLP. In Europe, as at 31 December 2018, the AEW Group managed €31.4 billion in value in properties of all types located in 16 countries, with over 400 staff located in 9 offices. The Investment Manager is a 50:50 joint venture between the principals of the Investment Manager and AEW.

The Investment Manager is also the investment manager to AEW UK Long Lease REIT plc, a UK REIT admitted to the premium listing segment of the Official List and to trading on the Main Market launched in June 2017. AEW UK Long Lease REIT plc has raised £80.5 million and is targeting a dividend of 5.5p per share per annum through investment in a diversified portfolio of UK properties, predominantly in alternative and specialist sectors.

The Investment Manager is regulated in the conduct of investment business by the FCA. The Investment Manager is, for the purposes of the AIFMD and the rules of the FCA, a "full scope" UK AIFM with a Part 4A permission for managing AIFs, such as the Company.

### **Key individuals of the Investment Manager**

The Investment Manager employs a well-resourced team comprising 25 individuals covering investment, asset management, operations and strategy. Key individuals relating to the Company's strategy are:

#### **Richard Tanner – Managing Director and principal**

Mr. Tanner is Managing Director of the Investment Manager and Chair of the IMC (as defined in the paragraph below headed "Investment process") with responsibility for defining and implementing AEW's strategy in the UK. Since launching AEW's first UK focused fund in 2012, he has overseen in excess of £1.6 billion of UK real estate transactions and brings 28 years of real estate investment management experience to the Investment Manager. He was head of investment strategy and managing director of the UBS UK real estate team which he joined in 1994. Mr. Tanner was responsible for the development and portfolio management of seven real estate funds totalling £3 billion, ranging from super core to value add. Mr. Tanner is a qualified Chartered Surveyor (MRICS).

#### **Robert Wilkinson – European Chief Executive Officer**

Mr Wilkinson is the European Chief Executive Officer of AEW Group and is Chairman of the European Investment Committee with overall responsibility for defining and implementing strategy. Prior to being appointed European Chief Executive Officer in 2014, he held the position of Chief Investment Officer and, since joining AEW in 2009, has overseen €20 billion of transactions. He has considerable experience of real estate transactions, having sourced and executed a range of portfolio, corporate and restructuring transactions across Europe. Mr Wilkinson has over 25 years of real estate and financial services experience, holds a degree in Law from the University of Cambridge and is a qualified chartered accountant. Mr. Wilkinson previously held senior positions with the Goodman Group, UBS Investment Bank and Eurohypo and is currently a non-executive director of Grainger Plc.

#### **Rachel McIsaac – Executive Director, Head of Asset Management and principal**

Ms McIsaac is the Investment Manager's Head of Asset Management, managing portfolios totalling £1.6 billion with overall responsibility for executing asset strategy and asset management with

28 years of investment industry experience. Ms McIsaac was chief executive of The Association of Real Estate Funds (AREF) from 2004 to 2009 and the managing director of RETHink Real Estate, the UK's first real estate innovation consultancy for 2 years from 2002. Prior to this, Ms McIsaac spent eight years at UBS Global Asset Management as a director and fund manager of Triton Property Fund. Ms. McIsaac is a qualified Chartered Surveyor (MRICS).

#### **Alex Short – Portfolio Manager to the Company**

Ms. Short is Portfolio Manager of AEW UK REIT plc and has 20 years' industry experience. From 2010 to 2013, she was managing director at UBS Global Asset Management and held a business and client management role whilst also a member of the GRE-UK Investment Committee providing management and support to the team.

Prior to this, Ms. Short spent eight years at UBS in various roles, including as portfolio manager for UBS SERF and UBS Triton. Before 2002, Ms. Short worked in the acquisitions team at ING Real Estate and at Gooch Webster within the asset management and investment teams. Ms. Short is a qualified Chartered Surveyor (MRICS).

#### **Laura Elkin – Assistant Portfolio Manager to the Company**

Ms. Elkin is assistant portfolio manager of AEW UK REIT plc and has eleven years of industry experience. She joined AEW in 2013 with responsibility for sourcing and executing direct investments within all property sectors for the AEW UK funds and separate mandates. Prior to joining the team, Ms. Elkin worked as a senior surveyor at Colliers International, joining the national investment team in 2010. Ms. Elkin carried out the acquisition and disposal of various investment properties across the UK specialising in leisure related RPI linked leases. Ms. Elkin is a qualified Chartered Surveyor (MRICS).

#### **Consultants to the Investment Manager**

The Investment Manager has engaged Andrew Strang and James Hyslop as consultants to supplement the expertise of the management team.

#### **Andrew Strang – Property Consultant and principal**

Mr. Strang joined AEW UK as a consultant in 2011 and is a member of the IMC (as defined in the paragraph below headed "Investment process"). He has 39 years of investment industry experience. He is currently a non-executive director of INTU Properties PLC and Capital and Counties Properties PLC. He is also a member of the real estate advisory board of Norges Bank Investment Management. Mr. Strang was chairman of Hermes Real Estate from 2009 to 2011 and prior to that managing director of Threadneedle Property Investment Limited for 17 years.

#### **James Hyslop – Property Consultant**

See paragraph 1 of this Part 4 for details of Mr. Hyslop.

#### **AEW debt team**

AEW has a specialist debt team comprising three professional staff based in London. The team arranges financing and hedging for four open-ended funds, four separate account mandates and three closed-ended private funds. Over the last four years, the team has procured over €2 billion of new debt finance, re-financings and debt extensions for property investment assets located in the UK and continental Europe.

The team is active in financing and refinancing current loan positions and negotiating new/revised terms for existing agreements that are in breach or require the term to be extended. The team has financed over €1.2 billion of new debt in the last two years.

The team will continue to be available to advise the Company on its financing requirements.

#### **Investment process**

The Investment Manager holds strategy committee meetings every two months to assess the impact of macro-economic factors on UK real estate, identify turning points in the market, advise on investment strategy and generate healthy debate.

The Investment Manager initiates transactions by sending a communication to the agency market outlining the investment criteria for the Portfolio assets. Agents will select investments which they

believe would be appropriate for the Company and will send them to the Investment Manager via Propex. The Investment Manager reviews the properties at least weekly at stock selection meetings and will either accept or reject the properties on the system. For the accepted properties, the Investment Manager will start an initial due diligence process to:

- carry out initial analysis; and
- view the property.

In weekly stock monitoring meetings, the Investment Manager recommends properties either for bid, additional due diligence or rejection. For properties which are successfully put under offer, the Investment Manager prepares a comprehensive “recommendation to purchase” report which will be submitted to the Investment Manager’s investment management committee (the “IMC”) for feedback. The IMC will either:

- approve the recommendation;
- approve it subject to further conditions; or
- reject it.

The IMC meets bi-monthly or on an ad-hoc basis, when required. The IMC, which is an internal committee established by the Investment Manager and wholly independent of the Company, is responsible for risk management, reviewing and challenging the investment rationale and authorising recommendations to the Investment Manager. The IMC is made up of four members and a majority vote of three members is required. The chairman of the IMC has a deciding vote in the event of a deadlock. The IMC obtains input from various parties.

Once a deal has been successfully approved by the IMC, the Investment Manager appoints various advisers including lawyers, environmental consultants and buildings surveyors.

A checklist is maintained by the Investment Manager throughout the process to demonstrate the progress made and any key issues or action points that arise are recorded. Once all the due diligence has been completed, the purchase checklist is reviewed against the purchase price and signed off by the Investment Manager prior to exchange and completion takes place thereafter.

### **Investment Management Agreement**

The Company and the Investment Manager have entered into the Investment Management Agreement, a summary of which is set out in paragraph 8 of Part 9 of this document, under which the Investment Manager has agreed to provide the Company with discretionary investment management services.

### **3 PROPERTY MANAGER**

M J Mapp Limited has been appointed as property manager to the Company pursuant to the Property Management Agreement (further details of which are set out in paragraph 8 of Part 9 of this document). In such capacity, the Property Manager provides property management services to the Company in relation to the Portfolio.

### **4 ADMINISTRATOR**

Link Alternative Fund Administrators Limited has been appointed as administrator to the Company pursuant to the terms of the Administration Agreement (further details of which are set out in paragraph 8 of Part 9 of this document). In such capacity the Administrator is responsible for the day to day administration of the Company (including, but not limited to, the calculation and publication of the NAV and NAV per Ordinary Share and NAV per C Share, as applicable).

### **5 SECRETARY**

Link Company Matters Limited has been appointed as company secretary to the Company pursuant to the terms of the Company Secretarial Agreement (further details of which are set out in paragraph 8 of Part 9 of this document) to provide general company secretarial services to the Company (including, but not limited to, maintenance of the Company’s statutory records).

### **6 REGISTRAR**

Computershare Investor Services PLC has been appointed to provide registrar services to the Company pursuant to the Registrar Agreement (further details of which are set out in paragraph 8



of Part 9 of this document). Under the Registrar Agreement the Registrar has responsibility for maintaining the register of Shareholders, receiving transfers of Shares for certification and registration and receiving and registering Shareholders' dividend payments together with related services.

## **7 DEPOSITARY**

Langham Hall UK LLP (a limited liability partnership incorporated in England and Wales on 15 May 2016 with registered number OC319723) has been appointed as Depositary to the Company pursuant to the terms of the Depositary Agreement (further details of which are set out in paragraph 8 of Part 9 of this document).

## **8 VALUER**

Knight Frank LLP has been appointed as valuer to the Company and provides valuations to the Company in accordance with the valuation policy set out in Part 7 of this document.

## **9 AUDITOR**

KPMG LLP provides audit services to the Group. The annual reports and accounts are prepared according to the accounting standards laid out under IFRS.

## **10 FEES AND EXPENSES**

### ***Expenses of the Share Issuance Programme***

It is expected that the fixed costs and expenses in connection with the establishment of the Share Issuance Programme, including fees and commissions payable under the Share Issuance Agreement, admission fees, printing, legal, accounting fees, fees payable in respect of the preparation of this document and the Valuation Report and any other applicable expenses will be £162,000 and will be borne by the Company or, in the event the initial Tranche under the Share Issuance Programme is an issue of C Shares, such costs and expenses will be attributed to those subscribers for C Shares.

The net proceeds of the Share Issuance Programme are dependent, *inter alia*, on the Directors determining to proceed with an Issue or Placing-Only Issue under the Share Issuance Programme and the level of subscriptions received, the applicable price of such Shares and the aggregate costs and commissions for each Tranche. The costs of issuing Shares under the Share Issuance Programme will be capped at 2 per cent. of the gross proceeds of each Tranche of Shares issued under the Share Issuance Programme.

The costs and expenses of any Placing-Only Issue of Ordinary Shares will be covered by issuing such Ordinary Shares at a premium to the latest published Net Asset Value per Ordinary Share. The costs and expenses of any Issue or Placing-Only Issue of C Shares under the Share Issuance Programme will be paid out of the gross proceeds of such issue of C Shares and will be borne by the holders of C Shares only.

### ***On-going annual expenses***

Ongoing annual expenses include the following:

#### ***10.1 Management fees***

Under the Investment Management Agreement the Investment Manager receives a management fee which is calculated and accrues monthly at a rate equivalent to 0.9 per cent. per annum of NAV (excluding uninvested proceeds from any fundraisings). The fee is paid on a quarterly basis based on the prevailing NAV. Any investment by the Company into the AEW UK Core Property Fund is not subject to management fees or performance fees otherwise charged to investors in the AEW UK Core Property Fund by the Investment Manager.

#### ***10.2 Property Manager***

Under the terms of the Property Management Agreement, the Property Manager is entitled to: (i) a fee of 0.325 per cent. of annual rents received (in respect of single let properties); (ii) fees capped at between 7 per cent. and 9.5 per cent. of annual service charges (in respect of multi-let properties); and (iii) a nominal charge (in respect of vacant buildings).

### 10.3 *Administrator*

Under the terms of the Administration Agreement, the Administrator is entitled to receive a fee of £78,827 (exclusive of VAT) per annum. In addition, the Administrator is entitled to a fee of £8,099 (exclusive of VAT) per annum in respect of tax-related work and payroll for the Directors' fees.

### 10.4 *Secretary*

Under the terms of the Company Secretarial Agreement, the Secretary is entitled to receive a fee of £54,140 (exclusive of VAT) per annum in addition to a fee of £1,876 (exclusive of VAT) in respect of services to be provided to the subsidiary of the Company.

### 10.5 *Depositary*

Under the terms of the Depositary Agreement the Depositary is entitled to receive a fee of £49,855 (exclusive of VAT) per annum and subject to annual RPI linked increases calculated on 1 January each year.

### 10.6 *Registrar*

Under the terms of the Registrar Agreement, the Registrar is entitled to receive an annual maintenance of £1.20 per Shareholder account per annum, subject to a minimum fee of £3,000 per annum (exclusive of VAT). The Registrar is also entitled to activity fees under the Registrar Agreement.

### 10.7 *Directors*

Each of the Directors receives a fee from the Company, at such rate as is determined in accordance with the Articles. Save for the Chairman and the chair of the Audit Committee, the fees are £27,500 for each Director per annum. The Chairman's fee is £35,000 per annum and the fee for the chair of the Audit Committee is £32,500.

Each of the Directors is also entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the business of the Company. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

### 10.8 *Valuer*

The Valuer is entitled to receive a fee of 0.03 per cent. of the aggregate Fair Value (as such term is defined in the Red Book) per annum excluding VAT, to be invoiced quarterly.

### 10.9 *Auditor*

The Auditor is entitled to an annual fee which is agreed with the Board each year in advance of the Auditor commencing audit work.

### 10.10 *Other operational expenses*

Other ongoing operational expenses (excluding fees paid to service providers as detailed above) of the Company are borne by the Company including travel, accommodation, printing, audit, finance costs, legal fees (including those incurred on behalf of the Company by the Investment Manager), corporate broking fees, annual London Stock Exchange fees and AIC membership fees. These expenses are deducted from the assets of the Company (which includes any income). All reasonable out of pocket expenses of the Investment Manager, the Administrator, the Registrar, the Valuer and the Directors relating to the Company are borne by the Company.

## 11 **CONFLICTS OF INTEREST**

### **Investment Manager**

The Investment Manager and its key individuals may from time to time act as manager, investment manager or investment adviser in relation to, or be otherwise involved in, other funds established by parties other than the Company, which may have similar objectives to those of the Company. In particular:

- AEW UK Investment Management LLP is investment manager to the Company and may act in the same capacity for other entities; and
- key individuals of the Investment Manager may be involved in other businesses or with other funds not involving the Company.

It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Company. The Investment Manager will, at all times, pursuant to the terms of the Investment Management Agreement, have regard in such event to its obligations to the Company and will endeavour to ensure that such conflicts are resolved fairly. In addition, subject to applicable laws, any of the foregoing may deal, as principal or agent, with the Company, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis with an independent counterparty. The Board will consider and, if appropriate, authorise any transactions with the Investment Manager or any of its funds. The Directors, rather than the Investment Manager, will determine when to divest of any investment made by the Company in the AEW UK Core Property Fund.

The AEW UK Core Property Fund has an investment policy that is similar to that of the Company although it may invest in smaller value properties than those to be purchased by the Company. Accordingly, the Company has adopted a stock allocation process pursuant to which it has been agreed that in terms of investment opportunities, the Company may express an interest in respect of investment opportunities which fall within the Investment Objective, Investment Policy (including the value of no single property, measured at the time of investment, exceeding 15 per cent. of the Gross Asset Value), Investment Strategy, Investment Restrictions and Dividend Policy whilst the AEW UK Core Property Fund may do the same. Should there be any unresolved competition for an investment opportunity, the deal will be reviewed by the Investment Manager in greater detail to determine whether the opportunity is in fact suitable for each proposed fund. This review will consider whether there is any aspect of the investment opportunity which ought to be a decisive factor in deciding on an allocation. This review may include consideration of whether an equitable allocation could be reached based on the need to rotate opportunities between funds, and at this stage, will also take account of any existing periodic rights of exclusivity granted by the Investment Manager in favour of any of the funds it manages. Any continuing conflict will be referred to the Investment Manager's stock allocation committee and, if the stock allocation committee is unable to determine the conflict, will be subject to the rotational allocation process. Under the rotational allocation process, the investment opportunity subject to the conflict will be allocated to the fund that was not the beneficiary on the previous occasion that the rotational allocation process was applied between the two funds.

## **Directors**

James Hyslop is a consultant to the Investment Manager. In relation to transactions in which a Director is interested, the Articles provide that (i) subject to due disclosure no Director or proposed Director shall be disqualified by his office from contracting with the Company as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested render the Director liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established; and (ii) a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise through the Company. A Director may be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. Some of the Directors may act as directors to other companies within the group of, or funds managed by, the AEW Group. For further details see paragraph 6.12 of Part 9 of this document.

## **12 THE TAKEOVER CODE**

The Takeover Code applies to the Company.

## **13 CORPORATE GOVERNANCE**

The Board supports high standards of Corporate Governance and the development of corporate governance policies and procedures in compliance with the requirements of the AIC Code, except as set out below.

The Company is a member of the AIC and complies with the principles of good governance contained in the AIC Code (which complements the UK Corporate Governance Code and provides a framework of best practice for listed investment companies) with reference to the AIC Guide. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate

Governance Code as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as an investment company.

The Board considers the reporting against the principles and recommendations of the AIC Code, and by references to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to Shareholders. The Company complies with the recommendations of the AIC Code, the relevant provisions of the UK Corporate Governance Code (except as set out below) and associated disclosure requirements of the Listing Rules.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive;
- by the role of the senior independent director;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide the Board considers these provisions are not relevant to the Company, being an externally managed investment company with an entirely non-executive board. The Company does not therefore report in respect of these provisions.

### **The Board and Board Committees**

The Chairman is Mark Burton. As explained in paragraph 1 of this Part 4, the Board consists of four non-executive Directors. Of these, all but James Hyslop are considered by the Board to be independent of the Investment Manager. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Directors, including the Chairman, has been imposed. New Directors will receive an induction from the Administrator on joining the Board and all Directors receive other relevant training as necessary.

The performance of the Board committees and individual Directors is evaluated through an assessment process led by the Chairman. The performance of the Chairman is evaluated each year by the other Directors and is led by the chairman of the Audit Committee. The Articles require that the Directors submit themselves for re-election at least every three years, save that any non-independent director will be subject to annual re-election. Further details of the provisions in the Articles relating to the Directors are given at paragraph 6 of Part 9 of this document.

The Board has established an Audit and Management Engagement Committee and a Remuneration Committee. These Committees undertake specific activities through delegated authority from the Board. Terms of reference for each Committee have been adopted and are reviewed on a regular basis by the Board.

#### *The Audit Committee*

The Audit Committee comprises the independent non-executive directors and is chaired by Bim Sandhu. The Audit Committee is responsible for reviewing the annual and half yearly accounts, the system of internal controls, and the terms of appointment and remuneration of the auditor. It is also the forum through which the auditor reports to the Board. The Audit Committee meets twice yearly. The Audit Committee also reviews the objectivity of the external auditor and the terms under which the external auditor is appointed to perform non-audit services. The Audit Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the external auditor, with particular regard to non-audit fees.

#### *The Management Engagement and Remuneration Committee*

The Management Engagement and Remuneration Committee comprises the independent non-executive directors and is chaired by Mark Burton. The Management Engagement and Remuneration Committee is responsible for reviewing the appropriateness of the continuing appointment of the Investment Manager together with the terms and conditions of the Investment Manager's appointment on a regular basis. The recommendations of the AIC Code under principle 5 state that the Chairman may be a member of, but not chair, the Remuneration Committee. Having taken account of the size of the Board and the remit of the Management Engagement and Remuneration Committee, which extends only to consideration of non-executive remuneration, the Board believes that Mark Burton remains the most suitable Director to chair the Management Engagement and Remuneration Committee. The remuneration of the Chairman will be considered by the Management Engagement and Remuneration Committee in his absence.

#### **14 DIRECTORS' SHARE DEALINGS**

The Company has adopted a share dealing code in compliance with MAR and the Listing Rules. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the share dealing code by the Directors.

## PART 5

### THE SHARE ISSUANCE PROGRAMME

#### 1 INTRODUCTION

The Company has authority to issue up to 250 million Ordinary Shares and up to 250 million C Shares pursuant to the Share Issuance Programme. Shares will only be issued at times when the Company considers that suitable investments in accordance with the Company's investment policy will be capable of being secured within the near-term.

The Share Issuance Programme is intended to satisfy market demand for the Shares and to raise further money for investment in accordance with the Company's investment policy.

The total net proceeds of the Share Issuance Programme will depend on the number of Ordinary Shares and/or C Shares issued throughout the Share Issuance Programme, the applicable price of such Shares, and the aggregate costs and commissions for each Tranche. The costs of issuing Shares under the Share Issuance Programme will be covered by issuing such Shares at the Placing Price (in respect of any Placing-Only Issue) or the Offer Price (in respect of any Issue).

#### 2 CONDITIONS

The issuance of each Tranche of Shares pursuant to the Share Issuance Programme is conditional upon, *inter alia*:

- in relation to non-pre-emptive offerings of Ordinary Shares, the applicable Placing Price being not less than the latest published Net Asset Value per Ordinary Share;
- Admission of the relevant Shares issued pursuant to each Tranche; and
- the Share Issuance Agreement having become unconditional in respect of the relevant Tranche and not having been terminated in accordance with its terms or a particular Tranche not having been suspended in accordance with the terms of the Share Issuance Agreement.

In circumstances where these conditions are not fully met, the relevant issue of Shares pursuant to the Share Issuance Programme will not take place.

#### 3 THE SHARE ISSUANCE PROGRAMME

##### Overview

The Share Issuance Programme will open on 1 March 2019 and will close on 28 February 2020 (or any earlier date on which it is fully subscribed). The maximum number of Ordinary Shares and C Shares to be issued pursuant to the Share Issuance Programme is 250 million and 250 million respectively. The maximum number of Shares should not be taken as an indication of the number of Shares finally to be issued. The issue of Shares under the Share Issuance Programme is not being underwritten.

The Directors believe that the Share Issuance Programme has the following principal benefits for Shareholders:

- provide additional capital which will enable the Company to benefit from the continued investment opportunities in the market;
- potentially enhance the NAV per Ordinary Share through new share issuance at a premium to the prevailing NAV per Ordinary Share;
- grow the Company, thereby spreading operating costs over a larger capital base, which should reduce the Company's total expense ratio; and
- increase the number of Shares in issue, which may provide Shareholders with additional liquidity.

The Company may issue Ordinary Share and/or C Shares under the Share Issuance Programme. It is expected that the Company will issue C Shares, rather than Ordinary Shares in circumstances where there is substantial investor demand such that an issue of Ordinary Shares would have the potential to exert "cash drag" on the performance of the existing Ordinary Shares. The assets representing the existing proceeds of an issue of C Shares would be accounted for as a separate pool and the C Shares would bear a proportionate share of the Company's costs and expenses until such pool is substantially invested in accordance with the Company's investment policy,



following which the C Shares will convert into Ordinary Shares based on the respective Net Asset Value per Ordinary Share and the Net Asset Value per C Share.

Shares issued pursuant to the Share Issuance Programme will rank *pari passu* with the existing class of Shares then in issue (save for any dividends or other Distributions declared, made or paid on the existing Ordinary Shares by reference to a record date prior to the allotment of the relevant Ordinary Shares).

The Share Issuance Programme will be suspended at any time when the Company is unable to issue Shares pursuant to the Share Issuance Programme under any statutory provision or other regulation applicable to the Company or otherwise at the Directors' discretion. The Share Issuance Programme may resume when such conditions cease to exist, subject always to the final closing date of the Share Issuance Programme being no later than 28 February 2020.

### **Placings**

The Directors may, in their sole discretion in consultation with the Investment Manager and Liberum, decide to carry out one or more Placings under the Share Issuance Programme any time prior to, (i) the final closing date of 28 February 2020, or (ii) such earlier date as all the Shares the subject of the Share Issuance Programme are issued. Any such Placing may comprise the issue of further C Shares and/or Ordinary Shares and may be in conjunction with an Offer (in the case of an issue of C Shares) or may be a Placing-Only Issue.

The size and frequency of any Placing will be determined at the discretion of the Directors (in consultation with the Investment Manager and Liberum).

Details of any Placing, including the number of Shares and the relevant Placing Price (calculated in accordance with paragraph 4 below), will be notified by the Company via a Regulatory Information Service prior to each Admission. The number of Shares available under any Placing is intended to be flexible and should not be taken as an indication of the number of Shares finally to be issued.

The terms and conditions which apply to any subscriber for Shares pursuant to any Placing are set out in Part 11 of this document.

### **Offers for Subscription and Intermediaries Offers**

In addition the Company may instigate up to three Offers (provided this is in accordance with the timetable set out on page 39 of this document) if the Directors, in their sole discretion in consultation with the Investment Manager and Liberum, determine market conditions are appropriate. Any such Offer will comprise the issue of further C Shares and will be in conjunction with a Placing. No Ordinary Shares will be issued under an Offer for Subscription or Intermediaries Offer.

Each Offer for Subscription is subject to the Terms and Conditions of Application set out in Part 12 of this document. In connection with an Offer for Subscription, the Company may also appoint Intermediaries to market the C Shares to potential retail investors and information in respect of any Intermediaries who are appointed in respect of an Offer will be made available on the Company's website as soon as practicable following such appointment.

Subject to the Director determining to proceed with an Offer, the First Offer for Subscription and First Intermediaries Offer will open on 3 June 2019, the Second Offer for Subscription and Second Intermediaries Offer will open on 7 October 2019 and the Third Offer for Subscription and Third Intermediaries Offer will open on 3 February 2020. An application form in respect of each Offer for Subscription will be available from the relevant offer opening date from the Company's website at [www.aewukreit.com](http://www.aewukreit.com).

Details of any Offer will be notified by the Company via a Regulatory Information Service immediately prior to or on the relevant opening dates set out in the paragraph above. This will include a target or "up to" number of Shares available for issue under the Offer which will be calculated based on the maximum number of Shares that the Directors have authority to issue under the Share Issuance Programme minus any Shares that have already been issued under the Share Issuance Programme. Details will also be published of the relevant Offer Price which will be calculated in accordance with paragraph 4 below.

Application forms in respect of the First Offer for Subscription should be returned to the Receiving Agent by no later than 5.00 p.m. on 14 June 2019, application forms in respect of the Second Offer for Subscription should be returned to the Receiving Agent by no later than 5.00 p.m. on

18 October 2019 and application forms in respect of the Third Offer for Subscription should be returned to the Receiving Agent by no later than 5.00 p.m. on 14 February 2020.

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 5.00 p.m. on 14 June 2019 (in respect of the First Offer for Subscription) or by 5.00 p.m. on 18 October 2019 (in respect of the Second Offer for Subscription) or by 5.00 p.m. on 14 February 2020 (in respect of the Third Offer for Subscription). Please contact Computershare Investor Services PLC in each case by email at [OFSPAYMENTQUERIES@computershare.co.uk](mailto:OFSPAYMENTQUERIES@computershare.co.uk) and Computershare will then provide applicants with a unique reference number which must be used when sending payment.

Applicants choosing to settle via CREST, that is DVP, will need to match their instructions to a Computershare participant account which will be announced at the time of the relevant Offer for Subscription by no later than 1.00 p.m. on 14 June 2019 (in respect of the First Offer for Subscription) and by 1.00 p.m. on 18 October 2019 (in respect of the Second Offer for Subscription) and by 1.00 p.m. on 14 February 2020 (in respect of the Third Offer for Subscription), allowing for the delivery and acceptance of the relevant C Shares to be made against payment of the Offer Price per C Share, following the CREST matching criteria set out in the relevant application form.

Applications under any Offer must be for a minimum subscription amount of £1,000. Commitments under any Offer, once made, may not be withdrawn without the consent of the Board. The Directors reserve the right to refuse applications for any reason.

**Investors should consult their independent financial adviser if they are in any doubt about the contents of this document or the acquisition of Shares under any Offer.**

## **4 PRICE**

### ***Placing Price***

Any Shares issued pursuant to a Placing-Only Issue will be issued at the Placing Price.

The price at which any Ordinary Shares are issued on a non-pre-emptive basis pursuant to a Placing-Only Issue will be not less than the latest published Net Asset Value per Ordinary Share at the time of issue plus a premium to cover the costs and expenses of the relevant Placing.

The Directors will determine the Placing Price on the basis described above in respect of any Ordinary Shares issued so as to cover the costs and expenses of each issue of Ordinary Shares under the Share Issuance Programme (which will be capped at 2 per cent. of the gross proceeds of such Placing) and to thereby avoid any dilution of the Net Asset Value of the existing Ordinary Shares.

The price at which any C Shares are issued on a non-pre-emptive basis pursuant to a Placing-Only Issue will be 100 pence per C Share and any costs and expenses associated with such Placing-Only Issue (which will be capped at 2 per cent. of the gross proceeds of such Tranche of C Shares) will be borne by the holders of C Shares only.

The Placing Price will be announced through a Regulatory Information Service as soon as practicable in conjunction with each Placing-Only Issue.

### ***Offer Price***

The price at which any C Shares are issued on a non-pre-emptive basis pursuant to an Issue will be 100 pence per C Share and any costs and expenses associated with such Issue (which will be capped at 2 per cent. of the gross proceeds of such Tranche of C Shares) will be borne by the holders of C Shares only.

The Offer Price will be announced through a Regulatory Information Service as soon as practicable in conjunction with each Issue.

## **5 OFFICIAL LIST AND MAIN MARKET**

Application will be made to the UK Listing Authority for any Ordinary Shares issued pursuant to the Share Issuance Programme to be admitted to listing on the premium segment of the Official List. Application will be made to the UK Listing Authority for any C Shares issued in connection with the Share Issuance Programme to be admitted to listing on the standard segment of the Official List. Applications will also be made to the London Stock Exchange for all issued and to be issued Shares to be admitted to trading on the Main Market.

The Company's existing Ordinary Shares are admitted to listing on the premium segment of the Official List and to trading on the Main Market.

Application will be made to the UK Listing Authority and to the London Stock Exchange respectively for the Ordinary Shares arising on Conversion of any C Shares to be admitted to listing on the premium segment of the Official List and to trading on the Main Market.

The Company is subject to, and complies with, the on-going requirements of the Listing Rules, the Prospectus Rules, the Disclosure Guidance and Transparency Rules and MAR.

## **6 ADMISSION AND DEALINGS**

It is expected that Admissions pursuant to Issues and/or Placing-Only Issues will become effective and that dealings in the Shares will commence no more than two Business Days after the trade date for each issue of Shares and, in any event, not later than 28 February 2020 (being the closing date of the Share Issuance Programme).

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the Shares, nor does it guarantee the price at which a market will be made in the Shares. Accordingly, the dealing price of the Shares may not necessarily reflect changes in the Net Asset Value per C Share or Net Asset Value per Ordinary Share as the case may be.

## **7 SCALING BACK AND ALLOCATION**

The Directors have the discretion (in consultation with the Investment Manager and Liberum) to determine the basis of allocation of Shares under any Issue or Placing-Only Issue (as applicable) and there is no obligation for Shares to be allocated proportionately.

In the event that commitments under any Issue or Placing-Only Issue exceed the maximum number of Shares available at the time of such Issue or Placing-Only Issue (as applicable), applications under such Issue or Placing-Only Issue (as applicable) will be scaled back at the Directors' discretion (in consultation with the Investment Manager and Liberum).

The Company will notify investors of the number of new Shares in respect of which their application has been successful. The results of any Issue are expected to be announced by the Company via a Regulatory Information Service announcement shortly prior to the relevant Admission.

Subscription monies received in respect of unsuccessful applications (or to the extent scaled back) will be returned, by cheque, without interest at the risk of the applicant to the bank account from which the money was received.

