

**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 in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.**

A copy of this document, which comprises a prospectus relating to AEW UK REIT plc (the “**Company**”) prepared in accordance with the Prospectus Rules of the UK Listing Authority made pursuant to section 73A of the FSMA, has been filed with the Financial Conduct Authority in accordance with Rule 3.2 of the Prospectus Rules.

Application will be made to the UK Listing Authority and the London Stock Exchange for the Shares to be issued in connection with the Issue and each Subsequent Placing under the Placing Programme to be admitted to listing on the premium listing segment of the Official List and to trading on the Main Market for listed securities of the London Stock Exchange respectively. It is expected that Admission of the Shares to be issued under the Issue will become effective and that dealings for normal settlement in the Shares will commence on 12 May 2015. It is expected that any Subsequent Admission pursuant to Subsequent Placings under the Placing Programme will become effective and dealings will commence between 13 May 2015 and 22 April 2016.

The Company and the Directors, whose names appear on page 28 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.

**Prospective investors should read the entire document and, in particular, the section headed “Risk Factors” beginning on page 15 when considering an investment in the Company.**

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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)*

**Placing and Offer for Subscription for a target issue of 125 million Shares at  
£1.00 per Share**

**Placing Programme of up to 250 million Shares\***

*Investment Manager*

**AEW UK Investment Management LLP**

*Sponsor, Financial Adviser and Sole Bookrunner*

**Dexion Capital plc**

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\* less the number of Shares issued pursuant to the Placing and Offer for Subscription.

Dexion Capital plc (“**Dexion**”), which is authorised and regulated in the United Kingdom by the FCA is acting exclusively for the Company and for no-one else in connection with Admission, the Issue, Subsequent Admissions, the Placing Programme and the other arrangements referred to in this document and will not regard any other person (whether or not a recipient of this document) as a client in relation to Admission, the Issue, Subsequent Admissions, the Placing Programme and the other arrangements referred to in this document will not be responsible to anyone other than the Company for providing the protections afforded to clients of Dexion, nor for providing advice in connection with the Issue, the Placing Programme and the other arrangements referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Dexion 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, Dexion does not accept any responsibility whatsoever and make no representation or warranty, express or implied, as to the contents of this document, including its accuracy or completeness, or for any other statement made or purported to be made by Dexion, or on its behalf, the Company or any other person in connection with the Company, the Shares, Admission,

the Issue, Subsequent Admissions or the Placing 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. Dexion accordingly 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.

The Offer for Subscription will remain open until 5.00 p.m. on 5 May 2015 and the Placing will remain open until 3.00 p.m. on 6 May 2015. Persons wishing to participate in the Offer for Subscription should complete the Application Form set out in the Appendix to this document. To be valid, Application Forms must be completed and returned with the appropriate remittance, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH or by hand (during business hours only), to the Receiving Agent, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE so as to be received no later than 5.00 p.m. on 5 May 2015.

The Shares 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 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 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 “**U.S. Private Placement**”). 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.

This document does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Shares in any jurisdiction where such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company or Dexion. The offer and sale of Shares has not been and will not be registered under the applicable securities law of Canada, Japan, Australia or the Republic of South Africa. Subject to certain exemptions, the Shares may not be offered to or sold within Canada, Japan, Australia or the Republic of South Africa or to any national, resident or citizen of Canada, Japan, Australia or the Republic of South Africa.

Dated: 23 April 2015.

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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”.

<b>Section A – Introduction and warnings</b>		
<b>Element</b>	<b>Disclosure Requirement</b>	<b>Disclosure</b>
A.1.	Warning	This summary should be read as an introduction to this document. Any decision to invest in Shares should be based on consideration of the document as a whole by the investor. 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.
A.2	Subsequent resale or final placement of securities through financial intermediaries	Not applicable. The Company is not engaging any financial intermediaries for any resale or final placement of securities after publication of this document.
<b>Section B – Issuer</b>		
<b>Element</b>	<b>Disclosure Requirement</b>	<b>Disclosure</b>
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 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	As at the date of this document there are no parties who have a notifiable interest under English law in the Company’s capital or voting rights.  All Shareholders have the same voting rights in respect of the share capital of the Company.

		Pending the allotment of Shares pursuant to the Issue, the Company is controlled by the Investment Manager as the sole Shareholder. The Company and the Directors are not aware of any other person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
B.7.	Key financial information	Not applicable. No key financial information as the Company is yet to commence operations.
B.8.	Key <i>pro forma</i> financial information	Not applicable. No <i>pro forma</i> financial information.
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. No historical financial information.
B.11.	Qualified working capital	Not applicable. The Company is of the opinion that, on the basis that the Minimum Net Proceeds are raised, 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 will invest 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 Assets (at the time of investment) in the AEW UK Core Property Fund and up to 10 per cent. of its Gross Assets (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 (“<b>PAIF</b>”) 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> </ul>

		<ul style="list-style-type: none"> <li>● the Company may commit up to a maximum of 10 per cent. of its Net Asset Value (measured at the commencement of the project) to development activities;</li> <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 Net Asset Value;</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 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, 20 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 or all or part of the total Portfolio and will not exceed 25 per cent. of Gross Asset Value (measured at drawdown) of each investment or Portfolio. It is currently anticipated that the level of total borrowings will typically be at the level of 20 per cent. of Gross Asset Value (measured at drawdown).</p>
B.36.	Regulatory status	<p>The Company will not be regulated as a collective investment scheme by the FCA. However, from Admission, the Company and Shareholders will be subject to the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules.</p> <p>As a REIT, the Shares will be “excluded securities” under the FCA’s rules on non-mainstream pooled investments. Accordingly, the promotion of the Shares will not be subject to the FCA’s restriction on the promotion of non-mainstream pooled investments.</p> <p>The Company will, as the principal company of the Group, give notice to HMRC (in accordance with Section 523 CTA 2010) that the Group will become a REIT on the acquisition of the first three</p>

		properties that are acquired following Admission and the Group will need to comply with certain ongoing regulations and conditions (including minimum distribution requirements) thereafter.
B.37.	Typical investor	The Placing and each Subsequent Placing under the Placing Programme will primarily be marketed to institutional and sophisticated investors. Typical investors pursuant to the Offer for Subscription are expected to be UK based asset and wealth managers regulated or authorised by the FCA and some private individuals (some of whom may invest through brokers).
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 assets 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 assets 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 will be 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 Issue or any subsequent fundraising). 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>The Investment Management Agreement may be terminated by the Company or the Investment Manager giving 12 months' notice, such notice not to be given earlier than the first anniversary of Admission.</p> <p><i>Administrator</i></p> <p>Capita Sinclair Henderson Limited has been appointed administrator of the Company. Under the terms of the Administration Agreement the Administrator will be responsible for the maintenance of the books and financial accounts of the Company and the calculation of the NAV and NAV per Share. The Administrator is entitled to receive a fee of £73,000 per annum.</p> <p><i>Property Manager</i></p> <p>Jones Lang LaSalle Limited has been appointed property manager to the Company. Under the terms of the Property Management Agreement the Property Manager will be responsible for providing property management services to the Company in relation to the Portfolio. The Property Manager is entitled to: (i) a fee of 0.4 per cent. of annual rents received (in respect of single let properties);</p>



		<p>(ii) fees capped at between 6 per cent. and 10 percent. 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>Capita Company Secretarial Services Limited has been appointed company secretary to the Company. Under the terms of the Company Secretarial Agreement the Company Secretary will be responsible for the 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 £45,000 per annum.</p> <p><i>Depository</i></p> <p>Langham Hall UK LLP has been appointed depository to the Company. Under the terms of the Depository Agreement the Depository will be responsible for setting up and maintaining securities record and safe custody of the Company's investments. The Depository is entitled to receive a fee of £45,000 per annum.</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 per Shareholder account per annum, subject to a minimum annual fee. The Registrar is also entitled to activity fees under the Registrar Agreement.</p> <p><i>Receiving Agent</i></p> <p>Computershare Investor Services PLC has been appointed receiving agent of the Company in connection with the Offer for Subscription. Under the terms of the Receiving Agent Agreement, the Receiving Agent is entitled to fees in connection with the Offer for Subscription including: (a) a set up management fee; (b) processing fees per item processed per application form; and (c) various other fees in relation to certain matters.</p>
B.41.	Regulatory status of investment manager and custodian	The Investment Manager and the Depository are authorised and regulated by the Financial Conduct Authority.
B.42.	Calculation of Net Asset Value	<p>The Net Asset Value (and Net Asset Value per Share) will be calculated quarterly by the Administrator (and reviewed by the Company). Calculations will be made in accordance with IFRS. Details of each quarterly valuation, and of any suspension in the making of such valuations, will be announced by the Company through a Regulatory Information Service as soon as practicable after the end of the relevant quarter. The quarterly valuations of the Net Asset Value (and Net Asset Value per Share) 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 Company) which prevents the Company from making such calculations. Details of any suspension in making such calculations will be announced through a Regulatory Information Service as soon as practicable after any such suspension occurs.</p>



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 not commenced operations and no financial statements have been made up as at the date of this document.
B.45.	Portfolio	Not applicable. The Company is newly incorporated and does not currently hold any assets.
B.46.	Net Asset Value	The Net Asset Value per Share at Admission will be 98 pence.
<b>Section C – Securities</b>		
<b>Element</b>	<b>Disclosure Requirement</b>	<b>Disclosure</b>
C.1.	Type and class of securities	The target size of the Issue is 125 million Shares. The maximum number of Shares available under the Issue is 150 million. The Company also intends to issue up to 250 million Shares (less the number of Shares issued pursuant to the Issue) pursuant to the Placing Programme. The Issue will not be underwritten. The ISIN of the Shares is GB00BWD24154 and the SEDOL is BWD2415. The ticker for the Company is AEWU.
C.2.	Currency	Sterling.
C.3.	Number of securities to be issued	The target size of the Issue is 125 million Shares. The actual number of Shares to be issued pursuant to the Issue, and therefore the Gross Issue Proceeds, are not known as at the date of this document but will be notified by the Company via a Regulatory Information Service announcement prior to Admission. The target size of the Placing Programme is up to 250 million Shares (less the number of Shares issued pursuant to the Issue). The actual number of Shares to be issued pursuant to the Placing Programme is not known at the date of this document but, on the occasion of each Subsequent Placing, the number of Shares to be issued will be notified by the Company via a Regulatory Information Service.
C.4.	Description of the rights attaching to the securities	The Shares to be issued under the Issue and each Subsequent Placing under the Placing Programme will rank equally with the existing Share(s) from Admission or the relevant Subsequent Admission (as appropriate).
C.5.	Restrictions on the free transferability of the securities	There are no restrictions on the free transferability of the Shares.

C.6.	Admission	Applications will be made to the UKLA for the Shares to be issued pursuant to the Issue and each Subsequent Placing under the Placing Programme to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market. It is expected that Admission of the Shares to be issued under the Issue will become effective and that dealings in the Shares to be issued pursuant to the Issue, fully paid, will commence at 8.00 a.m. on 12 May 2015. It is expected that any Subsequent Admission under Subsequent Placings will become effective and dealings will commence in the Shares issued pursuant to Subsequent Placings between 13 May 2015 and 22 April 2016.
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C.7.	Dividend policy	<p>Whilst not forming part of the Company's investment objective or investment policy the Company will, once fully invested, target a dividend yield of between 8 to 9 per cent. per annum on the Issue Price and target a total annual return, over the medium term, in excess of 12 per cent. on the Issue Price net of all fees.</p> <p>The Company intends to pay dividends on a quarterly basis with dividends declared in February, May, August and November in each year and paid within one month of being declared. The Company intends to declare its first interim dividend in November 2015 to be paid in December 2015. On the basis of the expected investment period the Company is targeting a first interim dividend of at least 1.5 pence per Share and subsequent interim dividends of at least 2 pence per Share.</p> <p>In order to obtain and comply with REIT status the Company will be required to meet a minimum distribution test for each year that the Group 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><i>Investors should note that the figures in relation to dividends, total shareholder return and targeted annual growth in NAV set out above are for illustrative purposes only, are based on current market conditions and are not intended to be, and should not be taken as, a profit forecast or estimate.</i></p>
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#### 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><i>The Company may be unable to make acquisitions</i></b></p> <p>Although the Company, acting on advice from the Investment Manager, has identified a number of available properties that are consistent with its investment objective and investment policy 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>The Company will face 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 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.</p>

***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 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 price of 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 price of Shares.

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

The Company intends, where it believes it is necessary, 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 will rely 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.

***Tenant default***

Dividends payable by the Company will be dependent on the income 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 Group may not be able to maintain or increase the rental rates for its properties, which may, in the longer term, have a material adverse impact on the value of the Group's properties, as well as the Group's turnover***

The value of the Group's properties, and the Group's turnover will be dependent on the rental rates that can be achieved from the properties in the Company's portfolio. The ability of the Group 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 Group'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 Group's properties generally may have a material adverse

		<p>effect on the Company's profitability, the Net Asset Value, the price of the Shares and the Group's ability to meet interest and capital repayments on any debt facilities.</p> <p><b><i>The Company's investments will be illiquid and may be difficult or impossible to realise at a particular time</i></b></p> <p>The Company will invest in 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 NAV and the price of Shares.</p> <p><b><i>The property market</i></b></p> <p>Any property market recession or future deterioration in the property market could, <i>inter alia</i>: (i) make it harder for the Company to attract new tenants for its properties, (ii) lead to an increase in tenant defaults; (iii) lead to a lack of finance available to the Company; (iv) cause the Company to realise its investments at lower valuations; and (v) delay the timings of the Company's realisations. Any of the foregoing could have a material adverse effect on the ability of the Company to achieve its investment objective.</p> <p><b><i>Real estate development may incur more cost and time than expected</i></b></p> <p>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 price of Shares.</p> <p><b><i>Property valuation is inherently subjective and uncertain</i></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. The Administrator will rely on property valuations in calculating the NAV.</p> <p><b><i>Availability of borrowings and the gearing effect of borrowing can work against as well as for Shareholders.</i></b></p> <p>The Company intends to secure borrowing facilities in the future to pursue the Company's investment objective. It is not certain that such facilities will be available on acceptable terms or at all. Any amounts that are secured under a bank facility are likely to rank ahead of Shareholders' entitlements and 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. The Company will at all times meet its objective of</p>
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		<p>spreading investment risk; however, 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 therefore could affect Shareholders' returns accordingly.</p> <p>Whilst the use of borrowings should enhance the NAV per Share where the value of the Company's investments are rising, it will have the opposite effect where the value of the Company's investments are 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.</p>
D.3.	Key information on the key risks that are specific to the Shares	<p><b><i>The Shares may trade at a discount to NAV per Share and Shareholders may be unable to realise their investments through the secondary market at NAV per Share</i></b></p> <p>The Shares may trade at a discount to NAV per Share 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 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><i>The Shares have never been publicly traded on the London Stock Exchange and an active and liquid trading market for the Shares may not develop</i></b></p> <p>The Company has applied for admission of the Shares to trading on the Main Market. The Company cannot predict or effectively influence, however, the extent to which investor interest will lead to the development of an active and liquid trading market for the Shares or, if such a market develops, whether it will be maintained. In addition, if such a market does not develop, relatively small transactions or intended transactions in the Shares may have a significant negative impact on the price of the Shares whilst transactions or intended transactions related to a significant number of Shares may be difficult to execute at a stable price.</p>
<b>Section E – Offer</b>		
<b>Element</b>	<b>Disclosure Requirement</b>	<b>Disclosure</b>
E.1.	Proceeds and costs of the Issue	<p>On the assumption that Gross Issue Proceeds of £125 million are raised pursuant to the Issue, the expenses payable by the Company will be £2.5 million, resulting in Net Issue Proceeds of £122.5 million.</p> <p>The net proceeds of the Placing Programme are dependent, <i>inter alia</i>, on the Directors determining to proceed with a Subsequent Placing under the Placing Programme, the level of subscriptions received and the price at which Shares are issued. It is expected that the costs of issuing Shares under the Placing Programme will be paid out of the gross proceeds of any Subsequent Placing.</p>

E.2.a.	Reason for the Issue and use of proceeds	<p>The Issue and the Placing Programme are being made 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 Company will use the Gross Issue Proceeds in the following order of priority (the utilisation amounts set out below are based on the assumption that Gross Issue Proceeds of £125 million are raised pursuant to the Issue):</p> <ul style="list-style-type: none"> <li>(i) £2.5 million to pay the expenses of the Issue; and</li> <li>(ii) £122.5 million will be employed in implementing the Company's investment objective and investment policy and for general working capital purposes.</li> </ul>
E.3.	Terms and conditions of the offer	<p>The Issue is conditional, <i>inter alia</i>, on:</p> <ul style="list-style-type: none"> <li>● the Placing and Offer Agreement becoming wholly unconditional (save as to Admission) and not having been terminated in accordance with its terms at any time prior to Admission;</li> <li>● Admission having become effective on or before 8.00 a.m. on 12 May 2015 or such later time and/or date as the Company and Dexion may agree (being not later than 8.00 a.m. on 30 June 2015); and</li> <li>● the Minimum Net Proceeds being raised.</li> </ul> <p>Each allotment of Shares pursuant to a Subsequent Placing under the Placing Programme is conditional, <i>inter alia</i>, on the Subsequent Admission of the Shares by 8.00 a.m. on such date as the Company and Dexion may agree in relation to that Subsequent Admission.</p>
E.4.	Material interests	Not applicable. No interest is material to the Issue.
E.5.	Name of person selling securities	Not applicable. No person or entity is offering to sell Shares as part of the Issue.
E.6.	Dilution	Not applicable in respect of the Issue. If 125 million Shares are issued pursuant to the Placing Programme, assuming the Issue is subscribed as to 125 million Shares, there would be a dilution of 50 per cent. in Shareholder's voting control following the issue of such Shares pursuant to the Placing Programme.
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 Issue. The costs and expenses incurred by the Company in connection with the Issue are fixed at 2 per cent. of the Gross Issue Proceeds (that is £2.5 million assuming Gross Issue Proceeds of £125 million) and will be borne by the Company. Accordingly, the starting NAV per Share on Admission will be 98 pence.</p> <p>The costs and expenses of the Placing Programme will depend on subscriptions received but it is expected costs will be covered by issuing Shares at the Placing Programme Price. The costs and expenses of any particular Subsequent Placing under the Placing Programme will be paid out of the gross proceeds of such Subsequent Placing.</p>



## RISK FACTORS

An investment in the Shares carries a number of risks including (without limitation) the risk that the entire investment may be lost. In addition to all other information set out in this document, the following specific factors should be considered when deciding whether to make an investment in the Shares. The risks set out below are those which are considered to be the material risks relating to an investment in the Shares but are not the only risks relating to the Shares or the Company. No assurance can be given that Shareholders will realise profit on, or recover the value of, their investment in the Shares. It should be remembered that the price of Shares and the income from them can go down as well as up.