## **8 USE OF PROCEEDS**

The net proceeds of any Issue or Placing-Only Issue under the Share Issuance Programme will be utilised by the Group to fund investments in accordance with the Company's investment policy.

## **9 WITHDRAWAL**

In the event that the Company is required to publish a supplementary prospectus prior to any Admission, applicants who have applied for Shares under the relevant Issue or Placing-Only Issue shall have at least two clear Business Days following the publication of the relevant supplementary prospectus within which to withdraw their offer to acquire the Shares in its entirety. The right to withdraw an application to acquire Shares in these circumstances will be available to all investors in the relevant Issue or Placing-Only Issue. If the application is not withdrawn within the stipulated period, any offer to apply for Shares will remain valid and binding.

Investors under any Offer for Subscription wishing to exercise statutory withdrawal rights pursuant to section 87 of FSMA after the publication of a supplementary prospectus and prior to the relevant Admission must do so by lodging written notice of withdrawal by hand (during normal business hours only) with Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS13 8AE or by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH, so as to be received by no later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received after expiry of such period will not constitute a valid withdrawal.

## **10 DILUTION**

The Company is seeking to issue new Shares pursuant to the Share Issuance Programme. While the Act contains statutory pre-emption rights for Shareholders in relation to issues of Shares in consideration for cash, such rights have been disapplied in respect of the maximum amount of Shares that may be issued pursuant to the Share Issuance Programme. Where statutory pre-emption rights are disapplied, any issues of Shares will be dilutive, with regard to voting rights, to those Shareholders who cannot, or choose not to, participate.

As no Ordinary Shares will be issued under the Share Issuance Programme at a price which is less than the latest published Net Asset Value per Ordinary Share plus a premium to cover the costs and expenses of the relevant Placing, there is not expected to be any dilution in the Net Asset Value per Ordinary Share as a result of the issue of any Ordinary Shares under the Share Issuance Programme. Any issue of C Shares will be at 100 pence per C Share and the costs of such issue will be borne by the holders of C Shares only so there will be no dilutive effect on the NAV per Ordinary Share.

Any C Shares issued will convert into Ordinary Shares as at the Conversion Date. As a result of Conversion, the percentage of the issued Ordinary Shares held by each holder of Ordinary Shares at that time may be reduced depending on the extent to which such Shareholders do not participate in the relevant Issue or Placing-Only Issue and the total number of C Shares issued under the relevant Issue or Placing-Only Issue. However, Conversion will be Net Asset Value neutral to holders of the Ordinary Shares. The potential dilution of shareholdings of Ordinary Shareholders will depend on the number of C Shares issued under the relevant Issue or Placing-Only Issue and the ultimate number of the Ordinary Shares issued on conversion of the C Shares.

## **11 GENERAL**

The Company, the Investment Manager and Liberum have entered into the Share Issuance Agreement relating to the establishment of the Share Issuance Programme and each Issue or Placing-Only Issue thereunder, pursuant to which Liberum has agreed, subject to certain conditions, to use its reasonable endeavours to procure subscribers for Shares made available under each Placing.

Pursuant to anti-money laundering laws and regulations, with which the Company must comply in the UK, the Company (and its agents) may require evidence in connection with any application for Shares, including further identification of the applicant(s), before any Shares are issued.

The Directors (in consultation with the Investment Manager and Liberum) may in their absolute discretion waive the minimum application amounts in respect of any particular application for Shares under any Tranche. If any Tranche does not proceed, any monies received under that Tranche will be returned to applicants without interest.

## **12 CLEARING AND SETTLEMENT**

Shares issued pursuant to each Tranche will be issued in registered form and may be held in either certificated or uncertificated form and settled through CREST from the relevant date of Admission. No temporary documents of title will be issued. In the case of Shares to be issued in uncertificated form pursuant to any Tranche, these will be transferred to successful applicants through the CREST system. Accordingly, settlement of transactions in the Shares following the relevant Admission may take place within the CREST system if any Shareholder so wishes. CREST is a paperless book-entry settlement system operated by Euroclear which enables securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

It is expected that the Company will arrange for Euroclear to be instructed on the relevant Admission date to credit the appropriate CREST accounts of the subscribers concerned or their nominees with their respective entitlements to Shares. The names of subscribers or their nominees investing through their CREST accounts will be entered directly on to the share register of the Company.

The transfer of Shares outside of the CREST system following the closing of each Tranche should be arranged directly through CREST. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of the registered holder to CREST for share certificates or an uncertificated holding in definitive registered

form. If a Shareholder or transferee requests Shares to be issued in certificated form and is holding such Shares outside CREST, a share certificate will be despatched either to him or his nominated agent (at his risk) within 21 days of completion of the registration process or transfer, as the case may be, of the Shares. Shareholders holding definitive certificates may elect at a later date to hold such Shares through CREST or in uncertificated form provided they surrender their definitive certificates.

Shareholders holding their Shares through CREST or otherwise in uncertificated form may obtain from the Registrar (as evidence of title) a certified extract from the Register showing their shareholding.

### **13 OVERSEAS PERSONS**

The attention of potential investors who are Overseas Persons is drawn to the paragraphs below. The offer of Shares to Overseas Persons may be affected by the laws of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to obtain Shares. It is the responsibility of all Overseas Persons receiving this document and/or wishing to subscribe for Shares to satisfy themselves as to full observance of the laws of the relevant territory in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

In particular, no person receiving a copy of this document in any territory other than the UK may treat the same as constituting an offer or invitation to him/her, unless in the relevant territory such an offer can lawfully be made to him/her without compliance with any further registration or other legal requirements. Persons (including, without limitation, nominees and trustees) receiving this document may not distribute or send it to any U.S. Person or in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations including, but not limited to, the Excluded Territories.

The Company reserves the right to treat as invalid any agreement to subscribe for Shares if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.



## PART 6

### FINANCIAL INFORMATION ON THE GROUP

#### 1 AUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL PERIODS ENDED 30 APRIL 2016 AND 30 APRIL 2017 AND 31 MARCH 2018

Audited financial information of the Company for the period from incorporation to 30 April 2016, from 1 May 2016 to 30 April 2017 and from 1 May 2017 to 31 March 2018, in respect of which the Auditors, KPMG LLP, 15 Canada Square, London, E14 5GL have issued unqualified reports, have been properly prepared in accordance with the Companies Act, have been delivered to Companies House and are incorporated into this document in full by reference to the same. KPMG LLP are chartered accountants and a member of the Institute of Chartered Accountants in England and Wales. Save for the information set out in this Part 6 and incorporated by reference, no other audited information is included in this document.

##### 1.1 Historical financial information

The published audited financial statements of the Company for the period from the Company's incorporation (1 April 2015) to 30 April 2016, the financial year ended 30 April 2017 and the financial period ended 31 March 2018, which have been incorporated in full by reference into this document, included the information specified in the tables below.

Nature of information	Audited financial statements of the Company for the period from 1 April 2015 to 30 April 2016	Audited financial statements of the Company for the year ended 30 April 2017	Audited financial statements of the Company for the period from 1 May 2017 to 31 March 2018
	<i>Page no(s)</i>	<i>Page no(s)</i>	<i>Page no(s)</i>
Statement of Comprehensive Income	61	70	67
Statement of Financial Position	63	72	69
Statement of Changes in Equity	62	71	68
Statement of Cash Flows	64	73	70
Notes to the Financial Statements	65 to 88	74 to 102	71 to 98
Independent Auditor's Report	57 to 60	66 to 69	62 to 66

##### 1.2 Selected financial information

The key audited figures that summarise the Company's financial condition as at or for the period from the Company's incorporation (1 April 2015) to 30 April 2016 and as at or for the financial year ended 30 April 2017 and the financial period ended 31 March 2018 which have been extracted without material adjustment from the historical financial information referred to in paragraph 1.1 of this Part 6, are set out in the following table. Investors should read the whole of any such report and not rely solely on the key or summarised information set out below:

	As at or for the period from 1 April 2015 to 30 April 2016	As at or for the year ended 30 April 2017	As at or for the period from 1 May 2017 to 31 March 2018
Total Assets (£'000)	135,498	150,230	199,076
Non-Current Assets (£'000)	124,496	135,570	187,751
Total Assets less Current Liabilities (£'000)	132,416	147,469	196,250
Net Assets (£'000)	116,375	118,674	146,034
Net Asset Value per Ordinary Share (pence per share)	99.03	95.98	96.36
Earnings per Ordinary Share (basic) (pence per share)	4.83	5.04	7.17
Dividends per Ordinary Share (pence per share)	5.5 for the period from 1 April 2015 to 30 April 2016	8.0	7.33



### 1.3 Operating and financial review

The published audited financial statements of the Company for the period from the Company's incorporation to 30 April 2016 and the financial year ended 30 April 2017 and the financial period ended 31 March 2018, which have been incorporated in full by reference into this document, include, on the pages specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms), details of the Company's investment activity and portfolio exposure, and changes in its financial condition for the period from the Company's incorporation to 30 April 2016 and the financial year ended 30 April 2017 and the financial period ended 31 March 2018:

	<b>Audited financial statements of the Company for the period from 1 April 2015 to 30 April 2016</b>	<b>Audited financial statements of the Company for the year ended 30 April 2017</b>	<b>Audited financial statements of the Company for the period from 1 May 2017 to 31 March 2018</b>
	<i>Page no(s)</i>	<i>Page no(s)</i>	<i>Page no(s)</i>
Chairman's statement	2 to 3	2 to 4	2 to 4
Investment Manager's Report	15 to 20	17 to 25	18 to 35
Key Performance Indicators	12 to 14	14 to 16	15 to 17

## 2 INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIODS ENDED 31 OCTOBER 2017 AND 30 SEPTEMBER 2018

The Company has published unaudited financial statements in respect of the financial periods from 1 May 2017 to 31 October 2017 and 1 April 2018 to 30 September 2018 prepared in accordance with IAS 34 (Interim Financial Reporting) as adopted by the EU and the Disclosure Guidance and Transparency Rules which are incorporated into this document in full by reference to the same. The Company's interim financial period was changed to 30 September in 2018 (compared with an interim period ending on 31 October in 2017) to reflect the fact that the Company changed its accounting reference date on 8 September 2017 to 31 March.

### 2.1 Historical Financial Information

The interim report and unaudited financial statements for the financial period ended 31 October 2017 and the financial period ended 30 September 2018, which have been incorporated in full by reference into this document, including the information specified in the tables below.

<b>Nature of information</b>	<b>Interim report and unaudited financial statements for the financial period ended 31 October 2017</b>	<b>Interim report and unaudited financial statements for the financial period ended 30 September 2018</b>
	<i>Page no(s)</i>	<i>Page no(s)</i>
Condensed statement of Comprehensive Income	18	20
Condensed statement of Changes in Equity	19-20	21-22
Condensed statement of Financial Position	21	23
Condensed statement of Cash Flows	22	24
Notes to the Condensed Financial Statements	23-39	25-42
Independent Review Report	17	19

## 2.2 Selected financial information

The key unaudited figures that summarise the Group's financial condition in respect of the period from 1 May 2017 to 31 October 2017 and the financial period from 1 April 2018 to 30 September 2018 which have been extracted without material adjustment from the historical financial information referred to in paragraph 2.1 of this Part 6, are set out in the following table. Investors should read the whole of any such report and not rely solely on the key or summarised information set out below:

	<b>As at or for the period from 1 May 2017 to 31 October 2017</b>	<b>As at or for the period from 1 April 2018 to 30 September 2018</b>
Total Assets (£'000)	183,795	204,067
Non-Current Assets (£'000)	147,030	192,519
Total Assets less Current Liabilities (£'000)	181,071	201,940
Net Assets (£'000)	148,221	151,653
Net Asset Value per Ordinary Share (pence per share)	97.80	100.06
Earnings per Ordinary Share (basic) (pence per share)	3.73	4.10
Dividends per Ordinary Share (pence per share)	4.0	4.0

## 2.3 Operating and financial review

The unaudited financial statements of the Company for the financial period from 1 May 2017 to 31 October 2017 and for the financial period from 1 April 2018 to 30 September 2018, which have been incorporated in full by reference into this document, include, on the pages specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms), details of the Company's investment activity and portfolio exposure, and changes in its financial condition:

	<b>Unaudited financial statements of the Company for the financial period ended 31 October 2017</b>	<b>Unaudited financial statements of the Company for the financial period ended 30 September 2018</b>
	<i>Page no(s)</i>	<i>Page no(s)</i>
Chairman's statement	2	2
Investment Manager's Report	8	8
Key Performance Indicators	5	5

## 3 AVAILABILITY OF REPORTS AND FINANCIAL STATEMENTS FOR INSPECTION

Copies of the Company's annual reports and audited financial statements and interim report and unaudited financial statements referred to in paragraphs 1 and 2 of this Part 6 are available online at <http://www.aewukreit.com/investors> and are also available for inspection at the address set out on page 41 of this document.

## 4 INCORPORATION BY REFERENCE

The audited annual report and financial statements of the Company for the financial periods ended 30 April 2016, 30 April 2017 and 31 March 2018 and the interim report and unaudited financial statements for the financial periods ended 31 October 2017 and 30 September 2018 are incorporated in full by reference into this document.

Where part only of a document is incorporated by reference into this document, those parts not so incorporated by reference are either not relevant for prospective investors or are covered elsewhere in this document.

## **5 LIQUIDITY**

On 20 October 2015, the Company entered into the Facility with RBS International pursuant to which the lender agreed to make available £40 million over a five year term. On 8 March 2018 the terms of the Facility were amended and restated to a £60 million facility and on 22 October 2018, the Company extended the term of the loan facility by three years up to October 2023. The loan attracts interest at 3 month LIBOR plus 1.4 per cent. To mitigate the interest rate risk that arises as a result of entering into a variable rate linked loan, the Company has entered into an interest rate cap on £36.5 million of the total balance of the loan at a strike rate of 2.5 per cent. on £26.5 million and 2 per cent. on £10 million, resulting in the loan being 73 per cent. hedged as at 31 December 2018. These interest rate caps are effective until 19 October 2020. The Company has entered into additional interest rate caps on a notional value of £46.51 million at 2.00 per cent. per annum, covering the extension period of the loan from 20 October 2020 to 19 October 2023. As at 28 February 2019 (being the latest practicable date prior to the publication of this document), the Company has drawn down £50 million. The Facility is secured by a negative pledge over the Company.

**PART 7**  
**VALUATION REPORT**



AEW UK REIT plc  
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London  
EC2V 7NQ

Liberum Capital  
Ropemaker Place  
Level 12  
25 Ropemaker Street  
London  
EC2Y 9LY

1 March 2019

Dear Sirs

**VALUATION REPORT ON THE PROPERTY PORTFOLIO**

**1. Introduction**

- 1.1 In accordance with our instructions, we have carried out a valuation of the freehold, heritable or leasehold interests in the properties referred to in the Schedule appended to this Report (the “Properties”) and now report our opinion of the Market Values of the Properties as at 31 December 2018 or as at the date of purchase, whichever is the later.
- 1.2 This Report is required for inclusion in a prospectus (the “Prospectus”) which is to be published in connection with the issue of up to 250 million ordinary shares and/or 250 million C Shares pursuant to a Share Issuance Programme. Our Report is provided expressly for this purpose and this purpose only.
- 1.3 The Properties comprise office, retail, industrial and leisure assets and have been categorised as investment properties.
- 1.4 This valuation has been undertaken in accordance with RICS Valuation – Global Standards 2017, incorporating the International Valuations Standards, and the RICS UK National Supplement effective from January 2019. References to “the Red Book” refer to either or both of these documents, as applicable with Rules 5.6.5 and 5.6.6 and paragraph 2.7, Annex XV, Appendix 3 of the Prospectus Rules published by the Financial Conduct Authority and with paragraphs 128 to 130 of ESMA Update of the CESR Recommendations for the consistent implementation of the European Commission’s Regulation (EC) No 809/2004 implementing the Prospectus Directive (the “CESR Recommendations”).
- 1.5 The Schedule comprises brief details of each of the Properties, the associated terms of tenure, occupational tenancy overview and details of Net Annual Rent, as well as the Market Values, as at 31 December 2018 or as at the date of purchase, whichever is the later.
- 1.6 Net Annual Rent is defined within the FCA’s handbook as:
- 1.7 “The current income or income estimated by the valuer:
  - i. ignoring any special receipts or deductions arising from the property;
  - ii. excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and
  - iii. after making deductions for superior rents (but not for amortisation) and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent.”

- 1.8 The Properties have all been inspected within the last 12 months. Dates of inspection are listed in the Schedule.

## **2. Compliance and Disclosures**

- 2.1 Knight Frank LLP is instructed as External Valuer, as defined by the Red Book and regulations made by the Financial Conduct Authority.
- 2.2 Knight Frank LLP are retained by AEW UK REIT (Plc) (the Company) to value the Properties on a quarterly basis for financial reporting under International Financial Reporting Standards (IFRS). Matthew F P Cripps FRICS is responsible for this particular instruction.
- 2.3 Other than Valuation services, Knight Frank LLP has not had any material involvement with the Properties within the last 12 months, subject to our comments below, and report without any conflict of interest.
- 2.4 Knight Frank LLP acted upon behalf of the vendor on the sale of the following properties to the Company:
- i. 225 Bath Street, Glasgow G2 4GZ
  - ii. Wella Warehouse, Bessemer Road, Basingstoke RG22 4AF
  - iii. Clarke Road, Milton Keynes MK1 1LG
  - iv. Waggon Road, Mossley, Ashton Under Lyne OL5 9HL
  - v. 349 Moorside Road, Swinton, Salford M27 9PQ
  - vi. Magham Road, Parkgate, Rotherham S62 6EF
  - vii. Kverneland Group UK, Walkers Lane, Lea Green, St Helens WA9 4AF
  - viii. Cedar House, Spa Road, Gloucester GL1 1XL
  - ix. 208-220 Commercial Road and 7-13 Crasswell Street, Portsmouth PO1 1HG

### ***225 Bath Street, Glasgow G2 4G2***

Knight Frank LLP were the valuers to M&G, the previous owners of the above property. The property was valued by Cushman & Wakefield on behalf of the Company at purchase.

- 2.5 The valuer, on behalf of Knight Frank LLP, with responsibility for this report is Matthew F P Cripps FRICS, RICS Registered Valuer. Parts of the valuation have been undertaken by additional valuers. We confirm that the valuer and additional valuers collectively meet the requirements of RICS Valuation – Professional Standards VPS 3, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.
- 2.6 In relation to Knight Frank LLP's preceding financial year, the proportion of the total fees paid by the Company to the total fee income of Knight Frank LLP was less than 5 per cent. We recognise and support the RICS Rules of Conduct and have procedures for identifying conflict of interest checks.

## **3. Basis of Valuation**

- 3.1 The Properties have been valued on the basis of Market Value in accordance with the RICS Valuation – Professional Standards VPS4(2.2) This is an internationally recognised basis and is defined as:
- “The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”
- 3.2 No allowance has been made for expenses of realisation or for any taxation which might arise, and our valuations are expressed exclusive of any Value Added Tax that may become chargeable.
- 3.3 Our valuations reflect usual deductions in respect of purchaser's costs and, in particular, full liability for UK Stamp Duty as applicable at the valuation date.
- 3.4 Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.

- 3.5 The Valuer's opinion of Market Value was primarily derived using recent comparable market transactions on arm's length terms, where available, and appropriate valuation techniques (The Investment Method).
- 3.6 The Properties have been valued individually and not as part of a portfolio.
- 3.7 Save as otherwise disclosed, it has been assumed for the purpose of valuation that the relevant interests in the Properties are free of mortgage, charge or other debt security and no deduction has been made for such charge or debt.

#### **4. Valuation Assumptions**

##### ***Sources of Information***

- 4.1 Our valuations are based on information provided by the Company and its professional advisers, upon which we have relied, and which has not been verified by us. Our assumptions (as defined in the Red Book) relating to this information are set out below. If any of the information or assumptions are subsequently found to be incorrect then our valuations should be reviewed.
- 4.2 We would note that where information or documentation has not been provided to us we have adopted the appropriate assumptions required to undertake, and report, Market Values. When considering the covenant strength of individual tenants we have not carried out credit enquiries but have reflected within our valuations our general understanding of the investment market's likely perception of tenants' financial status.

##### ***Title***

- 4.3 We have been provided with title information and Reports on Title, prepared by the Company's professional advisors, at the date of purchase, in regard to the tenure of the Properties and have reflected the findings of the reports in our valuations.

Our valuations are prepared on the basis that the Properties have good and marketable titles and are free of any undisclosed onerous burdens, outgoing or restrictions. The tenure of each property is identified within the Schedule.

##### ***Tenancy Information***

- 4.4 We have been provided by the Company's professional advisers with lease reports at the date of purchase. In addition, we have been provided with updated tenancy information on a quarterly basis by the Company which we have relied upon.

##### ***Land Register Inspection and Searches***

- 4.5 We do not undertake searches or inspections of any kind (including web based searches) for title or price paid information in any publicly available land registers, including the Land Registry for England & Wales, Registers of Scotland and Land & Property Services in Northern Ireland.

##### ***Planning, Highway and Other Statutory Regulations***

- 4.6 We have made verbal/web based enquiries of the appropriate Town Planning and Highways Authorities in respect of matters affecting the Properties, where considered appropriate, although this information was given to us on the basis that it should not be relied upon.

We have not seen specific planning consents and, other than where referred to within reports/certificates on title, have assumed that the Properties have been erected and are being occupied and used in accordance with all requisite consents and that there are no outstanding statutory notices. No allowances have been made for rights, obligations or liabilities arising under the Defective Premises Act 1972.

##### ***Structural Condition***

- 4.7 We have not been instructed to carry out structural surveys of the Properties, nor to test the services, but have reflected in our valuations, where necessary, the findings contained within various building inspection reports, and/or construction reports, that the Company has provided us with, as well as the general condition of the Properties as observed during the course of our internal and external inspections. Our valuations assume the buildings contain no deleterious materials and that the sites are unaffected by adverse soil conditions, except where we have been notified to the contrary.



***Barnstaple Retail Park, Barnstaple EX31 2AU***

- 4.8 We have had sight of a building survey report, dated 29 September 2015, prepared by Malcolm Hollis. Having reviewed previous structural surveys carried out by John Rowan in 2012, the Creasy Reports in 2003 and 2012 and the Fairhurst's settlement analysis report, undated, they noted that there was historic evidence of settlement and subsidence on the site. We understand that these reports concluded that there had been subsidence issues on the site but it was generally felt that the ground conditions had now stabilised since the construction of the property in 1987. The Fairhurst report concluded that the ground condition should be considered to be extremely susceptible to minor variations in floor slab and car park surcharge loads, but the majority of predicted settlements could reasonably be expected to have already occurred and that it was likely that minimal to negligible further settlement should continue to occur.
- 4.9 We understand that full cover for subsidence at the property was obtained on 13th October 2015 and this cover was provided at the standard excess of £1000.

***Environmental Issues***

- 4.10 We have not carried out any investigations into past or present uses of either the Properties or any neighbouring land to establish whether there is any potential for contamination from these uses or sites to the Properties. We have, however, been provided by the Company with, and relied upon, Environmental Surveys, where available.
- 4.11 Minimum Energy Efficiency Standards are the standards set out by the Government for let properties in England and Wales. Buildings that have an EPC rating of F & G must be brought up to standard before they are let subject to some conditions, exemptions and relief. This commenced from 1 April 2018 for all new lettings and they apply to all continuing lettings from 1 April 2020 for domestic buildings and from 2023 for non-domestic buildings.
- 4.12 For Scottish properties, the Assessment of Energy Performance of Non-Domestic Buildings (Scotland) Regulations 2016 came into force in Scotland in 2016 and does not incorporate a "ban" on new lettings. Owners are encouraged to carry out improvements, or improve efficiency through monitoring emissions from a building via creating an Action Plan. The Action Plan procedure will apply to the sale or letting of larger buildings, with a floor area >1,000 sqm. This only applies to buildings that are subject to a new sale or lease and buildings constructed to building standards applicable from March 2002, or otherwise meeting those standards, are exempt.
- 4.13 We have consequently taken into account any capital expenditure that is required where energy efficiency standards need improving.
- 4.14 We understand that none of the Properties, subject to our comments below, are, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect the present or future uses of the properties.
- 4.15 Should it be established subsequently that contamination exists at any of the Properties or on any neighbouring land or that the Properties have been or are being put to a contaminative use this could reduce the values now reported.

***710 Brightside Lane, Sheffield S9 2BR***

- 4.16 We note in a peer report, produced by Delta Simons and dated 28 July 2015, in relation to a Phase I Environment Assessment and Flood Risk Assessment produced by Ramboll Environ, dated May 2015, that the site had been identified as part of the Council's Contaminated Land. Delta Simons concluded in their peer report that given the historical and current use of the site, localised contaminations beneath the site is likely and significant/widespread contamination could be present.

The report also noted that from a coal report, it was understood that the site is within the likely zone of influence from past coal workings in two seams as a depth of 190 m and 360 m which were last worked in 1952. Delta Simons also concluded there was a moderate risk of unrecorded coal mining which was known to have taken place in the wider area and has been found on both sites opposite the property. They have advised that should the site be redeveloped in the future and unrecorded coal mining was discovered to have let shallow

holes within the site which would need to be filled in, the cost would range from £100,000 to £250,000. Due to the depth of the existing known coal mines, Delta Simons did not believe this would have a significant impact on any future redevelopment of the site.

- 4.17 In relation to the contamination of the site, Delta Simons concluded that the site may require remedial works before any redevelopment.
- 4.18 Our valuation of the above property does not take into account any potential remediation costs or infill costs that might be required on redevelopment and reflects the current investment value of the existing building.

### ***Flooding***

- 4.19 We have used the website of the Environment Agency's Indicative Floodplain Maps to provide a general overview of lands in natural floodplains and therefore potentially at risk of flooding from rivers or the sea. The maps use the best information currently available, based on historical flood records and geographical models. They indicate where flooding from rivers, streams, watercourses or the sea is possible. From the website, we have established that none of the Properties are currently classified as being at risk from flooding without the appropriate flood defences being present. We also understand that none of the properties have a history of flooding.

### ***Property Insurance***

- 4.20 Our valuations assume that the Properties would, in all respects, be insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

### ***Building Areas***

- 4.21 Our valuations are based on the measurements provided by the Company. These areas were subject to verification at the time of purchase by advisers to the Company.

## **5. Valuation**

- 5.1 We are of the opinion that the aggregate of the Market Values of the freehold, heritable or leasehold interests in the properties as at 31 December 2018 or as at the date of purchase, whichever is the later, and as held at 1 March 2019, is **£199,235,000 (One Hundred and Ninety Nine Million, Two Hundred and Thirty Five Thousand Pounds)\***.

\*Note: The above figure includes the Market Value of Lockwood Court, Leeds in the sum of £6,930,000 as at 12 February 2019, the date of the purchase. The above figure also reflects the imminent sale of Mossley, Ashton Under Lyme at the contracted price of £450,000.

The valuation of the properties included in the Company's audited financial statements for the period ended 31 March 2018 was £192,342,467. The difference between the Market Value of the properties as at 31 December 2018 and the Market Value of the properties in the Company's audited financial statements for the period ended 31 March 2018 is explained as follows:

Market Value as at 31 March 2018:	£192,342,467
Increase in Market Value in properties held as at 31 March 2018:	£3,187,533
Additions/Disposals since 31 March 2018:	–£2,875,000
Market Value as at 31 December 2018:	£192,655,000

The tenure of the Properties comprises the following:

	<b>No. of Properties</b>	<b>Market Value</b>	
Freehold or heritable	30	£160,410,000	80.50%
Long Leasehold	5	£38,825,000	19.50%
Total	35	£199,235,000	100.00%

## **6. General Conditions**

- 6.1 This Valuation Report has been prepared for inclusion in the Prospectus. Knight Frank LLP hereby gives consent to the inclusion of this Valuation Report in the Prospectus and to the references to this Valuation Report and Knight Frank LLP in the Prospectus in the form and context in which they appear. Knight Frank LLP authorises, and accordingly takes responsibility for, the contents of this Valuation Report for the purposes of Rule 5.5.3(2)(f) of the Prospectus Rules and confirms that the information contained in this Valuation Report is, to the best of our knowledge and having taken all reasonable care to ensure that this is the case, in accordance with the facts and contains no omission likely to affect its import.
- 6.2 The contents of this Valuation Report may be used only for the specific purpose to which they refer. Before this Report, or any part thereof, is reproduced or referred to, in any document, circular or statement or published in any way whatsoever whether in hard copy or electronically (including on any web-site), and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, Knight Frank LLP's written approval as to the form and context of such publication or disclosure must first be obtained, but may not be unreasonably withheld or delayed. For the avoidance of doubt such approval is required whether or not Knight Frank LLP is referred to by name and whether or not the contents of our Report are combined with others.