The Shares are only suitable for investors who understand the risk of capital loss and that there may be limited liquidity in the underlying investments of the Company and in the Shares, for whom an investment in the Shares would be of a long-term nature and constitute part of a diversified investment portfolio and who understand and are willing to assume the risks involved in investing in the Shares. Additional risks and uncertainties of which the Company is presently unaware or that the Company currently believes are immaterial may also adversely affect its business, financial condition, results of operations or the value of the Shares.

### RISKS RELATING TO THE COMPANY, ITS INVESTMENT STRATEGY AND OPERATIONS

#### ***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 total return to Shareholders includes providing Shareholders with dividends. The declaration, payment and amount of any future dividends by the Company 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. There can be no assurance as to the level and/or payment of future dividends by the Company.

An element of the total return to Shareholders includes the aim of providing 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 has no operating history***

The Company was incorporated on 1 April 2015. The Company has not commenced operations and has no operating history. No historical financial statements or other meaningful operating or financial data upon which prospective investors may base an evaluation of the likely performance of the Company have been made up. An investment in the Company is therefore subject to all risks and uncertainties associated with a new business, including the risk that the Company will not achieve its investment objective and that the value of an investment in the Company could decline substantially as a consequence.

#### ***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 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. 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 price of Shares.

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

Although the Company, acting on advice from the Investment Manager, has identified a number of available properties that are consistent with its investment objective and investment policy (details of which are set out in Part 2 of this document) 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 will face 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 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.

***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 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 price of 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 price of Shares.

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

Returns achieved are reliant primarily upon the performance of the Company's portfolio. No assurance is given, express or implied, that Shareholders will be able to realise the amount of their original investment in 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 Company's 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 trading price of Shares and may cause the Company's results for a particular period not to be indicative of its performance in a future period.

**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 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 will rely 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.

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

Once properties have been refurbished 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.

***Tenant default***

Dividends payable by the Company will be dependent on the income 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 Group may not be able to maintain or increase the rental rates for its properties, which may, in the longer term, have a material adverse impact on the value of the Group's properties, as well as the Group's turnover***

The value of the Group's properties, and the Group's turnover will be dependent on the rental rates that can be achieved from the properties in the Company's portfolio. The ability of the Group 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 Group'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 Group's properties generally may have a material adverse effect on the Company's profitability, the Net Asset Value, the price of the Shares and the Group's ability to meet interest and capital repayments on any debt facilities.

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

The Company will invest in 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 NAV and the price of Shares.

***The property market***

Any property market recession or future deterioration in the property market could, *inter alia*,; (i) make it harder for the Company to attract new tenants for its properties, (ii) lead to an increase in tenant defaults; (iii) lead to a lack of finance available to the Company; (iv) cause the Company to realise its investments at lower valuations; and (v) delay the timings of the Company's realisations. 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 price of 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 Company's NAV.

## **RISKS OF LEVERAGE**

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

The Company intends to secure borrowing facilities in the future to pursue the Company's investment objective. It is not certain that such facilities will be available on acceptable terms or at all. Any amounts that are secured under a bank facility are likely to rank ahead of Shareholders' entitlements and 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. The Company will at all times meet its objective of spreading investment risk; however, 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 therefore could affect Shareholders' returns accordingly.

Whilst the use of borrowings should enhance the NAV per Share where the value of the Company's investments are rising, it will have the opposite effect where the value of the Company's investments are 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 THE SHARES**

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

The Shares may trade at a discount to NAV per Share 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, and 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 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 Shares have never been publicly traded on the London Stock Exchange and an active and liquid trading market for the Shares may not develop.***

Applications will be made to the UK Listing Authority for all of the Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market.

There can be no guarantee that a liquid market in the Shares will develop or be maintained or that the Shares will trade at prices close to their underlying NAV per Share. Accordingly, Shareholders may be unable to realise their investment at NAV per Share or at all.

In addition, if such a market does not develop, relatively small transactions or intended transactions in the Shares may have a significant negative impact on the price of the Shares whilst transactions or intended transactions related to a significant number of Shares may be difficult to execute at a stable price.

The number of Issue Shares is not yet known, and, following the Issue, there may be a limited number of holders of Shares.

A limited number of Shares and/or holders of Shares may mean that there is limited liquidity in such Shares which may adversely affect; (i) a Shareholder's ability to realise some or all of his investment; and/or (ii) the price at which a Shareholder can effect such realisation; and/or (iii) the price at which such Shares trade in the secondary market.

***The Company may issue additional securities that may dilute existing Shareholders' voting rights or have a negative impact on the Share price***

Subject to the Articles, the Companies Act and all other legal and regulatory requirements (including compliance with the Listing Rules), the Company may issue additional Shares including under the Placing Programme. Any additional issuances by the Company may dilute existing Shareholders' voting rights and/or cause the market price of the existing Shares to decline.

***Shareholders will have no right to have their Shares redeemed or repurchased by the Company at any time***

Other than in the limited circumstances (which are at the discretion of the Company) set out in the section headed "Share Premium and Discount Management" at paragraph 12 of Part 1 of this document, Shareholders will have no right to have their Shares redeemed or repurchased by the Company at any time. Shareholders wishing to realise their investment in the Company will normally therefore be required to dispose of their Shares through the secondary market. Accordingly, the ability of Shareholders' to realise their investment at NAV per Share or at all is dependent on the existence of a liquid market for the Shares.

***The market price of the Shares may rise or fall***

The value of an investment in the Company, and the income derived from it, if any, may go down as well as up and a Shareholder may not get back the amount invested.

General movement in local and international stock markets, prevailing and anticipated economic conditions and interest rates, investor sentiment and general economic conditions may all affect the market price of the Shares. To optimise returns, Shareholders may need to hold the Shares for the long term and the Shares are not suitable for short term investment.

## **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 will be performing 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 will be reliant upon, and its success will depend 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 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 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 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 has been negotiated as part of the launch of the Company. In the absence of fault on the part of the Investment Manager, the Company cannot give notice to terminate the Investment Management Agreement until the first anniversary of Admission, following which a 12 month notice period applies. 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 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.

***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 Group, or an attempt to obtain a tax advantage, as sufficiently serious;
- 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 share capital 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 three 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 Company 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***

The requirements for maintaining REIT status are complex. Minor breaches of certain conditions within the REIT regime may only result in additional tax being payable or will 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 and the yield on the Shares. In addition, incurring a UK corporation tax liability might require the Company 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 Company is intending to grow through acquisitions of standing assets and development of new assets. However, the REIT distribution requirements may limit the Company'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 Company 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 Company's ability to grow through acquisitions of standing assets and development of new assets could be limited if the Company were 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 Company 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 Company's flexibility to make investments.

***The Company'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 a company 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 paragraphs 4 and 5 of Part 7 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.



## IMPORTANT INFORMATION

### GENERAL

No broker, dealer or other person has been authorised by the Company 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 and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company.

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.

In connection with the Issue, Dexion and any of its Affiliates acting as an investor for its or their own account(s), may subscribe for Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such Shares, any other securities of the Company or other related investments in connection with the Issue or otherwise. Accordingly, references in this document to the Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by, Dexion and any of its Affiliates acting as an investor for its or their own account(s). Neither Dexion 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.

### PRESENTATION OF INFORMATION

#### Market, economic and industry data

Market, economic and industry data used throughout this document is sourced from various industry and other independent sources. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

#### Currency presentation

Unless otherwise indicated, all references in this document to “Sterling”, “Pounds Sterling”, “£” or “pence” are to the lawful currency of the UK.

#### Definitions

A list of defined terms used in this document is set out at pages 95 to 100.

#### Governing law

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

### INVESTMENT CONSIDERATIONS

The contents of this document are not to be construed as advice relating to legal, financial, taxation, investment or any other matters. Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the subscription for, purchase, holding, transfer or other disposal of Shares;
- any foreign exchange restrictions applicable to the subscription for, purchase, holding, transfer or other disposal of Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the subscription for, purchase, holding, transfer or other disposal of Shares.

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment in Shares.

An investment in Shares should be regarded as a long term investment, There can be no assurance that the Company's investment objective will be achieved.

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

#### **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).

#### **WEBSITE**

The contents of the following website [www.aeweurope.com](http://www.aeweurope.com) do not form part of this document. Investors should base their decision whether or not to invest in the Shares on the contents of this document alone.

#### **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 Issue and/or a Subsequent Placing 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 under the Issue 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 EU 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 the preceding two paragraphs should be taken as limiting the working capital statement in paragraph 11 of Part 8 of this document.

## EXPECTED ISSUE TIMETABLE

Placing and Offer for Subscription opens	23 April 2015
The Offer for Subscription closes	5.00 p.m. on 5 May 2015
The Placing closes	3.00 p.m. on 6 May 2015
Announcement of the results of the Issue	7 May 2015
Admission, commencement of unconditional dealings in Issue Shares	8.00 a.m. on 12 May 2015
Crediting of CREST stock accounts in respect of Issue Shares	8.00 a.m. on 12 May 2015
Share certificates despatched in respect of Issue Shares	week commencing 18 May 2015 (or as soon as possible thereafter)

*The dates and times specified are subject to change without further notice. All references to times in this document are to London time unless otherwise stated. Any changes to the expected Issue timetable will be notified by the Company through a Regulatory Information Service.*

## EXPECTED PLACING PROGRAMME TIMETABLE

Placing Programme opens	13 May 2015
Publication of Placing Programme Price in respect of each Subsequent Placing	as soon as practicable after the closing of each Subsequent Placing
Announcement of the results of each Subsequent Placing	as soon as practicable after the closing of each Subsequent Placing
Admission and crediting of CREST accounts in respect of each Subsequent Placing	as soon as practicable following the allotment of Shares pursuant to each Subsequent Placing
Share certificates in respect of the Shares issued pursuant to each Subsequent Placing despatched	approximately one week from each Subsequent Placing
Placing Programme closes	22 April 2016

*The dates specified are subject to change without further notice. Any changes to the expected timetable will be notified by the Company through a Regulatory Information Service.*

## ISSUE STATISTICS

Issue Price	£1.00
Maximum number of Issue Shares to be issued*	150 million
Maximum Gross Issue Proceeds*	£150 million
Maximum Net Proceeds	£147 million
Net Asset Value per Share at Admission**	98 pence

\* *The maximum size of the Issue is £150 million with the actual size of the Issue being subject to investor demand. The number of Shares to be issued pursuant to the Issue, and therefore the Gross Issue Proceeds, is not known as at the date of this document but will be notified by the Company via a Regulatory Information Service announcement prior to Admission. If the Minimum Net Proceeds are not raised, the Issue will not proceed.*

\*\* *The costs of the Issue borne by the Company are fixed at 2 per cent. of Gross Issue Proceeds (that is £3 million assuming Gross Issue Proceeds of £150 million).*

## PLACING PROGRAMME STATISTICS

Maximum size of the Placing Programme	250 million Shares*
Placing Programme Price	not less than the prevailing NAV per Share

\* *less the number of Shares issued pursuant to the Issue.*

## DEALING CODES

The dealing codes for the Shares will be as follows:

ISIN	GB00BWD24154
SEDOL	BWD2415
Ticker	AEWU

## DIRECTORS, MANAGEMENT AND ADVISERS

Directors	Mark Burton (Non-executive Chairman) James Hyslop (Non-executive Director) Bimaljit (“ <b>Bim</b> ”) Sandhu (Non-executive Director) all of the registered office below:
Registered Office	33 Jermyn Street London SW1Y 6DN* Tel: 020 7016 4800 Website: www.aeweurope.com
Investment Manager	AEW UK Investment Management LLP 33 Jermyn Street London SW1Y 6DN
Property Manager	Jones Lang LaSalle Limited 22 Hanover Square London W1S 1JA
Sponsor, Financial Adviser and Sole Bookrunner	Dexion Capital plc 1 Tudor Street London EC4Y 0AH
Legal Adviser to the Company	Wragge Lawrence Graham & Co LLP 4 More London Riverside London SE1 2AU
Legal Adviser to the Sponsor, Financial Adviser and Sole Bookrunner	Olswang LLP 90 High Holborn London WC1V 6XX
Depository	Langham Hall UK LLP 5 Old Bailey London EC4M 7BA
Administrator	Capita Sinclair Henderson Limited Beaufort House 51 New North Road Exeter EX4 4EP
Company Secretary	Capita Company Secretarial Services Limited 40 Dukes Place London EC3A 7NH
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE

\* At a meeting of the Board held on 9 April 2015, the Directors resolved to change the registered office of the Company to 40 Dukes Place, London EC3A 7NH.

Receiving Agent	Computershare Investor Services PLC Corporate Actions Projects Bristol BS99 6AH
Auditors and Reporting Accountants	KPMG LLP 15 Canada Square London E14 5GL
Valuer	Knight Frank LLP 55 Baker Street London W1U 8AN



## **PART 1**

### **INFORMATION ON THE COMPANY**

#### **1. INTRODUCTION**

The Company is a newly established closed-ended investment company incorporated in England and Wales on 1 April 2015. The Company intends to carry on business as the principal company of a REIT, subject to meeting the necessary qualifying conditions.

The Shares are available to investors through the Issue at £1.00 per Share.

Applications will be made to each of the UK Listing Authority and the London Stock Exchange respectively, for all of the Shares to be issued pursuant to the Issue to be admitted to the premium listing segment of the Official List and to trading on the Main Market. It is expected that Admission will become effective and that dealings in the Shares will commence at 8.00 a.m. on 12 May 2015.

The assets of the Company will be managed by AEW UK Investment Management LLP.

#### **2. 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.

#### **3. INVESTMENT POLICY**

In order to achieve its investment objective the Company will invest 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 Assets (at the time of investment) in the AEW UK Core Property Fund and up to 10 per cent. of its Gross Assets (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 ("PAIF") 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. Further details of the AEW UK Core Property Fund and its performance are set out in Part 3 of this document.

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.

#### **4. INVESTMENT STRATEGY**

The Company currently intends to exploit what it believes to be the compelling relative value opportunities 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. The Company also intends to invest up to a maximum of 10 per cent. of its Net Asset Value in the AEW UK Core Property Fund.

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

- typically have a value, on investment, of between £5 million and £15 million;
- have initial net yields, on investment, of typically between 8-10 per cent;

- achieve across the whole Portfolio an average weighted lease term of between four to six years remaining;
- achieve, across the whole Portfolio, a diverse and broad spread of tenants; and
- have some potential for asset management initiatives to include refurbishment and re-lettings.

Key to the success of the Company, will be early deployment of cash through careful investment selection. The Investment Manager has identified a pipeline of opportunities generated by its network of connections across the UK commercial property market. Within the 12 months to 31 December 2014 the Investment Manager has received 3,100 separate deal introductions via Propex, the online data exchange for the institutional property market, with a combined total value of £36.6 billion and invested £52 million in properties for the AEW UK Core Property Fund. Further details of the pipeline of opportunities for the Company is set out in Part 2 of this document.

The AEW UK Core Property Fund has an investment policy that is similar to that of the Company although generally it may invest in smaller value properties than those to be purchased by the Company. Accordingly it has been agreed that, from Admission, in terms of investment opportunities, the Company will have a right of first refusal in respect of investment opportunities with a value equal to, or in excess of, £7.5 million which fall within the Company's investment policy whilst the AEW UK Core Property Fund will have a right of first refusal in respect of investment opportunities with a value of less than £7.5 million. The Directors, rather than the Investment Manager, will determine when to divest of the Company's holding in the AEW UK Core Property Fund.

The Company may invest in 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 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.

## **5. 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 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 Net Asset Value;
- investment in unoccupied and non-incoming, non-income producing assets will, at the time of investment, not exceed 20 per cent. of Net Asset Value;
- 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, 20 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 of the purposes of Part 12 of the CTA 2010 (and the regulations made thereunder).

## **6. INVESTMENT PERIOD**

The Company intends that the Net Issue Proceeds will be invested as quickly as practicable following Admission. The Investment Manager estimates that at least 50 per cent. of the Net Issue Proceeds should be invested within six months of Admission and that the Company should be substantially fully invested within nine months following Admission.

## **7. 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 or all or part of the total Portfolio

and will not exceed 25 per cent. of Gross Asset Value (measured at drawdown) of each investment or Portfolio. It is currently anticipated that the level of total borrowings will typically be at the level of 20 per cent. of Gross Asset Value (measured at drawdown).

## **8. DIVIDEND POLICY AND TARGET RETURNS**

Whilst not forming part of the Company's investment objective or investment policy the Company will, once fully invested, target a dividend yield of between 8 to 9 per cent. per annum on the Issue Price and target a total annual return, over the medium term, in excess of 12 per cent. on the Issue Price net of all fees.

The Company intends to pay dividends on a quarterly basis with dividends declared in February, May, August and November of each year and paid within one month of being declared. The Company intends to declare its first interim dividend in November 2015 to be paid in December 2015. On the basis of the expected investment period the Company is targeting a first interim dividend of at least 1.5 pence per Share and subsequent interim dividends of at least 2 pence per Share.

In order to maintain REIT status, the Company 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 and total returns set out above and elsewhere in this document are for illustrative purposes only, are based on current market conditions 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 total return will be achieved.**

## **9. VALUATION POLICY**

The Directors intend to use Knight Frank, or another professional independent valuer of equivalent standing, as property valuer to the Company. Valuations of the Company's properties will be conducted quarterly as at 31 January, 30 April, 31 July and 31 October in each year. The valuations of the Company's properties will be at fair value as determined by the Valuer on the basis of market value in accordance with the internationally accepted RICS Appraisal and Valuation Standards.

The first valuation will be conducted as at 31 July 2015.

Valuations will only be suspended in circumstances where the underlying information necessary to value the Company's properties cannot readily, or without undue expenditure, be obtained or in other circumstances (such as a system's failure of the independent valuer) which prevents the Company from making such valuations.

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.

## **10. CALCULATION OF NET ASSET VALUE**

The Net Asset Value (and Net Asset Value per Share) will be calculated quarterly by the Administrator (and reviewed by the Company). Calculations will be made in accordance with IFRS. 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 end of the relevant quarter. The quarterly valuations of the Net Asset Value (and Net Asset Value per Share) 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.

## **11. MEETINGS, REPORTS AND ACCOUNTS**

The audited accounts of the Company will be prepared in Sterling under IFRS. The Company's annual report and accounts will be prepared up to 30 April in each year, with the first accounting period of the Company ending on 30 April 2016. It is expected that copies of the report and accounts will be sent to Shareholders by the end of August in each year. Shareholders will also receive an unaudited half-yearly report covering the six months to 31 October each year, which is expected to be dispatched within the following two months. The first financial report and accounts that Shareholders will receive will be the report for the period ending on 31 October 2015 (covering the period from incorporation of the Company).