Yours faithfully

**Matthew Cripps FRICS**  
**RICS Registered Valuer**  
Partner, Valuation & Advisory  
For and on behalf of Knight Frank LLP

## SCHEDULE TO THE VALUATION REPORT

Address	Use	Inspection Date	Description age and tenure	Terms of main tenancies	Market Value as at 31 December 2018 or date of purchase, whichever is later	
					Current net annual rent receivable	
Vantage Point 23 Mark Road Hemel Hempstead HP2 7DN	Offices	21 August 2018	The property comprises an office building providing a total net internal area of 18,466 sq ft.  Tenure: Freehold, Built: 1980s	The property is fully let on 3 leases. The WAULT to the tenant break option dates is 3.71 years.	£193,722	£2,555,000
Eastpoint Business Park Sandy Lane Oxford OX4 6LB	Offices	15 October 2018	The property comprises 5 office buildings, providing a total net internal area of 74,266 sq ft Tenure: Freehold, Built: c. 1988, Refurbished 2007.	The property is let on 8 leases and the WAULT to the tenant break option is 8.83 years  The vacant space totals 4,950 sq ft.	£636,435  Rising to £815,845 wef 7 August 2019	£11,250,000
40 Queen Square Bristol BS1 4QP	Offices	24 July 2018	The property comprises an office building providing a total net internal area of 36,230 sq ft.  Tenure: Leasehold: 99 years from 25 March 1983 with an option to extend for a further 25 years without cost. The head rent is reviewed annually and geared to 8.00% of the passing rent, less permitted deductions including insurance and service charge shortfall.  Rebuilt: 1970s. Refurbished 2017	The property is fully let to 10 tenants with a WAULT of 3.13 years to the tenant break option dates.	£736,629	£12,100,000
225 Bath Street Glasgow G2 4GZ	Offices	6 October 2018	The property comprises an office building providing a total net internal area of 85,565 sq ft.  Tenure: Freehold, Built late 1970s, Refurbished 2008 and part in 2016.	The property is let on 6 leases to 3 tenants and the WAULT is 2.56 years to the tenant break option.  The vacant space totals 28,908 sq ft.	£415,668  Rising to £509,418 wef 1 July 2019	£8,600,000
Cedar House Spa Road Gloucester GL1 1XL	Offices	21 December 2018	The property comprises an office building providing a total net internal area of 37,753 sq ft  Tenure: Freehold, Built in the 1970s, Refurbished in 1991 with light renovation in 2016.	The property is fully let to a single tenant with a WAULT of 4.25 years.	£321,000	£3,850,000

Address	Use	Inspection Date	Description age and tenure	Terms of main tenancies	Current net annual rent receivable	Market Value as at 31 December 2018 or date of purchase, whichever is later
Sandford House 41 Homer Road Solihull, B91 3QJ	Offices	31 August 2018	The property comprises an office build providing a total net internal area of 34,418 sq ft.  Tenure: Leasehold – 125 years from 29 September 1988 at a peppercorn rent. Constructed 1988.	The property is fully let to a single tenant with a WAULT of 0.98 years.	£511,000	£4,850,000
Pricebusters Building Bank Hey Street Blackpool, FY1 4RY	Mixed use	17 April 2018	The property comprises a mixed use building with retail space of 62,364 sq ft and vacant upper floors of 38,428 sq ft. Total floor areas of 100,792 sq ft.  Tenure: Freehold.  Constructed in the 1930s with structural repairs undertaken in 2003 and a refurbishment of part in 2007. The second to fifth floors require major refurbishment.	The retail units are let to 3 tenants with a WAULT of 4.99 years to the tenant break option.  The kiosk and second to fifth floors, totalling 38,479 sq ft, are vacant.	£554,045	£4,200,000
Pearl House 119 Friar Lane & 6-12 Wheeler Gate Nottingham, NG1 6BT	Retail	8 May 2018	The property comprises seven retail units arranged over the basement, ground and mezzanine floors, in the main. The property provides a net internal area of 28,965 sq ft of retail accommodation.  Tenure: Freehold. Built in circa 1962. Refurbished in the 1990s.	The property is let on 9 leases with the WAULT to the tenant break option date is 4.74 years. The upper floor space has been sold off on two leases for a term of 250 years at peppercorn rent.	£533,900	£5,000,000
208-220 Commercial Road and 7-13 Crasswell Street Portsmouth PO1 1HG	Retail	24 January 2019	The property comprises 6 retail units and a small office to the upper floor space of 220 Commercial Road. The office totals 1,134 sq ft and retail units total 14,419 sq ft.  Tenure: Freehold. Constructed in 1980.	The property is let on 7 leases with a WAULT of 2.56 years to the tenant break option.	£642,800	£5,700,000

Address	Use	Inspection Date	Description age and tenure	Terms of main tenancies	Current net annual rent receivable	Market Value as at 31 December 2018 or date of purchase, whichever is later
11/15 Fargate, Sheffield, S1 2HD	Retail	17 August 2018	<p>The property comprises 2 retail units arranged over basement and ground floor levels, providing a total net internal area of 8,054 sq ft</p> <p>Tenure: Freehold. Constructed in the 1930s and refurbished in the 1960s/1970s.</p>	<p>The retail units are let on 3 leases with a WAULT of 3.27 years to the break option.</p> <p>The Upper floors have been sold off on a long lease.</p>	£283,750	£2,500,000
69-75 Above Bar Street Southampton, SO14 7FF	Retail	24 January 2019	<p>The property comprises 3 purpose built retail units arranged over basement, ground and first floors, providing a total net internal area of 27,247 sq ft.</p> <p>Tenure: Freehold. Constructed in 1993.</p>	The property is fully let on three leases with a WAULT of 3.33 years to lease expiry.	£655,000	£7,500,000
Barnstaple Retail Park Station Road Barnstaple Devon EX31 2AU	Retail Warehouse	26 July 2018	<p>The property is a purpose built retail park comprising three units providing a total gross internal area of 51,021 sq ft.</p> <p>Tenure: Freehold. Constructed 1987.</p>	The property is fully let on 3 leases with a WAULT of 5.26 years to lease expiry.	£610,303	£7,000,000
Apollo Business Park Paycock Road Basildon	Industrial	18 April 2018	<p>The property comprises two semi detached warehouse units, totalling 68,813 sq ft.</p> <p>Tenure: Freehold. Constructed in the 1960s.</p>	The property is fully let on 4 leases with a WAULT of 5.49 years to tenant break option dates.	£231,650	£5,700,000
1 Bentalls Pippis Hill Industrial Estate Basildon	Industrial	18 April 2018	<p>The property comprises a detached two bay light industrial unit, totalling 32,857 sq ft.</p> <p>Tenure: Freehold. Constructed in the 1970s and extended in the 1980s.</p>	The property is let to a single tenant with a WAULT of 8.32 years to the lease expiry date.	£201,544	£2,850,000



Address	Use	Inspection Date	Description age and tenure	Terms of main tenancies	Current net annual rent receivable	Market Value as at 31 December 2018 or date of purchase, whichever is later
Wella Warehouse Bessemer Road Basingstoke, RG21 3NB	Industrial	20 April 2018	The property comprises a two bayed warehouse unit totalling 58,519 sq ft.  Tenure: Leasehold. 125 years from 3 February 1983, subject to a right to renew for a further 26 years, at a current ground rent of £57,400 reflecting 14% of the rack rental values. The unexpired term is 115.5 years. Constructed in circa 1985.	The property is let to a single tenant with a WAULT of 0.98 years.	£352,600	£3,550,000
Advance Processing 606 Wharfedale Road Euroway Trading Estate Bradford, BD4 6SG	Industrial	27 July 2018	The property comprises a three-bayed warehouse unit, totalling 143,765 sq ft.  Tenure: Freehold. Constructed in the 1980s.	The property is let to a single tenant with a WAULT of 5.97 years to the lease expiry.	£428,100	£5,550,000
Pilkington UK Ltd Knowles Lane Bradford BD4 9AD	Industrial	29 August 2018	The property comprises a three bay detached warehouse totalling 51,722 sq ft.  Tenure: Freehold. Constructed in the 1970s	The property is let to a single tenant with a WAULT of 5.74 years to the lease expiry.	£160,000	£2,200,000
Deeside Industrial Park Unit 34a & 23b Drive D First Avenue Zone 2 Deeside CH5 2NU	Industrial	4 March 2018	The property comprises a two bayed detached warehouse unit, totalling 96,597 sq ft.  Tenure: Freehold. Constructed in the 1980s.	The property is let to a single tenant with a WAULT of 3.25 years to the tenant break option.	£362,238	£4,750,000
Oak Park Ryeland Lane Elmley Lovett Droitwich, WR9 0PT	Industrial	29 August 2018	The property, formally a Ministry of Defence site, comprises 188,555 sq ft.  Tenure: Freehold. Constructed in the 1940s and part refurbished in 1998.	The property is let to a single tenant with a WAULT of 3.85 years.	£620,000	£5,450,000

Address	Use	Inspection Date	Description age and tenure	Terms of main tenancies	Current net annual rent receivable	Market Value as at 31 December 2018 or date of purchase, whichever is later
Perry Motor Services Limited Clarke Road Mount Farm Industrial Estate Milton Keynes, MK1 1LG	Industrial	28 August 2018	The property comprises a purpose built warehouse unit totalling 28,348 sq ft.  Tenure: Freehold. Constructed in the 1970s.	The property is let to a single tenant with a WAULT of 4.60 years to the lease expiry.	£134,000	£2,500,000
Wynedham Storey's Bar Road Peterborough	Industrial	15 October 2018	The property comprises a two bay warehouse unit, totalling 184,114 sq ft.  Tenure: Freehold. Constructed in the 1980s and extended in 2011.	The property is let to a single tenant with a WAULT of 2.26 years.	£525,000	£6,650,000
Carrs Coatings 2E Eagle Road North Moons Moat, Redditch, B98 9HF	Industrial	22 August 2018	The property comprises a single bay, warehouse/ manufacturing unit, totalling 37,992 sq ft.  Tenure: Freehold. Constructed in the 1980s.	The property is let to a single tenant with a WAULT of 9.62 years to lease expiry.	£217,845	£2,600,000
Sapa Components UK Limited Magham Road Rotherham S62 6EF	Industrial	16 March 2018	The property comprises a warehouse unit, totalling 81,979 sq ft.  Tenure: Freehold. Constructed in the 1980s.	The property is let to a single tenant with a WAULT of 2.98 years to lease expiry.	£0  Rising to £275,000 wef 25 March 2019	£3,000,000
Cleaver House, Units 1001-1004 and Unit 1005, Sarus Court, Stuart Road Manor Park Runcorn, WA7 1UL	Industrial	19 May 2018	The property comprises a modern industrial estate of 6 industrial warehouse units totalling 83,374 sq ft.  Tenure: Freehold. Constructed in circa 2002.	The property is let to 4 tenants, on 6 leases, with a WAULT of 2.09 years to the tenant break option date.	£420,392	£6,250,000
710 Brightside Lane, Sheffield, S9 2SR	Industrial	26 September 2018	The property comprises a three bay warehouse/ manufacturing unit and a modern single bay warehouse extension, totalling 121,733 sq ft.  Tenure: Freehold. Constructed in circa 1964-65 with a warehouse extension in the 1990s.	The property is let to a single tenant with a WAULT of 6.28 years to tenant break option date.	£350,000	£3,850,000

Address	Use	Inspection Date	Description age and tenure	Terms of main tenancies	Current net annual rent receivable	Market Value as at 31 December 2018 or date of purchase, whichever is later
Units 16 & 16a Langthwaite Industrial Estate South Kirkby, WF9 3AP	Industrial	20 August 2018	The property comprises two warehouse units, totalling 230,850 sq ft.  Tenure: Freehold. Constructed between 1988 and circa 2004.	The property is let on 3 leases with a WAULT of 1.09 to the tenant break option date.	£682,029	£6,800,000
Kverneland Group UK Walkers Lane Lea Green St Helens, WA9 4AF	Industrial	18 September 2018	The property comprises a warehouse unit, totalling 93,588 sq ft.  Tenure: Freehold. Constructed: 1960s (extended 1996).	The property is let to a single tenant with a WAULT of 6.75 years to lease expiry.	£300,000	£3,950,000
National Crash Repair Centre Ltd, 349 Moorside Road Swinton Salford, M27 9HH	Industrial	18 September 2018	The property comprises a workshop totalling 24,307 sq ft.  Tenure: Freehold. Constructed: 1990.	The property is let to a single tenant with a WAULT of 4.60 years to lease expiry.	£103,000	£1,500,000
Diamond Business Park Thornes Moor Road Wakefield West Yorkshire WF2 8PT	Industrial	22 January 2019	The property comprises two elements: a terrace of 14 industrial units and a detached 4 storey office building. The industrial units totals 177,533 sq ft and the office totals 27,098 sq ft.  Tenure: Freehold. Constructed: 1970s.	The property is multi let on 17 leases with a WAULT of 3.56 years to the tenant break options.  The vacant space totals 20,419 sq ft.	£461,474	£4,600,000
Brockhurst Crescent Walsall, WS5 4AX	Industrial	29 August 2018	The property comprises three industrial premises, totalling 136,171 sq ft, with a freestanding site of 0.34 acre.  Tenure: Freehold Constructed: 1950s – 1970s.	The property is fully let on 3 leases with a WAULT of 4.99 years to lease expiry.	£340,473	£5,150,000
Gresford Industrial Estate Plastipac UK Ltd Chester Road Wrexham LL12 8LX	Industrial	24 January 2019	The property comprises three industrial units totalling 279,541 sq ft on a site of 13.1 acres.  Tenure: Freehold Constructed: 1980s-1990s.	The property is let to a single tenant with a WAULT of 13.23 years to lease expiry.	£883,265	£9,975,000

Address	Use	Inspection Date	Description age and tenure	Terms of main tenancies	Current net annual rent receivable	Market Value as at 31 December 2018 or date of purchase, whichever is later
Lockwood Court, Parkside Industrial Estate, Leeds LS11 5TY	Industrial	18 December 2018	The property comprises an industrial unit totalling 175,622 sq ft of warehouse space and 12,004 sq ft of office space.  Tenure: Freehold Constructed: 1970's	The property is let to a single tenant with a WAULT of 9.71 years to lease expiry.	£0  Rising to £603,340 wef 8 September 2019	£6,930,000  <i>Please note: the above reported market value is as 12 February 2019, the date of purchase.</i>
London East Leisure Park Cook Road Dagenham RM9 6UQ	Leisure	24 January 2019	The property forms part of a purposed built leisure scheme comprising a bingo hall, a ten pin bowling facility and a drive thru restaurant totalling 71,720 sq ft.  Tenure: Freehold Constructed: 1990s.	The property is fully let on three leases with a WAULT of 12.87 years to tenant break options.	£960,780	£12,000,000
Odeon Cinema Victoria Circus Southend-on-Sea, SS1 1TJ	Leisure	7 August 2018	The property comprises a purpose built cinema with eight screens, totalling 40,635 sq ft.  Tenure: Leasehold for a term of 99 years from 29 September 1997 at a peppercorn rent. Constructed 1997.	The property is let to a single tenant with a WAULT of 3.74 years.	£535,000	£5,450,000
Gefco UK Eurohub Geddington Road Corby NN18 8EZ	Other	29 August 2018	The property comprises a 35-acre site comprising part tarmacdom and part hardstanding surfaces, with a modern industrial unit totalling 52,325 sq ft.  Tenure: Leasehold. 982 years unexpired at a fixed rent of £2.00 per annum. Constructed in the late 1990s.	The property is let to a single tenant with a WAULT of 2.58 years to the lease expiry.	£1,320,024	£12,875,000

## PART 8

### REIT STATUS AND TAXATION

#### 1 INTRODUCTION

##### 1.1 *Principal advantage of REIT status*

The principal advantage of REIT status is that the Group will be exempt from UK corporation tax on both rental profits and chargeable gains on disposals of properties held by the Property Rental Business. This will remove the effective double tax charge currently suffered by many investors in UK companies (see paragraph 2.1 of this Part 8 for more information).

##### 1.2 *Principal disadvantages of REIT status*

The principal disadvantages of REIT status are as follows:

- (a) in order for it to remain a REIT, the Group and the Company will have to comply with the various tests outlined in paragraph 2.2 of this Part 8 on an on-going basis; and
- (b) Withholding tax of 20 per cent. must be deducted from certain distributions made to certain Shareholders (see paragraph 3 of this Part 8 for further details).

Overall, the Board believes that the advantage of REIT status outweighs the disadvantages.

##### 1.3 *Dividend policy under REIT regime*

The Group will have to meet a minimum distribution test for each accounting period that it is a REIT. This minimum distribution test requires the Company to distribute 90 per cent. of the income profits (broadly, calculated using normal UK tax rules) of the Property Rental Business for each accounting period. The Board believes that the Company's dividend policy will enable the Group to meet this minimum distribution requirement.

##### 1.4 *The Substantial Shareholder rule*

Under the REIT Regime, a tax charge may be levied on the Group if the Company makes a distribution to a Substantial Shareholder, unless the Company has taken "reasonable steps" to avoid such a distribution being paid. This tax charge may be imposed only if, after joining the REIT regime, the Company pays a dividend in respect of a Substantial Shareholding and the dividend is paid to a person who is a Substantial Shareholder. The charge is not triggered merely because a Shareholder is a Substantial Shareholder, or if the person beneficially entitled to the dividend is a Substantial Shareholder. The amount of the charge is calculated by reference to the whole dividend paid to the Substantial Shareholder, and not just that part of the dividend attributable to Shares held by the Substantial Shareholder in excess of 10 per cent. of the Company's issued share capital.

A summary of the Articles is set out at paragraph 6 of Part 8 and the relevant provisions intended to give the Board the powers it needs to demonstrate to HMRC that "reasonable steps" have been taken to avoid making distributions to Substantial Shareholders are set out in paragraphs 3.2 and 3.3 of this Part 8.

##### 1.5 *Non-close company condition*

As mentioned below in paragraph 1.6 of this Part 8, the Company must not be a close company other than only by virtue of having as a participator an institutional investor. An institutional investor includes the trustee or manager of an authorised unit trust (or overseas equivalent) or a pension scheme, an insurance company, a charity, a limited partnership, a registered social landlord or an open-ended investment company. However the Company may be close for tax purposes for up to three years after joining the regime. If the non-close company requirement is not met at the start of the first day after the end of the first three-year period, the Group will lose its REIT status at the end of the three-year period. If the non-close company requirement is not met at any time after the first day following the first three-year period, the Group will cease to be a REIT at the end of the accounting period preceding the accounting period in which the breach began or, if later, the end of the first three-year period. Loss of REIT status would have a material impact on the Group because of the loss of tax benefits conferred by the REIT regime.

Although the Board does not expect the close company condition to be breached in the ordinary course of events, there is a risk that the Company may fail to meet this condition for reasons beyond its control. However, under certain circumstances a breach of this condition may be disregarded if the reason for the breach is because the Company becomes a member of another

group REIT or if the breach is the result of anything done (or not done) by a person other than the Company and the Company remedies the breach before the end of the accounting period after that in which the breach began.

#### *1.6 Exit from the REIT regime*

The Company can give notice to HMRC at any time that it wants the Group to leave the REIT regime. The Board retains the right to decide to exit the REIT regime at any time in the future without the consent of Shareholders if it considers this to be in the best interests of the Group and the Shareholders.

If the Group voluntarily leaves the REIT regime within ten years of joining and disposes of any property or other asset that was involved in its qualifying Property Rental Business within two years of leaving, any uplift in the base cost of any property held by the Group as a result of the deemed disposal on entry into the REIT regime, movement into the ringfence or exit from the REIT regime would be disregarded in calculating the gain or loss on the disposal. It is important to note that the Company cannot guarantee continued compliance with all of the REIT conditions and that the REIT regime may cease to apply in some circumstances. HMRC may require the Group to exit the REIT regime if:

- (a) it regards a breach of the conditions (including failure to satisfy the conditions relating to the Property Rental Business), or an attempt by the Group to avoid tax, as sufficiently serious;
- (b) the Company or the Group has committed a certain number of breaches of the conditions within a specified period; or
- (c) HMRC has given members of the Group two or more notices in relation to the avoidance of tax by the Company within a ten year period.

The Group may lose its status as a REIT from the first day of joining the REIT regime if during the first accounting period certain conditions have not been met. In such circumstances the REIT status may not apply for the whole period.

In addition, the Group would automatically lose REIT status if any of the following were to occur:

- (a) the conditions for REIT status relating to the share capital of the Company and the prohibition on entering into loans with abnormal returns are breached;
- (b) the Company ceases to be UK resident for tax purposes;
- (c) the Company becomes dual resident for tax purposes; or
- (d) the Company becomes an open-ended company.

Future changes in legislation may cause the Group to lose its REIT status.

If the Group is required to leave the REIT regime within 10 years of joining, HMRC has wide powers to direct how the Group should be taxed, including in relation to the date on which the Group is treated as exiting the REIT regime.

Shareholders should note that it is possible that the Group could lose its status as a REIT as a result of actions by third parties (for example, if the Company is taken over by a company that is not itself a REIT).

## **2 THE REIT REGIME**

The following paragraphs are intended as a general guide only and constitute a high-level summary of the Company's understanding of current UK law and HMRC practice, each of which is subject to change. They do not constitute advice.

### *2.1 Overview*

The REIT regime is intended to encourage greater investment in the UK property market and follows similar legislation in other European countries, as well as the long-established regime in the United States.

Investing in property through a corporate investment vehicle (such as a UK company) has the disadvantage that, in comparison to a direct investment in property assets, some categories of shareholders (but not most UK companies) effectively suffer tax twice on the same income: first, indirectly, when the vehicle pays UK direct tax on its profits; and secondly, directly when the shareholder receives a dividend. Non-tax paying entities, such as UK pension funds, suffer tax



indirectly when investing through a corporate vehicle that is not a REIT in a manner they do not suffer if they invest directly in the property assets.

Provided certain conditions and tests are satisfied (see “Qualification as a REIT” below), REITs will not pay UK corporation tax on the profits of their Property Rental Business. Instead, distributions in respect of the Property Rental Business will be treated for UK tax purposes as property income in the hands of shareholders. However, UK corporation tax will still be payable in the normal way in respect of income and gains from any Residual Business (generally including any property trading business) not included in the Property Rental Business.

While within the REIT regime, the Property Rental Business will be treated as a separate business for UK corporation tax purposes to the Residual Business, and a loss incurred by the Property Rental Business cannot be set off against profits of the Residual Business (and vice versa).

A REIT will be required to distribute to its shareholders (by way of a dividend in cash or by way of an issue of share capital in lieu of a cash dividend), on or before the filing date for the REIT's tax return for the accounting period in question, at least 90 per cent. of the income profits (calculated using normal tax rules) of the Property Rental Business arising in each accounting period. Where a stock dividend has been issued and a market value of the stock dividend has had to be used which causes the distribution requirement not to be met, an extended time limit of up to six months beginning with the filing date applies for complying with the distribution requirement. Failure to meet this requirement will result in a UK corporation tax charge calculated by reference to the extent of the failure, although this charge can be avoided if an additional dividend is paid within a specified period which brings the amount of profits distributed up to the required level.

In this document, references to a company's accounting period are to its accounting period for tax purposes. This period can differ from a company's accounting period for other purposes.

Subject to certain exceptions, PIDs will be subject to withholding tax at the basic rate of income tax (currently 20 per cent.). Further details of the UK tax treatment of Shareholders after entry into the REIT regime are contained in paragraph 3 of this Part 8.

## *2.2 Qualification as a REIT*

A group becomes a REIT by serving notice on HMRC on or before the date from which it wishes to come under the REIT regime. In order to qualify as a REIT, the Company and the Group must satisfy certain conditions set out in Part 12 of CTA 2010. A non-exhaustive summary of the material conditions is set out below. Broadly, the Company and the Group must satisfy the conditions set out in paragraphs 2.2(a) to 2.2(e) below.

### *(a) Company conditions*

The principal company of a REIT must be a solely UK tax-resident company whose ordinary shares are admitted to trading on a recognised stock exchange, which includes the Main Market of the London Stock Exchange. Additionally, the principal company of a REIT must not be an open-ended investment company. After the first 3 year period, the principal company of a REIT must also not be a close company for UK tax purposes other than by virtue of having as a participator an institutional investor. Broadly, a close company is a UK resident company controlled by five or fewer participants, or by participants who are directors. A participant is a person having a share or interest in the income or capital of a company. An institutional investor includes the trustee or manager of an authorised unit trust (or overseas equivalent) or a pension scheme, an insurance company, a charity, a limited partnership, a registered social landlord or an open-ended investment company.

### *(b) Share capital restrictions*

The principal company of a REIT must have only one class of ordinary shares in issue and the only other shares it may issue are particular types of non-voting restricted preference shares.

### *(c) Interest restrictions*

The principal company of a REIT must not be party to any loan in respect of which the lender is entitled to interest which exceeds a reasonable commercial return on the consideration lent or where the interest depends to any extent on the results of any of its business or on the value of any of its assets. A loan is not treated as carrying results-dependent interest by reason only that the terms of the loan provide for interest to reduce if the results improve or to increase if the results deteriorate. In addition, the amount repayable

must either not exceed the amount lent or must be reasonably comparable with the amount generally repayable (in respect of an equal amount lent) under the terms of issue of securities listed on a recognised stock exchange.

(d) Conditions for the Property Rental Business

The Property Rental Business must satisfy the conditions summarised below in respect of each accounting period during which it is to be treated as a REIT:

- (i) the Property Rental Business must, throughout the accounting period, involve at least three properties. A self-contained studio flat or a one to three bedroom flat within a residential block counts as a single property for these purposes;
- (ii) throughout the accounting period, no one property may represent more than 40 per cent. of the total value of all the properties involved in the Property Rental Business. Assets must be valued in accordance with IFRS, and at fair value when IFRS offers a choice between a cost basis and a fair value basis;
- (iii) at least 90 per cent. of the amounts shown in the financial statements of the group as income profits (broadly, calculated using normal tax rules) must be distributed to shareholders of the REIT in the form of a PID on or before the filing date for the REIT's tax return for the accounting period (the "90 per cent. distribution test"). For the purpose of satisfying the 90 per cent. distribution test, any dividend withheld in order to comply with the rule relating to Substantial Shareholders (as described in paragraph 2.3(b) below) will be treated as having been paid. The issue of stock dividends will count towards the 90 per cent. threshold;
- (iv) the income profits arising from the qualifying Property Rental Business must represent at least 75 per cent. of the company's total profits for the accounting period (the "75 per cent. profits test"). Profits for this purpose means profits before deduction of tax and excludes realised and unrealised gains and losses (for example, gains and losses on the disposal of property, and gains and losses on the revaluation of properties) calculated in accordance with IFRS; and
- (v) at the beginning of the accounting period the value of the assets in the Property Rental Business must represent at least 75 per cent. of the total value of assets held by the group (the "75 per cent. assets test"). Cash held on deposit and gilts may be added to the value of assets relating to qualifying Property Rental Business for the purpose of meeting the 75 per cent. assets test. Non-cash assets must be valued in accordance with IFRS and at fair value where IFRS offers a choice of valuation between cost basis and fair value. In applying this test, no account is to be taken of liabilities secured against or otherwise relating to assets (whether generally or specifically).

(e) Investment in other REITs

Any distribution of profits or gains of the Property Rental Business by the principal company of a group UK REIT received by another REIT are treated as tax exempt profits of the Property Rental Business of the investing REIT. The investing REIT would be required to distribute 100 per cent. of such distributions to its shareholders. For the purposes of the 75 per cent. assets test, the investment by a REIT in the shares of another REIT will be included as an asset of the investing REIT's Property Rental Business.

## 2.3 *Effect of becoming a REIT*

(a) Tax savings

As a REIT, a group will not pay UK corporation tax on profits and gains from the Property Rental Business. UK corporation tax will still apply in the normal way in respect of the Residual Business which includes certain trading activities, incidental letting in relation to property trades and letting of administrative property which is temporarily surplus to requirements.

A REIT would also continue to pay indirect taxes such as VAT, stamp duty land tax and stamp duty and payroll taxes (such as national insurance) in the normal way.

(b) The Substantial Shareholder rule

A REIT will become subject to an additional tax charge if it pays a dividend to, or in respect of, a Substantial Shareholder. The additional tax charge will be calculated by reference to the whole dividend paid to a Substantial Shareholder, and not just by reference to the proportion

which exceeds the 10 per cent. threshold. It should be noted that this restriction only applies to shareholders that are bodies corporate and to certain entities which are deemed to be bodies corporate for tax purposes in accordance with the law of an overseas jurisdiction with which the UK has a double taxation agreement or in accordance with such a double taxation agreement. It does not apply to nominees.

This tax charge will not be incurred if the REIT has taken “reasonable steps” to avoid paying dividends to such a shareholder. HMRC guidance describes certain actions that a REIT may take to show it has taken such “reasonable steps”. One of these actions is to include restrictive provisions in the REIT’s articles of association to address this requirement. The Articles of Association are consistent with such provisions.

(c) Dividends

When a REIT pays a dividend (including a stock dividend), that dividend will be a PID to the extent necessary to satisfy the 90 per cent. distribution test. If the dividend exceeds the amount required to satisfy that test, the REIT may determine that all or part of the balance is a Non-PID Dividend paid out of the profits of the activities of the Residual Business. Any remaining balance of the dividend (or other distribution) will be deemed to be a PID: firstly, in respect of the income profits out of which a PID can be paid and which have not been distributed in full; and secondly, a PID paid out of certain chargeable gains which are exempt from tax by virtue of the REIT regime. Any remaining balance will be attributed to any other profits.

(d) Interest cover ratio

A tax charge will arise if, in respect of any accounting period, the ratio of the Group’s income profits (before capital allowances) in respect of its Property Rental Business to the financing costs incurred in respect of the Property Rental Business is less than 1.25. The ratio is based on the cost of debt finance taking into account interest, amortisation of discounts or premiums and the financing expense implicit in payments made under finance leases. The corporation tax charge is capped at a maximum of 20 per cent. of the profits of the Property Rental Business for the accounting period in question.

(e) Certain tax avoidance arrangements

If HMRC believes that a member of a REIT has been involved in certain tax avoidance arrangements, it may cancel the tax advantage obtained and, in addition, impose a tax charge equal to the amount of the tax advantage. These rules apply to both the Residual Business and the Property Rental Business.

(f) Movement of assets in and out of the Property Rental Business

In general, where an asset owned by a REIT and used for the Property Rental Business begins to be used for the Residual Business, there will be a tax-free step up in the base cost of the property. Where an asset used for the Residual Business begins to be used for the Property Rental Business, this will generally constitute a taxable market value disposal of the asset, except for capital allowances purposes. Special rules apply to disposals by way of a trade and of development property.

(g) Joint ventures

If a REIT is beneficially entitled to at least 40 per cent. of the profits available for distribution to equity holders in a joint venture company and at least 40 per cent. of the assets of the joint venture company available to equity holders in the event of a winding-up, that joint venture company is carrying on a qualifying property rental business which satisfies the 75 per cent. profits test and the 75 per cent. assets test (the “**JV company**”) and certain other conditions are satisfied, the REIT may, by giving notice to HMRC, elect for the relevant proportion of the assets and income of the JV company to be included in the Property Rental Business for tax purposes. In such circumstances, the income and assets of the JV company will count towards the 90 per cent. distribution test, the 75 per cent. profits test and the 75 per cent. assets test to the extent of a REIT’s interest in the JV company. Note that these rules also apply to joint venture groups.

(h) Acquisitions and takeovers

If a REIT is taken over by another REIT, the acquired REIT does not necessarily cease to be a REIT and will, provided the conditions are met, continue to enjoy tax exemptions in respect of the profits of its Property Rental Business and chargeable gains on disposal of properties in the Property Rental Business.

The position is different where a REIT is taken over by an acquirer which is not a REIT. In these circumstances, the acquired REIT is likely in most cases to fail to meet the requirements for being a REIT and will therefore be treated as leaving the REIT regime at the end of its accounting period preceding the takeover and ceasing from the end of this accounting period to benefit from tax exemptions on the profits of its Property Rental Business and chargeable gains on disposal of property forming part of its Property Rental Business. The properties in the Property Rental Business are treated as having been sold and reacquired at market value for the purposes of UK corporation tax on chargeable gains immediately before the end of the preceding accounting period. These disposals should be tax-free as they are deemed to have been made at a time when the company was still in the REIT regime and future chargeable gains on the relevant assets will, therefore, be calculated by reference to a base cost equivalent to this market value. If the company ends its accounting period immediately prior to the takeover becoming unconditional in all respects, dividends paid as PIDs before that date should not be recharacterised retrospectively as normal dividends.

### 3 DESCRIPTION OF THE REIT PROVISIONS INCLUDED IN THE ARTICLES

#### 3.1 Introduction

The Articles contain provisions designed to enable the Company to demonstrate to HMRC that it has taken “reasonable steps” to avoid paying a dividend (or making any other distribution) to any Substantial Shareholder.

If a distribution is paid to a Substantial Shareholder and the Company has not taken reasonable steps to avoid doing so, the Company would become subject to a UK corporation tax charge.

The Articles contain special articles for this purpose (the “**Special Articles**”). The text of the Special Articles is set out in paragraph 4 of this Part 8.

The Special Articles:

- (a) provide Directors with powers to identify its Substantial Shareholders (if any);
- (b) prohibit the payment of dividends on Shares that form part of a Substantial Shareholding, unless certain conditions are met;
- (c) allow dividends to be paid on Shares that form part of a Substantial Shareholding where the Shareholder has disposed of its rights to dividends on its Shares; and
- (d) seek to ensure that if a dividend is paid on Shares that form part of a Substantial Shareholding and arrangements of the kind referred to in the preceding paragraph are not met, the Substantial Shareholder concerned does not become beneficially entitled to that dividend.

The effect of the Special Articles is explained in more detail below.

#### 3.2 Identification of Substantial Shareholders

The share register of the Company records the legal owner and the number of Shares they own but does not identify the persons who are beneficial owners of the Shares or are entitled to control the voting rights attached to the Shares or are beneficially entitled to dividends. While the requirements for the notification of interests in shares provided in Part VI of the Companies Act and the Board’s rights to require disclosure of such interests (pursuant to Part 22 of the Companies Act and article 4 of the Articles) should assist in the identification of Substantial Shareholders, those provisions are not on their own sufficient.

Accordingly, the Special Articles require a Substantial Shareholder and any registered Shareholder holding Shares on behalf of a Substantial Shareholder to notify the Company if his Shares form part of a Substantial Shareholding. Such a notice must be given within two business days. The Special Articles give the Board the right to require any person to provide information in relation to any Shares in order to determine whether the Shares form part of a Substantial Shareholding. If the required information is not provided within the time specified (which is seven days after a

request is made or such other period as the Board may decide), the Board is entitled to impose sanctions, including withholding dividends (as described in paragraph 3.3 below) and/or requiring the transfer of the Shares to another person who is not, and does not thereby become, a Substantial Shareholder (as described in paragraph 3.6 below).

### *3.3 Preventing payment of a dividend to a Substantial Shareholder*

The Special Articles provide that a dividend will not be paid on any Shares that the Board believes may form part of a Substantial Shareholding unless the Board is satisfied that the Substantial Shareholder is not beneficially entitled to the dividend.

If in these circumstances payment of a dividend is withheld, the dividend will be paid subsequently if the Board is satisfied that:

- (a) the Substantial Shareholder concerned is not beneficially entitled to the dividends (see also paragraph 4.4 below);
- (b) the shareholding is not part of a Substantial Shareholding;
- (c) all or some of the Shares and the right to the dividend have been transferred to a person who is not, and does not thereby become, a Substantial Shareholder (in which case the dividends will be paid to the transferee); or
- (d) sufficient Shares have been transferred (together with the right to the dividends) such that the Shares retained are no longer part of a Substantial Shareholding (in which case the dividends will be paid on the retained Shares).

For this purpose references to the “**transfer**” of a Share include the disposal (by any means) of beneficial ownership of, control of voting rights in respect of and beneficial entitlement to dividends in respect of, that Share.

### *3.4 Payment of a dividend where rights to it have been transferred*

The Special Articles provide that dividends may be paid on Shares that form part of a Substantial Shareholding if the Board is satisfied that the right to the dividend has been transferred to a person who is not, and does not thereby become, a Substantial Shareholder and the Board may be satisfied that the right to the dividend has been transferred if it receives a certificate containing appropriate confirmations and assurances from the Substantial Shareholder. Such a certificate may apply to a particular dividend or to all future dividends in respect of Shares forming part of a specified Substantial Shareholding, until notice rescinding the certificate is received by the Company. A certificate that deals with future dividends will include undertakings by the person providing the certificate:

- (a) to ensure that the entitlement to future dividends will be disposed of; and
- (b) to inform the Company immediately of any circumstances which would render the certificate no longer accurate.

The Directors may require that any such certificate is copied or provided to such persons as they may determine, including HMRC.

If the Board believes a certificate given in these circumstances is or has become inaccurate, then it will be able to withhold payment of future dividends (as described in paragraph 3 above). In addition, the Board may require a Substantial Shareholder to pay to the Company the amount of any tax payable (and other costs incurred) as a result of a dividend having been paid to a Substantial Shareholder in reliance on the inaccurate certificate. The Board may require a sale of the relevant Shares and retain the amount claimed from the proceeds.

Certificates provided in the circumstances described above will be of considerable importance to the Company in determining whether dividends can be paid. If the Company suffers loss as a result of any misrepresentation or breach of undertaking given in such a certificate, it may seek to recover damages directly from the person who has provided it. Any such tax may also be recovered out of dividends to which the Substantial Shareholder concerned may become entitled in the future.

The effect of these provisions is that there is no restriction on a person becoming or remaining a Substantial Shareholder provided that the person who does so makes appropriate arrangements to divest itself of the entitlement to dividends.



### *3.5 Trust arrangements where rights to dividends have not been disposed of by Substantial Shareholder*

The Special Articles provide that if a dividend is in fact paid on Shares forming part of a Substantial Shareholding (which might occur, for example, if a Substantial Shareholding is split among a number of nominees and is not notified to the Company prior to a dividend payment date) the dividends so paid are to be held on trust by the recipient for any person (who is not a Substantial Shareholder) nominated by the Substantial Shareholder concerned. The person nominated as the beneficiary could be the purchaser of the Shares if the Substantial Shareholder is in the process of selling down their holding so as not to cause the Company to breach the Substantial Shareholder rule. If the Substantial Shareholder does not nominate anyone within 12 years, the dividend concerned will be held on trust for the Company or such charity as the Board may nominate.

If the recipient of the dividend passes it on to another without being aware that the Shares in respect of which the dividend was paid were part of a Substantial Shareholding, the recipient will have no liability as a result. However, the Substantial Shareholder who receives the dividend should do so subject to the terms of the trust and as a result may not claim to be beneficially entitled to those dividends.

### *3.6 Mandatory sale of Substantial Shareholdings*

The Special Articles also allow the Board to require the disposal of Shares forming part of a Substantial Shareholding if:

- (a) a Substantial Shareholder has been identified and a dividend has been announced or declared and the Board has not been satisfied that the Substantial Shareholder has transferred the right to the dividend (or otherwise is not beneficially entitled to it);
- (b) there has been a failure to provide information requested by the Board; or
- (c) any information provided by any person proves materially inaccurate or misleading.

In these circumstances, if the Company incurs a charge to tax as a result of one of these events, the Board may, instead of requiring the Shareholder to dispose of the Shares, arrange for the sale of the relevant Shares and for the Company to retain from the sale proceeds an amount equal to any tax so payable.

### *3.7 Takeovers*

The Special Articles do not prevent a person from acquiring control of the Company through a takeover or otherwise, although as explained above, such an event may cause the Company to cease to qualify as a REIT.

### *3.8 Other*

The Special Articles also give the Company power to require any Shareholder who applies to be paid dividends without any tax withheld to provide such certificate as the Board may require to establish the Shareholder's entitlement to that treatment.

The Special Articles may be amended by special resolution passed by the Shareholders in the future, including to give powers to the Directors to ensure that the Company can comply with the close company condition described in paragraph 2.2(a) of this Part 8, which powers may include the ability to arrange for the sale of Shares on behalf of Shareholders.

## **4 THE SPECIAL ARTICLES**

The following sets out in full the Special Articles (being Articles 3 to 8) contained in the Company's Articles:

### ***"REAL ESTATE INVESTMENT TRUST***

#### **3. CARDINAL PRINCIPLE**

- 3.1 *It is a cardinal principle that, for so long as the Company qualifies as a REIT or is the principal company of a group REIT for the purposes of Part 12 of the CTA 2010, it should not be liable to pay tax under Section 551 of the CTA 2010 on or in connection with the making of a Distribution.*



- 3.2 Articles 4 to 8 support such cardinal principle by, among other things, imposing restrictions and obligations on the members and, indirectly, certain other persons who may have an interest in the Company, and shall be construed accordingly so as to give effect to such cardinal principle.

#### **4. NOTIFICATION OF SUBSTANTIAL SHAREHOLDER AND OTHER STATUS**

- 4.1 Each member and any other relevant person shall serve notice in writing on the Company at the Office on:

4.1.1 him becoming a Substantial Shareholder (together with the percentage of voting rights, share capital or dividends he controls or is beneficially entitled to, details of the identity of the member(s) who hold(s) the relevant Substantial Shareholding and such other information, certificates or declarations as the Directors may require from time to time);

4.1.2 him becoming a Relevant Registered Shareholder (together with such details of the relevant Substantial Shareholder and such other information, certificates or declarations as the Directors may require from time to time); and

4.1.3 any change to the particulars contained in any such notice, including on the relevant person ceasing to be a Substantial Shareholder or a Relevant Registered Shareholder.

Any such notice shall be delivered by the end of the second Business Day after the day on which the person becomes a Substantial Shareholder or a Relevant Registered Shareholder or the change in relevant particulars or within such shorter or longer period as the Directors may specify from time to time.

- 4.2 The Directors may at any time give notice in writing to any person requiring him, within such period as may be specified in the notice (being seven days from the date of service of the notice or such shorter or longer period as the Directors may specify in the notice), to deliver to the Company at the Office such information, certificates and declarations as the Directors may require to establish whether or not he is a Substantial Shareholder or a Relevant Registered Shareholder or to comply with any Reporting Obligation. Each such person shall deliver such information, certificates and declarations within the period specified in such notice.

#### **5. DISTRIBUTIONS IN RESPECT OF SUBSTANTIAL SHAREHOLDINGS**

- 5.1 In respect of any Distribution, the Directors may, if the Directors determine that the condition set out in Article 5.2 is satisfied in relation to any Shares, withhold payment of such Distribution on or in respect of such Shares. Any Distribution so withheld shall be paid as provided in Article 5.3 and until such payment the persons who would otherwise be entitled to the Distribution shall have no right to the Distribution or its payment.

- 5.2 The condition referred to in Article 5.1 is that, in relation to any Shares and any Distribution to be paid or made on and in respect of such Shares:

5.2.1 the Directors believe that such Shares comprise all or part of a Substantial Shareholding of a Substantial Shareholder; and

5.2.2 the Directors are not satisfied that such Substantial Shareholder would not be beneficially entitled to the Distribution if it was paid, and, for the avoidance of doubt, if the Shares comprise all or part of a Substantial Shareholding in respect of more than one Substantial Shareholder this condition is not satisfied unless it is satisfied in respect of all such Substantial Shareholders.

- 5.3 If a Distribution has been withheld on or in respect of any Shares in accordance with Article 5.1, it shall be paid as follows:

5.3.1 if it is established to the satisfaction of the Directors that the condition in Article 5.2 is not satisfied in relation to such Shares, in which case the whole amount of the Distribution withheld shall be paid; and

5.3.2 if the Directors are satisfied that sufficient interests in all or some of the Shares concerned have been transferred to a third party so that such transferred Shares no longer form part of the Substantial Shareholding, in which case the Distribution attributable to such Shares shall be paid (provided the Directors are satisfied that following such transfer such Shares concerned do not form part of a Substantial Shareholding); and

5.3.3 if the Directors are satisfied that as a result of a transfer of interests in Shares referred to in Article 5.3.2 above the remaining Shares no longer form part of a Substantial Shareholding, in which case the Distribution attributable to such Shares shall be paid.

In this Article 5.3, references to the “transfer” of a Share include the disposal (by any means) of beneficial ownership of, control of voting rights in respect of and beneficial entitlement to dividends in respect of, that Share.

- 5.4 A Substantial Shareholder may satisfy the Directors that he is not beneficially entitled to a Distribution by providing a Distribution Transfer Certificate. The Directors shall be entitled to (but shall not be bound to) accept a Distribution Transfer Certificate as evidence of the matters therein stated and the Directors shall be entitled to require such other information, certifications or declarations as they think fit.
- 5.5 The Directors may withhold payment of a Distribution on or in respect of any Shares if any notice given by the Directors pursuant to Article 5.2 in relation to such Shares shall not have been complied with to the satisfaction of the Directors within the period specified in such notice. Any Distribution so withheld will be paid when the notice is complied with to the satisfaction of the Directors unless the Directors withhold payment pursuant to Article 5.1 and until such payment the persons who would otherwise be entitled to the Distribution shall have no right to the Distribution or its payment.
- 5.6 If the Directors decide that payment of a Distribution should be withheld under Article 5.1 or Article 5.5, they shall within seven Business Days give notice in writing of that decision to the Relevant Registered Shareholder.
- 5.7 If any Distribution shall be paid on a Substantial Shareholding and an Excess Charge becomes payable, the Substantial Shareholder shall pay the amount of such Excess Charge and all costs and expenses incurred by the Company in connection with the recovery of such amount to the Company on demand by the Company. Without prejudice to the right of the Company to claim such amount from the Substantial Shareholder, such recovery may be made out of the proceeds of any disposal pursuant to Article 7.2 or out of any subsequent Distribution in respect of the Shares to such person or to the members of all Shares in relation to or by virtue of which the Directors believe that person has an interest in the Company (whether that person is at that time a Substantial Shareholder or not).

## **6. DISTRIBUTION TRUST**

- 6.1 If a Distribution is paid in respect of a Substantial Shareholding in circumstances where the Substantial Shareholder is not beneficially entitled to the Distribution, the Distribution and any income arising from it shall be held by the payee or other recipient to whom the Distribution is transferred by the payee on trust absolutely for the persons nominated by the relevant Substantial Shareholder under Article 6.2 in such proportions as the relevant Substantial Shareholder shall in the nomination director, subject to and in default of such nomination being validly made within 12 years after the date the Distribution is made, for the Company or for such charity as may be nominated by the Directors from time to time.
- 6.2 The relevant Substantial Shareholder of Shares in respect of which a Distribution is paid shall be entitled to nominate in writing any two or more persons (not being Substantial Shareholders) to be the beneficiaries of the trust on which the Distribution is held under Article 6.1 and the Substantial Shareholder may in any such nomination state the proportions in which the Distribution is to be held on trust for the nominated persons, failing which the Distribution shall be held on trust for the nominated persons in equal proportions. No person may be nominated under this Article 6.2 who is or would, on becoming a beneficiary in accordance with the nomination, become a Substantial Shareholder. If the Substantial Shareholder making the nomination is not by virtue of Article 6.1 the trustee of the trust, the nomination shall not take effect until it is delivered to the person who is the trustee.
- 6.3 Any income arising from a Distribution which is held on trust under Article 6.1 shall until the earlier of (i) the making of a valid nomination under Article 6.2 and (ii) the expiry of the period of 12 years from the date when the Distribution is paid be accumulated as an accretion to the Distribution. Income shall be treated as arising when payable, so that no apportionment shall take place.
- 6.4 No person who by virtue of Article 6.1 holds a Distribution on trust shall be under any obligation to invest the Distribution or to deposit it in an interest-bearing account.

- 6.5 No person who by virtue of Article 6.1 holds a Distribution on trust shall be liable for any breach of trust unless due to his own wilful fraud or wrongdoing or, in the case of an incorporated person, the fraud or wilful wrongdoing of its directors, officers or employees.

## **7. OBLIGATION TO DISPOSE**

- 7.1 If at any time, the Directors believe that:

7.1.1 in respect of any Distribution declared or announced, the condition set out in Article 5.2 is satisfied in respect of any Shares in relation to that Distribution; or

7.1.2 a notice given by the Directors pursuant to Article 4.2 in relation to any Shares has not been complied with to the satisfaction of the Directors within the period specified in such notice; or

7.1.3 any information, certificate or declaration provided by a person in relation to any Shares for the purposes of this Article 7.1 was materially inaccurate or misleading,

the Directors may give notice in writing (a “**Disposal Notice**”) to any persons they believe are Relevant Registered Shareholders in respect of the relevant Shares requiring such Relevant Registered Shareholders within 21 days of the date of service of the notice (or such longer or shorter time as the Directors consider to be appropriate in the circumstances) to dispose of such number of Shares the Directors may in such notice specify or to take such other steps as will cause the condition set out in Article 5.2 no longer to be satisfied. The Directors may, if they think fit, withdraw a Disposal Notice.

- 7.2 If:

7.2.1 the requirements of a Disposal Notice are not complied with to the satisfaction of the Directors within the period specified in the relevant notice and the relevant Disposal Notice is not withdrawn; or

7.2.2 a Distribution is paid on a Substantial Shareholding and an Excess Charge becomes payable,

the Directors may arrange for the Company to sell all or some of the Shares to which the Disposal Notice relates or, as the case may be, that form part of the Substantial Shareholding concerned. For this purpose, the Directors may make such arrangements as they deem appropriate. In particular, without limitation, they may authorise any officer or employee of the Company to execute any transfer or other document on behalf of the holder or holders of the relevant Share and, in the case of Shares in uncertificated form, may make such arrangements as they think fit on behalf of the relevant holder or holders to transfer title to the relevant Share through a relevant system.

- 7.3 Any sale pursuant to Article 7.2 above shall be at the price which the Directors consider is the best price reasonably obtainable and the Directors shall not be liable to the holder or holders of the relevant Share for any alleged deficiency in the amount of the sale proceeds or any other matter relating to the sale.

- 7.4 The net proceeds of the sale of any Share under Article 7.2 (less any amount to be retained pursuant to Article 5.5 and the expenses of sale) shall be paid over by the Company to the former holder or holders of the relevant Share upon surrender of any certificate or other evidence of title relating to it, without interest. The receipt of the Company shall be a good discharge for the purchase money.

- 7.5 The title of any transferee of Shares shall not be affected by an irregularity or invalidity of any actions purportedly taken pursuant to this Article 7.

## **8. GENERAL**

- 8.1 The Directors shall be entitled to presume without enquiry, unless any Director has reason to believe otherwise, that a person is not a Substantial Shareholder or a Relevant Registered Shareholder.

- 8.2 The Directors shall not be required to give any reasons for any decision or determination (including any decision or determination not to take action in respect of a particular person) pursuant to Articles 3 to 8 and any such determination or decision shall be final and binding on all persons unless and until it is revoked or changed by the Directors. Any disposal or

*transfer made or other thing done by or on behalf of the Board or any Director pursuant to Articles 3 to 8 shall be binding on all persons and shall not be open to challenge on any ground whatsoever.*

- 8.3 Without limiting their liability to the Company, the Directors shall be under no liability to any other person, and the Company shall be under no liability to any member or any other person, for identifying or failing to identify any person as a Substantial Shareholder or a Relevant Registered Shareholder.*
- 8.4 The Directors shall not be obliged to serve any notice required under Articles 3 to 8 upon any person if they do not know either his identity or his address. The absence of service of such a notice in such circumstances or any accidental error in or failure to give any notice to any person upon whom notice is required to be served under Articles 3 to 8 shall not prevent the implementation of or invalidate any procedure under Articles 3 to 8.*
- 8.5 The provisions of Articles 160 to 165 shall apply to the service upon any person of any notice required by Articles 3 to 8. Any notice required by Articles 3 to 8 to be served upon a person who is not a member or upon a person who is a member but whose address is not within the United Kingdom shall be deemed validly served if such notice is sent through the post in a pre-paid cover addressed to that person or member at the address if any, at which the Directors believe him to be resident or carrying on business or, in the case of a holder of depository receipts or similar securities, to the address, if any, in the register of holders of the relevant securities. Service shall, in such a case be deemed to be effected on the day of posting and it shall be sufficient proof of service if that notice was properly addressed, stamped and posted.*
- 8.6 Any notice required or permitted to be given pursuant to Articles 3 to 8 may relate to more than one Share and shall specify the Share or Shares to which it relates.*
- 8.7 The Directors may require from time to time any person who is or claims to be a person to whom a Distribution may be paid without deduction of tax under Regulation 7 of the Real Estate Investment Trusts (Assessment and Recovery of Tax) Regulations 2006 to provide such certificates or declarations as they may require from time to time.*
- 8.8 Any of Articles 3 to 8 may be amended by special resolution from time to time, including to give powers to the Directors to take such steps as they may require in order to ensure that the Company can satisfy Condition D of Section 528 of the CTA 2010 which relates to close company status, which powers may include the ability to arrange for the sale of Shares on behalf of members.*
- 8.9 Where any certificate or declaration may be or is required to be provided by any person (including, without limitation, a Distribution Transfer Certificate) pursuant to any of Articles 3 to 8, such certificate or declaration may be required by the Directors (without limitation):*
- 8.9.1 to be addressed to the Company, the Directors or such other persons as the Directors may determine (including HMRC);*
- 8.9.2 to include such information as the Directors consider is required for the Company to comply with any Reporting Obligation;*
- 8.9.3 to contain such legally binding representations and obligations as the Directors may determine;*
- 8.9.4 to include an undertaking to notify the Company if the information in the certificate or declaration becomes incorrect, including prior to such change;*
- 8.9.5 to be copied or provided to such persons as the Directors may determine (including HMRC); and*
- 8.9.6 to be executed in such form (including as a deed or deed poll) as the Directors may determine.*

*The provisions of Articles 3 to 8 shall apply notwithstanding any provisions to the contrary in any other Article (including, without limitation, Articles 147 to 159)."*



## 5 UNITED KINGDOM TAX TREATMENT OF SHAREHOLDERS UNDER REIT STATUS

### 5.1 Introduction

The following paragraphs are intended as a general guide only and are based on the Company's understanding of current UK tax law and HMRC practice, each of which is subject to change, possibly with retrospective effect. They do not constitute advice.

The following paragraphs relate only to certain limited aspects of the United Kingdom taxation treatment of PIDs and Non-PID Dividends paid by the Company, and to disposals of Shares, in each case, after the Company achieves and maintains REIT status. Except where otherwise indicated, they apply only to Shareholders who are resident for tax purposes solely in the United Kingdom. They apply only to Shareholders who are the absolute beneficial owners of both their PIDs and their Shares and who hold their Shares as investments. They do not apply to Substantial Shareholders. They do not apply to certain categories of Shareholders, such as dealers in securities or Distributions, persons who have or are deemed to have acquired their Shares by reason of their or another's employment, persons who hold their Shares as part of hedging or conversion transactions, or persons who hold their Shares in connection with a UK branch, agency or permanent establishment. Except where otherwise indicated at paragraph 5.3(d) (Withholding tax) below, they do not apply to persons holding Shares by virtue of an interest in any partnerships, insurance companies, life insurance companies, mutual companies, collective investment schemes, charities, trustees, local authorities, or pension scheme administrators.

Shareholders who are in any doubt about their tax position, or who are subject to tax in a jurisdiction other than the United Kingdom, should consult their own appropriate independent professional adviser without delay, particularly concerning their tax liabilities on PIDs, whether they are entitled to claim any repayment of tax, and, if so, the procedure for doing so.

### 5.2 UK taxation of Non-PID Dividends

#### (a) Individual Shareholders

A Shareholder who is an individual resident for UK tax purposes in the UK and who receives a Non-PID Dividend from the Company will be entitled to a dividend allowance in the form of a 0 per cent. tax rate on the first £2,000 of dividend income per year. UK resident individual Shareholders will pay tax on any dividends received over the £2,000 allowance at the following rates: 7.5 per cent. on dividend income within the basic rate band, 32.5 per cent. on dividend income within the higher rate band and 38.1% on dividend income within the additional rate band.

#### (b) Corporate Shareholders

A Shareholder within the charge to UK corporation tax which is a "small company" (for the purposes of UK taxation of dividends) will not generally be subject to tax on Non-PID Dividends from the Company, provided certain conditions are met.

Other Shareholders within the charge to UK corporation tax will not be subject to tax on Non-PID Dividends from the Company so long as they fall within an exempt class and do not fall within certain specified anti-avoidance provisions. Examples of dividends that are within an exempt class are dividends paid on "non-redeemable ordinary shares" for UK tax purposes and dividends in respect of portfolio holdings, where the recipient owns less than 10 per cent. of the issued share capital of the payer (or any class of that share capital).

### 5.3 UK taxation of PIDs

#### (a) UK taxation of individual Shareholders

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are individuals as the profit of a single UK property business (as defined in Section 264 of the Income Tax (Trading and Other Income) Act 2005). A PID is, together with any property income distribution from any other company to which Part 12 of the CTA 2010 applies, treated as a separate UK property business from any other UK property business (a "**different UK property business**") carried on by the relevant Shareholder. This means that surplus expenses from a Shareholder's different UK property business cannot be offset against a PID as part of a single calculation of the profits of the Shareholder's UK property business.

Please see also paragraph (d) (Withholding tax) below.

(b) UK taxation of corporate Shareholders

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are within the charge to UK corporation tax as profit of a UK property business (as defined in Section 205 of the Corporation Tax Act 2009). This means that, subject to the availability of any exemptions or reliefs, such Shareholders should be liable to UK corporation tax on income on the entire amount of their PID. A PID is, together with any property income distribution from any other company to which Part 12 of the CTA 2010 applies, treated as a different UK property business carried on by the relevant Shareholder. This means that any surplus expenses from a Shareholder's different UK property business cannot be off-set against a PID as part of a single calculation of the Shareholder's UK property profits.

Please see also paragraph (d) (Withholding tax) below.

(c) UK taxation of Shareholders who are not resident for tax purposes in the UK

Where a Shareholder who is resident outside the UK receives a PID, the PID will generally be chargeable to UK income tax as profit of a UK property business and this tax will generally be collected by way of a withholding by the Company.

Please see also paragraph (d) (Withholding tax) below.

(d) Withholding tax

- General

Subject to certain exceptions summarised below, the Company is required to withhold income tax at source at the basic rate (currently 20 per cent.) from its PIDs. The Company will provide Shareholders with a certificate setting out the amount of tax withheld.

- Shareholders solely resident in the UK

Where UK income tax has been withheld at source, Shareholders who are individuals may, depending on their circumstances, either be liable to further tax on their PID at their applicable marginal rate, or be entitled to claim repayment of some or all of the tax withheld on their PID. Shareholders who are bodies corporate may, depending upon their circumstances, be liable to pay UK corporation tax on their PID but they should note that, where income tax is (exceptionally) withheld at source, the tax withheld can be set against the Shareholder's liability to UK corporation tax in the accounting period in which the PID is received.

- Shareholders who are not resident for tax purposes in the UK

It is not possible for a Shareholder to make a claim under a relevant double taxation treaty with the UK for a PID to be paid by the Company gross or at a reduced rate. The Shareholder may be able to claim repayment of any part of the tax withheld from a PID, depending on the existence and terms of any such double taxation treaty between the UK and the country in which the Shareholder is resident for tax purposes.

- Exceptions to requirement to withhold income tax

Shareholders should note that in certain circumstances the Company may not be obliged to withhold UK income tax at source from a PID. These include where the Company reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the UK, a charity, or a body mentioned in Section 468 of the CTA 2010 which is allowed the same exemption from tax as a charity. They also include where the Company reasonably believes that the PID is paid to the scheme administrator of a registered pension scheme, or the sub-scheme administrator of certain pension sub-schemes or the account manager of an ISA, provided the Company reasonably believes that the PID will be applied for the purposes of the relevant scheme or account.

The Company will also not be required to withhold income tax at source from a PID where the Company reasonably believes that the body beneficially entitled to the PID is a partnership each member of which is a body described in the paragraph above.

In order to pay a PID without withholding tax, the Company will need to be satisfied that the Shareholder concerned is entitled to that treatment. For that purpose the Company will require such Shareholders to submit a valid claim form.



#### 5.4 *UK taxation of chargeable gains, stamp duty and stamp duty reserve tax ("SDRT") in respect of Shares*

##### (a) UK taxation of chargeable gains

Individual Shareholders who are resident or ordinarily resident in the UK for tax purposes will generally be subject to UK capital gains tax in respect of any gain arising on a disposal of their Shares. Each such individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £11,700 for the tax year 2018-19.

For individual shareholders, capital gains tax at the rate of 10 per cent. (for basic rate taxpayers) or 20 per cent. (for higher or additional rate taxpayers) may be payable on any gain (tax year 2018-19). Individuals may benefit from certain reliefs and allowances (including an annual exemption, which exempts the first £11,700 (tax year 2018-19) of gains from tax) depending on their circumstances.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

Corporate Shareholders who are resident in the UK for tax purposes will generally be subject to UK corporation tax on chargeable gains arising on a disposal of their Shares.

Capital losses realised on a disposal of Shares must be set as far as possible against chargeable gains for the same tax year (or accounting period in the case of a corporate Shareholder), even if this reduces an individual Shareholder's total gain below the annual exemption. Any balance of losses is carried forward without time limit and set off against net chargeable gains (that is, after deducting the annual exemption) in the earliest later tax year. Losses cannot generally be carried back, with the exception of losses accruing to an individual Shareholder in the year of his death.

The conversion of C Shares into new Ordinary Shares at the Conversion Dates should be treated as a reorganisation of share capital and accordingly should not constitute a disposal of the C Shares for the purposes of UK capital gains tax. The Ordinary Shares arising on Conversion should be treated as acquired at the same time as, and with the same base cost as, the C Shares.

##### (b) UK stamp duty and SDRT

Transfers on a sale of Shares will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer (rounded up where necessary to the nearest £5). The purchaser normally pays the stamp duty.

An agreement to transfer Shares will normally give rise to a charge to stamp duty reserve tax ("**SDRT**") at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Paperless transfers of Shares within the CREST system will generally be liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent, of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration.

#### 5.5 *ISA, SSAS and SIPPs*

Shares acquired by a UK resident individual Shareholder pursuant to any Offer or in the secondary market (but not pursuant to any Placing-Only Issue under the Share Issuance Programme) should be eligible to be held in an ISA, subject to applicable annual subscription limits.

Investments held in ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in Shares through an ISA is restricted to certain UK resident individuals aged 18 or over. Sums received by a Shareholder on a disposal of Shares would not count towards the Shareholder's annual limit; but a disposal of Shares held in an ISA will not serve to make available

again any part of the annual subscription limit that has already been used by the Shareholder in that tax year.

Individuals wishing to invest in Shares through an ISA should contact their professional advisers regarding their eligibility.

Subject to the rules of the trustees of the SIPP or SSAS, the Shares should be eligible for inclusion in a SIPP or SSAS provided, broadly, that the pension scheme member (or a connected person) does not occupy or use any residential property held by the Company and the SIPP or SSAS in question does not hold (directly or indirectly) more than 10 per cent. of any of the Shares or the Company's voting rights or rights to income or amounts on a Distribution or rights to the assets on a winding up.

## PART 9

### GENERAL INFORMATION

#### 1 THE COMPANY

- 1.1 The Company was incorporated in England and Wales on 1 April 2015 with registered number 9522515 as a public company limited by shares under the Companies Act. The Company was incorporated with the name AEW UK REIT plc. The Company has an indefinite life.
- 1.2 The principal place of business and registered office of the Company is 6th Floor, 65 Gresham Street, London EC2V 7NQ with telephone number +44 (0)20 7954 9547.
- 1.3 The principal legislation under which the Company operates is the Companies Act. The Company is not regulated as a collective investment scheme by the FCA. However, the Ordinary Shares are admitted to listing on the premium segment of the Official List and to trading on the Main Market. The Company and Shareholders are subject to the Listing Rules, the Prospectus Rules, the Disclosure Guidance and Transparency Rules and MAR.
- 1.4 The Company's accounting period ends on 31 March of each year. The current accounting period will end on 31 March 2019. The annual report and accounts are prepared in Sterling according to the accounting standards laid out under IFRS.
- 1.5 On 20 April 2015, the Company was granted a certificate under Section 761 of the Companies Act entitling it to commence business and to exercise its borrowing powers.
- 1.6 The Company has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to Section 833 of the Companies Act.
- 1.7 The Company is domiciled in England and Wales and as at 28 February 2019 (being the latest practicable date prior to publication of this document) does not have any employees. Details of the Company's interests in real property are contained in Part 2 of this document.

#### 2 SUBSIDIARY

- 2.1 The Company has a wholly owned dormant subsidiary, AEW UK REIT 2015 Limited, which was incorporated in England and Wales on 2 April 2015.
- 2.2 Save for AEW UK REIT 2015 Limited the Company has no subsidiaries or subsidiary undertakings.

#### 3 SHARE CAPITAL

- 3.1 The principal legislation under which the Company operates, and under which the Ordinary Shares and the C Shares were created, is the Companies Act. The Shares are denominated in Sterling.
- 3.2 The Company's share capital: (i) as at the date of this document is as follows:

	Ordinary Shares	
	Number	Aggregate nominal value (£)
As at the date of this document	151,558,251	1,515,582.51

- 3.3 On incorporation on 1 April 2015, one Ordinary Share was issued at £1.00 (fully paid) for the purposes of incorporation to the subscriber to the Company's memorandum of association.
- 3.4 The following changes in the share capital of the Company have taken place between 1 April 2015 and the date of this document:
- (a) on 9 April 2015, the subscriber share was transferred to the Investment Manager and 50,000 restricted shares of £1.00 each were issued at par (fully paid) to the Investment Manager;

- (b) on 12 May 2015, 100,499,999 Ordinary Shares were issued pursuant to the IPO Issue at the IPO Issue Price and the Investment Manager transferred the subscriber share to an applicant under the IPO Issue;
- (c) on 12 May 2015, the 50,000 restricted shares of £1.00 each were redeemed out of the proceeds of the IPO Issue at par value and cancelled;
- (d) by an order of the High Court of Justice (Chancery Division) dated 17 September 2015 the cancellation of the Company's share premium account was approved and a statement of capital approved by the High Court of Justice (Chancery Division) in respect of the cancellation was registered by the Registrar of Companies on 18 September 2015;
- (e) on 15 December 2015, 17,010,000 Ordinary Shares were issued pursuant to a placing at an issue price of £1.01 per Ordinary Share (being an issue of Ordinary Shares under the 2015 Placing Programme);
- (f) on 12 September 2016, 2,450,000 Ordinary Shares were issued pursuant to a tap issue at an issue price of £0.97 per Ordinary Share;
- (g) on 3 October 2016, 2,612,250 Ordinary Shares were issued pursuant to a tap issue at an issue price of £0.9825 per Ordinary Share;
- (h) on 4 October 2016, 825,000 Ordinary Shares were issued pursuant to a tap issue at an issue price of £0.9825 per Ordinary Share;
- (i) on 5 October 2016, 250,000 Ordinary Shares were issued pursuant to a tap issue at an issue price of £0.9825 per Ordinary Share; and
- (j) on 24 October 2017, 27,911,001 Ordinary Shares were issued pursuant to a placing at an issue price of £1.005 per Ordinary Share (being an issue of Ordinary Shares under the 2017 Share Issuance Programme).