The Company intends to hold its first annual general meeting before 31 October 2016 and will hold an annual general meeting each year thereafter.

## **12. SHARE PREMIUM AND DISCOUNT MANAGEMENT**

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

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

The Directors will consider repurchasing 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. The Directors intend, following Admission, to apply to the Court to cancel the share premium account so as to create a new special reserve which may be treated as distributable profits and, amongst other things, out of which share buy-backs may be funded.

A special resolution has been passed granting the Directors authority to repurchase up to 14.99 per cent. of the Company's issued share capital immediately following Admission during the period expiring on the conclusion of the earlier of the Company's first annual general meeting and 31 October 2016. 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 Share and otherwise in accordance with guidelines established from time to time by the Board. Purchases of Shares may be made only in accordance with the Companies Act, the Disclosure and Transparency Rules and the Listing Rules. Under the Listing Rules, the maximum price that may be paid by the Company on the repurchase of any Shares pursuant to a general authority is 105 per cent. of the average of the middle market quotations for the 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 227312003). The minimum price will not be below the nominal value of one penny in respect of the Shares.

Shareholders should note that the purchase of 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 Shares (less the number of Shares issued pursuant to the Issue) pursuant to the terms of the Placing Programme. Such authority will expire following the end of the Placing Programme.

Investors should note that the issuance of new 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 Shares that may be issued.

Under the Listing Rules, Shares will only be issued at a price at or above NAV per Share unless authorised by Shareholders.

### ***Treasury Shares***

Any Shares repurchased pursuant to the general 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 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 Shares from treasury at prices at or above the prevailing Net Asset Value per 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 Net Asset Value per Share (plus costs of the relevant sale).

### ***Continuation vote***

At the annual general meeting of the Company to be held in 2020, under the provisions of the Articles, the Board will propose an ordinary resolution that the Company continue 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.

## **13. THE ISSUE**

The Company is seeking to issue 125 million Shares and is targeting Gross Issue Proceeds of £125 million, before expenses, by way of the Issue.

The maximum number of Shares available under the Issue is 150 million. The actual number of Shares to be issued pursuant to the Issue, and therefore the Gross Issue Proceeds, are not known as at the date of this document but will be notified by the Company via a Regulatory Information Service announcement prior to Admission.

Dexion has agreed to use its reasonable endeavours to procure subscribers pursuant to the Placing for Shares on the terms and subject to the conditions set out in the Placing and Offer Agreement.

The Company has agreed to make an offer of Shares pursuant to the Offer for Subscription at the Issue Price, subject to the Terms and Conditions of Application. The Terms and Conditions of Application should be read carefully before an application is made. Investors should consult their independent financial adviser if they are in any doubt about the contents of this document or the acquisition of Shares.

In addition the Company is proposing to undertake a Placing Programme further details of which are set out in Part 6 of this document.

## **14. REIT STATUS AND TAXATION**

The Company will give notice to HMRC (in accordance with Section 523 CTA 2010) that the Group will become a REIT on the acquisition of its first three properties following Admission and the Group will need to comply with certain ongoing regulations and conditions (including minimum distribution requirements) thereafter.

Potential investors are referred to Part 7 of this document for details of the REIT regime and taxation of the Company and the Shareholders in the UK. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own professional advisers immediately.

## **15. REGULATORY STATUS OF SHARES**

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

## **16. RISK FACTORS**

The Company’s performance is dependent on many factors and potential investors should read the whole of this document and in particular the section entitled “Risk Factors” on pages 15 to 22.

## PART 2

### INVESTMENT OPPORTUNITY AND PIPELINE

#### 1. MARKET OVERVIEW

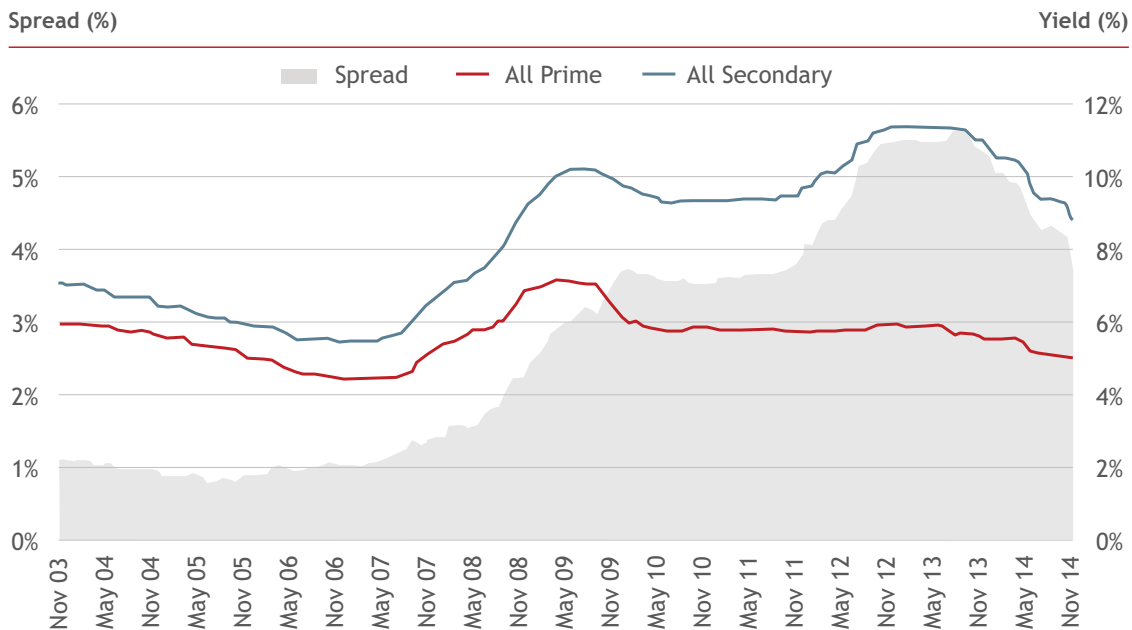
As bond yields remain low, there is strong investor demand for asset classes that can demonstrate attractive levels of income. This appetite has been reflected in strong investment demand, particularly from overseas investors, in London real estate and growing demand for prime, larger properties in the regions. In the Investment Manager's opinion, as a result there has been some yield compression in some parts of the property market most notably offices located in London and the South East.

On the demand side there has been, against a backdrop of a recovering UK economy and improved availability of bank debt, a good take up of vacant space, with tenants seeking to trade longer leases for lower rentals whilst the relative absence of development has constrained options available to tenants.

With existing space becoming scarcer, opportunities for asset management initiatives (refurbishment etc.) have become more attractive in terms of the returns that they can deliver.

#### 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.

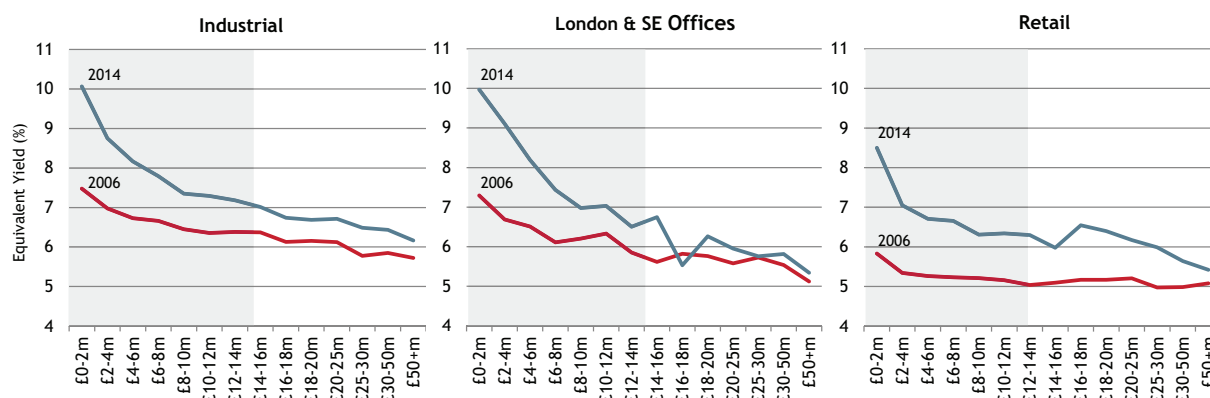


(source: CBRE monthly yields. \*excludes central London)



### 3. SMALLER ASSETS

The Company's investment policy is to focus on smaller properties, typically valued (at the time of acquisition) between £5 – £15 million. As demonstrated in the graphs below, there are currently pricing inefficiencies in smaller properties relative to long term pricing resulting in significant yield advantage which the Company hopes to exploit.



(Note: Equivalent yield is a weighted average of the initial yield and reversionary yield, and represents the yield a property will produce based upon the timing of the income received. Source: IPD (September 2014))

The Directors (having been advised by the Investment Manager) believe significant investment opportunities exist in smaller properties and particularly those with relatively shorter term left on the lease of three to six years. The Directors believe that investors are typically less willing to dedicate resources to such properties which provides opportunities for investors such as the Company who are prepared and willing to implement investment management initiatives.

### 4. REGIONAL STRENGTH

The Directors (having been advised by the Investment Manager) believe that there are parts of the UK that will benefit more than others from an improving and stronger UK economy and will focus investment into those regions which are forecast to have above average prospects in terms of economic growth. The table below shows the 15 identified UK regions by forecast GDP growth, average working age population growth, GDP per working age population, average unemployment rate, average office employment growth and average retail spending growth.

Ranking	Region
1	Berkshire, Buckinghamshire & Oxfordshire
2	Bedfordshire & Hertfordshire
3	Surrey, East & West Sussex
4	Hampshire
5	Gloucestershire, Wiltshire & North Somerset
6	Inner London
7	Herefordshire, Worcestershire & Warwickshire
8	Essex
9	Outer London
10	East Anglia
11	Leicestershire & Northamptonshire
12	Greater Manchester

<b>Ranking</b>	<b>Region</b>
13	Cheshire
14	Lincolnshire
15	Kent

*Source: AEW Europe Research & Strategy, Oxford Economics*

## **5. PIPELINE**

The Investment Manager has a strong pipeline of transactions that have been identified and the Investment Manager currently estimates that at least 50 per cent. of the Net Issue Proceeds should be invested within six months of Admission and that the Company should be substantially fully invested within nine months following Admission.

Over the last twelve months the Investment Manager has reviewed 3,100 introductions with a combined value of £36.6 billion. The Investment Manager is currently reviewing attractive acquisition opportunities with a combined value of approximately £100 million.

**There can be no assurance that any of these properties will be purchased by the Company at the aggregate purchase price indicated or at all.**



## PART 3

### INFORMATION ON THE AEW UK CORE PROPERTY FUND

#### 1. CONSTITUTION

The AEW UK Core Property Fund was established on 5 July 2013. It is a property authorised investment fund (a “**PAIF**”). It is a sub-fund of the AEW UK Real Estate Fund which is an open-ended investment company with variable capital and qualified investor scheme (“**QIS**”).

The Investment Manager in the Authorised Corporate Director of the AEW UK Core Property Fund and as such acts as its investment manager with Richard Tanner being its portfolio manager.

#### 2. INVESTMENT POLICY

The investment policy of the AEW UK Core Property Fund is to provide investors with exposure to a diversified, multisector portfolio of property assets throughout the UK. The AEW UK Core Property Fund seeks to achieve superior investment returns through relatively high income returns, strong stock selection and active management of all assets.

Performance of the AEW UK Core Property Fund is benchmarked against the weighted average of the All Balanced Property Fund Index and the IPD UK Pooled Property Index.

The Company and the AEW UK Core Property Fund will access all of the investment opportunities sourced by AEW; however, the Company will have a right of first refusal in respect of properties with a value equal to, or in excess of, £7.5 million which fall within the Company’s investment policy. Whilst the AEW UK Core Property Fund has a right of first refusal on properties less than £7.5 million, in practice, the Company will benefit from the portfolio diversification requirements of the AEW UK Core Property Fund meaning it should also be able to invest in a number of assets below £7.5 million.

#### 3. STATISTICS

The investment policy of the Company and the AEW UK Core Property Fund are similar and therefore an analysis of AEW UK Core Property Fund’s portfolio is helpful in understanding the potential attributes and diversity of the Company’s Portfolio, once fully invested.

The net asset value of the AEW UK Core Property Fund as at 31 December 2014 (the latest practicable date prior to the publication of this document) was £174.2 million. The triple net initial yield (after deduction of void costs and rent free periods) as at that date was 9.7 per cent. with a reversionary yield of 9.78 per cent. The weighted average unexpired lease terms to expire/break was 5.8/4.3 years.

The average property cost of acquisition for the AEW UK Core Property Fund as at 31 December 2014 (the latest practicable date prior to the publication of this document) was £3.4 million, the vacancy rate was 5.1 per cent. and the AEW UK Core Property Fund had no leverage or development exposure.

The AEW UK Core Property Fund’s portfolio has consistently sourced opportunities that as at 31 December 2014 (the latest practicable date prior to the publication of this document) generate net initial yields of 7 per cent. to 11 per cent. and had 50 properties with more than 200 underlying tenants with a diverse rent roll.

The AEW UK Core Property Fund has a wide portfolio spread across the UK (excluding London) and property sectors.

#### Sector weightings (as at 31 December 2014)

Offices:	29.4%
Standard Retail:	23.2%
Industrials:	20.0%
Retail Warehouses:	14.0%
Other	7.7%
Shopping Centres	4.0%
Cash	1.7%

#### Geographical weightings (as at 31 December 2014)

West Midlands	15.84%
South East	22.66%
Yorkshire and Humberside	12.34%
Eastern	5.99%
Wales	5.97%
Rest of London	4.48%
South West	17.45%
North West	5.89%
Scotland	4.67%
North East	4.71%

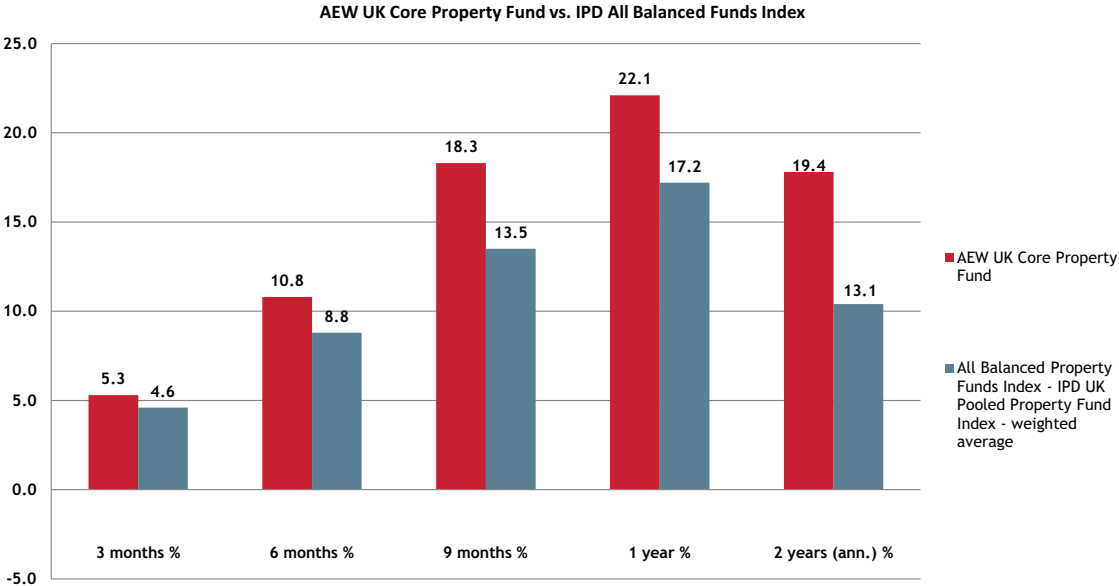
**Tenant Profile**

As at 31 December 2014, the AEW UK Core Property Fund had a gross income of £19 million per annum of which the top 50 tenants represented in excess of 70 per cent. of the total rent roll and comprise a wide range of household names. As at 6 January 2015, the top ten tenants accounted for £6 million (representing 31 per cent. of the AEW UK Core Property Fund’s gross income) and 66 per cent. of these top ten tenants have a minimum risk, or lower than average risk, of failure according to the D&B Risk Indicator based on GDP income.

**4. PERFORMANCE**

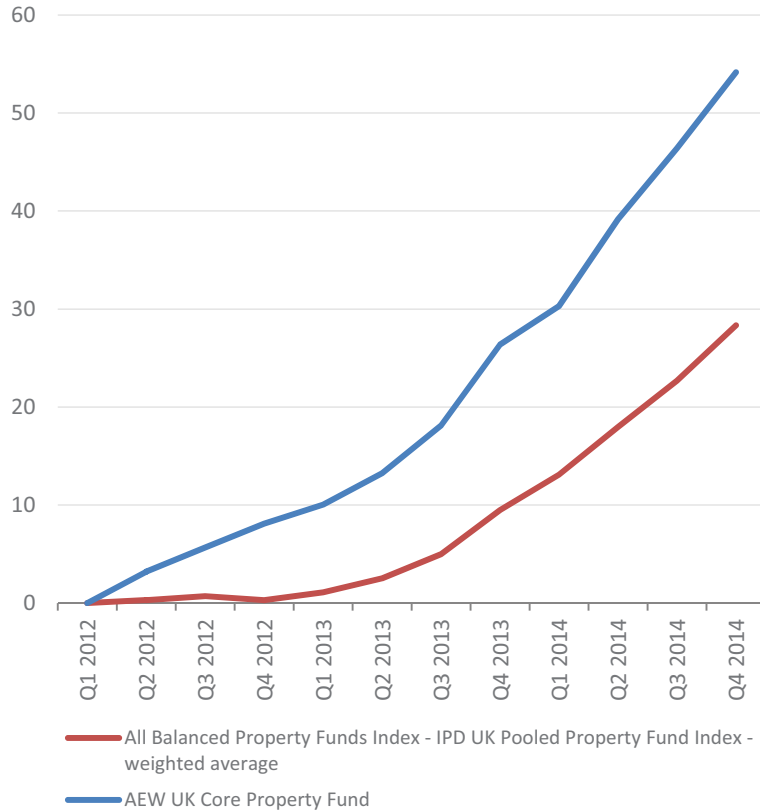
The AEW UK Core Property Fund is one of the top performing UK core funds in the IPD All Balanced Property Funds Index with average outperformance of the IPD All Balanced Property Funds Index of 4.9 per cent. over the 12 months to 31 December 2014. The performance since launch to 31 December 2014 is set out in the following charts.