3.5 On 12 September 2018, the following resolutions of the Company were passed at the annual general meeting:

- (a) that, without prejudice to any subsisting authorities to the extent unused, the Directors were generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot, or grant rights to subscribe for or to convert any security into, Shares provided that the maximum number of Shares authorised to be allotted is up to an aggregate nominal amount of £151,558.00 (which represented approximately ten per cent. of the Company's issued Shares as at 8 June 2018), such authority to expire at the annual general meeting of the Company to be held in 2019 (unless previously renewed, varied or revoked by the Company at a general meeting), save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require Shares to be allotted, or rights to subscribe for or to convert securities into Shares to be granted, after the expiry of such authority and the Directors may allot Shares or grant such rights in pursuance of such an offer or agreement as if such authority had not expired;
- (b) that, the Directors were generally empowered (pursuant to sections 570 to 573 of the Companies Act) to allot Shares and to sell Shares from treasury for cash pursuant to the authority referred to in paragraph 3.5(a) above as if Section 561 of the Companies Act did not apply to any such allotment provided that this power: (i) shall be limited to the allotment or sale for cash of up to an aggregate nominal amount of £151,558 (which represented approximately ten per cent. of the Company's issued Shares as at 8 June 2018); and (ii) expires at the conclusion of the annual general meeting of the Company to be held in 2019 unless renewed at a general meeting prior to such time, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require Shares to be allotted or sold after the expiry of such power, and the Directors may allot or sell Shares in pursuance of such an offer or agreement as if such power had not expired;
- (c) that, the Company was authorised in accordance with section 701 of the Companies Act to make market purchases (within the meaning of section 693(4) of the Companies Act) of Shares provided that the maximum number of Shares authorised to be

purchased is up to 22,718,582 Shares (which represent approximately 14.99 per cent. of the Shares in issue as at 8 June 2018). The minimum price which may be paid for a Share is £0.01. The maximum price which may be paid for a Share must not be more than the higher of: (i) five per cent. above the average of the mid-market value of the Shares for the five Business Days before the purchase is made; or (ii) the higher of the last independent trade and the highest current independent bid for Shares. Such authority will expire on the conclusion of the annual general meeting of the Company to be held in 2019. Save that the Company may contract to purchase Shares under the authority thereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority and may purchase Shares in pursuance of such contract; and

- (d) that, a general meeting of the Company other than an annual general meeting may be called on not less than 14 days' notice.

3.6 On 12 September 2018, the following resolutions of the Company were passed at a general meeting:

- (a) that the Articles be adopted as the articles of association of the Company;
- (b) that the Directors be and are generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot up to: (i) 250 million Ordinary Shares; and (ii) 250 million C Shares pursuant to the Share Issuance Programme, such authority to expire at the earlier of the close of the Share Issuance Programme (unless previously renewed, varied or revoked by the Company at a general meeting) and 30 June 2020, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require Shares to be allotted after the expiry of such authority and the Directors may allot Shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired; and
- (c) that the Directors be and they are empowered pursuant to sections 570 to 573 of the Companies Act to allot Shares for cash pursuant to the authority referred to in paragraph (b) above as if section 561 of the Companies Act did not apply to any such allotment provided that this power: (i) shall be limited to the allotment of 250 million Ordinary Shares and 250 million C Shares; and (ii) expires at the earlier of the close of the Share Issuance Programme (unless previously renewed, varied or revoked by the Company at a general meeting) and 30 June 2020, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require Shares to be allotted after the expiry of such power, and the Directors may allot Shares in pursuance of such an offer or agreement as if such power had not expired.

3.7 Save as disclosed in this paragraph 3, no share or loan capital of the Company has since the date of incorporation of the Company been issued or been agreed to be issued, fully or partly paid, either for cash or for a consideration other than cash, and, save for the Share Issuance Programme no such issue is now proposed. No shares in the capital of the Company are held by or on behalf of the Company.

3.8 Save as disclosed in this paragraph 3, the Company has not granted any options over its share or loan capital which remain outstanding and has not agreed, conditionally or unconditionally to grant any such options and no convertible securities, exchangeable securities or securities with warrants have been issued by the Company.

3.9 In accordance with the power granted to the Directors by the Articles, it is expected that the Shares issued pursuant to each Tranche will be allotted (conditionally upon the relevant Admission) pursuant to a resolution of the Board to be passed shortly before the relevant Admission of such Shares in accordance with the Companies Act.

3.10 All of the Shares are in registered form and are eligible for settlement in CREST. Temporary documents of title will not be issued. The Company utilises the services of the Registrar in relation to the transfer and settlement of Shares held in uncertificated form.

#### 4 INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

- 4.1 Other than as set out in the table below, as at 28 February 2019 (being the last practicable date prior to the publication of this document), the Company was not aware (by virtue of notifications made to it pursuant to the Disclosure Guidance and Transparency Rules) of any person who was directly or indirectly interested in 3 per cent. or more of the issued share capital of the Company:

Name	Number of Ordinary Shares	Percentage of issued ordinary share capital (%)
Coutts & Co	18,195,088	12.01
Quilter Cheviot Investment Management	10,823,994	7.14
Schroder Investment Management	10,018,814	6.61
Close Asset Management	9,967,129	6.58
Hargreaves Lansdown Asset Management	8,203,676	5.41
Premier Fund Management	5,835,085	3.85
IPS Capital	5,504,903	3.63
Seneca Investment Managers	4,790,000	3.16

- 4.2 Other than as disclosed above, the Company and the Directors are not aware of any person who as at 28 February 2019 (being the latest practicable date prior to the publication of this document), directly or indirectly, jointly or severally, exercises or could exercise control over the Company, nor are they aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

- 4.3 Save as set out below, no Director has any interests (beneficial or non-beneficial) in the share capital of the Company as at 28 February 2019 (being the latest practicable date prior to the publication of this document):

Name	Number of Ordinary Shares	Percentage of issued ordinary share capital (%)
Mark Burton	75,000	0.05
Katrina Hart	19,145	0.01
James Hyslop	250,000*	0.16
Bim Sandhu	650,000**	0.43

\* 100,000 Shares held in the name of Suffolk Life Trustees Limited re 727110.

\*\* 100,000 Shares held in the name of Pardeep Sandhu; 175,000 Shares held under The Santon Pension Fund; and 250,000 Shares held under The Sandhu Charitable Foundation.

- 4.4 No amount has been set aside or accrued by the Company to provide pensions, retirement or other similar benefits.
- 4.5 The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively.



- 4.6 Over the five years preceding the date of this document, the Directors hold or have held the following directorships (apart from their directorships of the Company's dormant subsidiary, AEW UK REIT 2015 Limited) or memberships of administrative, management or supervisory bodies and/or partnerships:

<b>Name</b>	<b>Current</b>	<b>Previous</b>
Mark Burton	Value Retail PLC Norges Bank Investment Management	Londonmetric Property PLC Hudsons Bay Company Retail Opportunity Investment Corp Roebuck Capital Investment Limited Real Estate Credit Investments PCC Limited Al Futtaim Group (UAE) GreenOak Internos Global Investors – Investment Board
Katrina Hart	Exploration Trust PLC Polar Capital Global Financials Trust PLC Miton Group plc Keystone Investment Trust plc	Guinness Oil & Gas
James Hyslop	AEW UK Investment Management LLP Evergreen Members LLP Paloma Real Estate Fund I LP Paloma Real Estate Fund II LP	Columbus U.K. Real Estate Fund LP Gresham Real Estate Fund I Gresham Real Estate Fund II Columbus UK Real Estate Fund II
Bim Sandhu	B & P Investments Limited TAL SE Land Development Partnership LLP Santon Group Developments Limited Santon Retail Limited Santon Developments plc Santon Management Limited Santon Close Nominees Limited Santon Capital plc Santon Ealing Limited Santon Property Company Limited Solway Capital Investments plc Africa Logistics Properties Holdings Limited Hyperdrive Innovation Limited Hyperdrive Innovation Holdings Limited Waterloo Place Developments Limited Hindley Prospect Hill Limited Santon Sighthill Limited HCP High Yield Carried Interest No 3 LLP	Hindley Prem LLP Hindley Refurbthat LLP Hindley Solar Limited Oriel Securities Limited HCP High Yield No3 Limited Hindley Cedar Homes Limited Hindley Endura LLP Peak Income Partnership LLP Hindley Prem 2 LLP Solway Investments plc -

- 4.7 The Directors in the five years before the date of this document:
- (a) did not have any convictions in relation to fraudulent offences;
  - (b) have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and
  - (c) did not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.
- 4.8 Save as disclosed in the section entitled "Conflicts of interest" in Part 4 of this document, as at the date of this document, none of the Directors has any conflict of interest or potential conflict of interest between any duties to the Company and their private interests and/or other duties.
- 4.9 The Company maintains directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.
- 4.10 All Shareholders have the same voting rights in respect of the share capital of the Company.

## 5 DIRECTORS' APPOINTMENT LETTERS

- 5.1 No Director has a service contract with the Company, nor are any such contracts proposed.
- 5.2 Each Director has entered into a letter of appointment with the Company. The Directors' appointments can be terminated in accordance with the Articles and without compensation. All Directors are subject to retirement by rotation in accordance with the Articles. There is no notice period specified in the letters of appointment or Articles for the removal of Directors. The Articles provide that the office of Director shall be terminated by, amongst other things: (i) written resignation; (ii) unauthorised absences from board meetings for six consecutive months or more; or (iii) written request of all of the other Directors.
- 5.3 Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. Details of the remuneration for the Directors as at the date of this document is as follows:

Director	Fee (£)	Appointment date
Mark Burton	35,000	9 April 2015
Katrina Hart	27,500	5 June 2017
James Hyslop	27,500	9 April 2015
Bim Sandhu	32,500	9 April 2015

- 5.4 The Directors are also entitled to out-of-pocket expenses incurred in the proper performance of their duties. The aggregate remuneration and benefits in kind of the Directors in respect of the Company's accounting period ending 31 March 2019 which will be payable out of the assets of the Company are not expected to exceed £150,000.

## 6 THE ARTICLES

The Articles contain provisions, *inter alia*, to the following effect:

- 6.1 *Objects/purposes*
- The Articles do not provide for any objects of the Company and accordingly the Company's objects are unrestricted.
- 6.2 *Voting rights*
- (a) Subject to the provisions of the Companies Act, to any special terms as to voting on which any shares may have been issued or may from time-to-time be held and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting, every member who is present in person shall, on a show of hands, have one

vote, every proxy who has been appointed by a member entitled to vote on the resolution shall, on a show of hands, have one vote and every member present in person or by proxy shall, on a poll, have one vote for each share of which he is a holder. A shareholder entitled to more than one vote need not, if he votes, use all his votes or vest all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

- (b) Unless the Board otherwise determines, no member shall be entitled to receive any dividends or be present and vote at a general meeting or a separate general meeting of the holders of any class of shares, either in person or (save as proxy for another member) by proxy, or be reckoned in a quorum, or to exercise any other right or privilege as a member in respect of a share held by him, unless and until he shall have paid all calls for the time being due and payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) payable by him to the Company or if he, or any other person whom the Company reasonably believes to be interested in such shares, has been issued with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares and has failed in relation to any such shares to give the Company the required information within 14 days.
- (c) For so long as the Listing Rules apply to the Company and require a vote of the members to be undertaken, only those members who hold ordinary shares shall be entitled to vote on the resolution to be proposed in accordance with the relevant provisions of the Listing Rules, save that should the Listing Rules require that only independent shareholders be entitled to vote, any member who exercises or controls either on its own or together with any person with whom it is acting in concert, 30 per cent. or more of the Shares shall not be entitled to vote on the resolution of independent shareholders to be proposed in accordance with the relevant provisions of the Listing Rules.

### 6.3 *Dividends*

- (a) Subject to the provisions of the Companies Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.
- (b) Subject to the provisions of the Companies Act, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the profits of the Company available for Distribution. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividends as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those preferential rights.
- (c) All dividends, interest or other sums payable and unclaimed for a period of 12 months after having become payable may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having become payable shall, if the Board so resolves, be forfeited and shall cease to remain owing by, and shall become the property of, the Company.
- (d) The Board may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.

- (e) The Board may also, with the prior authority of an ordinary resolution of the Company and subject to the Articles and such terms and conditions as the Board may determine, offer to holders of shares the right to elect to receive shares of the same class, credited as fully paid, instead of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.
- (f) Unless the Board otherwise determines, the payment of any dividend or other money that would otherwise be payable in respect of shares will be withheld by the Company if such shares represent at least 0.25 per cent. in nominal value of their class and the holder, or any other person whom the Company reasonably believes to be interested in those shares, has been duly served with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares and has failed to supply the required information within 14 days. Furthermore such a holder shall not be entitled to elect to receive shares instead of a dividend.

#### 6.4 *Winding up*

- (a) If the Company is wound up the liquidator may, with the sanction of a special resolution and any other sanction required by law and subject to the Companies Act, divide among the shareholders in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders.
- (b) The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the shareholders as he may with the like sanction determine, but no shareholder shall be compelled to accept any shares or other securities upon which there is a liability.
- (c) The Directors are required to propose an ordinary resolution that the Company continue its business as presently constituted (the "**Continuation Resolution**") at the annual general meeting of the Company to be held in 2020. If the Continuation Resolution is not passed, the Directors will formulate proposals to be put to Shareholders to reorganise, restructure or wind-up the Company and to present such proposals to Shareholders within six months of the date of the annual general meeting at which the continuation resolution was proposed.

#### 6.5 *Transfer of shares*

- (a) Subject to such of the restrictions in the Articles as may be applicable, each member may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register of members.
- (b) The Board may, in its absolute discretion, refuse to register any transfer of a share in certificated form (or renunciation of a renounceable letter of allotment) unless:
  - (i) it is in respect of a share which is fully paid up;
  - (ii) it is in respect of only one class of shares;
  - (iii) it is in favour of a single transferee or not more than four joint transferees;
  - (iv) it is duly stamped (if so required); and
  - (v) it is delivered for registration to the registered office for the time being of the Company or such other place as the Board may from time-to-time determine, accompanied (except in the case of: (i) a transfer by a recognised person where a certificate has not been issued; (ii) a transfer of an uncertificated share; or (iii) a renunciation) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so,

provided that the Board shall not refuse to register a transfer or renunciation of a partly paid share in certificated form on the grounds that it is partly paid in circumstances where such refusal would prevent dealings in such share from taking place on an open and proper basis on the market on which such share is admitted to trading. The Board may refuse to register a transfer of an uncertificated share in such other circumstances as may be permitted or required by the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) and the relevant electronic system.

- (c) Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person whom the Company reasonably believes to be interested in the transferor's shares has been duly served with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares, has failed to supply the required information within 14 days and the shares in respect of which such notice has been served represent at least 0.25 per cent. in nominal value of their class, unless the member is not himself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised investment exchange or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded or is in consequence of a *bona fide* sale to an unconnected party.
- (d) If the Board refuses to register a transfer of a share, it shall send the transferee notice of its refusal, together with its reasons for refusal, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company.
- (e) No fee shall be charged for the registration of any instrument of transfer or any other document relating to or affecting the title to any shares.
- (f) If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors (i) would cause the assets of the Company to be treated as "plan assets" of any benefit plan investor under Section 3(42) of ERISA or the U.S. Code; or (ii) would or might result in the Company and/or its shares being required to register or qualify under the U.S. Investment Company Act and/or the U.S. Securities Act and/or the U.S. Securities Exchange Act 1934 and/or any laws of any state of the U.S. that regulate the offering and sale of securities; or (iii) may cause the Company not to be considered a "Foreign Private Issuer" under the U.S. Securities Exchange Act 1934; or (iv) may cause the Company to be a "controlled foreign corporation" for the purpose of the U.S. Code; or (v) creates a significant legal or regulatory issue for the Company under the U.S. Bank Holding Company Act of 1956 (as amended) or regulations or interpretations thereunder, then any shares which the Directors decide are shares which are so held or beneficially owned ("Prohibited Shares") must be dealt with in accordance with paragraph 6.5.7 below. The Directors may at any time give notice in writing to the holder of a share requiring him to make a declaration as to whether or not the share is a Prohibited Share.
- (g) The Directors shall give written notice to the holder of any share which appears to them to be a Prohibited Share requiring him within 21 days (or such extended time as the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) such share to another person so that it will cease to be a Prohibited Share. From the date of such notice until registration for such a transfer or a transfer arranged by the Directors as referred to below, the share will not confer any right on the holder to receive notice of or to attend and vote at a general meeting of the Company and of any class of shareholder and those rights will vest in the Chairman of any such meeting, who may exercise or refrain from exercising them entirely at his discretion. If the notice is not complied with within 21 days to the satisfaction of the Directors, the Directors shall arrange for the Company to sell the share at the best price reasonably obtainable to any other person so that the share will cease to be a Prohibited Share. The net proceeds of sale (after payment of the Company's costs of sale and together

with interest at such rate as the Directors consider appropriate) shall be paid over by the Company to the former holder upon surrender by him of the relevant share certificate (if applicable).

- (h) Upon transfer of a share the transferee of such share shall be deemed to have represented and warranted to the Company that such transferee is acquiring shares in an offshore transaction meeting the requirements of Regulation S and is not, nor is acting on behalf of: (i) a benefit plan investor and no portion of the assets used by such transferee to acquire or hold an interest in such share constitutes or will be treated as “plan assets” of any benefit plan investor under Section 3(42) of ERISA; and/or (ii) a U.S. Person.

#### 6.6 *Variation of rights*

- (a) If at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any shares (whether or not the Company may be or is about to be wound up) may from time-to-time be varied or abrogated in such manner (if any) as may be provided in the Articles by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the class duly convened and held in accordance with the Companies Act.
- (b) The quorum at every such meeting shall be not less than two persons present (in person or by proxy) holding at least one-third of the nominal amount paid up on the issued shares of the relevant class (excluding any shares of that class held as treasury shares) and at an adjourned meeting not less than one person holding shares of the relevant class or his proxy.

#### 6.7 *Alteration of share capital*

The Company may, from time to time, by ordinary resolution:

- (a) authorise the Directors to increase its share capital by allotting new shares;
- (b) consolidate and divide all or any of its share capital into shares of larger nominal amount than its existing shares;
- (c) subject to the provisions of the Companies Act, sub-divide its shares or any of them, into shares of smaller nominal amount and may by such resolution determine that, as between the shares resulting from such a sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions, as the Company has power to attach to new shares; and
- (d) redenominate its share capital by converting shares from having a fixed nominal value in one currency to having a fixed nominal value in another currency.

#### 6.8 *General meetings*

- (a) The Board may convene a general meeting (which is not an annual general meeting) whenever it thinks fit.
- (b) A general meeting shall be convened by such notice as may be required by law from time-to-time.
- (c) The notice of any general meeting shall include such statements as are required by the Companies Act and shall in any event specify:
  - (i) whether the meeting is convened as an annual general meeting or any other general meeting;
  - (ii) the place, the day, and the time of the meeting;
  - (iii) the general nature of the business to be transacted at the meeting;
  - (iv) if the meeting is convened to consider a special resolution, the text of the resolution and the intention to propose the resolution as such; and



- (v) with reasonable prominence, that a member entitled to attend and vote is entitled to appoint one or (provided each proxy is appointed to exercise the rights attached to a different share held by the member) more proxies to attend and to speak and vote instead of the member and that a proxy need not also be a member.
- (d) The notice shall be given to the members (other than any who, under the provisions of the Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the Directors and the auditors and to any other person who may be entitled to receive it. The accidental omission to give or send notice of any meeting, or, in cases where it is intended that it be given or sent out with the notice, any other document relating to the meeting including an appointment of proxy to, or the non-receipt of either by, any person entitled to receive the same, shall not invalidate the proceedings at that meeting.
- (e) The right of a member to participate in the business of any general meeting shall include without limitation the right to speak, vote, be represented by a proxy or proxies and have access to all documents which are required by the Companies Act or the Articles to be made available at the meeting.
- (f) A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares of the Company. The Chairman of any general meeting may also invite any person to attend and speak at that meeting if he considers that this will assist in the deliberations of the meeting.
- (g) No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Subject to the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a member so entitled or a proxy for a member so entitled or a duly authorised representative of a corporation which is a member so entitled, shall be a quorum. If, at any time, there is only one person entitled to attend and to vote on the business to be transacted, such person being the sole member so entitled or a proxy for such sole member so entitled or a duly authorised representative of a corporation which is such sole member so entitled, shall be a quorum. The Chairman of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time-to-time (or indefinitely) and from place to place as the meeting shall determine. Where a meeting is adjourned indefinitely, the Board shall fix a time and place for the adjourned meeting. Whenever a meeting is adjourned for 30 days or more or indefinitely, seven clear days' notice at the least, specifying the place, the day and time of the adjourned meeting and the general nature of the business to be transacted, must be given in the same manner as in the case of the original meeting.
- (h) A resolution put to a vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result on a show of hands) a poll is duly demanded. Subject to the provisions of the Companies Act, a poll may be demanded by:
  - (i) the chairman of the meeting;
  - (ii) at least five members having the right to vote on the resolution;
  - (iii) a member or members representing not less than five per cent. of the total voting rights of all the members having the right to vote on the resolution (excluding any voting rights attached to shares held as treasury shares); or
  - (iv) member or members holding shares conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than ten per cent. of the total sum paid up on all the shares conferring that right (excluding any voting rights attached to shares in the Company conferring a right to vote on the resolution held as treasury shares).

#### 6.9 *Borrowing powers*

Subject to the provisions of the Companies Act, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

#### 6.10 *Issue of shares*

- (a) Subject to the provisions of the Companies Act, and to any relevant authority of the Company required by the Companies Act, the Board may allot, grant options over, offer or otherwise deal with or dispose of any new shares or rights to subscribe for or convert any security into shares, at such times and generally on such terms and conditions as the Board may decide, provided that no share shall be issued at a discount.
- (b) Subject to the provisions of the Companies Act and to any rights for the time being attached to any existing shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time-to-time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine and any share may be issued which is, or at the option of the Company or the holder of such share is liable to be, redeemed in accordance with the Articles or as the Directors may determine.
- (c) The business of the Company shall be managed by the Directors who, subject to the provisions of the Companies Act, the Articles and to any directions given by special resolution to take, or refrain from taking, specified action, may exercise all the powers of the Company, whether relating to the management of the business or not. Any Director may appoint any other Director, or any other person approved by resolution of the Directors and willing to act and permitted by law to do so, to be an alternate Director.

#### 6.11 *Directors' fees*

- (a) The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time-to-time determine (not exceeding in aggregate £400,000 per annum or such other sum as the Company in general meeting shall from time-to-time determine). Any such fees payable shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provision of the Articles or otherwise and shall accrue from day-to-day.
- (b) The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors.

#### 6.12 *Directors' interests*

- (a) The Board may authorise any matter proposed to it in accordance with the Articles which would, if not so authorised, involve a breach by a Director of his duty to avoid conflicts of interest under the Companies Act, including any matter which relates to a situation in which a Director has or can have an interest which conflicts, or possibly may conflict, with the interest of the Company (including the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it but excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest). This does not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company. Any authorisation will only be effective if any quorum requirement at any meeting at which the matter was considered is met without counting the Director in question or any other interested Director and the matter was agreed to without their voting or would have been agreed to if their votes had not been counted. The Board may impose limits or conditions on any such authorisation or may vary or terminate it at any time.

- (b) Subject to having, where required, obtained authorisation of the conflict from the Board, a Director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a Director of the Company and in respect of which he has a duty of confidentiality to another person. In particular, a Director shall not be in breach of the general duties he owes to the Company under the Companies Act because he fails to disclose any such information to the Board or to use or apply any such information in performing his duties as a Director, or because he absents himself from meetings of the Board at which any matter relating to a conflict of interest, or possible conflict, of interest is discussed and/or makes arrangements not to receive documents or information relating to any matter which gives rise to a conflict of interest or possible conflict of interest and/or makes arrangements for such documents and information to be received and read by a professional adviser.
- (c) Provided that his interest is disclosed at a meeting of the Board, or in the case of a transaction or arrangement with the Company, in the manner set out in the Companies Act, a Director, notwithstanding his office:
  - (i) may be a party to or otherwise be interested in any transaction or arrangement with the Company or in which the Company is otherwise interested;
  - (ii) may hold any other office or place of profit under the Company (except that
  - (iii) of auditor of the Company or any of its subsidiaries) and
  - (iv) may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange;
  - (v) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
  - (vi) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any office or employment or from any transaction or arrangement or from any interest in any body corporate. No such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such profit, remuneration or any other benefit constitute a breach of his duty not to accept benefits from third parties.
- (d) A Director need not declare an interest in the case of a transaction or arrangement with the Company if the other Directors are already aware, or ought reasonably to be aware, of the interest or it concerns the terms of his service contract that have been or are to be considered at a meeting of the Directors or if the interest consists of him being a director, officer or employee of a company in which the Company is interested.
- (e) The Board may cause the voting rights conferred by the shares in any other company held or owned by the Company or any power of appointment to be exercised in such manner in all respects as it thinks fit and a Director may vote on and be counted in the quorum in relation to any of these matters.

#### 6.13 *Restrictions on Directors voting*

- (a) A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any transaction or arrangement in which he has an interest which is to his knowledge a material interest and, if he purports to do so, his vote shall not be counted, but this prohibition shall not apply in respect of any resolution concerning any one or more of the following matters:
  - (i) any transaction or arrangement in which he is interested by means of an interest in shares, debentures or other securities or otherwise in or through the Company;
  - (ii) the giving of any guarantee, security or indemnity in respect of money lent to, or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;

- (iii) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
  - (iv) the giving of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;
  - (v) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
  - (vi) any proposal concerning any other body corporate in which he does not to his knowledge have an interest (as the term is used in Part 22 of the Companies Act) in one per cent. or more of the issued equity share capital of any class of such body corporate (calculated exclusively of any shares of that class in that company held as treasury shares) nor to his knowledge holds one per cent. or more of the voting rights which he holds as shareholder or through his direct or indirect holding of financial instruments (within the meaning of the Disclosure and Transparency Rules) in such body corporate;
  - (vii) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
  - (viii) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors;
  - (ix) any proposal concerning the funding of expenditure by one or more Directors on defending proceedings against him or them, or doing anything to enable such Director or Directors to avoid incurring such expenditure; or
  - (x) any transaction or arrangement in respect of which his interest, or the interest of Directors generally has been authorised by ordinary resolution.
- (b) A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

#### 6.14 *Number of Directors*

Unless and until otherwise determined by an ordinary resolution of the Company, the number of Directors (other than alternate Directors) shall be not less than two and the number is not subject to a maximum.

#### 6.15 *Directors' appointment and retirement*

- (a) The Company may by ordinary resolution appoint a person who is willing to act to be a Director, either to fill a vacancy or as an addition to the existing Board, but the total number of Directors shall not at any time exceed any maximum number fixed by or in accordance with the Articles.
- (b) Without prejudice to the power of the Company in general meeting under the Articles to appoint any person to be a Director, the Board shall have power at any time to appoint any person who is willing to act to be a Director, either to fill a vacancy or as an addition to the existing Board, but the total number of Directors shall not exceed any maximum number fixed by or in accordance with the Articles. Any Director so appointed shall retire at the first annual general meeting of the Company following his appointment and shall not be taken into account in determining the number of Directors who are to retire by rotation at that meeting.
- (c) At each annual general meeting of the Company, one-third of the Directors or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third shall retire from office by rotation. If there are fewer than three Directors, one Director shall retire from office.

- (d) At each annual general meeting, any Director who was elected or last re-elected at or before the annual general meeting held in the third calendar year before the current year shall retire by rotation.
- (e) If the number of Directors retiring pursuant to paragraph 6.15.4 is less than the minimum number of Directors who are required by the Articles to retire by rotation, additional Directors up to that number shall retire. The Directors to retire under this paragraph 6.15.5 shall, first, be those Directors who are subject to rotation but who wish to retire and not offer themselves for re-election and, secondly those Directors who have been Directors longest since their appointment or last re-appointment. If there are Directors who were appointed or last re-appointed on the same date, the Director to retire shall, in default of agreement between them, be determined by lot. The Directors to retire on each occasion (both as to number and identity) shall be determined by the composition of the Board at the start of business on the date of the notice convening the annual general meeting notwithstanding any change in the number or identity of the Directors after that time but before the close of the meeting.
- (f) Any Director who has held office with the Company, other than employment or executive office, and who, at the date of the annual general meeting, has held such office for nine years or more, shall be subject to re-appointment at each annual general meeting.

#### 6.16 *Notice requiring disclosure of interest in shares*

- (a) The Company may, by notice in writing under section 793 of the Companies Act, require a person whom the Company knows to be, or has reasonable cause to believe is, interested in any shares or at any time during the three years immediately preceding the date on which the notice is issued to have been interested in any shares, to confirm that fact or (as the case may be) to indicate whether or not this is the case and to give such further information as may be required by the Directors. Such information may include, without limitation, particulars of the person's identity, particulars of the person's own past or present interest in any shares and to disclose the identity of any other person who has a present interest in the shares held by him, where the interest is a present interest and any other interest, in any shares, which subsisted during that three year period at any time when his own interest subsisted to give (so far as is within his knowledge) such particulars with respect to that other interest as may be required and where a person's interest is a past interest to give (so far as is within his knowledge) like particulars for the person who held that interest immediately upon his ceasing to hold it.
- (b) If any shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 14 days after service of the notice), or such other reasonable period as the Directors may determine, the Directors in their absolute discretion may serve a direction notice on the shareholder. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the "default shares") the shareholder shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25 per cent. in nominal value of the class of shares concerned, the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the default shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

#### 6.17 *Untraced Shareholders*

Subject to the Articles, the Company may sell any shares registered in the name of a member if and provided that during the period of 12 years immediately prior to the date of the publication of the advertisement of an intention to make such a disposal the Company has paid at least three cash dividends on the shares and no cash dividend payable on the share has either been claimed or cashed. Until the Company can account to the member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.



6.18 *Indemnity of Officers*

Subject to the provisions of the Companies Act, but without prejudice to any indemnity to which he may otherwise be entitled, every past or present Director (including an alternate Director) or officer of the Company or a director or officer of an associated company (except the auditors or the auditors of an associated company) may at the discretion of the Board be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company or of an associated company, or in connection with the activities of the Company, or of an associated company, or as a trustee of an occupational pension scheme (as defined in Section 235(6) Companies Act). In addition the Board may purchase and maintain insurance at the expense of the Company for the benefit of any such person indemnifying him against any liability or expenditure incurred by him for acts or omissions as a Director or officer of the Company (or of an associated company).

6.19 *REIT provisions*

A summary of the REIT provisions included in the Articles is set out in paragraph 4 of Part 8 of this document.

6.20 *C Shares – definitions and interpretation*

For the purposes of this paragraph 6.20 to paragraph 6.23 of this Part 9 only, the following words and expressions shall bear the following meanings (notwithstanding that a different meaning may be given to any such word or expression in another provision of the Articles):

<b>“C Shareholder”</b>	means a person who is a holder of C Shares;
<b>“Calculation Date”</b>	means the earliest of: <ul style="list-style-type: none"><li>(a) close of business on the date 12 months after the allotment of the C Shares, or if such day is not a Business Day, the first Business Day prior thereto;</li><li>(b) close of business on the date to be determined by the Directors after the day on which the Investment Manager shall have given notice to the Directors that at least 90 per cent. of the net proceeds attributable to the C Shares (or such other percentage as the Directors and Investment Manager shall agree) shall have been invested and/or committed;</li><li>(c) close of business on the last Business Day prior to the day on which the Directors resolve that any Force Majeure Circumstance has arisen or is imminent;</li><li>(d) close of business on such Business Day as the Directors may otherwise determine in their sole discretion;</li></ul>
<b>“Conversion”</b>	means the conversion of C Shares into Ordinary Shares, in accordance with the provisions of paragraph 6.23;
<b>“Conversion Date”</b>	means the close of business on such Business Day as may be selected by the Directors falling not more than 40 Business Days after the Calculation Date;
<b>“Conversion Ratio”</b>	means the ratio of the Net Asset Value per C Share to the Net Asset Value per Ordinary Share, which is calculated to six decimal places (with 0.0000005 being rounded upwards) by dividing the Net Asset Value per C Share by the Net Asset Value per Ordinary Share;
<b>“Existing Ordinary Shares”</b>	means the Ordinary Shares in issue immediately prior to Conversion (not including any Ordinary Shares held in treasury);
<b>“Force Majeure Circumstances”</b>	means, in relation to any C Shares (i) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable; (ii) the



issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue any C Shares with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are proposed to be issued; or (iii) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest;

<b>“Investment Manager”</b>	means any investment manager of the Company from time to time;
<b>“Net Asset Value”</b>	means as at any date, of the assets of the Company after deduction of all liabilities of the Company and, in relation to a class of shares in the Company, the value, as at any date of the assets attributable to that class of shares after deduction of all liabilities attributable to that class of shares and after deduction of any declared but unpaid dividends, in each case determined in accordance with the accounting policies adopted by the Company from time to time and subject to any such adjustments as the Directors may determine in their absolute discretion taking into account the interests of shareholders as a whole;
<b>“Net Asset Value per C Share”</b>	means, at any date, the Net Asset Value attributable to the C Shares divided by the number of C Shares in issue at the date of calculation;
<b>“Net Asset Value per Ordinary Share”</b>	means, at any date, the Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue (other than Ordinary Shares held in treasury) at the date of calculation; and
<b>“Pool”</b>	means a notional pool of assets and liabilities as described in paragraph 6.22 created for a class of shares.

#### 6.21 *Rights attaching to C Shares*

- (a) The C Shares have attached to them the rights set out in the Articles and, save as stated in the Articles have no further right of participation in the profits or assets of the Company.
- (b) At the Conversion Date, the C Shares shall be converted into Ordinary Shares in accordance with the provisions paragraph 6.23.
- (c) Subject to paragraph 6.23(k), the C Shares shall not carry the right to receive any profits of the Company available for distribution whether by way of interim or final dividend.
- (d) Save in connection with the issue of any C Shares pursuant to paragraph 6.23(f), no dividend or other distribution shall be made or paid by the Company on any of its shares between any Calculation Date and the relevant Conversion Date (both dates inclusive) and no such dividend shall be declared with a record date falling between any Calculation Date and the relevant Conversion Date (both dates inclusive).
- (e) Subject to paragraph 6.23(j), on a winding up or return of capital (otherwise than on a purchase or redemption by the Company of any C Shares), the holders of the C Shares shall be entitled to receive an amount per C Share equal to the lower of (i) the amount subscribed for the issue of each C Share and (ii) the Net Asset Value per C Share, but shall have no other rights to participate in the capital of the Company.
- (f) C Shares shall rank on a winding up in priority to all other shares of the Company from time to time in issue.
- (g) The holders of C Shares shall have:
  - (i) the right to receive notice of, and attend, speak and vote at class meetings of C Shareholders in accordance with the provisions of the Articles. Each holder of C Shares who is present in person (or being a corporation, by representative), or by proxy at a class meeting on a show of hands has one vote, and on a poll,

every such person who is present in person (or being a corporation, by representative), or by proxy has one vote in respect of each C Share held by him; and

- (ii) no rights to receive notice of, attend, speak or vote at general meetings of the Company.

#### 6.22 *Assets attributable to Ordinary Shares and C Shares*

- (a) If at any time C Shares are in issue, the Directors shall establish for accounting purposes a single separate pool of assets and liabilities attributable to the C Shares and a single separate pool of assets and liabilities attributable to the Ordinary Shares (each, a “**Pool**”). The Directors shall maintain for accounting purposes all the assets, income, earnings, liabilities, expenses and costs of each Pool separate and separately identifiable from all other assets, income, earnings, liabilities, expenses and costs of the Company and the other Pool and the following provisions shall apply thereto:
  - (i) any consideration received on or proceeds from, the allotment and issue of shares of a particular class shall be applied to the Pool which relates to such class of shares, and the assets, liabilities, income and expenditure attributable thereto shall be applied only to that Pool subject to the following sub-paragraphs of this paragraph;
  - (ii) on a redemption or repurchase of any shares of a particular class, the assets of the Pool which relates to such class of shares shall be reduced by an amount equal to the redemption or repurchase monies;
  - (iii) for each Pool, the Company shall keep separate books and records in which all transactions relating to that Pool shall be recorded;
  - (iv) any asset derived from any other asset or assets (whether cash or otherwise) comprised in any Pool shall be applied in the books and records of the Company to the same Pool as the asset or assets from which it was derived and any increase or diminution in the value of an asset comprised in a Pool shall be applied to that Pool;
  - (v) in the event that there is any asset of the Company which the Directors do not consider readily attributable to a particular Pool, the Directors shall allocate such asset in such manner and on such basis as they in their discretion deem fair and equitable and the Directors shall have the power to, and may at any time and from time to time, vary such basis in respect of any asset not previously allocated;
  - (vi) the Directors shall have discretion to determine the basis upon which any liability shall be allocated between the Pools (including conditions as to subsequent allocations thereof if circumstances so permit or require) and shall have power at any time and from time to time to vary such basis;
  - (vii) subject as otherwise provided in the Articles, the assets held for each Pool shall be applied solely in respect of the class of shares of the Pool for which the relevant Pool was established and the Articles shall be construed accordingly;
  - (viii) notwithstanding the foregoing, if a Pool has insufficient funds or assets to meet the debts and liabilities attributable to such Pool, any such shortfall shall be paid out of the assets attributable to the other Pool;
  - (ix) notwithstanding the foregoing, the Directors shall have discretion to apply any income or asset from the C Share Pool in making a distribution in respect of the Ordinary Shares if that is required in order to meet minimum distribution test for the Company to remain a REIT; and
- (b) The Company shall give appropriate instructions to the Investment Manager to manage the Company’s assets so that paragraph 6.22(a) can be complied with.

#### 6.23 *Conversion of C Shares*

The C Shares for the time being in issue shall be converted into Ordinary Shares on the relevant Conversion Date in accordance with the following provisions of this paragraph 6.23.

- (a) The Directors shall procure that as soon as reasonably practicable and not later than 20 Business Days of the relevant Calculation Date:
  - (i) the Conversion Ratio as at the relevant Calculation Date and the numbers of Ordinary Shares to which each holder of C Shares shall be entitled on Conversion shall be calculated; and
  - (ii) the Auditors shall confirm that such calculations as have been made by the Company have, in their opinion, been performed in accordance with the Articles and any agreed upon procedures and are arithmetically accurate whereupon such calculations shall become final and binding on the Company and all holders of the Company's shares and any other securities issued by the Company which are convertible into the Company's shares.
- (b) The Directors shall procure that, as soon as practicable following such confirmation and in any event within 40 Business Days of the relevant Calculation Date, a notice is sent to each holder of C Shares advising such shareholder of the Conversion Date, the Conversion Ratio and the numbers of Ordinary Shares to which such holder of C Shares will be entitled on Conversion.
- (c) Subject to paragraph 6.23(f), on Conversion the relevant number of C Shares shall automatically convert into such number of Ordinary Shares as shall be necessary to ensure that upon such Conversion being completed the aggregate number of Ordinary Shares into which the same number of C Shares are converted equals the number of C Shares in issue at the relevant Calculation Date multiplied by the relevant Conversion Ratio (calculated to six decimal places and rounded down to the nearest whole Ordinary Share).
- (d) The Ordinary Shares arising upon Conversion shall be divided amongst the holders of C Shares *pro rata* according to their respective former holdings of C Shares (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to Ordinary Shares arising upon Conversion including, without prejudice to the generality of the foregoing, selling any Ordinary Shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company).
- (e) If the Conversion requires more Ordinary Shares to arise on Conversion than the number of C Shares that are in issue, the Directors shall, subject to the terms of the Articles, the approval of an ordinary resolution of the Company and in accordance with applicable law (and notwithstanding article 155 of the Articles), issue fully paid up additional C Shares prior to the Conversion by way of capitalisation of the share premium account of the Company such that there are the requisite number of C Shares in issue to allow the Company to comply with this paragraph 6.23.
- (f) Forthwith upon Conversion, the share certificates relating to the C Shares shall be cancelled and the Company shall issue new certificates in respect of the Ordinary Shares which have arisen upon Conversion.
- (g) The Conversion shall be effected by way of conversion and redesignation of the relevant number of C Shares into the relevant number of Ordinary Shares and the Directors may make such adjustments to the terms and timing of Conversion as they in their discretion consider fair and reasonable having regard to the interests of all shareholders.
- (h) The Ordinary Shares into which any C Shares shall convert shall rank *pari passu* with the Existing Ordinary Shares for dividends and other distributions in relation to the Ordinary Shares made or declared by reference to a record date falling after the relevant Calculation Date.
- (i) Upon completion of a Conversion, the assets, liabilities, income and expenditure attributable to the C Shares in accordance with paragraph 6.22 shall be allocated to the Ordinary Shares.
- (j) The rights of any C Shares which remain in issue following Conversion shall with effect from the Conversion Date be amended so that on a return of assets on a winding up or otherwise, they entitle the holder only to payment of one penny in respect of his entire holding of such C Shares and shall entitle the holder to the payment of a fixed cumulative preferential dividend of 0.000000001 pence per C Share

payable annually but no other right to share in the profits of the Company. The holders of such C Shares shall not be entitled to receive notice of or attend or vote at any general meeting of the Company. With effect from the relevant Conversion, each holder of C Shares grants an irrevocable authority on the Company at any time thereafter to appoint any person to execute on behalf of the holders of such C Shares a transfer thereof (and/or an agreement to transfer the same) to such person(s) as the Company may determine as custodian thereof and/or to redeem the same itself (in accordance with the provisions of the Companies Act), in any such case for one penny for all such C Shares held by any member without obtaining any further sanction of the holder or holders thereof and pending such transfer and/or redemption to retain the certificate for such C Shares. Subject to the Companies Act, the Company shall on the relevant Conversion (or as soon as practicable thereafter) redeem all of the relevant C Shares then in issue, at a price of one penny in aggregate for all such C Shares held by any member and redeemed at any one time and the notice referred to in paragraph 6.23(c) shall be deemed to constitute notice to each holder of C Shares (and any person or persons having rights to acquire or acquiring C Shares on or after the Calculation Date) that the C Shares shall be so redeemed (and the Company shall not be obliged to account to any holder of C Shares for the redemption arising in respect of such C Shares).

For the avoidance of doubt, no act undertaken by the Company in accordance with paragraph 6.23(f) shall amount to the variation, alteration or abrogation of the rights attaching to any class of share in the Company.

## **7 CITY CODE ON TAKEOVERS AND MERGERS**

### **7.1 *Mandatory bid***

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- (a) a person acquires an interest in shares which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- (b) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in Shares which increase the percentage of shares carrying voting rights in which that person is interested,

the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding Shares at a price not less than the highest price paid for any interests in the Shares by the acquirer or its concert parties during the previous 12 months.

### **7.2 *Compulsory acquisition***

Under Sections 974 – 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to Section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares

notifying them of their sell-out rights. If a holder of shares exercises its rights, the offeror is bound to acquire those shares on the terms of the takeover offer or on such other terms as may be agreed.

## 8 MATERIAL CONTRACTS OF THE COMPANY

The following are the only contracts, not being contracts entered into in the ordinary course of business that have been entered into by the Company since incorporation and which are, or may be, material, or which have been entered into at any time by the Group and which contain any provision under which any obligation or entitlement is, or may be, material to the Group as at the date of this document:

### 8.1 *The Share Issuance Agreement*

The Share Issuance Agreement dated 1 March 2019 between the Company, the Investment Manager and Liberum, pursuant to which, subject to certain conditions, Liberum has agreed to use its reasonable endeavours to procure subscribers for Ordinary Shares and/or C Shares made available under any Placings under the Share Issuance Programme.

In addition, under the Share Issuance Agreement, Liberum has been appointed as sponsor, financial adviser, sole global coordinator and bookrunner in connection with the proposed applications for Admission of new Shares issued pursuant to the Share Issuance Programme.

The Share Issuance Agreement may be terminated by Liberum in certain customary circumstances prior to 28 February 2020.

The obligations of the Company to issue Shares under any Placing and the obligations of Liberum to use its reasonable endeavours to procure subscribers for Shares under any Placing are conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, among others: (i) Admission of the relevant Shares issued under a Placing occurring no later than 8.00 a.m. on such date as may be mutually agreed between the Company, the Investment Manager and Liberum prior to the closing of that Placing, not being later than 28 February 2020; and (ii) the Share Issuance Agreement becoming wholly unconditional (save as to Admission and any conditions relating to any subsequent issue under the Share Issuance Programme) and not having been terminated in accordance with its terms at any time prior to the relevant Admission.

The Company and the Investment Manager have given warranties to Liberum concerning, *inter alia*, the accuracy of the information contained in this document. The Company has also given indemnities to Liberum. The warranties and indemnities given by the Company and the Investment Manager are customary for an agreement of this nature.

The Share Issuance Agreement is governed by the laws of England and Wales.

### 8.2 *The 2017 Share Issuance Agreement*

The 2017 Share Issuance Agreement dated 28 September 2017 between the Company, the Investment Manager and Fidante Partners Europe Limited (trading as Fidante Capital) ("**Fidante Capital**") pursuant to which, subject to certain conditions, Fidante Capital agreed to use its reasonable endeavours to procure subscribers for Ordinary Shares pursuant to the 2017 Share Issuance Programme. The 2017 Share Issuance Agreement has now terminated.

### 8.3 *IPO Placing and Offer Agreement*

The IPO Placing and Offer Agreement dated 23 April 2015 between the Company, the Directors, the Investment Manager and Fidante Capital pursuant to which, subject to certain conditions, Fidante Capital agreed to use its reasonable endeavours to procure subscribers for Shares at the IPO Issue Price pursuant to the IPO Issue and the 2015 Placing Programme.

### 8.4 *The Facility*

The Facility dated 20 October 2015 between the Company and The Royal Bank of Scotland International Limited (as lender) pursuant to which the lender agreed to make available £40 million. On 11 May 2017 the terms of the Facility were amended to a £32.5 million, 5 year term credit facility with RBS International. On 8 March 2018 the terms of the Facility



were amended to a £60 million, 5 year term credit facility with RBS International and on 22 October 2018 the terms of the Facility were amended and restated to extend the term of the loan facility by three years up to October 2023, incurring arrangement fees of £270,000.

The loan provided to the Company pursuant to the Facility attracts interest at 3 month LIBOR plus 1.4 per cent (for so long as all loans as a percentage of the Company's NAV are less than 40 per cent.). The maximum LTV ratio is 35 per cent. of NAV as measured at drawdown. The Facility is secured by a negative pledge over the Company.

To mitigate the interest rate risk that arises as a result of entering into a variable rate linked loan, the Company has entered into an interest rate cap on £36.5 million of the total balance of the loan at a strike rate of 2.5 per cent. on £26.5 million and 2 per cent. on £10 million, resulting in the loan being 73 per cent. hedged as at 31 December 2018. These interest rate caps are effective until 19 October 2020. The Company has entered into additional interest rate caps on a notional value of £46.51 million at 2.00 per cent. per annum, covering the extension period of the loan from 20 October 2020 to 19 October 2023. The premium paid was £512,000.

The Facility is governed by and construed in accordance with the laws of England and Wales.

#### 8.5 *The Investment Management Agreement*

The amended and restated investment management agreement dated 1 March 2019 between the Company and the Investment Manager pursuant to which the Investment Manager has, subject to overall supervision and direction of the Board, agreed to provide investment management services to the Company and thereby assist the Company in the achievement of its investment objective and investment policy.

Under the Investment Management Agreement the Investment Manager receives a management fee which is calculated and accrues monthly at a rate equivalent to 0.9 per cent. per annum of Net Asset Value (excluding uninvested proceeds from the IPO Issue or any subsequent fundraising). The fee is paid on a quarterly basis based on the prevailing Net Asset Value.

The Investment Management Agreement may be terminated by the Company or the Investment Manager giving 12 months' notice.

The Company may also terminate the Investment Management Agreement (without prejudice to any right of action accruing or already accrued to it) immediately without penalty by notice in writing, *inter alia*, if:

- (i) an order is made or an effective resolution is passed for winding up the Investment Manager or the otherwise than for the purpose of its amalgamation or solvent reconstruction; or
- (ii) the Investment Manager shall be insolvent or stop or threaten to stop carrying on business or payment of its debts or make any arrangement with its creditors generally; or
- (iii) a receiver or administrator of the Investment Manager is appointed over any of its assets or any undertaking of the Investment Manager pursuant to any applicable bankruptcy or insolvency proceedings; or
- (iv) the Investment Manager commits a material breach of duty, negligence, wilful default, fraud or a material breach of applicable requirements in connection with the performance of the management services or a material breach of the Investment Management Agreement, which in each case is either irremediable or not remedied within 30 days of receipt by the Investment Manager of a notice signed on behalf of the Company requiring such breach to be rectified; or
- (v) the Investment Manager fails to obtain (by any required deadline), or ceases to have, any authorisation or permission required by it to act as investment adviser to the Company.

The Investment Manager may also terminate the Investment Management Agreement (without prejudice to any right of action accruing or already accrued to it) immediately without penalty by notice in writing, *inter alia*, if:



- (i) an order is made or an effective resolution is passed for winding up the Company otherwise than for the purpose of its amalgamation or solvent reconstruction; or
- (ii) the Company shall be insolvent or stop or threaten to stop carrying on business or payment of its debts or make any arrangement with its creditors generally; or
- (iii) a receiver or administrator of the Company is appointed over any of its assets or any undertaking of the Company pursuant to any applicable bankruptcy or insolvency proceedings; or
- (iv) the Investment Manager is required to terminate the Investment Management Agreement by any competent governmental or regulatory authority.

The Company has given certain market standard indemnities in favour of the Investment Manager in respect of the Investment Manager's potential losses in carrying on its responsibilities under the Investment Management Agreement.

The Investment Management Agreement is governed by and construed in accordance with the laws of England and Wales.

#### 8.6 *Property Management Agreement*

The Property Management Agreement dated 14 July 2017 between the Company and the Property Manager whereby the Property Manager was appointed to act as property manager of the Company.

The Property Manager is currently entitled to: (i) a fee of 0.325 per cent. of annual rents received (in respect of single let properties); (ii) fees capped at between 7 per cent. and 9.5 per cent. of annual service charges (in respect of multi-let properties); and (iii) a nominal charge (in respect of vacant buildings).

The Property Management Agreement contains market standard provisions under which the Company exempts the Property Manager from liability and indemnifies the Property Manager against liability in the absence of negligence, fraud, wilful default or breach of the terms of the Property Management Agreement for any loss, cost, expense or damage suffered as a result of or in the course of the discharge of the Property Manager's duties under the Property Management Agreement. Such an indemnity is market standard for an agreement of this nature.

The Property Management Agreement may be immediately terminated by the Property Manager by notice in writing if:

- (i) the Company fails to pay any sum payable under the Property Management Agreement to the Property Manager after 28 days' written notice;
- (ii) the Company breaches a material term of the Property Management Agreement and fails to remedy such breach after 28 days' written notice; or
- (iii) the Company becomes insolvent.

The Property Management Agreement has an initial term of three years from 30 September 2017 and thereafter continues in force until terminated by either party giving at least three months' written notice to the other. The Property Management Agreement may otherwise be terminated by the Company if the Property Manager is unable to fulfil its duties under Property Management Agreement after 28 days' notice from the Company or if the Property Manager becomes insolvent.

Upon termination, the Property Manager will be entitled to receive all fees and other monies accrued due up to the date of such termination.

The Property Management Agreement is governed by and construed in accordance with the laws of England and Wales.

#### 8.7 *The Administration Agreement*

The Administration Agreement dated 23 April 2015 and as amended on 10 July 2015 between the Company and Link Alternative Fund Administrators Limited pursuant to which the Administrator acts as administrator to the Company.

Under the terms of the Administration Agreement, the Administrator is entitled to receive a fee of £78,827 per annum (exclusive of VAT). In addition, the Administrator is entitled to a fee of £8,099 per annum (exclusive of VAT) in respect of tax-related work and payroll for the Directors' fees.

The Administration Agreement contains provisions whereby the Company indemnifies and holds harmless the Administrator, its affiliates and their directors, officers, employees and agents from and against any and all losses incurred by such parties resulting or arising from the Administration Agreement except to the extent that any such claims have resulted from the negligence, fraud, fraudulent misrepresentation or wilful default of any such person. Further, the liability of the Administrator to the Company under the Administration Agreement is subject to a cap.

The Administration Agreement is for an initial term of two years from 12 May 2015 and thereafter it is terminable, *inter alia*, upon six months' written notice. The Administration Agreement is also terminable immediately upon the occurrence of certain events including the insolvency of the Company or the Administrator or a party committing a material breach of the Administration Agreement (where such breach has not been remedied within 60 days of written notice being given).

The Administration Agreement is governed by the laws of England and Wales.

#### 8.8 *Company Secretarial Agreement*

The Company Secretarial Agreement dated 23 April 2015 between the Company and Link Company Matters Limited pursuant to which the Company Secretary has been appointed to act as secretary to the Company.

Under the terms of the Company Secretarial Agreement, Link Company Matters Limited is entitled to a company secretary fee of £54,140 per annum (exclusive of VAT) in addition to a fee of £1,876 (exclusive of VAT) in respect of services provided to the subsidiary of the Company.

The Company Secretarial Agreement contains provisions whereby the Company indemnifies and holds harmless Link Company Matters Limited, its affiliates and their directors, officers, employees and agents from and against any and all losses incurred by such parties resulting or arising from the Company Secretarial Agreement and, in addition, any third party claims relating to or arising from or in connection with the Company Secretarial Agreement or the services contemplated therein except to the extent that any such claims have resulted from the fraud, negligence or wilful default of any such person. Further, the liability of Link Company Matters Limited to the Company under the Company Secretarial Agreement is subject to a cap.

The Company Secretarial Agreement is terminable, *inter alia*, upon six months' written notice. The Company Secretarial Agreement is also terminable immediately upon the occurrence of certain events including the insolvency of the Company or Link Company Matters Limited or a party committing a material breach of the Company Secretarial Agreement (where such breach has not been remedied within 45 days of written notice being given).

The Company Secretarial Agreement is governed by the laws of England and Wales.

#### 8.9 *The Registrar Agreement*

The Registrar Agreement dated 23 April 2015 between the Company and Computershare Investor Services PLC pursuant to which the Registrar has agreed to act as registrar to the Company.

Under the terms of the Registrar Agreement, the Registrar is entitled to an annual maintenance fee of £1.20 per Shareholder account, subject to a minimum fee of £3,000 per annum (exclusive of VAT). The fee is subject to increase in line with the CPI. The Registrar is also entitled to activity fees under the Registrar Agreement.

The Registrar Agreement may be terminated on six months' notice and is also terminable on written notice in the event of, *inter alia*, breach of the agreement (which has not been remedied within 21 days' written notice of such breach) or insolvency.

The Company has given certain market standard indemnities in favour of the Registrar in respect of the Registrar's potential losses in carrying on its responsibilities under the Registrar Agreement. The Registrar's liability under the Registrar Agreement is subject to a cap.

The Registrar Agreement is governed by the laws of England and Wales

#### 8.10 *Depository Agreement*

The Depository Agreement dated 23 April 2015 between the Company and the Depository pursuant to which the Company has appointed the Depository to: (i) provide depository services to the Company, including setting up and maintaining securities records and cash accounts; (ii) keep safe custody of the Custody Assets and the Non-custody Assets of the Company entrusted to it (which it shall hold on trust for the Company); (iii) oversee and supervise the Investment Manager and the Company; and (iv), process corporate actions and shareholder votes and collect and process the Company's income.

Under the terms of the Depository Agreement, the Depository is entitled to a fee of £49,855 per annum and subject to annual RPI linked increases calculated on 1 January each year.

The Depository is entitled to reimbursement of all reasonable out-of-pocket expenses incurred in connection with its duties.

The Depository Agreement is terminable by either the Company or the Depository giving to the other not less than six months' written notice. The Depository Agreement may be terminated with immediate effect by either the Company or the Depository on the occurrence of certain events, including: (i) if the other party has committed a material breach or is in persistent breach of the terms of the Depository Agreement; or (ii) in the case of insolvency of a party.

The Company has given certain market standard indemnities in favour of the Depository in respect of the Depository's potential losses in carrying on its responsibilities under the Depository Agreement.

The Depository Agreement is governed by the laws of England and Wales.

### 9 **RELATED PARTY TRANSACTIONS**

Save to the extent disclosed below, the Company has not entered into any related party transaction at any time during the period from incorporation to the date of this document:

- (a) The Directors are considered to be the key management personnel. Details of amounts paid to Directors for their services can be found at paragraph 5.3 of this Part 9 of this document.
- (b) The Company is party to the Investment Management Agreement pursuant to which the Company has appointed the Investment Manager to provide investment management services relating to the respective assets on a day to day basis in accordance with their respective investment objectives and policies, subject to the overall supervision and direction of the Board, as further detailed in paragraph 8 of this Part 9 of this document; and
- (c) On 1 June 2015, the Company purchased 8,035,272 shares (share class E) in the AEW UK Core Property Fund for a cost of £9,627,000 (net of equalization). The investment was deemed to be a related party transaction due to the common influence the Investment Manager has with both parties. During the year ended 30 April 2017, the Company sold 1,675,832 shares in the Core Fund for consideration of £1,995,248. On 9 May 2017, the Company sold its remaining 4.1 per cent. shareholding, representing 6,359,440 shares in the AEW UK Core Property Fund, for total proceeds of £7.6 million.

### 10 **LITIGATION**

There are no governmental, legal or arbitration proceedings, (including any such proceedings pending or threatened of which the Company is aware) during a period covering at least the previous 12 months which may have, or have had in the recent past, a significant effect on the Company and/or the Group's financial position or profitability.

## 11 WORKING CAPITAL

The Company is of the opinion that the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of this document.

## 12 CAPITALISATION AND INDEBTEDNESS

The following table, sourced from the Company's internal accounting records, shows the Company's unaudited indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 31 January 2019 (being a date no earlier than 90 days prior to the date of publication of this document) and the Company's unaudited capitalisation as at 30 September 2018 (being the last date in respect of which the Company has published financial information).

### Unaudited indebtedness as at 31 January 2019

	£'000
Total current debt:	
Guaranteed	—
Secured	—
Unguaranteed/unsecured	4,372
Total non-current debt (excluding current portion of long-term debt):	
Guaranteed	—
Secured	—
Unguaranteed/unsecured	50,000
<b>Total indebtedness</b>	<b>54,372</b>

### Unaudited capitalisation as at 30 September 2018

	£'000
Capitalisation:	
Share capital	148,852
Legal reserves	—
Other reserves	—
<b>Total capitalisation</b>	<b>148,852</b>

There has been no material change to the unaudited capitalisation of the Company since 30 September 2018 to the date of this document.

The following table shows the Company's unaudited net indebtedness as at 31 January 2019:

	<b>£'000</b>
Cash	12,763
Cash equivalent	—
Trading securities	—
Liquidity	12,763
Current financial receivables	1,026
Current bank debt	—
Current portion of non-current debt	—
Other current financial debt	4,372
Current financial debt	4,372
Net-current financial liquidity	(9,417)
Non-current bank loans	50,000
Bonds issued	—
Other non-current loans	—
Non-current financial indebtedness	50,000
Net financial liquidity	40,583

As at 31 January 2019 the Group had no indirect or contingent indebtedness.

### **13 NO SIGNIFICANT CHANGE**

Save to the extent disclosed below, there has been no significant change in the financial condition or trading position of the Group since 30 September 2018, being the end of the period covered by the historical financial information:

- (a) the Company declaring and paying an interim dividend of 2.0 pence per Ordinary Share on 22 October 2018 relating to the period from 30 June 2018 to 30 September 2018;
- (b) the Company declaring and paying a dividend of 2.0 pence per Ordinary Share on 25 January 2019 relating to the period from 30 September 2018 to 31 December 2018;
- (c) the Group extending the terms of its loan facility with RBS International by three years up to 22 October 2023;
- (d) the Group disposing of two properties for gross sale proceeds of £2.25 million; and
- (e) the Group completing one acquisition in Leeds for a purchase price of £6.9 million.

### **14 GENERAL**

- 14.1 The Valuer has given consent to the inclusion of the Valuation Report in this document and to the references to the Valuation Report and to the Valuer in the document in the form and context in which they appear. The Valuer authorises and accordingly takes responsibility for the contents of the Valuation Report for the purposes of Rule 5.5.3(2)(f) of the Prospectus Rules and confirms that the information contained in the Valuation Report is, to the best of its knowledge and having taken all reasonable care to ensure that this is the case, in accordance with the facts and contains no omission likely to affect its import. The Valuer was registered in England and Wales on 3 November 2003 as a UK limited liability partnership under the Limited Liability Partnerships Act 2000 (registered number OC305934). The Valuer's registered office is situated at 55 Baker Street, London W1U 8AN (telephone number +44 (0)20 7629 8171).

- 14.2 The Investment Manager is a UK limited liability partnership incorporated on 31 August 2011 in England and Wales under the Limited Liability Partnerships Act 2000 with registration number OC367686. The Investment Manager is regulated by the Financial Conduct Authority. The address of the Investment Manager is 33 Jermyn Street, London SW1Y 6DN and its telephone number is +44 (0)20 7016 4880. The Investment Manager has given and not withdrawn its written consent to the issue of this document with references to its name in the form and context in which such references appear.
- 14.3 Where third party information has been referenced in this document, the source of that third party information has been disclosed. All information in this document that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## 15 AUDITORS

KPMG LLP of 15 Canada Square, London E14 5GL is the auditor and reporting accountant for the Group and has been the only auditor of the Company since its incorporation. KPMG is a member of the Institute of Chartered Accountants in England and Wales.