**AEW UK Core Property Fund versus IPD All Balanced Funds Index**



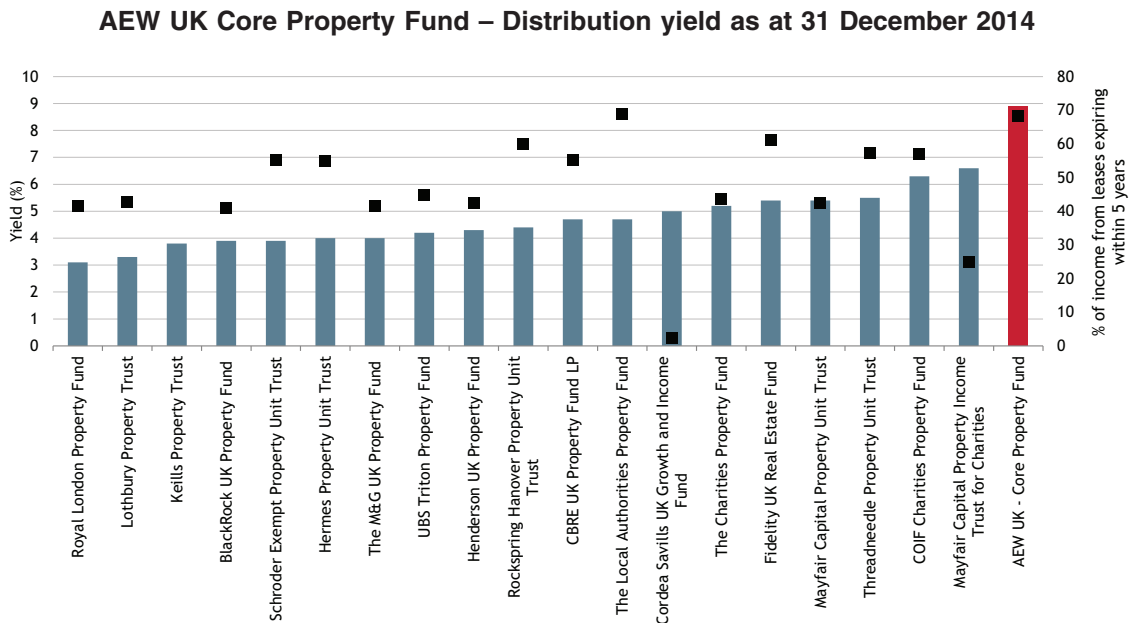
Source: AREF/IPD UK Quarterly Fund Index as at 31 December 2014

### AEW UK Core Property Fund – Cumulative outperformance of benchmark



(Source: AREF/IPD UK Quarterly Fund Index as at 31 December 2014)

The following chart shows yield and the percentage of income from leases expiring within five years.



Source: IPD Pooled Property Funds January 2014

## PART 4

### DIRECTORS, INVESTMENT MANAGER AND ADMINISTRATION

#### 1. 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 will be subject to annual re-election by Shareholders.

The Directors are as follows:

##### ***Mark Burton, non-executive Chairman (aged 66)***

Mr. Burton currently serves as a board member of Real Estate Credit Investments (Guernsey); Value Retail plc and Al Futtaim Group (UAE). He also sits on the real estate advisory boards for Norges Bank Investment Management and GreenOak; the investment committee of Internos Real Estate Investors 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.

##### ***James Hyslop, non-executive non-independent Director (aged 69)***

Mr. Hyslop has 47 years of investment industry experience. He is currently a member of the investment committee of Columbus U.K. Real Estate Fund LP (a Schroders fund) and is a consultant to AEW UK Investment Management LLP. He was until recently a member of the investment committees of ING Lionbrook Property Partnership, CBRE Investors, Gresham Real Estate Fund I & II and Columbus UK Real Estate Fund II (all Schroders funds) 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 (aged 53)***

Mr. Sandhu is chief executive officer and owner of The Santon Group which has developed over £1 billion of property in the last 8 years. He was a founder and chief executive officer of Raven Mount plc, a co-founder of Raven Russia Limited, which Mr. Sandhu helped to list on AIM raising over £450m, 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 AEW Global, one of the world's largest real estate managers, with €41.2bn of assets under management as at 31 December 2014. AEW Global comprises AEW Europe and Capital Management LP, a U.S. registered investment manager. In Europe, as at 31 December 2014, AEW Global managed €17.3 billion in value in properties of all types located in

17 countries, with over 280 staff in 9 offices. The Investment Manager is a 50:50 joint venture between the principals of the Investment Manager and AEW Europe.

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.

## **2.1 Senior management of the Investment Manager**

The Investment Manager employs a well resourced team comprising 15 individuals covering investment, asset management, operations and strategy. Key individuals relating to the Company’s strategy are:

### ***Richard Tanner – Managing Director***

Mr. Tanner brings 25 years of real estate investment management experience to the Investment Manager. He was a managing director of the UBS UK real estate team which he joined in 1994. Mr. Tanner was responsible for investment strategy, new fund development and was chair of the European product strategy committee at UBS. He was responsible for the development and portfolio management of three real estate funds totalling £3 billion, ranging from super core to value add. Mr. Tanner is a qualified Chartered Surveyor (MRICS).

### ***Robert Wilkinson – Chief Executive Officer for AEW Europe***

Mr. Wilkinson is chief executive officer of AEW Europe with overall responsibility for the management of the firm and for defining and implementing its strategy. He has 23 years of experience in real estate and corporate finance. Since joining the firm in 2009, Mr. Wilkinson has overseen over €5 billion in real estate transactions across Europe and has expanded the platform to include UK fund management capabilities. He is a member of a number of industry bodies and is the current Chairman of the Green Rating Alliance. Mr. Wilkinson was previously a managing director with the Goodman Group responsible for the management of sector-focused funds and business development representing €4.5 billion of assets. He previously held investment banking positions at UBS and Eurohypo.

### ***Rachel Mclsaac – Asset Management Director***

Ms. Mclsaac has 26 years of investment industry experience. Before joining the Investment Manager, she was chief executive of The Association of Real Estate Funds (“AREF”) between 2004 and 2009. AREF’s 70 member funds includes unlisted property vehicles promoted by all of the UK’s leading fund managers with c.£40 billion under management. Between 2002 and 2004 she was the managing director of REThink Real Estate, the UK’s first real estate innovation consultancy. From 1994-2002 Ms. Mclsaac was a director at UBS Global Asset Management and fund manager of Triton Property Fund. She was also responsible for external PUT analysis and management of fund gearing. She is a qualified Chartered Surveyor (MRICS).

### ***Alex Short – Portfolio Manager***

Ms. Short has 18 years industry experience. Ms. Short held a business and client management role at UBS Global Asset Management from 2010-2013. She was also a member of the GRE-UK Investment Committee and provided a management and support role to the team.

From 2002 to 2010, Ms. Short worked at UBS in various roles, including as Portfolio Manager for UBS SERF and portfolio manager for 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.

### ***Laura Elkin – investment team***

Ms. Elkin has eight years of industry experience. Ms. Elkin joined AEW in March 2013 and focuses on 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, most recently within the national investment team which she joined in 2010. Ms. Elkin carried out the acquisition and disposal of various investment properties across the UK specialising in leisure related RPI linked leases.

Previously she worked within Colliers specialist division carrying out valuation, landlord and tenant, occupational agency and development work for roadside and automotive related properties.

## 2.2 Consultant to the Investment Manager

The Investment Manager has engaged Andrew Strang as a consultant to supplement the expertise of the management team.

### **Andrew Strang – Property Consultant**

Mr. Strang has 33 years of investment industry experience. He is currently a non-executive director of INTU PLC and Capital and Counties Properties PLC and a member of the board of the Pollen Estate Trustee Company Limited. 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. He is a director of the British Property Federation.

## 2.3 AEW Europe debt team

AEW Europe has a specialist debt team comprising three professional staff based in London. The team arranges financing and hedging for five closed private placement funds and separate account mandates. Over the last six years, the team has procured debt finance to fund investment into property assets in excess of €2 billion including assets located in the UK and Central and Western Europe.

The team is active in 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, refinanced and extended over €1.3 billion of debt financing in the last three years, ranging from loan maturity expiries to complex renegotiations.

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

## 2.4 Investment process

The Investment Manager will hold 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 “flyer” outlining the investment criteria for the portfolio assets to the agency market. 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 will review the properties at weekly stock selection meetings and will either accept or reject the properties on the system. For the selected properties, the Investment Manager will start an initial due diligence process to:

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

In weekly stock monitoring meetings, the Investment Manager will recommend properties either for bid, additional due diligence or rejection. For properties which are successfully put under offer, the Investment Manager will prepare 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 monthly or on an ad-hoc basis, where required. The IMC is responsible for risk management, reviewing and challenging the investment rationale and authorising recommendation to the Board. The IMC is made up of four members and a majority vote of three members will be required. The Chairman 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 will appoint various advisers including lawyers, environmental consultants and buildings surveyors.

A checklist will be 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 will be reviewed against the purchase price and signed off by the Investment Manager prior to exchange and completion will take place thereafter.



## **2.5 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 8.2 of Part 8 of this document, under which the Investment Manager has agreed to provide the Company with investment management services.

Details of the fees and expenses payable to the Investment Manager are set out in paragraph 8.2 of this Part 4 below.

## **3. PROPERTY MANAGER**

Jones Lang LaSalle 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 8.3 of Part 8 of this document). In such capacity, the Property Manager will provide property management services to the Company in relation to the Portfolio.

## **4. ADMINISTRATOR**

Capita Sinclair Henderson 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 8.4 of Part 8 of this document). In such capacity the Administrator will be 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 Share).

## **5. SECRETARY**

Capita Company Secretarial Services 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 8.5 of Part 8 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 8.6 of Part 8 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 has been appointed as Depository to the Company pursuant to the terms of the Depository Agreement (further details of which are set out in paragraph 8.8 of Part 8 of this document).

## **8. FEES AND EXPENSES**

### **8.1 Formation and initial expenses**

The formation and initial expenses of the Company are those which are necessary for the incorporation of the Company, Admission and the Issue. These expenses include fees and commissions payable under the Placing and Offer Agreement, Admission fees, printing, legal and accounting fees and any other applicable expenses which will be met by the Company and will be paid on or around Admission out of the Gross Issue Proceeds. The expenses will be written off immediately following Admission. Such costs and expenses are fixed at 2 per cent. of the Gross Issue Proceeds (i.e. £2.5 million assuming the Gross Issue Proceeds are £125 million).

### **8.2 Ongoing annual expenses**

Ongoing annual expenses will include the following:

- *Management fees*

Under the Investment Management Agreement the Investment Manager will receive a management fee which will be calculated and accrue monthly at a rate equivalent to 0.9 per cent. per annum of NAV (excluding uninvested proceeds from the Issue and subsequent



fundraisings). The fee will be paid on a quarterly basis based on the prevailing NAV. 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.

- *Property Manager*

Under the terms of the Property Management Agreement, the Property Manager is currently entitled to: (i) a fee of 0.4 per cent. of annual rents received (in respect of single let properties); (ii) fees capped at between 6 per cent. and 10 percent. of annual service charges (in respect of multi-let properties); and (iii) a nominal charge (in respect of vacant buildings).
- *Administrator*

Under the terms of the Administration Agreement, the Administrator is entitled to receive a fee of £73,000 per annum.
- *Secretary*

Under the terms of the Company Secretarial Agreement, the Secretary is entitled to receive a fee of £45,000 per annum.
- *Depository*

Under the terms of the Depository Agreement the Depository is entitled to receive a fee of £45,000 per annum.
- *Registrar*

Under the terms of the Registrar Agreement, the Registrar is entitled to receive certain annual maintenance and activity fees.
- *Directors*

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. Save for the Chairman, the initial fees will be £20,000 for each Director per annum. The Chairman's initial fee will be £25,000 per annum.

Each of the Directors will also be 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.
- *Auditor*

The Auditor will be entitled to an annual fee from the Company, which fee will be agreed with the Board each year in advance of the Auditor commencing audit work.
- *Other operational expenses*

Other ongoing operational expenses (excluding fees paid to service providers as detailed above) of the Company will be 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 will be 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 will be borne by the Company.

## **9. CONFLICTS OF INTEREST**

### **9.1 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 AEW UK Core Property Fund has an investment policy that is similar to that of the Company although generally it may invest in smaller value properties than those to be purchased by the Company. Accordingly it has been agreed that, from Admission, in terms of investment opportunities, the Company will have a right of first refusal in respect of investment opportunities with a value equal to, or in excess of, £7.5 million which fall within the Company's investment policy whilst the AEW UK Core Property Fund will have a right of first refusal in respect of investment opportunities with a value of less than £7.5 million. The Directors, rather than the Investment Manager, will determine when to divest of the Company's holding in the AEW UK Core Property Fund.

## 9.2 Directors

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 of Part 8 of this document.

## 10. CORPORATE GOVERNANCE

The Listing Rules require that the Directors must "comply or explain" against the UK Corporate Governance Code. In addition the DTRs require the Company to: (i) make a corporate governance statement in its annual report and accounts based on the corporate governance code to which it is subject or with which it voluntarily complies; and (ii) describe its internal control and risk management arrangements. The Board has agreed to comply with the AIC Code of Corporate Governance (the "AIC Code") produced by the Association of Investment Companies ("AIC"), except as set out below. The UK's Financial Reporting Counsel has confirmed that compliance with the AIC Code would satisfy a company's obligations to comply with the UK Corporate Governance Code.

The Directors recognise the value of the AIC Code and have taken appropriate measures to ensure that the Company complies, so far as is possible given the Company's size and nature of business, with the AIC Code. Save as set out below, the Company currently complies, and will continue to comply, with the AIC Code and associated disclosure requirements of the Listing Rules.

There is no chief executive or senior independent director within the Company, which means that the Company cannot comply with this part of the AIC Code. As an investment company, all the Directors are non-executive and the Company has no employees. Accordingly, this part of the AIC Code is not relevant to the Company. The Company does not have a senior independent director because all of its Directors are non-executive and the Company has a Chairman. There are no other instances of non-compliance with the UK Corporate Governance Code by the Company as at the date of this document. The Company is also obliged to comply with the Model Code under the

Listing Rules. The Board is responsible for taking all proper and reasonable steps to ensure compliance with the Model Code by the Directors.

### ***Independence***

As explained in paragraph 1 of this Part 4, the Board will consist of three 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.

### ***Performance***

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. 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 8 of this document.

The Board has established the following committees:

#### ***The Audit Committee***

The Audit Committee comprises the full Board (other than James Hyslop) 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 of independent non-executive directors and members shall be appointed by the Board. The Management Engagement and Remuneration Committee is chaired by Mark Burton and 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 continuing 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.

## PART 5

### ISSUE ARRANGEMENTS

#### 1. THE ISSUE

The maximum number of Shares available under the Issue is 150 million. The actual number of Shares to be issued pursuant to the Issue, and therefore the Gross Issue Proceeds, are not known as at the date of this document but will be notified by the Company via a Regulatory Information Service announcement prior to Admission. The Issue is not being underwritten. The maximum Issue size should not be taken as an indication of the number of Shares to be issued.

The aggregate proceeds of the Issue, after deduction of expenses, will be £2.5 million on the assumption that the Gross Issue Proceeds are £125 million.

#### 2. USE OF PROCEEDS

The Company will use the Gross Issue Proceeds in the following order of priority (the utilisation amounts set out below are based on the assumption that Gross Issue Proceeds of £125 million are raised pursuant to the Issue):

- 2.1 £2.5 million to pay the expenses of the Issue; and
- 2.2 £122.5 million will be employed in implementing the Company's investment policy and for general working capital purposes.

#### 3. THE PLACING

Dexion has agreed to use its reasonable endeavours to procure subscribers pursuant to the Placing for the Shares on the terms and subject to the conditions set out in the Placing and Offer Agreement. Details of the Placing and Offer Agreement are set out in paragraph 8.1 of Part 8 of this document. The Placing will close at 3.00 p.m. on 6 May 2015 (or such later date as the Company and Dexion may agree). If the Placing is extended, the revised timetable will be notified to relevant potential investors.

The terms and conditions which shall apply to any Placees procured by Dexion pursuant to the Placing are contained in Part 10 of this document.

Placing commitments must be for a minimum amount of £50,000.

#### 4. THE OFFER FOR SUBSCRIPTION

The Company has agreed to make an offer of Shares pursuant to the Offer for Subscription in the UK at the Issue Price, subject to the Terms and Conditions of Application. These terms and conditions and the Application Form should be read carefully before an application is made. Investors should consult their independent financial adviser if they are in any doubt about the contents of this document or the acquisition of Shares. Application Forms accompanied by a cheque or banker's draft in Sterling made payable to "Computershare Investor Services PLC re: AEW UK REIT plc – Offer for Subscription a/c" and crossed "A/C Payee Only" for the appropriate sum should be returned to the Receiving Agent by no later than 5.00 p.m. on 5 May 2015. If the Offer for Subscription is extended, the revised timetable will be notified to any investors who have returned Application Forms.

For applicants sending subscription monies by electronic bank transfer (CHAPS) payment must be made for value by 5 May 2015. Please contact Computershare Investor Services PLC by email at [AEWOFS@computershare.co.uk](mailto:AEWOFS@computershare.co.uk) for full bank details or telephone the Shareholder Helpline for further information. Computershare will then provide applicants with a unique reference number which must be used when sending payment.

Applications under the Offer for Subscription must be for Shares with a minimum subscription amount of £1,000 and thereafter in multiples of £100. Commitments under the Offer for Subscription, once made, may not be withdrawn without the consent of the Board. The Directors reserve the right to refuse applications for any reason.

## **5. CONDITIONS TO THE ISSUE**

The Issue is conditional, *inter alia*, on:

- 5.1 the Placing and Offer Agreement becoming wholly unconditional (save as to Admission) and not having been terminated in accordance with its terms at any time prior to Admission;
- 5.2 Admission having become effective on or before 8.00 a.m. on 12 May 2015 or such later time and/ or date as the Company and Dexion may agree (being not later than 8.00 a.m. on 30 June 2015; and
- 5.3 the Minimum Net Proceeds being raised (or such lesser amount as the Company and Dexion may determine and notify to investors via an RIS announcement and a supplementary prospectus).

The Directors also have the discretion not to proceed with the Issue if all of the above conditions (including raising the Minimum Net Proceeds) have been met. If the Issue does not proceed (due to the Minimum Net Proceeds not being raised or otherwise), any monies received under the Issue will be returned to applicants without interest at the applicants' risk.

## **6. SCALING BACK AND ALLOCATION**

In the event that aggregate applications for Shares under the Placing and the Offer for Subscription were to exceed the maximum size of the Issue, it would be necessary to scale back applications under the Issue. Dexion reserves the right, at its sole discretion, but after consultation with the Board, to scale back applications in such amounts as it considers appropriate. The Company reserves the right to decline in whole or in part any application for Shares pursuant to the Issue and to scale back the Placing in favour of the Offer for Subscription. Accordingly, applicants for Shares may, in certain circumstances, not be allotted the number of Shares for which they have applied.

The Company will notify investors of the number of Shares in respect of which their application has been successful and the results of the Issue will be announced by the Company on or around 7 May 2015 via an Regulatory Information Service announcement.

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

## **7. THE MAIN MARKET AND THE OFFICIAL LIST**

The Main Market is an EU regulated market. Consequently, upon Admission, the Company will be subject to the Prospectus Rules, the Disclosure and Transparency Rules and the Market Abuse Directive (as implemented in the United Kingdom). Upon admission to the Official List, the Company will also be subject to the continuing obligations of the Listing Rules.

## **8. THE PLACING AND OFFER AGREEMENT**

The Placing and Offer Agreement contains provisions entitling Dexion to terminate the Issue (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Issue and these arrangements will lapse and any monies received in respect of the Issue will be returned to each applicant without interest at the applicant's risk.

Further details of the terms of the Placing and Offer Agreement are set out in paragraph 8.1 of Part 8 of this document.

## **9. GENERAL**

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

In the event that there are any significant changes affecting any of the matters described in this document or where any significant new matters have arisen after the publication of this document and prior to Admission, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the significant change(s) or the significant new matter(s).



The Directors (in consultation with Dexion) may in their absolute discretion waive the minimum application amounts in respect of any particular application for Shares under the Issue.

## **10. CLEARING AND SETTLEMENT**

Payment for the Shares, in the case of the Placing, should be made in accordance with settlement instructions to be provided to placees by Dexion. Payment for the Shares, in the case of the Offer for Subscription, should be made in accordance with the Terms and Conditions of Application in Part 11 of this document and in the Application Form. To the extent that any application for Shares is rejected in whole or in part (whether by scaling back or otherwise), monies received will be returned without interest at the risk of the applicant.

Shares will be issued in registered form and may be held in either certificated or uncertificated form and settled through CREST from Admission. In the case of Shares to be issued in uncertificated form pursuant to the Issue, these will be transferred to successful applicants through the CREST system. Accordingly, settlement of transactions in the Shares following Admission may take place within the CREST system if any Shareholder so wishes.

Shares issued under the Offer for Subscription will be issued to successful applicants in accordance with the Terms and Conditions of Application.

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 12 May 2015 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 out of the CREST system following the Issue 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.

## **11. DEALINGS**

Application will be made to the UK Listing Authority and the London Stock Exchange for the Shares issued pursuant to the Issue to be admitted to the premium listing segment of the Official List and to trading on the Main Market respectively.

It is expected that Admission will become effective and that unconditional dealing in the Shares will commence at 8.00 a.m. on 12 May 2015. Dealings in Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned.

The ISIN number of the Shares is GB00BWD24154 and the SEDOL code is BWD2415.

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 NAV per Share. Furthermore, the level of the liquidity in the Shares can vary significantly.

## **12. OVERSEAS PERSONS**

The attention of potential investors who are Overseas Persons is drawn to the paragraphs below.

The offer of Shares pursuant to the Placing 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 under the Placing. It is the responsibility of all Overseas Persons receiving this document and/or wishing to participate under the Placing 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.

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. In particular, investors should note that the Company has not, and will not be, registered under the U.S. Investment Company Act and the offer, issue and sale of 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. Accordingly, the Shares are only being offered and sold outside the United States to non-U.S. Persons in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person, 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.

The Offer for Subscription is only open to UK residents and Overseas Persons may therefore not submit an application under the Offer for Subscription.

Investors should additionally consider the provisions set out under the heading 'Important Information' on pages 23 to 25 of this document.

The Company reserves the right to treat as invalid any agreement to subscribe for Shares under the Issue 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.

### **13. UNITED STATES TRANSFER RESTRICTIONS**

Dexion has acknowledged and warranted in the Placing and Offer Agreement that it will not offer or sell or procure the offer or sale of the Shares pursuant to the Placing except in compliance with Regulation S. 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. Accordingly, investors may not reoffer, resell, pledge or otherwise transfer or deliver, directly or indirectly, any Shares within the United States, or to, or for the account or benefit of, any U.S. Person, 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.

### **14. PROFILE OF A TYPICAL INVESTOR**

The Placing will primarily be marketed to institutional and sophisticated investors. Typical investors pursuant to the Offer for Subscription are expected to be UK based asset and wealth managers regulated or authorised by the FCA and some private individuals (some of whom may invest through brokers).



## PART 6

### THE PLACING PROGRAMME

#### 1. INTRODUCTION

Following the Issue, the Directors intend to implement the Placing Programme (being a programme of Subsequent Placings of Shares as described in this document). The Directors are authorised to issue up to 250 million Shares (less the number of Shares issued pursuant to the Issue) pursuant to the Placing Programme without having to first offer Shares to existing Shareholders. The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue Shares over a period of time. The Placing Programme is being implemented to enable the Company to raise additional capital in the period from 13 May 2015 to 22 April 2016. The Placing Programme is intended to satisfy market demand for Shares and to raise further money after the Issue to increase the size of the Company and to be invested in accordance with the Company's investment policy.

In using their discretion under the Placing Programme, the Directors may also take into account the desirability of limiting the premium to Net Asset Value at which the Shares trade in order to ensure that Shareholders and new investors who acquire Shares are not disadvantaged by being required to acquire additional Shares at a high premium to Net Asset Value per Share.

The actual number of Shares to be issued pursuant to a Subsequent Placing under the Placing Programme is not known as at the date of this document but will be notified by the Company via a Regulatory Information Service announcement and the Company's website, prior to any Subsequent Admission.

The maximum number of Shares available under the Placing Programme should not be taken as an indication of the number of Shares finally to be issued.

The Placing Programme will open on 13 May 2015 and will close on 22 April 2016 (or any earlier on which it is fully subscribed, or otherwise at the discretion of the Directors).

Shares will, subject to the Company's decision to proceed with an allotment at any given time, be made available at the Placing Programme Price to investors.

No Shares will be issued at a discount to Net Asset Value per Share at the time of the relevant allotment. The Company will not issue any Shares at a discount of 10 per cent. or more to the middle market price of the Shares at the relevant time without Shareholder approval.

The allotment of Shares under the Placing Programme is at the discretion of the Directors. Allotments and Subsequent Admissions may take place at any time prior to the final closing date of 22 April 2016 (or any earlier date on which the Placing Programme is fully subscribed). An announcement of each allotment will be released through a Regulatory Information Service, including details of the number of Shares allotted and the Placing Programme Price for the allotment.

So far as the Directors are aware as at the date of this document, no members of the Company's management, supervisory or administrative bodies intend to make a commitment for any Shares under the Placing Programme.

There is no minimum subscription. The Placing Programme is not being underwritten and, as at the date of this document, the actual number of Shares to be issued under the Placing Programme is not known.

The net proceeds of the Placing Programme are dependent, *inter alia*, on the Directors determining to proceed with a Subsequent Placing under the Placing Programme, the level of subscriptions received and the price at which such Shares are issued. It is expected that the costs of issuing Shares under the Placing Programme will be covered by issuing such Shares at the Placing Programme Price.

#### 2. THE PLACING AND OFFER AGREEMENT AND CONDITIONS

Under the Placing and Offer Agreement, Dexion has undertaken, as agent for the Company, to use its reasonable endeavours to procure subscribers under the Placing Programme for Shares at the Placing Programme Price. Details of the Placing and Offer Agreement are set out in paragraph 8.1 of Part 8 of this document.

Each allotment and issue of Shares pursuant to a Subsequent Placing under the Placing Programme is conditional, *inter alia*, on the Subsequent Admission of those Shares by 8:00 am on such date as the Company and Dexion may agree from time to time in relation to that Subsequent Admission, but in any event no later than 22 April 2016 and upon the Placing and Offering Agreement becoming wholly unconditional (save as to any Subsequent Admission) and not having been terminated in accordance with its terms prior to the Subsequent Admission.

In circumstances in which the conditions to a Subsequent Placing are not fully met, the relevant issue of Shares pursuant to the Placing Programme will not take place.

### **3. THE PLACING PROGRAMME PRICE**

Subject to the requirements of the Listing Rules, the minimum price at which the Shares will be issued pursuant to the Placing Programme, which will be in Sterling, will be calculated by reference to the prevailing Net Asset Value of the Shares together with a premium sufficient to cover the costs and expenses of issuing such Shares (including, without limitation, any placing commissions). Fractions of Shares will not be issued.

The Placing Programme Price will be announced through a Regulatory Information Service as soon as practicable in conjunction with each Subsequent Placing.

### **4. SCALING BACK AND ALLOCATION**

In the event that aggregate applications for Shares under any Subsequent Placing were to exceed the maximum size of such Subsequent Placing, it would be necessary to scale back applications under any such Subsequent Placing. Dexion reserves the right, at its sole discretion, but after consultation with the Board, to scale back applications in such amounts as it considers appropriate. Accordingly, applicants for Shares may, in certain circumstances, not be allotted the number of Shares for which they have applied.

The Company will notify investors of the number of Shares in respect of which their application has been successful and the results of the Subsequent Placings will be announced by the Company via an Regulatory Information Service announcement.

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

### **5. VOTING DILUTION REGARDING THE ORDINARY SHARES**

If 125 million Shares are issued pursuant to the Placing Programme, assuming the Issue has been subscribed as to 125 million Shares, there would be a dilution of 50 per cent. in Shareholders' voting control of the Company immediately after the Issue.

### **6. ADMISSION, CLEARING AND SETTLEMENT**

The Placing Programme may have a number of closing dates in order to provide the Company with the ability to issue Shares over the duration of the Placing Programme. Shares may be issued under the Placing Programme from 8:00 am on 13 May 2015 until 8:00 am on 22 April 2016.

Application will be made to the UK Listing Authority and the London Stock Exchange for all of the Shares available pursuant to the Placing Programme to be admitted to the premium segment of the Official List and to trading on the Main Market. It is expected that any Subsequent Admissions pursuant to Subsequent Placings under the Placing Programme will become effective and dealings will commence between 13 May 2015 and 22 April 2016. All Shares issued pursuant to the Placing Programme will be allotted conditionally on such Subsequent Admission occurring.

This document has, *inter alia*, been published in order to obtain Admission to the premium segment of the Official List of any Shares issued pursuant to any Subsequent Placings under the Placing Programme.

In the event that there are any significant changes affecting any of the matters described in this document or where any significant new matters have arisen after the publication of this document and prior to subsequent Admission of any Shares issued pursuant to the Placing Programme, the Company will publish a supplementary prospectus. Any supplementary prospectus published will give details of the significant change(s) or the significant new matter(s).

Shares will be issued in registered form and may be held in either certificated or uncertificated form. In the case of Shares to be issued in uncertificated form pursuant to a Subsequent Placing, these will be transferred to successful applicants through the CREST system.

It is anticipated that dealings in the Shares will commence approximately three Business Days after their allotment (which will be conditional only on Admission). Dealing in advance of the crediting of the relevant stock account shall be at the risk of the person concerned. Whilst it is expected that all Shares allotted pursuant to the Placing Programme will be issued in uncertificated form, if any Shares are issued in certificated form it is expected that share certificates will be despatched approximately one week following Subsequent Admission of the Shares.

Any Shares issued pursuant to the Placing Programme will rank *pari passu* with the Shares then in issue (save for any dividends or other distributions declared, made or paid on the Shares by reference to a record date prior to the allotment of the relevant Shares). The Shares will be issued in registered form.

## **7. CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Shares under the CREST system. The Company shall apply for the Shares offered under the Placing Programme to be admitted to CREST with effect from Subsequent Admission. Accordingly, settlement of transactions in the Shares following Subsequent Admission may take place within the CREST system if any holder of such Shares so wishes.

## **8. USE OF PROCEEDS**

The Directors intend to use the net proceeds of any Subsequent Placing under the Placing Programme to acquire investments in accordance with the Company's investment objective and investment policy.

## **9. PROFILE OF A TYPICAL INVESTOR**

Each Subsequent Placing under the Placing Programme is designed to be suitable for institutional investors and professionally-advised private investors seeking exposure to alternative finance investments and related instruments. The Shares may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in Shares in a Subsequent Placing.

## **10. OVERSEAS PERSONS**

The attention of potential investors in any territory other than the UK is drawn to the paragraphs below.

The offer of Shares under the Placing Programme to potential investors in any territory other than the UK 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 pursuant to the Placing Programme. It is the responsibility of all persons in any territory other than the UK receiving this document and/or wishing to subscribe for Shares under the Placing Programme 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.

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. In particular,

investors should note that the Company has not, and will not be, registered under the U.S. Investment Company Act and the offer, issue and sale of the Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States or in any Restricted Jurisdiction. The Shares are only being offered hereby for sale outside the United States to non-U.S. Persons in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S thereunder. Without the consent of the Directors, which may be withheld at their sole discretion, the Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person. Investors should additionally consider the provisions set out under the heading “Important Information” on pages 23 to 25 of this document.

The Company reserves the right to treat as invalid any agreement to subscribe for Shares under the Placing Programme 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 7

### REIT STATUS AND TAXATION

#### 1. INTRODUCTION

##### 1.1 Principal advantage of REIT status

The principal advantage of REIT status is that members of the Group will be exempt from UK corporation tax on both rental profits and chargeable gains on disposals of properties held for the purposes of 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 7 for more information).

##### 1.2 Principal disadvantages of REIT status

The principal disadvantages of REIT status are as follows:

1.2.1 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 7 on an ongoing basis; and

1.2.2 withholding tax of 20 per cent. must be deducted from certain distributions made to certain Shareholders (see paragraph 3 of this Part 7 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 4 and 5 of this Part 7.

##### 1.5 Non-close company condition

As mentioned below in paragraph 2.2.1 of this Part 7, 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, an open-ended investment company, a person with sovereign immunity, a UK REIT or the foreign equivalent of a UK REIT. 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 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 ring fence 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:

- 1.6.1 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;
- 1.6.2 the Company or the Group has committed a certain number of breaches of the conditions within a specified period; or
- 1.6.3 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:

- 1.6.4 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;
- 1.6.5 the Company ceases to be UK resident for tax purposes;
- 1.6.6 the Company becomes dual resident for tax purposes; or
- 1.6.7 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 (but with the benefit of a tax credit), 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 and 100 per cent. of any property income distributions received from other UK REITs. 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 7.

## **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 2.2.1 to 2.2.4 below.

### **2.2.1 *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 three 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, an open-ended investment company, a person with sovereign immunity, a UK REIT or the foreign equivalent of a UK REIT.



### 2.2.2 *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.

### 2.2.3 *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-dependant 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.

### 2.2.4 *Conditions for the Property Rental Business*

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

- the Property Rental Business must, throughout the accounting period, involve at least three properties;
- 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;
- 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) and 100 per cent. of any property income distributions received from other UK REITs 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 2.3.2 below) will be treated as having been paid. The issue of stock dividends will count towards the 90 per cent. threshold;
- the income profits arising from the 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
- 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).

### 2.2.5 *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

### 2.3.1 *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.

### 2.3.2 *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 are consistent with such provisions.

### 2.3.3 *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.

### 2.3.4 *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.

### 2.3.5 *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.

### 2.3.6 *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.

### **2.3.7 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.

### **2.3.8 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. UNITED KINGDOM TAX TREATMENT OF SHAREHOLDERS UNDER REIT STATUS**

### **3.1 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 3.3.4 (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.

## 3.2 UK taxation of Non-PID Dividends

### 3.2.1 *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 tax credit equal to one-ninth of the sum of the dividend received.

The Non-PID Dividend received plus the related tax credit (the “**Gross Dividend**”) will be part of the Shareholder’s total income for UK income tax purposes and will be regarded as the top slice of that income. However, in calculating the Shareholder’s liability to UK income tax in respect of the Gross Dividend, the tax credit (which equates to 10 per cent. of the Gross Dividend) will be set off against any further tax chargeable on the Gross Dividend.

In the case of such a Shareholder who is not liable to UK income tax at either the higher or the additional rate, that Shareholder will be subject to UK income tax on the Gross Dividend at the rate of 10 per cent. The tax credit will, in consequence, satisfy in full the Shareholder’s liability to UK income tax on the Gross Dividend.

In the case of a Shareholder who is liable to UK income tax at the higher rate, the Shareholder will be subject to UK income tax on the Gross Dividend at the rate of 32.5 per cent., to the extent that the Gross Dividend falls above the threshold for the higher rate of UK income tax but below the threshold for the additional rate of UK income tax when it is treated (as mentioned above) as the top slice of the Shareholder’s income. The tax credit will, in consequence, satisfy only part of the Shareholder’s liability to UK income tax on the Gross Dividend and the Shareholder will have to account for UK income tax equal to 22.5 per cent. of the Gross Dividend. Thus, the effective tax rate applicable to the Non-PID Dividend received by such a Shareholder would be 25 per cent.

In the case of a Shareholder who is liable to UK income tax at the additional rate, the Shareholder will be subject to UK income tax on the Gross Dividend at the rate of 37.5 per cent., to the extent that the Gross Dividend falls above the threshold for the additional rate of UK income tax when it is treated (as mentioned above) as the top slice of the Shareholder’s income. After setting off the tax credit comprised in the Gross Dividend, the Shareholder will, accordingly, have to account for UK income tax equal to 27.5 per cent. of the Gross Dividend. Thus, the effective tax rate applicable to the Non-PID Dividend received by such a Shareholder would be approximately 30.6 per cent.

A UK resident individual Shareholder whose liability to UK income tax in respect of a Non-PID Dividend received from the Company is less than the tax credit attaching to it will not be entitled to any repayment from HMRC in respect of any part of the tax credit attaching to the Non-PID Dividend.

### 3.2.2 *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).

### 3.3 UK taxation of PIDs

#### 3.3.1 *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 3.3.4 (Withholding tax) below.

#### 3.3.2 *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 3.3.4 (Withholding tax) below.

#### 3.3.3 *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 3.3.4 (Withholding tax) below.

#### 3.3.4 *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 a NISA, 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.

### **3.4 UK taxation of chargeable gains, stamp duty and stamp duty reserve tax (“SDRT”) in respect of Shares**

Subject to the first paragraph of paragraph 3.1 above, the following comments apply to both individual and corporate Shareholders, regardless of whether or not such Shareholders are resident for tax purposes in the UK.

#### **3.4.1 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 £11,100 for the tax year 2015-2016. Capital gains tax chargeable will be at the current rate of 18 per cent. (for basic rate tax payers) and 28 per cent. (for higher and additional rate tax payers) during the tax year 2015-2016.

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. The indexation allowance may reduce the amount of chargeable gain that is subject to UK corporation tax but may not create or increase any allowable loss.

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.

#### **3.4.2 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. 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.

### 3.5 NISA, SSAS and SIPP

Shares acquired by a UK resident individual Shareholder in the Offer or in the secondary market (but not the Placing) should be eligible to be held in a NISA, subject to applicable annual subscription limits.