## 16 AIFM DIRECTIVE DISCLOSURES

- 16.1 Shareholders are obliged to comply with the shareholding notification and disclosure requirements set out in Chapter 5 of the DTRs. A Shareholder is required pursuant to Chapter 5 of the DTRs to notify the Company if, as a result of an acquisition or disposal of shares or financial instruments, the Shareholder's percentage of voting rights of the Company reaches, exceeds or falls below, three per cent. of the Company's voting rights or any one per cent. threshold above that.
- 16.2 While investors acquire an interest in the Company on subscribing for or purchasing Shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, Shareholders have no direct legal or beneficial interest in those investments. The liability of Shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the Shares held by them.
- 16.3 Shareholders' rights in respect of their investment in the Company are governed by the Articles and the Act. Under English law, the following types of claim may in certain circumstances be brought against a company by its shareholders: contractual claims under its articles of association; claims in misrepresentation in respect of statements made in its prospectus and other marketing documents; unfair prejudice claims; and derivative actions. In the event that a Shareholder considers that it may have a claim against the Company in connection with such investment in the Company, such Shareholder should consult its own legal advisers.
- 16.4 By subscribing for Shares, investors agree to be bound by the Articles which is governed by, and construed in accordance with, the laws of England and Wales.
- 16.5 Regulation (EC) 593/2008 ("**Rome I**") must be applied in all member states of the European Union (other than Denmark). Accordingly, where a matter comes before the courts of a relevant member state, the choice of a governing law in any given agreement is subject to the provisions of Rome I. Under Rome I, the member state's court may apply any rule of that member state's own law which is mandatory irrespective of the governing law and may refuse to apply a rule of governing law if it is manifestly incompatible with the public policy of that member state. Further, where all other elements relevant to the situation at the time of the choice are located in a country other than the country whose law has been chosen, the choice of the parties shall not prejudice the application of provisions of the law of that other country which cannot be derogated from by agreement. Shareholders should note that there are a number of legal instruments providing for the recognition and enforcement of foreign judgments in England. Depending on the nature and jurisdiction of the original judgment, Council Regulation (EC) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, Regulation (EC) No 805/2004 of the European Parliament and of the Council of 21 April 2004 creating a European Enforcement Order for uncontested claims, the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters done at Lugano



on 30 October 2007, the Administration of Justice Act 1920 and the Foreign Judgment (Reciprocal Enforcement) Act 1933 may apply. There are no legal instruments providing for the recognition and enforcement of judgments obtained in jurisdictions outside those covered by the instruments listed above, although such judgments might be enforceable at common law.

- 16.6 The Company is reliant on the performance of third party service providers, including the Administrator, the Depositary, the Auditor, the Valuer and the Registrar. Without prejudice to any potential right of action in tort that a Shareholder may have to bring a claim against a service provider, each Shareholder's contractual relationship in respect of its investment in Shares is with the Company only. Accordingly, no Shareholder will have any contractual claim against any service provider with respect to such service provider's default. In the event that a Shareholder considers that it may have a claim against a third party service provider in connection with such Shareholder's investment in the Company, such Shareholder should consult its own legal advisers. The above is without prejudice to any right a Shareholder may have to bring a claim against an FCA authorised service provider under section 138D of FSMA (which provides that breach of an FCA rule by such service provider is actionable by a private person who suffers loss as a result), or any tortious cause of action. Shareholders who believe they may have a claim under section 138D of FSMA, or in tort, against any service provider in connection with their investment in the Company, should consult their legal adviser.
- 16.7 The Investment Manager has agreed, pursuant to the Investment Management Agreement, to maintain from admission of the Ordinary Shares issued pursuant to the IPO Issue to trading on the Main Market and to the premium listing segment of the Official List, until the sixth anniversary of the date of termination of the Investment Management Agreement, professional indemnity cover of not less than £10 million.
- 16.8 The Investment Manager has not delegated any significant function and is responsible for the discretionary portfolio management and exercising the risk management function in respect of the Company.
- 16.9 The Depositary has not delegated any safe keeping functions in respect of the Company.
- 16.10 The Company is a closed-end listed investment company and, as such, Shareholders in the Company have no right to redeem their Shares. Liquidity risk is therefore the risk that a position held by the Company cannot be realised at a reasonable value sufficiently quickly to meet the obligations (primarily, debt) of the Company as they fall due. In managing the Company's assets therefore the Investment Manager seeks to ensure that the Company holds at all times a sufficient portfolio of assets to enable it to discharge its payment obligations.
- 16.11 The annual running costs of the Company are estimated to be in the region of £0.5 million excluding any non-recurring or extraordinary expenses. Given that many of the fees are irregular in their nature, the maximum amount of fees, charges and expenses that Shareholders will bear in relation to their investment cannot be disclosed in advance.
- 16.12 As a company whose Ordinary Shares are listed on the premium segment of the Official List, the Company is required under the Premium Listing Principles to treat all Shareholders of a given class equally.
- 16.13 The Shares issued pursuant to the Share Issuance Programme will be admitted to trading on the London Stock Exchange's Main Market for listed securities. Accordingly, the Shares may be purchased and sold on the Main Market. Shares may be issued at the Board's discretion (in consultation with the Investment Manager and Liberum) and providing relevant shareholder issuance authorities are in place. While the Company will typically have Shareholder authority to buy back Shares any such buy back is at the absolute discretion of the Board and no expectation or reliance should be placed on the Board exercising such discretion.
- 16.14 As at 31 December 2018 (the latest practicable date prior to the publication of this document), the unaudited Net Asset Value per Share was 100.37 pence. When published, net asset value announcements can be found on the Company's website: <http://www.aewukreit.com/>.

- 16.15 The Company has published its third annual report and accounts period ended 31 March 2018 in line with FUND 3.3. When published, annual reports and interim financial statements can be found on the Company's website: <http://www.aewukreit.com/>.
- 16.16 The Depositary, its affiliates or third parties to whom safekeeping duties are delegated under the Depositary Agreement may not reuse the assets.
- 16.17 In order to meet the requirements of paragraphs 4 and 5 of Article 23 of the AIFM Directive, the Company intends to disclose annually in the Company's annual report: (i) the percentage of the Company's assets that are subject to special arrangements arising from their illiquid nature if applicable; (ii) any new arrangements for managing the liquidity of the Company, and (iii) the current risk profile of the Company and the risk management systems employed by the Investment Manager to manage those risks. Information will also be provided to investors regarding any changes to: (i) the maximum level of leverage that the Investment Manager may employ on behalf of the Company; (ii) any right of reuse of collateral or any guarantee granted under the leveraging arrangement; and (iii) the total amount of leverage employed by the Company.

## **17 DOCUMENTS AVAILABLE FOR INSPECTION**

- 17.1 Copies of the following documents will be available for inspection at the registered office of the Company and the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the life of this document:
- (a) the memorandum of association of the Company and the Articles;
  - (b) the audited financial statements of the Company for the period from incorporation to 30 April 2016;
  - (c) the audited financial statements of the Company for the financial year ended 30 April 2017;
  - (d) the audited financial statements of the Company for the financial period ended 31 March 2018;
  - (e) the interim unaudited financial statements of the Company for the financial period ended 31 October 2017;
  - (f) the interim unaudited financial statements of the Company for the financial period ended 30 September 2018;
  - (g) the Valuation Report; and
  - (h) this document.

1 March 2019

## PART 10

### DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

<b>2015 Placing Programme</b>	the issue of 17,010,000 Ordinary Shares at a premium to NAV per Ordinary Share pursuant to a placing programme put in place at the time of the Company's IPO
<b>2017 Share Issuance Programme</b>	the issue of 27,911,001 Ordinary Shares at a premium to NAV per Ordinary Share pursuant to a share issuance programme opening on 28 September 2017 and closing on 27 September 2018
<b>Administration Agreement</b>	the administration agreement between the Company and the Administrator, a summary of which is set out in paragraph 8.7 of Part 9 of this document
<b>Administrator</b>	Link Alternative Fund Administrators Limited
<b>Admission</b>	admission to trading on the Main Market of any Shares becoming effective in accordance with the LSE Admission Standards and admission of any C Shares to the standard segment, and of any Ordinary Shares to the premium segment, of the Official List becoming effective in accordance with the Listing Rules
<b>AEW</b>	AEW SA and its subsidiaries
<b>AEW Funds</b>	those funds under the management of the Investment Manager from time to time
<b>AEW Group</b>	the Investment Manager, AEW SA and AEW Capital Management LP and their respective subsidiaries
<b>AEW UK Core Property Fund</b>	AEW UK Core Property Fund, a property investment fund and a sub-fund of the AEW UK Real Estate Fund an open ended investment company
<b>affiliate or affiliates</b>	an affiliate of, or person affiliated with, a person; a person that, directly or indirectly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified
<b>AIC</b>	the Association of Investment Companies
<b>AIC Code</b>	the AIC Code of Corporate Governance
<b>AIC Guide</b>	the AIC Corporate Governance Guide for Investment Companies, as amended from time to time
<b>AIF</b>	an alternative investment fund
<b>AIFM</b>	an alternative investment fund manager
<b>AIFM Directive</b>	the European Union's Alternative Investment Fund Managers directive (No. 2011/61/EU) and all legislation made pursuant thereto, including, where applicable, the applicable implementing legislation and regulations in each member state of the European Union
<b>Articles</b>	the articles of association of the Company
<b>Audit Committee</b>	the audit committee of the Board
<b>Auditor</b>	KPMG LLP
<b>Business Day</b>	any day which is not a Saturday or Sunday, Christmas Day, Good Friday or a bank holiday in the City of London
<b>C Shares</b>	convertible redeemable preference shares of £0.01 each in the capital of the Company having the rights and being subject to the restrictions set out in the Articles

<b>Capital gains tax or CGT</b>	UK taxation of capital gains or corporation tax on chargeable gains, as the context may require
<b>certificated or in certificated form</b>	not in uncertificated form
<b>Companies Act or Act</b>	the Companies Act 2006 and any statutory modification or re-enactment thereof for the time being in force
<b>Company</b>	AEW UK REIT plc
<b>Company Secretarial Agreement</b>	the Company Secretary agreement between the Company and the Company Secretary, a summary of which is set out in paragraph 8.8 of Part 9 of this document
<b>Company Secretary</b>	Link Company Matters Limited
<b>CREST</b>	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
<b>CREST Member Account ID</b>	the identification code or number attached to any member account in CREST
<b>CTA 2010</b>	Corporation Tax Act 2010 and any statutory modification or re-enactment thereof for the time being in force
<b>Custody Assets</b>	(i) all financial instruments which are not capable of being physically delivered to the Depositary but that can be registered or held in an account directly or indirectly in the name of the Depositary and are transferable securities including those which embed derivatives, money market instruments or units of collective investment undertakings; and (ii) all financial instruments belonging to the Company or the Investment Manager acting on its behalf, which are capable of being physically delivered to the Depositary
<b>Data Protection Legislation</b>	all laws relating to data protection and privacy which are from time to time applicable to the Company or any of the Subsidiaries (or any part of their business), including (but not limited to): (i) the Data Protection Act 1998 and all other applicable national laws, regulations and secondary legislation implementing European Directive 95/46/EC; (ii) the General Data Protection Regulation (EU) 2016/679 and all related national laws, regulations and secondary legislation, including the Data Protection Act 2018; and (iii) the Privacy and Electronic Communications (EC Directive) Regulations 2003 (SI 2003/2426) and all other applicable national laws, regulations and secondary legislation implementing European Directive 2002/58/EC, in each case as amended, replaced or updated from time to time and together with any subordinate or related legislation made under any of the foregoing
<b>Depositary</b>	Langham Hall UK LLP
<b>Depositary Agreement</b>	the depositary agreement between the Company and the Depositary, a summary of which is set out in paragraph 8.10 of Part 9 of this document
<b>Directors or Board</b>	the board of directors of the Company
<b>Disclosure Guidance and Transparency Rules or DTRs</b>	the disclosure guidance and transparency rules made by the FCA, in the case of the transparency rules, under Section 73A of FSMA
<b>Distribution</b>	any dividend or other distribution on or in respect of the Shares of the Company and references to a Distribution being paid include a distribution not involving a cash payment being made
<b>Distribution Transfer</b>	a disposal or transfer (however effected) by a Person of his rights to a Distribution from the Company such that he is not beneficially entitled (directly or indirectly) to such a Distribution and no Person

	who is so entitled subsequent to such disposal or transfer (whether the immediate transferee or not) is (whether as a result of the transfer or not) a Substantial Shareholder
<b>Distribution Transfer Certificate</b>	a certificate in such form as the Directors may specify from time to time to the effect that the relevant person has made a Distribution Transfer, which certificate may be required by the Directors to satisfy them that a Substantial Shareholder is not beneficially entitled (directly or indirectly) to a Distribution
<b>Dividend Policy</b>	the dividend policy of the Company which is set out in Part 1 of this document
<b>ERISA</b>	U.S. Employee Retirement Income Security Act of 1976, as amended
<b>EU</b>	the European Union
<b>Euroclear</b>	Euroclear UK & Ireland Limited, being the operator of CREST
<b>Excluded Territories</b>	Australia, Canada, Japan and the Republic of South Africa
<b>Excess Charge</b>	in relation to a Distribution which is paid or payable to a Person, all tax or other amounts which the Directors consider may become payable by the Company under Section 551 of the CTA 2010 and any interest, penalties, fines or surcharge attributable to such tax as a result of such Distribution being paid to or in respect of that Person
<b>Facility</b>	the facility agreement entered into between the Company and RBS International dated 20 October 2015 as amended on 8 March 2018 and 22 October 2018
<b>FCA</b>	the Financial Conduct Authority
<b>First Offer for Subscription</b>	the first offer for subscription of C Shares pursuant to the Share Issuance Programme which, if the Directors so determine, is expected to open on 3 June 2019 and close on 14 June 2019, further details of which will be confirmed at the relevant time by RIS
<b>First Intermediaries Offer</b>	the first intermediaries offer of C Shares pursuant to the Share Issuance Programme which, if the Directors so determine, is expected to open on 3 June 2019 and close on 14 June 2019, further details of which will be confirmed at the relevant time by RIS
<b>FSMA</b>	the Financial Services and Markets Act 2000 and any statutory modification or re-enactment thereof for the time being in force
<b>Group</b>	the Company and the other companies in its group for the purposes of Section 606 of CTA 2010
<b>Gross Asset Value</b>	the aggregate value of the total assets of the Company as determined in accordance with the accounting principles adopted by the Company from time-to-time
<b>HMRC</b>	Her Majesty's Revenue and Customs
<b>IFRS</b>	International Financial Reporting Standards as adopted by the European Union
<b>Intermediaries</b>	any intermediary that is appointed by the Company in connection with any Intermediaries Offer after the date of this document and “ <b>Intermediary</b> ” shall mean any one of them
<b>Intermediaries Offer</b>	the First Intermediaries Offer and/or the Second Intermediaries Offer and/or the Third Intermediaries Offer (as the context requires)
<b>interest in the Company</b>	includes, without limitation, an interest in a Distribution made or to be made by the Company

<b>Investment Manager</b>	AEW UK Investment Management LLP
<b>Investment Management Agreement</b>	the investment management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 8.5 of Part 9 of this document
<b>Investment Objective</b>	the investment objective of the Company which is set out in Part 1 of this document
<b>Investment Policy</b>	the investment policy of the Company which is set out in Part 1 of this document
<b>Investment Restrictions</b>	the investment restrictions of the Company which is set out in Part 1 of this document
<b>Investment Strategy</b>	the investment strategy of the Company which is set out in Part 1 of this document
<b>IPD</b>	Investment Property Databank
<b>IPO</b>	the admission to trading on the London Stock Exchange's Main Market of the share capital of the Company and admission of the Ordinary Shares to listing on the premium segment of the Official List on 12 May 2015
<b>IPO Issue</b>	the issue of 100,499,999 Ordinary Shares pursuant to the placing and offer for subscription at the time of the Company's IPO
<b>IPO Issue Price</b>	£1.00 per Share
<b>IPO Placing and Offer Agreement</b>	the placing and offer agreement in connection with the IPO Issue, a summary of which is set out in paragraph 8.3 of Part 9 of this document
<b>ISA</b>	a UK individual savings account
<b>ISIN</b>	International Securities Identification Number
<b>Issue</b>	together a Placing, an Offer for Subscription and an Intermediaries Offer of C Shares under the Share Issuance Programme
<b>KIDs</b>	the key information documents relating to the Ordinary Shares and the C Shares produced pursuant to the PRIIPs Regulation, as amended and updated from time to time
<b>Liberum</b>	Liberum Capital Limited
<b>Listing Rules</b>	the listing rules made by the UK Listing Authority pursuant to Part VI of FSMA
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>LSE Admission Standards</b>	the admission and disclosure standards published by the London Stock Exchange on 8 May 2017
<b>Main Market</b>	the London Stock Exchange's main market for listed securities
<b>Management Engagement and Remuneration Committee</b>	the management engagement and remuneration committee of the Board
<b>MAR</b>	Market Abuse Regulation (596/2014/EU)
<b>Net Asset Value or NAV</b>	the value, as at any date, of the assets of the Company after deduction of all liabilities determined in accordance with the accounting policies adopted by the Company from time-to-time
<b>Net Asset Value per C Share or NAV per C Share</b>	at any time the Net Asset Value attributable to the C Shares divided by the number of C Shares in issue at the date of calculation
<b>Net Asset Value per Ordinary Share or NAV per Ordinary Share</b>	at any time the Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue (other than Ordinary Shares held in treasury) at the date of calculation



<b>Non-custody Assets</b>	assets which, in accordance with applicable national law, are only directly registered in the name of the Group with the issuer itself as agent, such as a registrar or a transfer agent
<b>Non-PID Dividend</b>	a distribution by the Company which is not a PID
<b>MAR</b>	Market Abuse Regulation (596/2014/EU)
<b>Offer</b>	together an Offer for Subscription and an Intermediaries Offer
<b>Offer for Subscription</b>	the First Offer for Subscription and/or the Second Offer for Subscription and/or the Third Offer for Subscription (as the context requires)
<b>Offer Price</b>	the price at which C Shares will be issued pursuant to an Issue under the Share Issuance Programme, as set out on page 40 of this document
<b>Official List</b>	the Official List of the UK Listing Authority
<b>Ordinary Shares</b>	ordinary shares of £0.01 each in the capital of the Company
<b>Overseas Persons</b>	a potential investor who is not resident in, or who is not a citizen of, the UK
<b>Person</b>	includes a body of persons, corporate or unincorporated, wherever domiciled
<b>Placee</b>	a person subscribing for Shares pursuant to any Placing
<b>Placing</b>	a placing of Ordinary Shares or C Shares pursuant to the Share Issuance Programme made to Placees in accordance with the terms of the Share Issuance Agreement
<b>Placing-Only Issue</b>	an issue of Ordinary Shares or C Shares under the Share Issuance Programme which comprises only a Placing and does not include an offer for subscription or an intermediaries offer component
<b>Placing Price</b>	the price at which Ordinary Shares or C Shares will be issued pursuant to a Placing-Only Issue under the Share Issuance Programme, as set out on page 40 of this document
<b>PID or Property Income Distribution</b>	the distribution by the Company of the profits of the Group's Property Rental Business, including distributions received by the Group from other UK REITs, by way of a dividend in cash or the issue of share capital in lieu of a cash dividend in accordance with Section 530 of the CTA 2010
<b>Portfolio</b>	at any time, the portfolio of assets and investments in which the funds of the Company are invested
<b>Premium Listing Principles</b>	the premium listing principles, as set out in the Listing Rules
<b>PRIPs Regulation</b>	Regulation EU No.1286/2014 on key information documents for packaged retail and insurance-based investment products
<b>Privacy Notice</b>	the privacy notice issued by the Company in compliance with Data Protection Legislation and provided on the Company's website
<b>Property Manager</b>	M J Mapp Limited
<b>Property Management Agreement</b>	the property management agreement between the Company and the Property Manager, a summary of which is set out in paragraph 8.6 of Part 9 of this document
<b>Property Rental Business</b>	the qualifying property rental business in the UK and elsewhere of UK resident companies within a REIT and non-UK resident companies within a REIT with a UK qualifying property rental business

<b>Propex</b>	secure data exchange for the institutional property market; it is an online platform that allows its members to electronically introduce, receive and store property investment opportunities
<b>Prospectus</b>	this document prepared in accordance with the Prospectus Rules dated 1 March 2019
<b>Prospectus Directive</b>	the EU Prospectus Directive 2003/71/EC
<b>Prospectus Rules</b>	the prospectus rules made by the Financial Conduct Authority under Section 73A of FSMA
<b>RBS International</b>	The Royal Bank of Scotland International Limited
<b>Receiving Agent</b>	the receiving agent to be appointed by the Company in advance of the First Offer for Subscription
<b>Register</b>	the register of members of the Company
<b>Registrar</b>	Computershare Investor Services PLC, in its capacity as the Company's registrar
<b>Registrar Agreement</b>	the registrar agreement between the Company and the Registrar, a summary of which is set out in paragraph 8.9 of Part 9 of this document
<b>Regulation S</b>	Regulation S promulgated under the U.S. Securities Act
<b>Regulatory Information Service or RIS</b>	a service authorised by the UKLA to release regulatory announcements to the London Stock Exchange
<b>REIT or Real Estate Investment</b>	a Real Estate Investment Trust as defined in Part 12 of the CTA Trust 2010
<b>Relevant Member State</b>	a member state of the European Economic Area which has implemented the Prospectus Directive
<b>Relevant Registered Shareholder</b>	a Shareholder who holds all or some of the shares in the Company that comprise a Substantial Shareholding (whether or not a Substantial Shareholder)
<b>Residual Business</b>	that part of the business of companies within a REIT that is not part of the Property Rental Business
<b>Reporting Obligation</b>	any obligation from time to time of the Company to provide information or reports to HMRC as a result of or in connection with the Company's status, or the Group's status as a REIT
<b>RICS</b>	Royal Institution of Chartered Surveyors
<b>SDLT</b>	stamp duty land tax
<b>SDRT</b>	stamp duty reserve tax
<b>Second Offer for Subscription</b>	the second offer for subscription of C Shares pursuant to the Share Issuance Programme which, if the Directors so determine, is expected to open on 7 October 2019 and close on 18 October 2019, further details of which will be confirmed at the relevant time by RIS
<b>Second Intermediaries Offer</b>	the second intermediaries offer of C Shares pursuant to the Share Issuance Programme which, if the Directors so determine, is expected to open on 7 October 2019 and close on 18 October 2019, further details of which will be confirmed at the relevant time by RIS
<b>Shareholder</b>	a holder of Shares
<b>Share Issuance Agreement</b>	the share issuance agreement between the Company, the Investment Manager, the Directors and Liberum, a summary of which is set out in paragraph 8.1 of Part 9 of this document
<b>Share Issuance Programme</b>	the programme under which the Company intends to issue Ordinary Shares and/or C Shares in Tranches on the terms set out in this document

<b>Shares</b>	Ordinary Shares and/or C Shares (as the context requires)
<b>SIPP</b>	a self-invested personal pension as defined in Regulation 3 of the UK Retirement Benefits Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001
<b>SSAS</b>	a small self-administered scheme as defined in Regulation 2 of the UK Retirement Benefits Schemes (Restriction on Discretion to Approve) (Small Self-Administered Schemes) Regulations 1991
<b>Sterling or £</b>	the lawful currency of the United Kingdom
<b>Substantial Shareholder</b>	any person whose interest in the Company, whether legal or beneficial, direct or indirect, may cause the Company to be liable to pay tax under Section 551 of CTA 2010 (as such legislation may be modified, supplemented or replaced from time to time) on or in connection with the making of a Distribution to or in respect of such person including, at the date of adoption of the Articles, any holder of excessive rights as defined in Section 553 of CTA 2010
<b>Substantial Shareholding</b>	the Shares in relation to which or by virtue of which (in whole or in part) a person is a Substantial Shareholder
<b>Takeover Code</b>	the UK City Code on Takeovers and Mergers
<b>Target Returns</b>	those returns targeted by the Company from time to time
<b>Terms and Conditions of Application</b>	the terms and conditions of application set out in Part 12 of this document in connection with an Offer for Subscription
<b>Third Offer for Subscription</b>	the third offer for subscription of C Shares pursuant to the Share Issuance Programme which, if the Directors so determine, is expected to open on 3 February 2020 and close on 14 February 2020, further details of which will be confirmed at the relevant time by RIS
<b>Third Intermediaries Offer</b>	the third intermediaries offer of C Shares pursuant to the Share Issuance Programme which, if the Directors so determine, is expected to open on 3 February 2020 and close on 14 February 2020, further details of which will be confirmed at the relevant time by RIS
<b>Tranche</b>	a tranche of Shares issued under the Share Issuance Programme
<b>UK Corporate Governance Code</b>	the UK Corporate Governance Code as published by the Financial Reporting Council from time-to-time
<b>UK Listing Authority or UKLA</b>	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>UK Money Laundering Regulations</b>	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>United States of America, United States or U.S.</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>U.S. Code</b>	U.S. Internal Revenue Code, as amended
<b>U.S. Investment Company Act</b>	U.S. Investment Company Act of 1940, as amended
<b>U.S. Person</b>	any person who is a U.S. person within the meaning of Regulation S adopted under the U.S. Securities Act
<b>U.S. Securities Act</b>	U.S. Securities Act of 1933, as amended
<b>Valuation Report</b>	the valuation report prepared by the Valuer in relation to the Portfolio as at the date of this document, as set out at Part 7 of this document

<b>Valuer</b>	Knight Frank LLP, in its capacity as the Company's independent valuer
<b>VAT</b>	value added tax

## **PART 11**

### **TERMS AND CONDITIONS OF A PLACING**

#### **1 INTRODUCTION**

- 1.1 Each Placee which confirms its agreement (whether orally or in writing) to Liberum to acquire Shares pursuant to any Placing will be bound by these terms and conditions and will be deemed to have accepted them.
- 1.2 Liberum may require any Placee procured by it to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as Liberum (in its absolute discretion) sees fit and may require any such Placee to execute a separate placing letter.

#### **2 AGREEMENT TO ACQUIRE SHARES**

Conditionally upon:

- 2.1 Admission of the relevant Shares issued under a Placing occurring no later than 8.00 a.m. on such date as may be mutually agreed between the Company, the Investment Manager and Liberum prior to the closing of that Placing, not being later than 28 February 2020;
- 2.2 the Share Issuance Agreement becoming otherwise unconditional in all respects in relation to the relevant Placing, as applicable, (save as to Admission of the relevant Shares) and not having been terminated in accordance with its terms on or before the date of the relevant Admission; and
- 2.3 Liberum confirming to Placees their allocation of Shares,  
each Placee agrees to become a member of the Company and agrees to subscribe for those Ordinary Shares or C Shares allocated to it by Liberum at the applicable Placing Price in the case of any Placing.
- 2.4 To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

#### **3 PAYMENT FOR SHARES**

- 3.1 Each Placee must pay the applicable Placing Price for the Shares issued to the Placee in the manner and by such time as directed by Liberum. If any Placee fails to pay as so directed and/or by the time required by Liberum, the relevant Placee shall be deemed hereby to have appointed Liberum or any nominee of Liberum as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the Shares allocated to the Placee in respect of which payment shall not have been made as directed, and to indemnify Liberum and its affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales.
- 3.2 A sale of all or any of such Shares shall not release the relevant Placee from the obligation to make such payment for relevant Shares to the extent that Liberum or its nominee has failed to sell such Shares at a consideration which, after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, exceeds the applicable Placing Price per Share.

#### **4 REPRESENTATIONS AND WARRANTIES**

By agreeing to subscribe for Shares, each Placee which enters into a commitment with Liberum to subscribe for Shares will (for itself and any person(s) procured by it to subscribe for Shares and any nominee(s) for any such person(s)) be deemed to represent and warrant to Liberum, the Registrar, the Company, the Investment Manager and their respective officers, agents and employees that:

- 4.1 it is not a U.S. Person, is not located within the United States and is not acquiring the Shares for the account or benefit of a U.S. Person;
- 4.2 it is acquiring the Shares in an offshore transaction meeting the requirements of Regulation S;

- 4.3 it has received, carefully read and understands the Prospectus, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted the Prospectus or any other presentation or offering materials concerning the Shares into or within the United States or to any U.S. Persons, nor will it do any of the foregoing;
- 4.4 it is relying solely on the Prospectus and any supplementary prospectus issued by the Company prior to the relevant Admission and not on any other information given, or representation or statement made at any time, by any person concerning the Company and/or any Placing. It agrees that none of the Company, Liberum, the Investment Manager nor the Registrar nor any of their respective officers, agents or employees will have any liability for any other information, representation or statement made or purported to be made by them or on its or their behalf in connection with the Company and/or any Placing and irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- 4.5 if the laws of any territory or jurisdiction outside England and Wales are applicable to its agreement to subscribe for Shares under any Placing, it has complied with all such laws, obtained all governmental and other consents, licences and authorisations which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the breach, whether by itself, the Company, Liberum, the Registrar, the Investment Manager or any of their respective directors, officers, agents or employees of the regulatory or legal requirements, directly or indirectly, of any other territory or jurisdiction in connection with any Placing;
- 4.6 it has carefully read and understands the Prospectus in its entirety and acknowledges that it is acquiring Shares on the terms and subject to the conditions set out in this Part 11 and the Articles as in force at the date of the relevant date of Admission in the case of any Placing and agrees that in accepting a participation in any Placing it has had access to all information it believes necessary or appropriate in connection with its decision to subscribe for the Shares;
- 4.7 it has not relied on Liberum or any person affiliated with Liberum in connection with any investigation of the accuracy or completeness of any information contained in the Prospectus or any supplementary prospectus published by the Company prior to the relevant Admission;
- 4.8 the content of the Prospectus and any supplementary prospectus published by the Company prior to the relevant Admission is exclusively the responsibility of the Company, and the Directors and neither Liberum nor any person acting on either of their behalf nor any of their affiliates is responsible for or shall have any liability for any information, representation or statement contained in the Prospectus or any supplementary prospectus published by the Company prior to the relevant Admission or any information published by or on behalf of the Company, including the KID, and will not be liable for any decision by a Placee to participate in any Placing based on any information, representation or statement contained in the Prospectus or any supplementary prospectus published by the Company prior to the relevant Admission or otherwise;
- 4.9 it acknowledges that no person is authorised in connection with any Placing to give any information or make any representation other than as contained in the Prospectus and any supplementary prospectus published by the Company prior to the relevant Admission and, if given or made, any information or representation must not be relied upon as having been authorised by Liberum or the Company;
- 4.10 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- 4.11 its allocation of Shares under any Placing will be evidence by Contract Note or Placing Confirmation, as applicable confirming: (i) the number of Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such Shares; and (iii) settlement instructions to pay the Placing Agent as agent for the Company. The Terms of this Part 11 will be deemed to be incorporated into that Contract Note or Placing Confirmation;



- 4.12 settlement of transaction in the Shares following relevant Admission will take place in CREST but the Placing Agent reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or Placing Confirmation, in the Placing Letter or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction;
- 4.13 it acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and in compliance with all applicable state securities laws and under circumstances that would not require the Company to register under the U.S. Investment Company Act;
- 4.14 it accepts that none of the Shares have been or will be registered under the laws of any Excluded Territory or any other jurisdiction where the extension or availability of the Placing would breach any applicable law. Accordingly, the Shares may not be offered, sold or delivered, directly or indirectly, within any Excluded Territory or any other jurisdiction where the extension or availability of the Placing would breach any applicable law unless an exemption from any registration requirement is available;
- 4.15 it acknowledges that the Company has not registered under the U.S. Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, to ensure that the Company is not and will not be required to register under the Investment Company Act;
- 4.16 it will not be entitled to the benefits of the US Investment Company Act;
- 4.17 no portion of the assets used to acquire, and no portion of the assets used to hold, the Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an "employee benefit plan" as defined in section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a "plan" as defined in Section 4975 of the U.S. Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Code; or (iii) an entity whose underlying assets are considered to include "plan assets" by reason of investment by an "employee benefit plan" or a "plan" described in preceding clause (i) or (ii) in such entity, pursuant to 29. C.F.R. 2510.3-101 as modified by Section 3(42) of ERISA. In addition, if an investor is a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the U.S. Code, its acquisition, holding, and disposition of the Shares will not constitute a violation of law or result in a non-exempt prohibited transaction under Section 503 of the U.S. Code or any substantially similar law;
- 4.18 if any Shares are issued to it in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

AEW UK REIT PLC (THE "COMPANY") HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "U.S. INVESTMENT COMPANY ACT"). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (I) IN AN OFFSHORE TRANSACTION COMPLYING WITH THE PROVISIONS OF REGULATION S UNDER THE U.S. SECURITIES ACT TO A PERSON OUTSIDE THE UNITED STATES AND NOT KNOWN BY THE TRANSFEROR TO BE A U.S. PERSON, BY PRE-ARRANGEMENT OR OTHERWISE AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE U.S. INVESTMENT COMPANY ACT, OR (II) WITHIN THE UNITED STATES IN ACCORDANCE WITH RULE 144 OF THE U.S. SECURITIES ACT, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION IN THE UNITED STATES, IN EACH CASE OF CLAUSE (I) OR (II), IN ACCORDANCE WITH ALL

APPLICABLE SECURITIES LAWS, UPON SURRENDER OF THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE AND DELIVERY OF A WRITTEN CERTIFICATION THAT SUCH TRANSFEROR IS IN COMPLIANCE WITH THE REQUIREMENTS OF THIS CLAUSE IN THE FORM OF A DULY COMPLETED AND SIGNED OFFSHORE TRANSACTION LETTER (THE FORM OF WHICH MAY BE OBTAINED FROM THE REGISTRAR) TO THE COMPANY, WITH COPIES TO THE REGISTRAR AND THE ADMINISTRATOR. IN ADDITION, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO ANY PERSON USING THE ASSETS OF (I) (A) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF ERISA THAT IS SUBJECT TO TITLE I OF ERISA; (B) A "PLAN" AS DEFINED IN SECTION 4975 OF THE U.S. CODE, INCLUDING AN INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE CODE; OR (C) AN ENTITY WHICH IS DEEMED TO HOLD THE ASSETS OF ANY OF THE FOREGOING TYPES OF PLANS, ACCOUNTS OR ARRANGEMENTS THAT IS SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE U.S. CODE OR (II) A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE U.S. CODE IF THE PURCHASE, HOLDING OR DISPOSITION OF THE SECURITIES WILL NOT RESULT IN A VIOLATION OF APPLICABLE LAW AND/OR CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 503 OF THE U.S. CODE OR ANY SUBSTANTIALLY SIMILAR LAW.