Investments held in NISAs will be free of UK tax on both capital gains and income. The opportunity to invest in Shares through a NISA 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 a NISA 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 a NISA 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.

## 4. DESCRIPTION OF THE REIT PROVISIONS INCLUDED IN THE ARTICLES

### 4.1 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 5 of this Part 7.

The Special Articles:

- provide Directors with powers to identify its Substantial Shareholders (if any);
- prohibit the payment of dividends on Shares that form part of a Substantial Shareholding, unless certain conditions are met;
- 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
- 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.

### 4.2 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 4.3 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 4.6 below).

#### **4.3 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:

- the Substantial Shareholder concerned is not beneficially entitled to the dividends (see also paragraph 4.4 below);
- the shareholding is not part of a Substantial Shareholding;
- 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
- 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.

#### **4.4 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:

- to ensure that the entitlement to future dividends will be disposed of; and
- 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.

#### **4.5 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.

#### **4.6 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 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);
- there has been a failure to provide information requested by the Board; or
- 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.

#### **4.7 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.

#### **4.8 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 2.2.1 of this Part 7, which powers may include the ability to arrange for the sale of Shares on behalf of Shareholders.

## **5. THE SPECIAL 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).”

## PART 8

### 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 33 Jermyn Street, London SW1Y 6DN. The Directors have resolved to change the registered office of the Company to 40 Dukes Place, London EC3A 7NH with telephone number 0870 402 7573.
- 1.3 The principal legislation under which the Company operates is the Companies Act. The Company will not be regulated as a collective investment scheme by the FCA. However, from Admission, the Shares will be admitted to the premium listing segment of the Official List and to trading on the Main Market. The Company and Shareholders will be subject to the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules.
- 1.4 The Company has not commenced operations since incorporation and, as at the date of this document, no financial statements have been made up and no dividends have been declared by the Company.
- 1.5 The Company's accounting period will end on 30 April of each year. The first accounting period will end on 30 April 2016. The annual report and accounts will be prepared in Sterling according to the accounting standards laid out under IFRS.
- 1.6 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.
- 1.7 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.
- 1.8 The Company is domiciled in England and Wales and, as at the date of this document does not have any employees and does not own any premises.

#### 2. SUBSIDIARIES

- 2.1 The Company has a wholly owned subsidiary, AEW UK REIT 2015 Limited, which was incorporated in England and Wales on 2 April 2015 and has not traded and is currently dormant.
- 2.2 Save for AEW UK REIT 2015 Limited the Company has no subsidiaries or subsidiary undertakings.

#### 3. SHARE CAPITAL

- 3.1 On incorporation, one Share was issued at £1.00 (fully paid) for the purposes of incorporation to the subscriber to the Company's memorandum of association. On 9 April 2015 the subscriber Share was transferred to the Investment Manager and 50,000 Restricted Shares were issued at par (fully paid) to the Investment Manager.
- 3.2 Set out below is the issued share capital of the Company: (i) as at the date of this document; and (ii) immediately following the Issue (assuming the Issue is in respect of 125 million Shares):

	<i>Shares</i>		<i>Restricted Shares</i>	
	<i>Aggregate Nominal Value (£)</i>	<i>Number</i>	<i>Aggregate Nominal Value (£)</i>	<i>Number</i>
(i) As at the date of this document	0.01	1	50,000	50,000
(ii) Immediately following the Issue*	1,250,000	125,000,000	—	—

\* All Shares will be fully paid at Admission. The Restricted Shares will be redeemed immediately following Admission out of the proceeds of the Issue. The Shares are not redeemable.

- 3.3 The effect of the Issue will be to increase the net assets of the Company. On the assumption that the Gross Issue Proceeds are £125 million, the Issue is expected to increase the net assets of the Company by £122.5 million. The Issue is expected to be earnings enhancing.
- 3.4 By ordinary and special resolutions passed on 9 April 2015:
- 3.4.1 the Directors were generally and unconditionally authorised in accordance with Section 551 of the Companies Act to exercise all the powers of the Company to allot Restricted Shares up to an aggregate nominal amount of £50,000, such authority to expire at the first annual general meeting of the Company 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 the allotment of Restricted Shares in pursuance of such an offer or agreement as if such authority had not expired;
- 3.4.2 the Directors were generally empowered (pursuant to Section 570 of the Companies Act) to allot Restricted Shares for cash pursuant to the authority referred to in paragraph 3.4.1 above as if Section 561 of the Companies Act did not apply to any such allotment, such power to expire at the conclusion of the first annual general meeting of the Company, 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 the Restricted Shares to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired;
- 3.4.3 the Directors were generally and unconditionally authorised in accordance with Section 551 of the Companies Act to exercise all the powers of the Company to allot Shares up to an aggregate nominal amount of £2,500,000 in connection with the Issue and the Placing Programme, such authority to expire on 31 May 2016 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 the allotment of Shares in pursuance of such an offer or agreement as if such authority had not expired;
- 3.4.4 the Directors were generally empowered (pursuant to Section 570 of the Companies Act) to allot Shares and to sell Shares from treasury for cash pursuant to the authority referred to in paragraph 3.4.3 above as if Section 561 of the Companies Act did not apply to any such allotment, such power to expire on 31 May 2016, 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 the Shares to be allotted and/or transferred after such expiry and the Directors may allot and/or transfer equity securities in pursuance of such an offer or agreement as if such power had not expired;
- 3.4.5 conditionally upon the issue of Shares by the Company pursuant to the Issue and the payment up in full thereof, it was resolved that the amount standing to the credit of the share premium account of the Company following completion of the Issue be cancelled;
- 3.4.6 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 14.99 per cent. of the Shares in issue immediately following completion of the Issue. 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 earlier of the conclusion of the first annual general meeting of the Company and 31 October 2016 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;
- 3.4.7 the Articles were adopted as the new articles of association of the Company; and
- 3.4.8 a general meeting of the Company other than an annual general meeting may be called on not less than 14 days' notice.

- 3.5 The provisions of Section 561(1) of the Companies Act (which, to the extent not disapplied pursuant to Sections 570 and 573 of the Companies Act, confer on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to issues by the Company of equity securities save to the extent disapplied as mentioned in paragraphs 3.4.2 and 3.4.4 above.
- 3.6 The Companies Act abolished the requirement for companies incorporated in England and Wales to have an authorised share capital. Furthermore, the Articles do not contain a provision expressly limiting the number of Shares that can be issued by the Company.
- 3.7 In accordance with the power granted to the Directors by the Articles, it is expected that the Shares will be allotted (conditionally upon Admission) pursuant to a resolution of the Board to be passed shortly before Admission in accordance with the Companies Act. It is also expected that the new Shares to be issued pursuant to the Placing Programme will be allotted (conditionally upon the relevant Admission) pursuant to resolutions of the Board to be passed shortly before the relevant Admission in accordance with the Companies Act.
- 3.8 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 no such issue is now proposed.
- 3.9 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.
- 3.10 All of the Shares will be in registered form and will be eligible for settlement in CREST. Temporary documents of title will not be issued.
- 3.11 Applicants who have signed and returned Application Forms in respect of the Offer for Subscription may not withdraw their applications for Shares subject to their statutory rights of withdrawal in the event of the publication of a supplementary prospectus.

#### 4. INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

- 4.1 The Directors intend to subscribe for Shares pursuant to the Issue in the amounts set out below:

<i>Director</i>	<i>Number of Shares</i>	<i>% of issued Share capital*</i>
Mark Burton	75,000	0.06
James Hyslop	50,000	0.04
Bim Sandhu	350,000**	0.28

\* Assuming Gross Issue Proceeds of £125 million.

\*\* £150,000 to be held by the Sandhu Charitable Foundation; £100,000 to be held by the Sandhu Pension Fund; and £100,000 to be held by Pardeep Sandhu.

Save as disclosed in this paragraph 4.1, immediately following Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

- 4.2 No amount has been set aside or accrued by the Company to provide pensions, retirement or other similar benefits.
- 4.3 None of the Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or that has been effected by the Company since its incorporation.
- 4.4 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.

- 4.5 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) or memberships of administrative, management or supervisory bodies and/or partnerships:

<i>Name</i>	<i>Current</i>	<i>Previous</i>
Mark Burton	Value Retail PLC Real Estate Credit Investments PCC Limited Norges Bank Investment Management Al Futtaim Company GreenOak Internos Real Estate Investors Citic Capital Real Estate	Londonmetric Property PLC Hudsons Bay Company Retail Opportunity Investment Corp
James Hyslop	Columbus U.K. Real Estate Fund LP AEW UK Investment Management LLP Evergreen Members LLP	Swan Hill Staff Pension Trust Limited ING Lionbrook Property Partnership CBRE Investors Gresham Real Estate Fund I Gresham Real Estate Fund II Columbus UK Real Estate Fund II UBS Global Asset Management Limited
Bim Sandhu	Santon Capital plc B & P Investments Limited TAL SE Land Development Partnership LLP Hindley Prem 2 LLP Hindley Endura LLP Hindley Prem LLP	Hindley Refurbthat LLP Oriol Securities Limited

- 4.6 The Directors in the five years before the date of this document:

4.6.1 do not have any convictions in relation to fraudulent offences;

4.6.2 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

4.6.3 do 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.

4.7 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.

4.8 The Company intends to maintain directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.

4.9 As at the date of this document, insofar as is known to the Company, there are no parties known to have a notifiable interest under English law in the Company's capital or voting rights.

4.10 All Shareholders have the same voting rights in respect of the share capital of the Company.



- 4.11 Pending the allotment of Shares pursuant to the Issue, the Company is controlled by the Investment Manager, as described in paragraph 3.1 of this Part 8 above. The Company and the Directors are not aware of any other person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
- 4.12 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control 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:

<i>Director</i>	<i>Fee (£)</i>	<i>Appointment date</i>
Mark Burton	25,000	9 April 2015
James Hyslop	20,000	9 April 2015
Bim Sandhu	20,000	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 30 April 2016 which will be payable out of the assets of the Company are not expected to exceed £70,000.

## 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

6.2.1 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.

6.2.2 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.

- 6.2.3 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 Ordinary 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**

- 6.3.1 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.
- 6.3.2 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.
- 6.3.3 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.
- 6.3.4 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.
- 6.3.5 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.
- 6.3.6 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**

- 6.4.1 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.

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.

- 6.4.2 The Directors are required to propose on 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

- 6.5.1 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.

- 6.5.2 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:

6.5.2.1 it is in respect of a share which is fully paid up;

6.5.2.2 it is in respect of only one class of shares;

6.5.2.3 it is in favour of a single transferee or not more than four joint transferees;

6.5.2.4 it is duly stamped (if so required); and

6.5.2.5 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 (a) a transfer by a recognised person where a certificate has not been issued (b) a transfer of an uncertificated share or (c) 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.

- 6.5.3 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.

- 6.5.4 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.
- 6.5.5 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.
- 6.5.6 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.
- 6.5.7 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).
- 6.5.8 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

- 6.6.1 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.

6.6.2 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:

6.7.1 authorise the Directors to increase its share capital by allotting new shares;

6.7.2 consolidate and divide all or any of its share capital into shares of larger nominal amount than its existing shares;

6.7.3 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

6.7.4 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**

6.8.1 The Board may convene a general meeting (which is not an annual general meeting) whenever it thinks fit.

6.8.2 A general meeting shall be convened by such notice as may be required by law from time-to-time.

6.8.3 The notice of any general meeting shall include such statements as are required by the Companies Act and shall in any event specify:

6.8.3.1 whether the meeting is convened as an annual general meeting or any other general meeting;

6.8.3.2 the place, the day, and the time of the meeting;

6.8.3.3 the general nature of the business to be transacted at the meeting;

6.8.3.4 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

6.8.3.5 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.

6.8.4 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.

6.8.5 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.

6.8.6 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.



- 6.8.7 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.
- 6.8.8 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:
- 6.8.8.1 the chairman of the meeting;
  - 6.8.8.2 at least five members having the right to vote on the resolution;
  - 6.8.8.3 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
  - 6.8.8.4 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**

- 6.10.1 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.
- 6.10.2 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.
- 6.10.3 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**

6.11.1 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.

6.11.2 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**

6.12.1 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.

6.12.2 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.

6.12.3 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:

6.12.3.1 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;

6.12.3.2 may hold any other office or place of profit under the Company (except that of auditor of the Company or any of its subsidiaries) and

6.12.3.3 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;

6.12.3.4 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

6.12.3.5 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.

6.12.4 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.

6.12.5 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**

6.13.1 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:

6.13.1.1 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;

6.13.1.2 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;

6.13.1.3 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;

6.13.1.4 the giving of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;

6.13.1.5 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;

6.13.1.6 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;

6.13.1.7 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;

6.13.1.8 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;

6.13.1.9 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

6.13.1.10 any transaction or arrangement in respect of which his interest, or the interest of Directors generally has been authorised by ordinary resolution.

6.13.2 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**

6.15.1 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.

6.15.2 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.

6.15.3 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.

6.15.4 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.

6.15.5 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.

6.15.6 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**

6.16.1 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.

6.16.2 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 Restricted Shares**

The Restricted Shares can be redeemed at any time (subject to the provisions of the Companies Act) by the Company for an amount equal to their nominal value and carry the right to receive a fixed annual dividend equal to 0.01 per cent. of the nominal amount of each of the shares payable on demand. The holders of the Restricted Shares will not have any right to receive notice of or vote at any general meeting of the Company.

#### **6.20 REIT provisions**

A summary of the REIT provisions included in the Articles is set out in paragraph 4 of Part 7 of this document.

### **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 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
- 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 all of the contracts, not being contracts entered into in the ordinary course of business that have been entered into by the Company since incorporation and are, or may be, material or contain any provision under which the Company has any obligation or entitlement which is or may be material to it as at the date of this document:

### 8.1 The Placing and Offer Agreement

The Placing and Offer Agreement dated 23 April 2015 between the Company, the Directors, the Investment Manager and Dexion pursuant to which, subject to certain conditions, Dexion has agreed to use reasonable endeavours to procure subscribers for Shares at the Issue Price pursuant to the Issue and the Placing Programme. In addition, under the Placing and Offer Agreement, Dexion has been appointed as sponsor, financial adviser and sole bookrunner in connection with the proposed applications for Admission, the Issue and the Placing Programme.

The Placing and Offer Agreement may be terminated by Dexion in certain customary circumstances prior to Admission.

The obligation of the Company to issue the Shares and the obligation of Dexion to use its reasonable endeavours to procure subscribers for Shares pursuant to the Issue are conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, among others: (i) Admission occurring and becoming effective by 8.00 a.m. on or prior to 12 May 2015 (or such later time and/or date, not being later than 30 June



2015, as the Company and Dexion may agree); (ii) the Minimum Net Proceeds being raised; and (iii) the Placing and Offer Agreement not having been terminated in accordance with its terms.

The total Issue expenses to be borne by the Company have been fixed at 2 per cent. of the Gross Issue Proceeds. In consideration for their services in relation to the Issue and conditional upon Admission, Dexion shall be entitled to receive a commission from the Company. Dexion is also entitled to a commission in respect of each issue of Shares under the Placing Programme. Dexion shall be entitled, at its sole discretion, to rebate or pay to any Placee an amount of the commission which it receives pursuant to the Issue, whether by way of a commission rebate or otherwise.

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

The Placing and Offer Agreement is governed by the laws of England and Wales.

## 8.2 The Investment Management Agreement

The Investment Management Agreement dated 23 April 2015 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 will receive a management fee which will be calculated and accrue monthly at a rate equivalent to 0.9 per cent. per annum of Net Asset Value (excluding uninvested proceeds from the Issue or any subsequent fundraising). The fee will be 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, such notice not to be given earlier than the first anniversary of Admission.

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.

### **8.3 Property Management Agreement**

The Property Management Agreement dated 23 April 2015 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 0.4 per cent. of annual rents received (in respect of single let properties); (ii) fees capped at between 6 per cent. and 10 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 may 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.

### **8.4 The Administration Agreement**

The Administration Agreement dated 23 April 2015 between the Company and Capita Sinclair Henderson Limited pursuant to which the Administrator has agreed to act as administrator to the Company.

Under the terms of the Administration Agreement, the Administrator is entitled to an administration fee of £73,000 per annum (exclusive of VAT).

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 Admission, 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.

#### **8.5 Company Secretarial Agreement**

The Company Secretarial Agreement dated 23 April 2015 between the Company and Capita Registrars 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, Capita Registrars Limited is entitled to a company secretary fee of £45,000 per annum (exclusive of VAT) in addition to a fee of £1,750 (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 Capita Registrars 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 Capita Registrars Limited to the Company under the Company Secretarial Agreement is subject to a cap.

The Company Secretarial Agreement is for an initial term of one year from Admission, thereafter 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 Capita Registrars 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.

#### **8.6 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 per Shareholder account per annum, subject to a minimum fee. 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, such notice not to expire prior to the end of the first year of appointment 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

#### **8.7 The Receiving Agent Agreement**

The Receiving Agent Agreement dated 23 April 2015 between the Company and Computershare Investor Services PLC pursuant to which the Receiving Agent acts as receiving agent in connection with the Offer for Subscription.

Under the terms of the Receiving Agent Agreement, the Receiving Agent is entitled to fees in connection with the Offer for Subscription including: (a) a set up management fee; (b) processing fees per item processed per application form; and (c) various other fees in relation to certain matters. The Receiving Agent is also entitled to reimbursement of all out-of-pocket expenses reasonably incurred by it in connection with its duties.

The Company has given certain market standard indemnities in favour of the Receiving Agent in respect of the Receiving Agent's potential losses in carrying on its responsibilities under the agreement. The Receiving Agent's liability under the Receiving Agent Agreement is subject to a cap.

The agreement is governed by the laws of England and Wales.

#### **8.8 Depositary Agreement**

The Depositary Agreement dated 23 April 2015 between the Company and the Depositary pursuant to which the Company has appointed the Depositary to provide depositary services to the Company, including setting up and maintaining securities records and cash accounts, keeping safe custody of the Company's investments, processing corporate actions and shareholder votes and collecting and processing the Company's income.

Under the terms of the Depositary Agreement, the Depositary is entitled to a fee of £45,000 per annum. The Depositary is entitled to reimbursement of all reasonable out-of-pocket expenses incurred in connection with its duties.

The Depositary Agreement shall continue for an initial period of six months and thereafter is terminable by either the Company or the Depositary giving to the other not less than six months' written notice. The Depositary Agreement may be terminated with immediate effect by either the Company or the Depositary 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 Depositary Agreement; or (ii) in the case of insolvency of a party.

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

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

### **9. RELATED PARTY TRANSACTIONS**

The Company has not entered into any related party transaction at any time during the period from incorporation to the date of this document.

### **10. LITIGATION**

There are no governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened, nor of any such proceedings having been pending or threatened at any time preceding the date of this document which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company and/or the Group.

### **11. WORKING CAPITAL**

The Company is of the opinion that, on the basis that the Minimum Net Proceeds are raised, 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. NO SIGNIFICANT CHANGE**

There has been no significant change in the financial or trading position of the Group since 1 April 2015, being the date of the Company's incorporation.

### **13. CAPITALISATION AND INDEBTEDNESS**

As at the date of this document, the Company has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness, and has not entered into any mortgage, charge or security interest, and the Company's issued share capital consists of 50,000 Restricted Shares of 100 pence each, all fully paid and one Share of one pence (fully paid).

## 14. GENERAL

- 14.1 No Director has any interest in the promotion of, or in any property acquired or proposed to be acquired by, the Company.
- 14.2 The Shares being issued in connection with the Issue are being issued at £1.00 per Share of which £0.99 per Share constitutes share premium.
- 14.3 No application is being made for the Shares to be dealt with in or on any stock exchange or investment exchange other than the Main Market.
- 14.4 Dexion is acting as sponsor, financial adviser and sole bookrunner to the Company, the Issue and the Placing Programme. Dexion has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.
- 14.5 The Investment Manager is a 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 4800. 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.
- 14.6 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.
- 14.7 The Auditors are KPMG LLP and have been the only auditors of the Company since its incorporation. KPMG LLP is a member of the Institute of Chartered Accountants in England and Wales.
- 14.8 Shareholders are obliged to comply, from Admission, 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 percent. threshold above that.
- 14.9 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.
- 14.10 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.
- 14.11 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.
- 14.12 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.

- 14.13 The Company is reliant on the performance of third party service providers, including the Administrator, the Depositary, the Auditors 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 the Financial Services and Markets Act 2000 (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 the Financial Services and Markets Act 2000, or in tort, against any service provider in connection with their investment in the Company, should consult their legal adviser.
- 14.14 The Investment Manager has agreed, pursuant to the Investment Management Agreement, to maintain from Admission until the sixth anniversary of the date of termination of the Investment Management Agreement, professional indemnity cover of not less than £10 million.
- 14.15 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.
- 14.16 The Depositary has not delegated any safe keeping functions in respect of the Company.
- 14.17 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.
- 14.18 The annual running costs of the Company are estimated to be in the region of £0.5 million per annum 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.
- 14.19 As a company which will be listed on the premium listing segment of the UK Listing Authority's Official List, the Company is required under the Premium Listing Principles to treat all Shareholders of a given class equally.
- 14.20 The Shares 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. New Shares may be issued at the Board's discretion 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.
- 14.21 The Company has not yet published a Net Asset Value in accordance with Article 19 of the AIFM Directive.



- 14.22 The Company has not yet published an annual report in line with Article 22 of the AIFM Directive.
- 14.23 The Company has not yet published any annual or interim financial statements.
- 14.24 The Depositary, its affiliates or third parties to whom safekeeping duties are delegated under the Depositary Agreement may not reuse the assets.
- 14.25 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: (1) the percentage of the Company's assets that are subject to special arrangements arising from their illiquid nature if applicable; (2) any new arrangements for managing the liquidity of the Company; and (3) 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: (a) the maximum level of leverage that the Investment Manager may employ on behalf of the Company; (b) any right of reuse of collateral or any guarantee granted under the leveraging arrangement; and (c) the total amount of leverage employed by the Company.

## **15. AVAILABILITY OF THIS DOCUMENT**

Copies of this document are available, for inspection only from the date of this document from the National Storage Mechanism ([www.morningstar.co.uk/uk/nsm](http://www.morningstar.co.uk/uk/nsm)) and may be obtained from the date of this document until Admission from the registered office of the Company.

## **16. DOCUMENTS AVAILABLE FOR INSPECTION**

16.1 Copies of the following documents will be available for inspection at the registered office of the Company and the offices of Wragge Lawrence Graham & Co LLP, 4 More London Riverside, London SE1 2AU during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until Admission:

- 16.1.1 the Articles; and
- 16.1.2 this document.



## PART 9

### DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

<b>Administration Agreement</b>	the administration agreement between the Company and the Administrator, a summary of which is set out in paragraph 8.4 of Part 8 of this document
<b>Administrator</b>	Capita Sinclair Henderson Limited
<b>Admission</b>	admission to trading on the London Stock Exchange's Main Market of the Shares to be issued pursuant to the Issue becoming effective in accordance with the LSE Admission Standards and admission of Shares to the premium listing of the Official List becoming effective in accordance with the Listing Rules
<b>AEW Europe</b>	AEW Europe SA
<b>AEW Group</b>	the Investment Manager, AEW Europe and its Affiliates and AEW Capital Management LLC
<b>AEW UK Core Property Fund</b>	AEW UK Core Property Fund, a property authorised 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>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. 2071/61/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>AIFM Regulations</b>	the Alternative Investment Fund Managers Regulations 2013 of the United Kingdom (SI 2013/1773)
<b>Application Form</b>	the application form attached to this document for use in connection with the Offer for Subscription
<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>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 Secretary</b>	Capita Company Secretarial Services Limited

<b>Company Secretarial Agreement</b>	the company secretary agreement between the Company Secretary, a summary of which is set out in paragraph 8.5 of Part 8 of this document
<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>Depository</b>	Langham Hall UK LLP
<b>Depository Agreement</b>	the depository agreement between the Company and the Depository, a summary of which is set out in paragraph 8.8 of Part 8 of this document
<b>Dexion</b>	Dexion Capital plc
<b>Directors or Board</b>	the board of directors of the Company
<b>Disclosure and Transparency Rules or DTRs</b>	the disclosure rules and transparency rules made by the Financial Conduct Authority 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>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>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>Excluded Territory</b>	the United States, Canada, Japan, Australia and the Republic of South Africa
<b>FCA</b>	the Financial Conduct Authority
<b>FCA Handbook</b>	the FCA handbook of rules and guidance as amended from time to time
<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>Gross Issue Proceeds</b>	the gross proceeds of the Issue
<b>HMRC</b>	Her Majesty's Revenue and Customs
<b>IFRS</b>	international financial reporting standards
<b>IPD</b>	Investment Property Databank
<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 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 8.2 of Part 8 of this document
<b>ISIN</b>	International Securities Identification Number
<b>Issue</b>	together the Placing and the Offer for Subscription
<b>Issue Price</b>	£1.00 per Share
<b>Listing Rules</b>	the listing rules made by the UK Listing Authority pursuant to Part VI of the 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 16 April 2013
<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>Market Abuse Directive</b>	Council Directive 2003/6/EC on insider dealing and market manipulation (as amended)
<b>Minimum Net Proceeds</b>	the minimum net proceeds of the Issue, being £83.3 million (or such lesser amount as the Company and Dexion may determine and notify to investors via an RIS announcement and a supplementary prospectus)
<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 Share or NAV per Share</b>	at any time the Net Asset Value attributable to the Shares divided by the number of Shares in issue (other than Shares held in treasury) at the date of calculation
<b>Net Issue Proceeds</b>	the Gross Issue Proceeds less applicable fees and expenses of the Issue
<b>NISA</b>	a UK new individual savings account
<b>Nomination Committee</b>	the nomination committee of the Board
<b>Non-PID Dividend</b>	a distribution by the Company which is not a PID
<b>Offer or Offer for Subscription</b>	the offer for subscription of Shares at the Issue Price on the terms set out in this document
<b>Official List</b>	the Official List of the UK Listing Authority
<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 under the Placing and/or a Subsequent Placing

<b>Placing</b>	the conditional placing of Shares by Dexion at the Issue Price as described in this document
<b>Placing and Offer Agreement</b>	the placing and offer agreement between the Company, the Investment Manager, the Directors and Dexion, a summary of which is set out in paragraph 8.1 of Part 8 of this document
<b>Placing Programme</b>	the proposed programme of Subsequent Placings as described in this document, in particular Part 6 of this document
<b>Placing Programme Price</b>	the price at which Shares will be issued pursuant to a Subsequent Placing under the Placing Programme as described in Part 6 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>Property Manager</b>	Jones Lang LaSalle 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 8.3 of Part 8 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 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>PSL</b>	Pershing Securities Limited
<b>Receiving Agent</b>	Computershare Investor Services PLC, in its capacity as the Company's receiving agent
<b>Receiving Agent Agreement</b>	the receiving agent agreement between the Company and the Receiving Agent, a summary of which is set out in paragraph 8.7 of Part 8 of this document
<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 8.6 of Part 8 of this document
<b>Regulation S</b>	Regulation S promulgated under the U.S. Securities Act
<b>Regulatory Information Service</b>	a service authorised by the UKLA to release regulatory announcements to the London Stock Exchange
<b>REIT or Real Estate Investment Trust</b>	a Real Estate Investment Trust as defined in Part 12 of the CTA 2010
<b>REIT Notice</b>	the proposed notice by the Company for the Group to become a REIT
<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>SDRT</b>	stamp duty reserve tax
<b>Shareholder</b>	a holder of Shares
<b>Shares</b>	ordinary shares of £0.01 each in the capital of the Company
<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>Subsequent Admission</b>	Admission in respect of any Shares issued pursuant to a Subsequent Placing;
<b>Subsequent Placing</b>	any placing of Shares pursuant to the Placing Programme described in this document
<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>Terms and Conditions of Application</b>	the terms and conditions of application set out in Part 11 of this prospectus in connection with the Offer
<b>UK Corporate Governance Code</b>	the UK Corporate Governance Code as published by the Financial Reporting Council from time-to-time
<b>UKLA Model Code</b>	the Model Code for directors' dealings contained in the Listing Rules of the UKLA
<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 UK Money Laundering Regulations 2007, 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>Valuer</b>	Knight Frank, in its capacity as the Company's independent valuer
<b>VAT</b>	value added tax



## PART 10

### TERMS AND CONDITIONS OF THE PLACING AND ANY SUBSEQUENT PLACING

#### 1. INTRODUCTION

- 1.1 Each Placee which confirms its agreement (whether orally or in writing) to Dexion and/or Pershing Securities Limited (“PSL”) (acting as the settlement agent of Dexion in connection with the Placing) to acquire the Shares pursuant to the Placing and/or any Subsequent Placing will be bound by these terms and conditions and will be deemed to have accepted them.
- 1.2 Dexion 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 Dexion (in its absolute discretion) sees fit and may require any such Placee to execute a separate placing letter.

#### 2. AGREEMENT TO ACQUIRE SHARES

Conditional on: (i) Admission in respect of the Issue occurring and becoming effective by 8.00 a.m. London time on or prior to 12 May 2015 (or such later time and/or date as the Company and Dexion may agree) and (in respect of any Subsequent Placing) Subsequent Admission occurring not later than 8:00 am on such other dates as may be agreed between the Company and Dexion, not being later than 22 April 2016; (ii) the Placing and Offer Agreement becoming otherwise unconditional in all respects and not having been terminated on or before 12 May 2015 (or such later time and/or date as Dexion and the Company may agree); and (iii) Dexion confirming to Placees their allocation of Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those Shares allocated to it by Dexion at the Issue Price or the Placing Programme Price. 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

Each Placee must pay the Issue Price or the Placing Programme Price for the Shares issued to the Placee in the manner and by such time as directed by Dexion. If any Placee fails to pay as so directed and/or by the time required by Dexion, the relevant Placee’s application for Shares shall be rejected.

#### 4. REPRESENTATIONS AND WARRANTIES

By agreeing to subscribe for Shares, each Placee that is outside the United States and is not a U.S. Person and which enters into a commitment with Dexion 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 Dexion, PSL, the Registrar, the Company 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 this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document 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 this document and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company or the Placing. It agrees that none of the Company, Dexion, PSL 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 or the 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 the Placing and/or a Subsequent 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, Dexion, PSL, the Registrar 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 the Placing and/or a Subsequent Placing;
- 4.6 it has carefully read and understands this document in its entirety and acknowledges that it is acquiring Shares on the terms and subject to the conditions set out in this Part 10 and the Articles as in force at the date of Admission and agrees that in accepting a participation in the Placing and/or a Subsequent 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 Dexion or any person affiliated with Dexion (which, for the avoidance of doubt, in this document includes PSL) in connection with any investigation of the accuracy or completeness of any information contained in this document;
- 4.8 the content of this document is exclusively the responsibility of the Company, and the Directors and neither Dexion nor PSL nor any person acting on its behalf nor any of its Affiliates is responsible for or shall have any liability for any information, representation or statement contained in this document or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Placing and/or a Subsequent Placing based on any information, representation or statement contained in this document or otherwise;
- 4.9 it acknowledges that no person is authorised in connection with the Placing and/or a Subsequent Placing to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by Dexion or PSL 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 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 Investment Company Act;
- 4.12 it accepts that none of the Shares have been or will be registered under the laws of any Excluded Territory. Accordingly, the Shares may not be offered, sold or delivered, directly or indirectly, within any Excluded Territory unless an exemption from any registration requirement is available;
- 4.13 it acknowledges that the Company has not registered under the 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;
- 4.14 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. Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Tax 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. Tax 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. Tax Code or any substantially similar law;

- 4.15 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. TAX 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. TAX 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. TAX 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. TAX CODE OR ANY SUBSTANTIALLY SIMILAR LAW.

- 4.16 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;

- 4.17 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 Investment Company Act or any other applicable securities laws;
- 4.18 if it is a resident in the European Economic Area (other than the United Kingdom), it is 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);
- 4.19 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 the Placing and/or a Subsequent 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 Dexion 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;
- 4.20 if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Placing and/or a Subsequent 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 Placing and/or a Subsequent 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;
- 4.21 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;
- 4.22 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 Placing and/or a Subsequent Placing and will not be any such person on the date any such Placing and/or a Subsequent Placing is accepted;
- 4.23 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other offering materials concerning the Placing and/or a Subsequent 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;
- 4.24 it is acknowledged that Dexion nor any of its Affiliates (which, for the avoidance of doubt, in this document includes PSL) nor any person acting on its behalf is not making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and/or a Subsequent Placing or providing any advice in relation to the Placing and/or a Subsequent Placing, that participation in the Placing and/or a Subsequent Placing is on the basis that it is not and will not be a client of Dexion or its Affiliates (which, for the avoidance of doubt, in this document includes PSL) and that Dexion and its Affiliates (which, for the avoidance of doubt, in this document includes PSL) do not have any duties or responsibilities to a Placee for providing protections afforded to its clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing and Offer Agreement;
- 4.25 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 this document; and (iii) to receive on behalf of each such account any documentation relating to the Placing and/or a Subsequent Placing in the form provided by Dexion and/or PSL. It agrees that the provisions of this paragraph shall survive any resale of the Shares by or on behalf of any such account;

- 4.26 it irrevocably appoints any director of the Company and any director of Dexion 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 the Placing and/or a Subsequent Placing, in the event of the failure of it to do so;
- 4.27 it accepts that if the Placing and/or a Subsequent Placing does not proceed or the conditions to the Placing and Offer Agreement are not satisfied or the Shares for which valid applications are received and accepted are not admitted to the Official List or to trading on the Main Market for any reason whatsoever then neither Dexion nor PSL 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;
- 4.28 in connection with its participation in the Placing and/or a Subsequent Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering ("**Money Laundering Legislation**") 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 UK Money Laundering Regulations in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (Council Directive No. 91/308/EEC) (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 Directive;
- 4.29 it acknowledges that due to Money Laundering Legislation, Dexion, PSL, 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 the Placing and/or a Subsequent Placing can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Dexion, PSL, the Company and/or their agents may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Dexion, PSL, 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;
- 4.30 Dexion and the Company are entitled to exercise any of their rights under the Placing and Offer Agreement or any other right in their absolute discretion without any liability whatsoever to them (or any agent acting on their behalf);
- 4.31 the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that Dexion, PSL 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 Dexion, PSL and the Company;
- 4.32 where it or any person acting on behalf of it is dealing with Dexion and/or PSL any money held in an account with Dexion and/or PSL 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 Dexion or PSL to segregate such money, as that money will be held by Dexion and/or PSL under a banking relationship and not as trustee;
- 4.33 any of its clients, whether or not identified to Dexion or PSL, will remain its sole responsibility and will not become clients of Dexion or PSL or, for the purposes of the rules of the FCA or for the purposes of any statutory or regulatory provision;
- 4.34 it accepts that the allocation of Shares shall be determined by Dexion in its absolute discretion (after consultation with the Company) and that such persons may scale back any Placing commitments (under the Placing and/or a Subsequent Placing) for this purpose on such basis as they may determine; and
- 4.35 time shall be of the essence as regard its obligations to settle payment for the Shares and to comply with their other obligations under the Placing and/or a Subsequent Placing.



## **5. SUPPLY AND DISCLOSURE OF INFORMATION**

If Dexion, PSL, the Registrar or the Company or any of their agents request any information about a Placee's agreement to purchase Shares under the Placing and/or a Subsequent Placing, such Placee must promptly disclose it to them.

## **6. MISCELLANEOUS**

- 6.1 PSL is acting as receiving agent for Dexion in connection with the Placing and/or a Subsequent Placing and for no-one else and will not treat a Placee or any other person as its customer by virtue of such application being accepted or owe a Placee or any other person any duties or responsibilities concerning the price of Placing Shares or concerning the suitability of Placing Shares for a Placee or for any other person or be responsible to a Placee or to any other person for providing the protections afforded to its customers.
- 6.2 The rights and remedies of Dexion, PSL, 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.
- 6.3 On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally to Dexion or PSL 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 Dexion or PSL.
- 6.4 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 the Placing and/or a Subsequent Placing and/or a Subsequent Placing have been acquired by the Placee. The contract to subscribe for Shares under the Placing and the appointments and authorities mentioned in this document will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Dexion, PSL, 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.
- 6.5 In the case of a joint agreement to purchase Shares under the Placing and/or a Subsequent 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.
- 6.6 Dexion, PSL and the Company expressly reserve the right to modify the Placing and/or a Subsequent Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined.
- 6.7 The Placing and/or a Subsequent Placing is subject to the satisfaction of conditions contained in the Placing and Offer Agreement and the Placing and Offer Agreement not having been terminated. Further details of the terms of the Placing and Offer Agreement are contained in paragraph 8.1 of Part 8 of this document.



## PART 11

### TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION

The 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 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.

The 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 11.

#### 1. INTRODUCTION

Shares are available under the Offer at a price of £1.00 per Share.

Applications must be made on the Application Form attached at the end of this document or otherwise published by the Company.

#### 2. EFFECT OF APPLICATION

Applications under the Offer must be for Shares with a minimum subscription amount of £1,000 and thereafter in multiples of £100. Multiple applications will be accepted.