- 4.19 if in the future it decides to offer, sell, transfer, assign, pledge or otherwise dispose of the Shares or any beneficial interest therein, it will do so only: (i) in an "offshore transaction" complying with the provisions of Regulation S under the U.S. Securities Act to a person outside the United States and not known by the transferor to be a U.S. Person, by prearrangement or otherwise; (ii) within the United States in accordance with Rule 144 of the U.S. Securities Act, if available, and in compliance with any applicable securities laws of any state or other jurisdiction in the United States; or (iii) to the Company or a subsidiary thereof;
- 4.20 it is acquiring the Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Shares in any manner that would violate the U.S. Securities Act, the U.S. Investment Company Act or any other applicable securities laws;
- 4.21 if it is within the United Kingdom, it is a person who falls within: (i) Article 19(5) (Investment Professionals); or (ii) Articles 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or is a person to whom the Shares may otherwise lawfully be offered whether under such Order or otherwise, and if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- 4.22 if it is a resident in the European Economic Area (other than the United Kingdom), it is: (i) a qualified investor within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive (as amended); and (ii) if that Relevant Member State has implemented the AIFM Directive, that it is a person to whom the Shares may be lawfully marketed under the AIFM Directive or under the applicable implementing legislation (if any) of that Relevant Member State;
- 4.23 in the case of any Shares acquired by an investor as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive: (i) the Shares acquired by it in any Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive (as amended), or in circumstances in which the prior consent of Liberum has been given to the offer or resale; or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the Prospectus Directive (as amended) as having been made to such persons;

- 4.24 if it is outside the United Kingdom, neither the Prospectus nor any other offering, marketing or other material in connection with any Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Shares pursuant to the any Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other legal requirements;
- 4.25 it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Shares and it is not acting on a non-discretionary basis for any such person;
- 4.26 if the investor is a natural person, such investor is not under the age of majority (18 years of age in the United Kingdom) on the date of such investor's agreement to subscribe for Shares under the relevant Placing, as applicable, and will not be any such person on the date any such relevant Placing commitment is accepted;
- 4.27 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted the Prospectus or any other offering materials concerning any Placing or the Shares to any persons within the United States or to any U.S. Persons, nor will it do any of the foregoing;
- 4.28 it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person and you acknowledge and agree that no Placing Document is being issued by the Placing Agent, in its capacity as an authorised person under section 21 of the FSMA and they may not therefore be subject to the controls which would apply if they were made or approved as financial promotion by an authorised person;
- 4.29 it is aware of and acknowledges that it is required to comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Placing in, from or otherwise involving, the United Kingdom;
- 4.30 it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, the Market Abuse Regulations and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;
- 4.31 it is acknowledged that neither Liberum nor any of its Affiliates nor any person acting on its or their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with any Placing or providing any advice in relation to any Placing, that participation in any Placing is on the basis that it is not and will not be a client of Liberum or its Affiliates and that Liberum and its Affiliates do not have any duties or responsibilities to a Placee for providing protections afforded to its clients or for providing advice in relation to any Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Share Issuance Agreement;
- 4.32 it acknowledges that where it is subscribing for Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing by each such account: (i) to subscribe for the Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in the Prospectus and (iii) to receive on behalf of each such account any documentation relating to any Placing in the form provided by Liberum. It agrees that the provisions of this paragraph shall survive any resale of the Shares by or on behalf of any such account;
- 4.33 it irrevocably appoints any director of the Company and any director of Liberum to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Shares for which it has given a commitment under any Placing, in the event of the failure of it to do so;
- 4.34 it accepts that if the relevant Placing does not proceed or the conditions to the Share Issuance Agreement are not satisfied or the Ordinary Shares for which valid applications are received and accepted are not admitted to the premium segment of the Official List or to trading on the Main Market or the C Shares for which valid applications are received and

accepted are not admitted to the standard segment of the Official List and to trading on the Main Market for any reason whatsoever then neither Liberum nor the Company nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives shall have any liability whatsoever to it or any other person;

- 4.35 in connection with its participation in any Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (for the purposes of this Part 11, together the “**Money Laundering Regulations**”) and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (EU/2015/849 of the European Parliament and of the EC Council of 5 June 2015) on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (the “**Money Laundering Directive**”); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Regulations;
- 4.36 it acknowledges that due to Money Laundering Legislation, Liberum, the Company and/or their agents may require proof of identity and verification of the source of the payment before an application to participate in any Placing can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Liberum, the Company and/or their agents may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Liberum, the Company and/or their agents against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it or has not been provided on a timely basis;
- 4.37 it is aware of, has complied with and will at all times comply with its obligations in connection with money laundering under the Money Laundering Regulations;
- 4.38 any personal data provided by it to the Company or the Registrar will be stored both on the Registrar’s computer system and manually. Such personal data is used by the Registrar to maintain the Company’s register of Shareholders and mailing lists and this may include sharing such data with third parties in one or more other countries when: (a) effecting the payment of dividends and other distributions to Shareholders; and (b) filing returns of Shareholders and their respective transactions in Shares with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used. By becoming registered as a holder of Shares a person becomes a data subject (as defined in the DPA 2018) and acknowledges the processing of his or her personal data as described in this Prospectus;
- 4.39 Liberum, the Investment Manager and the Company are entitled to exercise any of their rights under the Share Issuance Agreement or any other right in their absolute discretion without any liability whatsoever to them (or any agent acting on their behalf);
- 4.40 the representations, undertakings and warranties given by it are irrevocable and it acknowledges that Liberum and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or agreements made or deemed to have been made by its subscription of the Shares are no longer accurate, it shall promptly notify Liberum and the Company;
- 4.41 where it or any person acting on behalf of it is dealing with Liberum any money held in an account with Liberum on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Liberum to segregate such money, as that money will be held by Liberum under a banking relationship and not as trustee;

- 4.42 any of its clients, whether or not identified to Liberum, will remain its sole responsibility and will not become clients of Liberum or, for the purposes of the rules of the FCA or for the purposes of any statutory or regulatory provision;
- 4.43 it accepts that the allocation of Shares shall be determined by Liberum in its absolute discretion (after consultation with the Company) and that such persons may scale back any placing commitments (under any Placing) for this purpose on such basis as they may determine; and
- 4.44 time shall be of the essence as regard its obligations to settle payment for the Shares and to comply with their other obligations under any Placing.

## **5 SUPPLY AND DISCLOSURE OF INFORMATION**

If Liberum, the Registrar or the Company or any of their agents request any information about a Placee's agreement to purchase Shares under any Placing, such Placee must promptly disclose it to them.

## **6 MISCELLANEOUS**

- 6.1 The rights and remedies of Liberum, the Registrar, the Company, the Board and their respective Affiliates under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 6.2 On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally to Liberum the jurisdiction in which its funds are managed or owned. All documents will be sent at the Placee's risk. They may be sent by post to such Placee at an address notified to Liberum.
- 6.3 Each Placee agrees to be bound by the Articles (as amended from time to time) once the Shares that the Placee has agreed to subscribe pursuant to any relevant Placing have been acquired by the Placee. The contract to subscribe for Shares under any Placing and the appointments and authorities mentioned in the Prospectus will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Liberum, the Registrar and the Company each Placee irrevocably submits to the exclusive jurisdiction of the courts of England and Wales waives any objection to proceedings in any such courts on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.
- 6.4 In the case of a joint agreement to purchase Shares under any Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.
- 6.5 Liberum and the Company expressly reserve the right to modify the terms of any Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined.
- 6.6 A Placing is subject to the satisfaction of the conditions relating to that Placing, as applicable, contained in the Share Issuance Agreement and the Share Issuance Agreement not having been terminated prior to Admission of the relevant Shares.



## PART 12

### TERMS AND CONDITIONS OF AN OFFER FOR SUBSCRIPTION

C Shares are only suitable for investors who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in C Shares is part of a diversified investment programme and who fully understand and are willing to assume the risks involved in such an investment programme. In the case of a joint application, references to you in these Terms and Conditions of Application are to each of you, and your liability is joint and several. Please ensure you read these terms and conditions in full before completing the Application Form.

Any Offer for Subscription is only being made in the United Kingdom. If you are outside of the United Kingdom see paragraph 2.7 of this Part 12.

#### 1 INTRODUCTION

C Shares are available under any Offer for Subscription at the applicable Offer Price

Applications under any Offer for Subscription must be made on an application form to be published by the Company in due course for that purpose (an “**Application Form**”).

#### 2 EFFECT OF APPLICATION

Applications under any Offer for Subscription must be for C Shares with a minimum subscription amount of £1,000.

##### 2.1 *Offer to acquire C Shares*

By completing and delivering an Application Form, you, as the applicant, and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:

- (a) offer to subscribe for such number of C Shares at the applicable Offer Price as may be purchased by the subscription amount specified in Box 1 on your Application Form (being a minimum subscription amount of £1,000), or such smaller number for which such application is accepted, on the terms, and subject to the conditions, set out in the Prospectus, including these Terms and Conditions of Application and the Articles in force from time to time;
- (b) agree that, in consideration of the Company agreeing that it will not, prior to the date of Admission, offer for subscription any C Shares to any person other than by means of the procedures referred to in the Prospectus, your application may not be revoked (subject to any legal right to withdraw your application which arises as a result of the publication of a supplementary prospectus by the Company prior to Admission) and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to or, in the case of delivery by hand, on receipt by, the Receiving Agent of your Application Form;
- (c) undertake to pay the subscription amount specified in Box 1 on your Application Form in full on application and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive a share certificate for the C Shares applied for in certificated form or be entitled to commence dealing in C Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such C Shares unless and until you make payment in cleared funds for such C Shares and such payment is accepted by the Receiving Agent (which acceptance shall not constitute an acceptance of your application under any Offer for Subscription and shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent, the Company, and Liberum against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) avoid the agreement to allot the C Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by way of a cheque in your favour at your risk, for an amount equal to the proceeds of the remittance which accompanied your Application Form, without interest);
- (d) agree, that where on your Application Form a request is made for C Shares to be deposited into a CREST account (a “**CREST Account**”), (i) the Receiving Agent may in its absolute discretion issue such C Shares in certificated form registered in the name(s) of the holder(s)



specified in your Application Form (and recognise that the Receiving Agent will so amend the form if there is any delay in satisfying the identity of the applicant or the owner of the CREST Account or in receiving your remittance in cleared funds) and (ii) the Receiving Agent, the Company, or Liberum may authorise your financial adviser or whoever he or she may direct to send a document of title for or credit your CREST Account in respect of the number of C Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address set out on your Application Form;

- (e) agree, in respect of applications for C Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 2.1(d) above to issue C Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled or pursuant to paragraph 2.1(d) above (and any monies returnable to you) may be retained by the Receiving Agent:
  - (i) pending clearance of your remittance;
  - (ii) pending investigation of any suspected breach of the warranties contained in paragraphs 2.5(a), (b), (f), (h), (m), (n), (o), (p), (q), (r) or (s) or any other suspected breach of these Terms and Conditions of Application; or
  - (iii) pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purpose of the UK Money Laundering Regulations and any other regulations applicable thereto, and any interest accruing on such retained monies shall accrue to and for the benefit of the Company;
- (f) agree, on the request of the Receiving Agent to disclose promptly in writing to them such information as the Receiving Agent may request in connection with your application and authorise the Receiving Agent to disclose any information relating to your application which they may consider appropriate;
- (g) agree that if satisfactory evidence of identity is not provided to the Receiving Agent within a reasonable time (in the opinion of the Receiving Agent) following a request, the Company may terminate the agreement with you to allot C Shares and, in such case, the C Shares which would otherwise have been allotted to you may be re-allotted or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned by a cheque drawn on a branch of a UK clearing bank to the bank account on which the payment accompanying the application was first drawn without interest and at your risk;
- (h) agree that you are not applying on behalf of a person engaged in money laundering;
- (i) undertake to ensure that, in the case of an application signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is enclosed with your Application Form together with full identity documents for the person so signing;
- (j) undertake to pay interest at the rate described in paragraph 2.2 below if the remittance accompanying your Application Form is not honoured on first presentation;
- (k) authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of C Shares for which your application is accepted or if you have completed Section 2B on your Application Form, but subject to paragraph 2.1(d) above, to deliver the number of C Shares for which your application is accepted into CREST, and/or to return any monies returnable by a cheque drawn on a branch of a UK clearing house to the bank account name from which such monies were received without interest and at your risk;
- (l) confirm that you have read and complied with paragraph 2.7 below;
- (m) agree that all subscription cheques and payments will be processed through a bank account in the name of "Computershare Investor Services PLC re: AEW UK REIT plc – Offer for Subscription A/C" opened by the Receiving Agent;
- (n) agree that your Application Form is addressed to the Company and the Receiving Agent;
- (o) agree that if a fractional entitlement to a C Share arises on your application, the number of C Shares issued to you will be rounded down to the nearest whole number and any fractions shall be retained by the Company for its benefit;

- (p) acknowledge that the offer to the public of C Shares is being made only in the United Kingdom and represent that you are a United Kingdom resident (unless you are able to provide such evidence as the Company may, in its absolute discretion, require that you are entitled to apply for C Shares); and
- (q) agree that any application may be rejected in whole or in part at the sole discretion of the Company.

## **2.2 Acceptance of your offer**

The Receiving Agent under instruction of the Company, may accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected).

The basis of allocation will be determined by the Company in consultation with the Investment Manager and Liberum. The right is reserved notwithstanding the basis as so determined to reject in whole or in part and/or scale back any application. The right is reserved to treat as valid any application not complying fully with these Terms and Conditions of Application or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed with the Company in some other manner to apply in accordance with these Terms and Conditions of Application.

The Receiving Agent will present all cheques and bankers' drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful applicants' payments.

The Receiving Agent may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Company to be the interest on the amount of the payment from the date on which all payments in cleared funds are due to be received until the date of receipt of cleared funds. The rate of interest will be a rate equal to the London Inter-Bank Offered Rate for seven day deposits in sterling plus 2 per cent. per annum. The right is also reserved to reject in whole or in part, or to scale down or limit, any application.

Payments must be made by cheque or banker's draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society that is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or that has arranged for its cheques or bankers' drafts to be cleared through the facilities provided for members of either of those companies. Such cheques or bankers' drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of an individual applicant where they have sole or joint title to the funds, should be made payable to "Computershare Investor Services PLC re: AEW UK REIT plc – Offer for Subscription A/C" and crossed "A/C payee only". Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping/endorsing the cheque or banker's draft to that effect. The account name should be the same as that shown on the Application Form.

For the First Offer for Subscription, payment must be made by 5.00 p.m. on 14 June 2019, for the Second Offer for Subscription, payment must be made by 5.00 p.m. on 18 October 2019 and for the Third Offer for Subscription, payment must be made by 5.00 p.m. on 14 February 2020.

Please contact Computershare Investor Services PLC by email at [OFSPAYMENTQUERIES@computershare.co.uk](mailto:OFSPAYMENTQUERIES@computershare.co.uk) for full bank details or telephone the Shareholder helpline on 0370 707 1341 from within the UK or on +44 (0) 370 707 1341 if calling from outside the UK for further information. Computershare will then provide you with a unique reference number which must be used when sending payment.

Applicants choosing to settle via CREST, that is DVP, will need to match their instructions to a Computershare participant account which will be announced at the time of the relevant Offer for Subscription by no later than 1.00 p.m. on 14 June 2019 (in the case of the First Offer for Subscription) or by 1.00 p.m. on 18 October 2019 (in the case of the Second Offer for Subscription) or by 1.00 p.m. on 14 February 2020 (in the case of the Third Offer for Subscription), allowing for the delivery and acceptance of C Shares to be made against payment of the applicable Offer Price, following the CREST matching criteria set out in the Application Form.

### 2.3 **Conditions**

The contract created by the acceptance of applications (in whole or in part) under any Offer for Subscription will be conditional upon:

- (a) Admission of the relevant C Shares issued under an Offer for Subscription occurring no later than 8.00 a.m. on such date as may be mutually agreed between the Company, the Investment Manager and Liberum prior to the closing of that Offer for Subscription, not being later than 28 February 2020; and
- (b) the Share Issuance Agreement becoming otherwise unconditional in all respects in relation to the Offer for Subscription, as applicable (save as to Admission of the relevant C Shares) and not having been terminated in accordance with its terms prior to the relevant Admission.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

### 2.4 **Return of application monies**

Where application monies have been banked and/or received, if any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto, without interest. In the meantime, application monies will be retained by the Receiving Agent in a non-interest bearing separate account.

### 2.5 **Warranties**

By completing an Application Form, you:

- (a) undertake and warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions of Application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- (b) warrant, if the laws of any territory or jurisdiction outside the UK are applicable to your application, that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company or the Receiving Agent or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside of the UK in connection with the Offer for Subscription in respect of your application;
- (c) confirm that (save for advice received from your financial adviser (if any)) in making an application you are not relying on any information or representations in relation to the Company other than those contained in the Prospectus and any supplementary prospectus published by the Company prior to any relevant Admission (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for the Prospectus, any such supplementary prospectus, or any part thereof shall have any liability for any such other information or representation;
- (d) agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and representations concerning the Company and the C Shares contained therein;
- (e) acknowledge that no person is authorised in connection with any Offer for Subscription to give any information or make any representation other than as contained in the Prospectus and any supplementary prospectus published by the Company prior to the relevant Admission and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, Liberum or the Receiving Agent;
- (f) warrant that you are not under the age of 18 on the date of your application;

- (g) agree that all documents and monies sent by post to, by, from or on behalf of the Company or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint holders, the address of the first named holder) as set out in your Application Form;
- (h) confirm that you have reviewed the restrictions contained in paragraph 2.7 below and warrant that you (and any person on whose behalf you apply) comply with the provisions therein;
- (i) agree that, in respect of those C Shares for which your Application Form has been received and processed and not rejected, acceptance of your Application Form shall be constituted by the Company instructing the Registrar to enter your name on the Register;
- (j) agree that all applications, acceptances of applications and contracts resulting therefrom under any Offer for Subscription shall be governed by and construed in accordance with the laws of England and Wales and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (k) irrevocably authorise the Company, Liberum or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any C Shares subscribed by or issued to you into your name and authorise any representatives of the Company and/or Liberum and/or the Receiving Agent to execute any documents required therefor and to enter your name on the Register;
- (l) agree to provide the Company with any information which it, Liberum or the Receiving Agent may request in connection with your application or to comply with any other relevant legislation (as the same may be amended from time-to-time) including without limitation satisfactory evidence of identity to ensure compliance with the UK Money Laundering Regulations;
- (m) warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, Liberum or the Receiving Agent acting in breach of the regulatory or legal requirements of any territory in connection with any Offer for Subscription or your application;
- (n) represent and warrant to the Company that: (i) you are not a U.S. Person, are not located within the United States and are not acquiring the C Shares for the account or benefit of a U.S. Person; (ii) you are acquiring the C Shares in an offshore transaction meeting the requirements of Regulation S; (iii) you understand and acknowledge that the C Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, into or within the United States or to, or for the account or benefit of, U.S. Persons; and (iv) you understand and acknowledge that the Company has not registered and will not register as an investment company under the U.S. Investment Company Act;
- (o) represent and warrant to the Company that if in the future you decide to offer, sell, transfer, assign or otherwise dispose of the C Shares, you will do so only: (i) in an offshore transaction complying with the provisions of Regulation S under the U.S. Securities Act to a person outside the United States and not known by the transferor to be a U.S. Person, by pre-arrangement or otherwise; (ii) within the United States in accordance with Rule 144 of the U.S. Securities Act, if available, and in compliance with any applicable securities laws of any state or other jurisdiction in the United States; or (iii) to the Company or a subsidiary thereof. You understand and acknowledge that any sale, transfer, assignment, pledge or other disposal made other than in compliance with the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;

- (p) agree that Liberum and the Receiving Agent are acting for the Company in connection with any Offer for Subscription and for no-one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the C Shares or concerning the suitability of the C Shares for you or be responsible to you for the protections afforded to their customers;
- (q) warrant that you are:
  - (i) highly knowledgeable and experienced in business and financial matters as to be capable of evaluating the merits and risks of an investment in the C Shares;
  - (ii) fully understand the risks associated with such investment; and
  - (iii) are able to bear the economic risk of your investment in the Company and are currently able to afford the complete loss of such investment;
- (r) warrant that you are not subscribing for the C Shares using a loan which would not have been given to you or any associate or not given to you on such favourable terms, if you had not been proposing to subscribe for the C Shares;
- (s) warrant that the information contained in the Application Form is true and accurate;
- (t) agree that if you request that C Shares are issued to you on a date other than any relevant Admission relating to any Issue and such C Shares are not issued on such date that the Company, Liberum and their respective agents and the Directors will have no liability to you arising from the issue of such C Shares on a different date;
- (u) acknowledge that the KID prepared by the Investment Manager pursuant to the PRIIPs Regulation can be provided to you in paper or by means of a website, but that where you are applying under any Offer for Subscription directly and not through an adviser or other intermediary, unless requested in writing otherwise, the lodging of an Application Form represents your consent to being provided the KID via the website at <http://www.aewukreit.com>, or on such other website as has been notified to you. Where your application is made on an advised basis or through another intermediary, the terms of your engagement should address the means by which the KID will be provided to you; and
- (v) confirm that if you are applying on behalf of someone else you will not, and will procure that none of your affiliates will, circulate, distribute, publish or otherwise issue (or authorise any other person to issue) any document or information in connection with an Issue, or make any announcement or comment (whether in writing or otherwise) which states or implies that it has been issued or approved by or prepared in conjunction with the Company or any person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof or which contains any untrue statement of material fact or is misleading or which omits to state any material fact necessary in order to make the statement therein misleading.

## 2.6 **Money laundering**

You agree that, in order to ensure compliance with the UK Money Laundering Regulations, the Proceeds of Crime Act 2002 and any other applicable regulations, the Receiving Agent may at its absolute discretion require verification of identity of the subscriber(s) (the “**holder(s)**”) as the applicant lodging an Application Form and further may request from you and you will assist in providing identification of:

- (a) the owner(s) and/or controller(s) (the “**payor**”) of any bank account not in the name of the holder(s) on which is drawn a payment by way of banker’s draft or cheque; or
- (b) where it appears to the Receiving Agent that a holder or the payor is acting on behalf of some other person or persons.

Any delay or failure to provide the necessary evidence of identity may result in your application being rejected or delays in crediting CREST accounts or in the despatch of documents.

Without prejudice to the generality of this paragraph 2.6, verification of the identity of holders and payors will be required if the value of the C Shares applied for, whether in one or more applications considered to be connected, exceeds €15,000 (or the Sterling equivalent). If, in such circumstances, you use a building society cheque or banker’s draft you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the cheque or banker’s draft and adds its stamp.



If, in such circumstances, the person whose account is being debited is not a holder you will be required to provide for both the holder and the payor an original or a copy of that person's passport or driving licence certified by a solicitor and an original or certified copy of the following which is no more than three months old, a gas, electricity, water or telephone (not mobile) bill, a recent bank statement or a council tax bill, in their name and showing their current address (which originals will be returned by post at the addressees' risk) together with a signed declaration as to the relationship between the payor and you the holder.

For the purpose of the UK Money Laundering Regulations a person making an application for C Shares will not be considered as forming a business relationship with the Company or the Receiving Agent but will be considered as effecting a one-off transaction with either the Company or with the Receiving Agent. Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company and the Registrar from the applicant that the UK Money Laundering Regulations will not be breached by the application of such remittance.

The person(s) submitting an application for C Shares will ordinarily be considered to be acting as principal in the transaction unless the Receiving Agent determines otherwise, whereupon you may be required to provide the necessary evidence of identity of the underlying beneficial owner(s).

If the amount being subscribed exceeds €15,000 (or the Sterling equivalent) you should endeavour to have the declaration contained in Section 5 of the Application Form signed by an appropriate firm as described in that Section. If you cannot have that declaration signed and the amount being subscribed exceeds €15,000 (or the Sterling equivalent) then you must provide with the Application Form the identity documentation detailed in Section 6 of the Application Form for each underlying beneficial owner.

If the Application Form is lodged with payment by a regulated financial services firm (being a person or institution) (the "**Firm**") which is located in Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Gibraltar, Guernsey, Hong Kong, Iceland, Ireland, Isle of Man, Italy, Japan, Jersey, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, the Republic of South Africa, Spain, Sweden, Switzerland, the UK and the United States, the Firm should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Company (or any of its agents). If the Firm is not such an organisation, it should contact Computershare Investor Services PLC at Corporate Actions Projects, Bristol BS99 6AH. To confirm the acceptability of any written assurance referred to above, or in any other case, the Applicant should call Computershare Investor Services PLC on 0370 707 1341. Calls may be recorded and randomly monitored for security and training purposes. Lines are open from 8.30 a.m. until 5.30 p.m. (London time) Monday to Friday (excluding UK public holidays). The helpline cannot provide advice on the merits of an Offer for Subscription nor give any financial, legal or tax advice.

## **2.7 Non-United Kingdom investors**

If you receive a copy of the Prospectus or an Application Form in any territory other than the United Kingdom you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Application Form.

None of the C Shares have been or will be registered under the laws of Canada, Japan, Australia, the Republic of South Africa or under the U.S. Securities Act or with any securities regulatory authority of any state or other political subdivision of the United States, Canada, Japan, Australia or the Republic of South Africa. If you subscribe for C Shares pursuant to any Offer for Subscription you will, unless the Company and the Receiving Agent agree otherwise in writing, be deemed to represent and warrant to the Company that you are not a U.S. Person or a resident of Canada, Japan, Australia, the Republic of South Africa or a corporation, partnership or other entity organised under the laws of the United States or Canada (or any political subdivision of either) or Japan or Australia or the Republic of South Africa and that you are not subscribing for such C Shares for the account of any U.S. Person or resident of Canada, Japan, Australia or the Republic of South Africa and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the C Shares in or into the United States, Canada, Japan, Australia or the Republic of South Africa or to any U.S. Person or any person resident in Canada, Japan, Australia or the Republic of South Africa. No Application Form will be accepted if it shows the applicant, payor or a holder having an address in the United States, Canada, Japan, Australia or the Republic of South Africa.



## 2.8 Data Protection

Each applicant acknowledges that it has been informed that, pursuant to Data Protection Legislation the Company and/or the Registrar will following the relevant Admission, hold personal data (as defined in the Data Protection Legislation) relating to past and present Shareholders. Personal data will be retained on record for a period exceeding six years after it is no longer used (subject to any limitations on retention periods set out in applicable law). The Registrar will process such personal data at all times in compliance with Data Protection Legislation and shall only process for the purposes (the “**Purposes**”) set out in the Company’s Privacy Notice which include to:

- (a) process its personal data to the extent and in such manner as is necessary for the performance of its obligations under its respective service contracts, including as required by or in connection with the applicant’s holding of C Shares, including processing personal data in connection with credit and anti-money laundering checks on it;
- (b) communicate with it as necessary in connection with its affairs and generally in connection with its holding of C Shares;
- (c) comply with the legal and regulatory obligations of the Company and/or the Registrar; and
- (d) process its personal data for the Registrar’s internal administration.

Where necessary to fulfil the Purposes, the Company will disclose personal data to:

- (a) third parties located either within, or outside of the EEA, if necessary for the Registrar to perform its functions, or when it is within its legitimate interests, and in particular in connection with the holding of C Shares; or
- (b) its affiliates, the Registrar or the Investment Manager and their respective associates, some of which may be located outside the EEA.

Any sharing of personal data between parties will be carried out in compliance with Data Protection Legislation and as set out in the Company’s Privacy Notice.

By becoming registered as a holder of C Shares a person becomes a data subject (as defined under Data Protection Legislation). In providing the Registrar with information, the applicant hereby represents and warrants to the Company, the Registrar and the Administrator that: (i) it complies in all material aspects with its data controller obligations under Data Protection Legislation, and in particular, it has notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of the Company’s Privacy Notice; and (ii) where consent is legally competent and/or required under Data Protection Legislation the applicant has obtained the consent of any data subject to the Company and Registrar and their respective affiliates and group companies, holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes).

Each applicant acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the applicant is a natural person he or she has read and understood the terms of the Company’s Privacy Notice.

Each applicant acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the applicant is not a natural person it represents and warrants that:

- (a) it has brought the Company’s Privacy Notice to the attention of any underlying data subjects on whose behalf or account the applicant may act or whose personal data will be disclosed to the Company as a result of the applicant agreeing to subscribe for C Shares; and
- (b) the applicant has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company.

Where the applicant acts for or on account of an underlying data subject or otherwise discloses the personal data of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising in relation to any Offer for Subscription:

- (a) comply with all applicable data protection legislation;
- (b) take appropriate technical and organisational measures against unauthorised or unlawful processing of the personal data and against accidental loss or destruction of, or damage to the personal data;

- (c) if required, agree with the Company and the Registrar, the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and
- (d) it shall immediately on demand, fully indemnify each of the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar in connection with any failure by the applicant to comply with the provisions set out above.

## **2.9 Miscellaneous**

To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the C Shares and any Offer for Subscription.

The rights and remedies of the Company, Liberum and the Receiving Agent under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.

The Company reserves the right to extend the closing time and/or date of any Offer for Subscription. In that event, the new closing time and/or date will be notified to applicants through a Regulatory Information Service.

The Company may terminate an Offer for Subscription in its absolute discretion at any time prior to the relevant Admission. If such right is exercised, the relevant Offer for Subscription will lapse and any monies will be returned as indicated without interest at the risk of the persons entitled thereto.

You agree that Liberum and the Receiving Agent are acting for the Company in connection with any Issue and for no-one else, and that neither Liberum nor the Receiving Agent will treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of the C Shares or concerning the suitability of the C Shares for you or otherwise in relation to any Issue or for providing the protections afforded to their customers.

Save where the context requires otherwise, terms used in these Terms and Conditions of Application bear the same meaning as where used in the Prospectus.