##### 2.1 Offer to acquire 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 Shares at £1.00 per Share as may be purchased by the subscription amount specified in Box 1 on your Application Form (being a minimum of 1,000 Shares), or such smaller number for which such application is accepted, on the terms, and subject to the conditions, set out in the Document, including these terms and conditions of application (the “**Terms and Conditions of Application**”) and the Articles of the Company 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 Shares to any person other than by means of the procedures referred to in the Document, 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) 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 Shares applied for in certificated form or be entitled to commence dealing in Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such Shares unless and until you make payment in cleared funds for such Shares and such payment is accepted by the Receiving Agent (which acceptance shall not constitute an acceptance of your application under the Offer and shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent, the Company and Dexion 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 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 Shares to be deposited into a CREST account (a “**CREST Account**”), (i) the Receiving Agent may in its absolute discretion issue such 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 Dexion 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 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 Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 2.1(d) above to issue 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 Shares and, in such case, the 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 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 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 (the “**Acceptance 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 Share arises on your application, the number of 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 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 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) by the UK Listing Authority being notified through a Regulatory Information Service of the basis of allocation (in which case the acceptance will be on that basis).

The basis of allocation will be determined by Dexion in consultation with the Company. 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 banker’s 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 the then published bank base rate of a clearing bank selected by the Company plus four 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 banker’s 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 banker’s 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 applicants sending subscription monies by electronic bank transfer (CHAPS) payment must be made for value by 5 May 2015. Please contact Computershare Investor Services PLC by email at [AEWOFS@computershare.co.uk](mailto:AEWOFS@computershare.co.uk) for full bank details or telephone the Shareholder Helpline for further information. Computershare will then provide you with a unique reference number which must be used when sending payment.

### **2.3 Conditions**

The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:

- (a) the Placing and Offer Agreement becoming otherwise unconditional in all respects, and not being terminated in accordance with its terms before Admission;
- (b) Admission occurring by 8.00 a.m. (London time) on 12 May 2015 (or such later time or date as the Company and Dexion may agree); and
- (c) the Minimum Net Proceeds being raised.

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 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 this document (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for this document or any part thereof shall have any liability for any such other information or representation;
- (d) agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and representations concerning the Company and the Shares contained therein;

- (e) acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, Dexion 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 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 the 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 and Dexion or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Shares subscribed by or issued to you into your name and authorise any representatives of the Company and/or Dexion and/or the Receiving Agent to execute any documents required therefore and to enter your name on the Register;
- (l) agree to provide the Company with any information which it, Dexion 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, Dexion or the Receiving Agent acting in breach of the regulatory or legal requirements of any territory in connection with the 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 Shares for the account or benefit of a U.S. Person; (ii) you are acquiring the Shares in an offshore transaction meeting the requirements of Regulation S; (iii) you understand and acknowledge that the Shares have not been and will not be registered under the 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 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 Shares, you will do so only: (i) in an offshore transaction complying with the provisions of Regulation S under the 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 the Receiving Agent is acting for the Company in connection with the Offer for Subscription and for no-one else and that it 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 Shares or concerning the suitability of the Shares for you or be responsible to you for the protections afforded to its 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 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 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 Shares;
- (s) warrant that the information contained in the Application Form is true and accurate;
- (t) agree that if you request that Shares are issued to you on a date other than Admission and such Shares are not issued on such date that the Company and its agents and Directors will have no liability to you arising from the issue of such Shares on a different date; and
- (u) 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 the 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 you the (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 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 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 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 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 of America, 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 0870 707 1341 or +44 (0) 870 707 1341 if calling from outside the United Kingdom. Calls from landline providers typically cost up to 12p per minute. From mobile networks calls cost between 5p and 40p per minute. Calls from outside the UK are chargeable at applicable international rates. 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 the offer nor give any financial, legal or tax advice.

## **2.7 Non-United Kingdom investors**

If you receive a copy of this document 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 unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the UK and wish to make an application for Shares under the Offer for Subscription, to satisfy yourself as to full observance of the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

None of the Shares have been or will be registered under the laws of Canada, New Zealand, 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, New Zealand, Japan, Australia or the Republic of South Africa. If you subscribe for Shares pursuant to the 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, New Zealand, 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 New Zealand or Japan or Australia or the Republic of South Africa and that you are not subscribing for such Shares for the account of any U.S. Person or resident of Canada, New Zealand, Japan, Australia or the Republic of South Africa and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Shares in or into the United States, Canada, New Zealand, Japan, Australia or the Republic of South Africa or to any U.S. Person or person resident in Canada, New Zealand, 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, New Zealand, Japan, Australia or the Republic of South Africa.

## **2.8 The Data Protection Act 1998**

Pursuant to The Data Protection Act 1998 (the “**DP Act**”) the Company and/or the Registrar, may hold personal data (as defined in the DP Act) relating to past and present shareholders. Such personal data held is used by the Registrar to maintain the Register and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned below 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.

The countries referred to in the paragraph immediately above include, but need not be limited to, those in the European Economic Area and any of their respective dependent territories overseas, Argentina, Australia, Brazil, Canada, Hong Kong, Hungary, India, Japan, New Zealand, Republic of Korea, Russian Federation, Singapore, South Africa, Switzerland and the United States.

By becoming registered as a holder of Shares a person becomes a data subject (as defined in the DP Act) and is deemed to have consented to the processing by the Company or the Registrar of any personal data relating to them in the manner described 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 Shares and the Offer for Subscription.

The rights and remedies of the Company, Dexion 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 the Offer for Subscription from 5.00 p.m. on 5 May 2015. In that event, the new closing time and/or date will be notified to applicants.

The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned as indicated without interest.

You agree that the Receiving Agent is acting for the Company in connection with the Placing and Offer for Subscription and for no-one else, and that the Receiving Agent will not treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of the Shares or concerning the suitability of the Shares for you or otherwise in relation to the Placing and Offer for Subscription or for providing the protections afforded to its customers.

Save where the context requires otherwise, terms used in these terms and conditions of application bear the same meaning as where used in this document.

## NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Applications should be returned to the Receiving Agent, Computershare Investor Services PLC, so as to be received no later than 5.00 p.m. (London time) on 5 May 2015.

**HELP DESK:** If you have a query concerning completion of this Application Form please call Computershare Investor Services PLC on 0870 707 1341 from within the UK or on +44 (0) 870 707 1143 if calling from outside the UK. Calls from landline providers typically cost up to 12p per minute. From mobile networks calls cost between 5p and 40p per minute. Calls from outside the UK are chargeable at applicable international rates. 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 the offer nor give any financial, legal or tax advice.

### 1. APPLICATION

Fill in (in figures) in Box 1 the amount of money being subscribed for Shares. The amount being subscribed must be a minimum of £1,000 and thereafter in multiples of £100. Financial intermediaries who are investing on behalf of clients should make separate applications or, if making a single application for more than one client, provide details of all clients in respect of whom application is made in order to benefit most favourably from any scaling back should this be required or to benefit most favourably from any commission arrangements.

### 2. HOLDER DETAILS

Fill in (in block capitals) the full name and address of each holder. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference and the address given for the first named will be entered as the registered address for the holding on the share register and used for all future correspondence. A maximum of four joint holders is permitted. All holders named must sign the Application Form at Section 3.

### 2B. CREST

If you wish your Shares to be deposited in a CREST Account in the name of the holders given in Section 2A enter in Section 2B the details of that CREST Account. Where it is requested that Shares be deposited into a CREST Account please note that payment for such Shares must be made prior to the day such Shares might be allotted and issued. It is not possible for an applicant to request that Shares be deposited in their CREST Account on an against payment basis. Any Application Form received containing such a request will be rejected.

### 3. SIGNATURE

All holders named in Section 2A must sign Section 3 and insert the date. The Application Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which originals will be returned by post at the addressee's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

### 4. CHEQUE/BANKER'S DRAFT, PAYMENT

Payments must be made by cheque or banker's draft in Sterling drawn on a branch in the United Kingdom of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for members of any of these companies.

Such cheques or banker's drafts must bear the appropriate sort code in the top right hand corner.

Cheques, which must be drawn on the personal account of the individual investor where they have a 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**". Third party cheques

may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping and endorsing the cheque/banker's draft to such effect. The account name should be the same as that shown on the application.

For applicants sending subscription monies by electronic bank transfer (CHAPS) payment must be made for value by 5 May 2015. Please contact Computershare Investor Services PLC by email at [AWSOFS@computershare.co.uk](mailto:AWSOFS@computershare.co.uk) for full bank details or telephone the Shareholder Helpline for further information. Computershare will then provide you with a unique reference number which must be used when sending payment.

## **5. RELIABLE INTRODUCER DECLARATION**

Applications will be subject to the UK's verification of identity requirements. This will involve you providing the verification of identity documents listed in Section 6 of the Application Form UNLESS you can have the declaration provided at Section 5 of the Application Form given and signed by a firm acceptable to the Receiving Agent. In order to ensure your application is processed timely and efficiently all applicants are strongly advised to have the declaration provided in Section 5 of the Application Form completed and signed by a suitable firm.

## **6. IDENTITY INFORMATION**

Applicants need only consider Section 6 of the Application Form if the declaration in Section 5 cannot be completed. Notwithstanding that the declaration in Section 5 has been completed and signed the Receiving Agent reserves the right to request of you the identity documents listed in Section 6 and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time your application might be rejected or revoked. Where certified copies of documents are provided such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

## **7. CONTACT DETAILS**

To ensure the efficient and timely processing of your Application Form, please provide contact details of a person the Receiving Agent may contact with all enquiries concerning your application. Ordinarily this contact person should be the person signing in Section 3 on behalf of the first named holder. If no details are provided here but a regulated person is identified in Section 5, the Receiving Agent will contact the regulated person. If no details are entered here and no regulated person is named in Section 5 and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

**INSTRUCTIONS FOR DELIVERY OF COMPLETED APPLICATION FORMS** – Completed Application Forms should be returned, by post or by hand (during normal business hours only), to the Receiving Agent, Computershare Investor Services PLC so as to be received no later than 5.00 p.m. (London time) on 5 May 2015, together in each case with payment in full in respect of the application. If you post your Application Form, you are recommended to use first class post and to allow at least two days for delivery. Application Forms received after this date may be returned.

## APPENDIX – APPLICATION FORM

Please send this completed form by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH or by hand (during normal business hours only) to the Receiving Agent, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS13 8AE so as to be received no later than 5.00 p.m. (London time) on 5 May 2015.

The Directors may, with the prior approval of Dexion, alter such date and thereby shorten or lengthen the offer period. In the event that the offer period is altered, the Company will notify investors of such change.

Important: Before completing this form, you should read the Prospectus dated 23 April 2015 and the Terms and Conditions of Application under the Offer for Subscription set out in the Prospectus and accompanying notes to this form.

Box 1 (minimum of  
£1,000 and in multiples  
of £100 thereafter)

£

To: AEW UK REIT plc and the Receiving Agent

### 1. APPLICATION

I/We the person(s) detailed in Section 2A below offer to subscribe the amount shown in Box 1 for Shares subject to the Terms and Conditions of the Offer for Subscription set out in the Prospectus dated 23 April 2015 and subject to the articles of association of the Company in force from time-to-time.

### 2A. DETAILS OF HOLDER(S) IN WHOSE NAME(S) SHARES WILL BE ISSUED (BLOCK CAPITALS)

1:	Mr, Mrs, Ms or Title:	Forenames (in full):
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Surname/Company name:
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Address (in full):
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	Postcode:
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Designation (if any):
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2:	Mr, Mrs, Ms or Title:	Forenames (in full):
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Surname/Company name:
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Address (in full):
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	Postcode:
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Designation (if any):
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3:	Mr, Mrs, Ms or Title:	Forenames (in full):
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Surname/Company name:
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Address (in full):
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	Postcode:
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Designation (if any):
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4:	Mr, Mrs, Ms or Title:	Forenames (in full):
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Surname/Company name:
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Address (in full):
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	Postcode:
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Designation (if any):
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**2B. CREST ACCOUNT DETAILS INTO WHICH SHARES ARE TO BE DEPOSITED (IF APPLICABLE)**

Only complete this Section if Shares allotted are to be deposited in a CREST Account which must be in the same name as the holder(s) given in Section 2A.

(BLOCK CAPITALS)

CREST Participant ID: 

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CREST Member Account ID: 

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1. Signature(s): all holders must sign

By completing box 3 below you are deemed to have read the Prospectus and agreed to the terms and conditions in Part 10 of the Prospectus (Terms and Conditions of Application under the Offer for Subscription) and to have given the warranties, representations and undertakings set out therein.

First Applicant Signature:	Date
Second Applicant Signature:	Date
Third Applicant Signature:	Date
Fourth Applicant Signature:	Date

Execution by a Company

Executed by (Name of Company):		Date
Name of Director:	Signature:	Date
Name of Director/Secretary:	Signature:	Date
If you are affixing a company seal, please mark a cross <input type="checkbox"/>	Affix Company Seal here:	

**4. CHEQUES/BANKER'S DRAFT DETAILS**

If you are subscribing for Shares and paying by cheque or banker's draft, pin or staple to this form your cheque or banker's draft for the exact amount shown in Box 1 made payable to "Computershare Investor Services PLC re: AEW UK REIT plc – Offer for Subscription a/c". Cheques and banker's payments must be in sterling and drawn on an account at a branch of a clearing bank in the United Kingdom, the Channel Islands or the Isle of Man and must bear a United Kingdom bank sort code number in the top right hand corner.

For applicants sending subscription monies by electronic bank transfer (CHAPS) payment must be made for value by 5 May 2015. Please contact Computershare Investor Services PLC by email at AEWOFS@computershare.co.uk for full bank details or telephone the Shareholder Helpline for further information. Computershare will then provide you with a unique reference number which must be used when sending payment. Please enter below the sort code of the bank and branch you will be instructing to make such payment for value by 5 May 2015 together with the name and number of the account to be debited with such payment and the branch contact details.

Sort Code:	Account name:
Account number:	Contact name at branch and telephone number:



**5. RELIABLE INTRODUCER DECLARATION**

Completion and signing of this declaration by a suitable person or institution may avoid presentation being requested of the identity documents detailed in Section 6 of this form.

The declaration below may only be signed by a person or institution (such as a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the “firm”) which is itself subject in its own country to operation of “know your customer” and anti-money laundering regulations no less stringent than those which prevail in the United Kingdom.

**DECLARATION:**

**To the Company and the Receiving Agent**

With reference to the holder(s) detailed in Section 2A, all persons signing at Section 3 and the payor identified in Section 6 if not also a holder (collectively the “subjects”) WE HEREBY DECLARE:

- 1. we operate in the United Kingdom, or in a country where money laundering regulations under the laws of that country are, to the best of our knowledge, no less stringent than those which prevail in the United Kingdom and our firm is subject to such regulations;
- 2. we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;
- 3. each of the subjects is known to us in a business capacity and we hold valid identity documentation on each of them and we undertake to immediately provide to you copies thereof on demand;
- 4. we confirm the accuracy of the names and residential business address(es) of the holder(s) given at Section 2A and if a CREST Account is cited at Section 2B that the owner thereof is named in Section 2A;
- 5. having regard to all local money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the Shares mentioned; and
- 6. where the payor and holder(s) are different persons we are satisfied as to the relationship between them and reason for the payor being different to the holder(s).

The above information is given in strict confidence for your own use only and without any guarantee, responsibility or liability on the part of this firm or its officials.

Signed:	Name:	Position:
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Name of regulatory authority:	Firm’s licence number:
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Website address or telephone number of regulatory authority:
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STAMP of firm giving full name and business address:
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**6. IDENTITY INFORMATION**

If the declaration in Section 5 cannot be signed and the value of your application is greater than €15,000 (or the Sterling equivalent), please enclose with that Application Form the documents mentioned below, as appropriate. Please also tick the relevant box to indicate which documents you have enclosed, all of which will be returned by the Receiving Agent to the first named Applicant.

In accordance with internationally recognised standards for the prevention of money laundering, the documents and information set out below must be provided:

Holders				Payor

Tick here for documents provided

**A. For each holder being an individual enclose:**

(1) an original or a certified clear photocopy of one of the following identification documents which bear both a photograph and the signature of the person: current passport – Government or Armed Forces identity card – driving licence; and

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(2) an original or certified copies of at least two of the following documents no more than 3 months old which purport to confirm that the address given in Section 2A is that person’s residential address: a recent gas, electricity, water or telephone (not mobile) bill – a recent bank statement – a council rates bill – or similar document issued by a recognised authority; and

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(3) if none of the above documents show their date and place of birth, enclose a note of such information; and

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(4) details of the name and address of their personal bankers from which the Receiving Agent may request a reference, if necessary.

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**B. For each holder being a company (a “holder company”) enclose:**

(1) a certified copy of the certificate of incorporation of the holder company; and

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(2) the name and address of the holder company’s principal bankers from which the Receiving Agent may request a reference, if necessary; and

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(3) a statement as to the nature of the holder company’s business, signed by a director; and

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(4) a list of the names and residential addresses of each director of the holder company; and

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(5) for each director provide documents and information similar to that mentioned in A above; and

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(6) a copy of the authorised signatory list for the holder company; and

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(7) a list of the names and residential/registered address of each ultimate beneficial owner interested in more than 5 per cent. of the issued share capital of the holder company and, where a person is named, also complete C below and, if another company is named (hereinafter a “beneficiary company”), also complete D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.

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**C. For each person named in B(7) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(1) to (4).**

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**D. For each beneficiary company named in B(7) as a beneficial owner of a holder company enclose:**

- (1) a certified copy of the certificate of incorporation of that beneficiary company; and
- (2) a statement as to the nature of that beneficiary company's business signed by a director; and
- (3) the name and address of that beneficiary company's principal bankers from which the Receiving Agent may request a reference, if necessary; and
- (4) a list of the names and residential/registered address of each beneficial owner owning more than 5 per cent. of the issued share capital of that beneficiary company.

**E. If the payor is not a holder and is not a bank providing its own cheque or banker's payment on the reverse of which is shown details of the account being debited with such payment (see note 5 on how to complete this form) enclose:**

- (1) if the payor is a person, for that person the documents mentioned in A(1) to (4); or
- (2) if the payor is a company, for that company the documents mentioned in B(1) to (7); and
- (3) an explanation of the relationship between the payor and the holder(s).

The Receiving Agent reserves the right to ask for additional documents and information.

**7. CONTACT DETAILS**

To ensure the efficient and timely processing of this application please enter below the contact details of a person the Receiving Agent may contact with all enquiries concerning this application. Ordinarily this contact person should be the person signing in Section 3 on behalf of the first named holder. If no details are provided here but a regulated person is identified in Section 5, the Receiving Agent will contact the regulated person. If no details are entered here and no regulated person is named in Section 5 and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

Contact name:	E-mail address:
Contact address:	
	Postcode:
Telephone No:	Fax No:



