

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately.**

This document comprises a prospectus relating to Ediston Property Investment Company Plc (the "Company") prepared in accordance with the Prospectus Rules and Listing Rules of the Financial Conduct Authority made under section 73A of the Financial Services and Markets Act 2000. This document has been approved by the Financial Conduct Authority in accordance with section 85 of the Financial Services and Markets Act 2000 and has been filed with the Financial Conduct Authority in accordance with Rule 3.2 of the Prospectus Rules. This document will be made available to the public in accordance with the Prospectus Rules by being made available at [www.epic-REIT.com](http://www.epic-REIT.com).

The Directors of the Company, whose names appear on page 28 of this document, and the Company each accept responsibility for the information contained in this document. Having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of the knowledge of the Directors and the Company, in accordance with the facts and does not omit anything likely to affect the import of such information.

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## **EDISTON PROPERTY INVESTMENT COMPANY PLC**

*(a company incorporated and registered in England and Wales with registered number 9090446 and registered as an investment company under section 833 of the Companies Act 2006)*

### **Issue of up to 150 million New Shares including an Initial Placing and Offer for Subscription and a Subsequent Placing Programme**

**Sponsor and Placing Agent  
Canaccord Genuity Limited**

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Applications will be made to the UK Listing Authority for the New Shares to be admitted to the Official List and to the London Stock Exchange for those New Shares to be admitted to trading on the London Stock Exchange's Main Market. It is expected that Admission will become effective and that dealings in the New Shares will commence during the period from 10 July 2015 to 22 June 2016.

The Issues are not being made, directly or indirectly, in or into, or by the use of the mails, or by any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of the United States, Canada, Australia, Japan, New Zealand or the Republic of South Africa or any other Restricted Jurisdiction. Accordingly, copies of this document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from the United States, Canada, Australia, Japan, New Zealand or the Republic of South Africa or to, or for the account or benefit of, any resident of the United States, Canada, Australia, Japan, New Zealand or the Republic of South Africa or any other Restricted Jurisdiction and persons receiving this Prospectus (including custodians, nominees and trustees) must not mail or otherwise distribute or send it in, into or from such jurisdictions. In particular the New Shares have not been and will not be registered under the US Securities Act or under any of the relevant securities laws of any state of the United States or of Canada, Australia, Japan, New Zealand or the Republic of South Africa. Accordingly, unless an exemption under such act or laws is applicable, the New Shares may not be offered, sold or delivered directly or indirectly in or into the United States, Canada, Australia, Japan, New Zealand or the Republic of South Africa. This Prospectus 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.

Canaccord Genuity Limited which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is the Sponsor and placing agent to the Company. Canaccord Genuity Limited is acting exclusively for the Company and for no-one else in relation to the Issues. Apart from the responsibilities and liabilities, if any, which may be imposed on Canaccord Genuity Limited by the Financial Services and Markets Act 2000 or the regulatory regime established thereunder, Canaccord Genuity Limited will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Issues and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Canaccord Genuity Limited nor for advising any other person in relation to the Issues or any transaction contemplated in or by this document.

No 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 Issues other than those contained in this Prospectus and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company.

**Potential investors should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before investing in the Company. Potential investors should also consider the risk factors relating to the Company set out on pages 16 to 21 of this document.**

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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 securities and issuer. Because some Elements are not required to be addressed 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 securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

### Section A – Introduction and warnings

Element	Disclosure requirement	Disclosure
A.1	Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in the New Shares should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who are responsible for this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide when read together with other parts of this Prospectus key information in order to aid investors when considering whether to invest in such securities.
A.2	Financial Intermediaries	Not applicable. No consent has been given by the issuer or person responsible for drawing up the Prospectus to the use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries.

### Section B – Issuer

Element	Disclosure requirement	Disclosure
B.1	Legal and commercial name	Ediston Property Investment Company Plc (the “Company”)
B.2	Domicile and legal form	The Company was incorporated and registered in England and Wales under the Act on 17 June 2014 as a public company limited by shares, with registration number 9090446 and is a closed-ended investment company.
B.5	Group description	The Company is the ultimate holding company of the Group. The Subsidiary currently holds all of the Company’s assets. The Company will continue to invest either directly or indirectly in UK real estate assets and may, without limit, incorporate further subsidiaries to hold property assets or may acquire the

		share capital of companies, partnership interests in partnerships or units in unit trusts (or similar vehicles) which own one or more properties, all of which would be wholly owned by the Group.																																				
B.6	Major shareholders	<p>As at 19 June 2015, the Company was aware of the following interests in three per cent. or more of the issued share capital of the Company:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><i>No. of Shares</i></th> <th style="text-align: right;"><i>Percentage of issued share capital</i></th> </tr> </thead> <tbody> <tr> <td>Investec Wealth &amp; Investment Limited</td> <td style="text-align: right;">22,488,356</td> <td style="text-align: right;">23.67</td> </tr> <tr> <td>Henderson Global Investors</td> <td style="text-align: right;">15,000,000</td> <td style="text-align: right;">15.78</td> </tr> <tr> <td>Architas Multi-Manager Limited</td> <td style="text-align: right;">9,000,000</td> <td style="text-align: right;">9.47</td> </tr> <tr> <td>AXA Investment Managers S.A.</td> <td style="text-align: right;">8,000,000</td> <td style="text-align: right;">8.42</td> </tr> <tr> <td>Quilter Cheviot Limited</td> <td style="text-align: right;">7,720,015</td> <td style="text-align: right;">8.13</td> </tr> <tr> <td>Baillie Gifford &amp; Co</td> <td style="text-align: right;">6,230,000</td> <td style="text-align: right;">6.56</td> </tr> <tr> <td>City of Bradford Metropolitan District Council</td> <td style="text-align: right;">3,000,000</td> <td style="text-align: right;">3.16</td> </tr> </tbody> </table> <p>The Directors are not aware of any person or persons who could, directly or indirectly, jointly or severally, exercise control over the Company. There are no different voting rights for any Shareholder.</p>		<i>No. of Shares</i>	<i>Percentage of issued share capital</i>	Investec Wealth & Investment Limited	22,488,356	23.67	Henderson Global Investors	15,000,000	15.78	Architas Multi-Manager Limited	9,000,000	9.47	AXA Investment Managers S.A.	8,000,000	8.42	Quilter Cheviot Limited	7,720,015	8.13	Baillie Gifford & Co	6,230,000	6.56	City of Bradford Metropolitan District Council	3,000,000	3.16												
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B.7	Key financial information:	<p>Selected financial information relating to the Company which summarises the financial condition of the Company for the financial period ended 30 September 2014 and the six months to 31 March 2015 is set out in the following table:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><i>Period ended 30 September 2014</i></th> <th style="text-align: right;"><i>Six months ended 31 March 2015</i></th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Net asset value</b></td> </tr> <tr> <td>Net assets (£'000)</td> <td style="text-align: right;">50</td> <td style="text-align: right;">97,430</td> </tr> <tr> <td>Equity shareholders' funds (£'000)</td> <td style="text-align: right;">50</td> <td style="text-align: right;">97,430</td> </tr> <tr> <td>Net asset value per Ordinary Share (pence)</td> <td style="text-align: right;">100</td> <td style="text-align: right;">102.56</td> </tr> <tr> <td colspan="3"><b>Condensed Statement of Comprehensive income</b></td> </tr> <tr> <td>Rental income (£'000)</td> <td style="text-align: right;">—</td> <td style="text-align: right;">2,331</td> </tr> <tr> <td>Profit/(loss) for the period (£'000)</td> <td style="text-align: right;">—</td> <td style="text-align: right;">6,064</td> </tr> <tr> <td>Earnings per share (pence)</td> <td style="text-align: right;">—</td> <td style="text-align: right;">7.45</td> </tr> <tr> <td colspan="3"><b>NAV/share price returns</b></td> </tr> <tr> <td>Net asset value total return</td> <td style="text-align: right;">—%</td> <td style="text-align: right;">6.7%</td> </tr> <tr> <td>Ordinary Share price return</td> <td style="text-align: right;">—%</td> <td style="text-align: right;">9.9%</td> </tr> </tbody> </table> <p>During the financial period to, and since, 31 March 2015 (being the end of the last financial period of the Company for which financial information has been published), there has been no significant change to the Company's financial condition or its operating results save that the Original Admission occurred on 28 October 2014, the</p>		<i>Period ended 30 September 2014</i>	<i>Six months ended 31 March 2015</i>	<b>Net asset value</b>			Net assets (£'000)	50	97,430	Equity shareholders' funds (£'000)	50	97,430	Net asset value per Ordinary Share (pence)	100	102.56	<b>Condensed Statement of Comprehensive income</b>			Rental income (£'000)	—	2,331	Profit/(loss) for the period (£'000)	—	6,064	Earnings per share (pence)	—	7.45	<b>NAV/share price returns</b>			Net asset value total return	—%	6.7%	Ordinary Share price return	—%	9.9%
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		Property Subsidiary entered into the Aviva Facility on 6 May 2015 and the Company's net assets have increased from £91.34 million (after the deduction of launch costs and portfolio acquisition costs) as at 28 October 2014 to £99.95 million as at 19 June 2015.
B.8	Key pro forma financial information	Not applicable. No pro forma financial information.
B.9	Profit forecast	Not applicable. No profit forecast or estimate is made.
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The audit reports on the historical financial information contained within the document are not qualified.
B.11	Insufficient working capital	Not applicable. The Company is of the opinion that the working capital available to the Group is sufficient for its present requirements, that is for at least the next twelve months from the date of this document.
B.34	Investment policy	<p>The Company pursues its investment objective by investing in a diversified portfolio of UK commercial properties.</p> <p>It invests principally in three commercial property sectors: office, retail (including retail warehouses) and industrial, without regard to a traditional property relative return benchmark.</p> <p>The Company invests predominantly in income producing investments. Investment decisions are based on analysis of, <i>inter alia</i>, prospects for future income and capital growth, sector and geographic prospects, tenant covenant strength, lease length, initial and equivalent yields and the potential for active asset management of the property.</p> <p>The Company does not invest in other investment companies or funds. However, the Company may hold property through special purpose vehicles and is permitted to invest in joint ventures which hold real estate directly. The Company is also permitted to forward fund purchases of properties on a pre-let and non pre-let basis and obtain options over properties.</p> <p>Investment risk is spread through investing in a range of geographical areas and sectors, and through letting properties, where possible, to low risk tenants. Although the Company has not set any maximum geographic exposure or maximum weightings in the principal property sectors, it may invest no more than 25 per cent. of total assets, at the time of investment, in other sectors such as leisure, residential, student residential, healthcare and hotels. Once the Company is fully invested (including drawdown of available debt facilities), no single property may exceed 20 per cent. of total assets, at the time of investment. Speculative development (i.e. properties under construction which have not been pre-let) is restricted to a maximum of 10 per cent. of total assets at the time of investment or commencement of the development. Development, other than speculative development, is also restricted to</p>

		<p>a maximum of 10 per cent. of total assets at the time of investment or commencement of the development.</p> <p>Once the Company is fully invested (including drawdown of available debt facilities), the Company shall not be permitted to acquire an investment if, as a result, income receivable from any one tenant, or tenants within the same group (other than from central or local government), would in any one financial year exceed 20 per cent. of the total rental income of the Company for that financial year.</p> <p>The Company is permitted to invest cash held for working capital purposes and awaiting investment in cash deposits, gilts and money market funds.</p> <p>The Board currently intends that gearing, calculated as borrowings as a percentage of the Company's gross assets, will not exceed 30 per cent. at the time of drawdown. In any event, gearing will not exceed a maximum of 35 per cent. at the time of drawdown.</p>
B.35	Borrowing limits	The Board currently intends that gearing, calculated as borrowings as a percentage of the Company's gross assets, will not exceed 30 per cent. at the time of drawdown. In any event, gearing will not exceed a maximum of 35 per cent. at the time of drawdown.
B.36	Regulatory status	The Company is not regulated or authorised by the Financial Conduct Authority but is subject to the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules as applicable to closed-ended investment companies. It is also an EU alternative investment fund for the purposes of the AIFMD.
B.37	Typical investor	The Directors believe that the profile of a typical investor in the Company is an institution or professionally advised individual who is seeking an attractive level of income and capital growth from investing in a diversified portfolio of UK commercial real estate assets and who understands and accepts the risks inherent in the Company's investment policy.
B.38	Investment of 20% or more in single underlying asset or investment company.	Not applicable.
B.39	Investment of 40% or more in single underlying asset or investment company.	Not applicable.
B.40	Applicant's service providers	<p><i>Manager</i></p> <p>R&amp;H Fund Services (Jersey) Limited has been appointed as AIFM pursuant to the Management Agreement under which it is responsible for overall portfolio management and compliance with the Company's investment policy, ensuring compliance with the requirements of the AIFMD that apply to the Company, and undertaking all risk management. The Manager has delegated responsibility of portfolio management services to the Investment Adviser</p>

		<p>pursuant to the Investment Adviser Agreement. The Manager has, and shall maintain, necessary expertise and resource to supervise the delegated tasks effectively.</p> <p>The Management Agreement provides that the Company will pay to the Manager a fixed fee of £15,000 per annum plus an annual portfolio management fee of 0.95 per cent. of the net assets of the Company, provided that this fee shall be 0.75 per cent. of the net assets of the Company that are in excess of £250 million. The Manager has agreed that the portfolio management fee will be paid to the Investment Adviser.</p> <p>The Management Agreement can be terminated by any party on twelve months' written notice which can be served at any time after the second anniversary of Original Admission. The Management Agreement may be terminated immediately if, the Manager is in material breach of the agreement, guilty of negligence, wilful default or fraud, is the subject of insolvency proceedings or there occurs a change of Key Manager under the Investment Adviser Agreement to which the Board has not given its prior consent. The Management Agreement may also be terminated immediately if Ediston is directly appointed as AIFM of the Company.</p> <p><i>Investment Adviser</i></p> <p>Pursuant to the Investment Adviser Agreement, the Manager has delegated responsibility of portfolio management services to the Investment Adviser on the same terms as the Management Agreement.</p> <p>In its capacity as investment adviser to the Company, the Investment Adviser will advise the Company on the acquisition, management and disposal of the real estate assets in the Group's portfolio.</p> <p><i>Administrator</i></p> <p>R&amp;H Fund Services Limited has been appointed as company secretary and administrator pursuant to the Administration and Secretarial Agreement. In such capacity, the Administrator is responsible for the Company's general administrative functions such as the calculation and publication of the Company's net asset value and the maintenance of accounting records.</p> <p>A fixed fee of £80,000 per annum is payable by the Company to the Administrator pursuant to the Administration and Secretarial Agreement. A further fee of 0.05 per cent. per annum of the total assets of the Company which exceeds £100 million, subject to a cap of £95,000 per annum, will be payable by the Company to the Administrator.</p> <p>The Administration and Secretarial Agreement can be terminated by the Company or the Administrator on six months' written notice.</p>
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		<p>The Administrator will also receive a one-off fixed fee of £10,000 in connection with the work undertaken in relation to the Issues.</p> <p><i>The Registrar</i></p> <p>The Company utilises the services of Computershare Investor Services PLC as registrar in relation to the transfer and settlement of Ordinary Shares held in uncertificated form.</p> <p>Given that the fees payable under the Registrar Agreement are calculated as <i>inter alia</i>, a multiple of the number of Shareholders admitted to the register each year plus a multiple of the number of share transfers made each year, there is no maximum amount payable under the Registrar Agreement.</p> <p><i>The Auditor</i></p> <p>Grant Thornton UK LLP provides audit services to the Company. The annual reports and accounts are prepared according to accounting standards in line with the International Financial Reporting Standards as adopted by the European Union.</p> <p>The fees charged by the Auditors depends on the services provided, computed, <i>inter alia</i>, on the time spent by the Auditors on the affairs of the Company and there is not a maximum amount payable.</p>
B.41	Regulatory status of investment manager and custodian	<p>The Manager, R&amp;H Fund Services (Jersey) Limited, is a private limited company and was incorporated in Jersey under the Companies (Jersey) Law, 1991 on 21 March 2007 with registered number 42576. The Manager is authorised and regulated by the Jersey Financial Services Commission. The Company has no custodian.</p>
B.42	Calculation of Net Asset Value	<p>The properties acquired by the Company are valued by an external valuer quarterly in accordance with the Red Book. The net asset value attributable to the Ordinary Shares is published quarterly based on the most recent valuation of the Company's portfolio and in accordance with IFRS. The net asset value per Ordinary Share is calculated by the Administrator based on information provided by the Investment Adviser and published through a Regulatory Information Service as soon as practicable after the end of the relevant quarter.</p> <p>The calculation of the net asset value per Ordinary Share 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. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.</p>
B.43	Cross liability	<p>Not applicable. The Company is not an umbrella collective investment undertaking and as such there is</p>

		no cross liability between classes or investment in another collective investment undertaking.
B.44	No financial statements have been made up	Not applicable. The Company has commenced operations and historical financial information is included within this document.
B.45	Portfolio	The Group has acquired eight properties which are located across the UK and have a market value of approximately £123.65 million as at 19 June 2015. As at 19 June 2015 the Company also has cash of approximately £16.76 million, of which approximately £10 million is available for investment (excluding funds required for investments currently under negotiation and capital expenditure).
B.46	Net asset value	The unaudited net asset value per Ordinary Share as at 19 June 2015 (being the latest practicable date prior to the publication of this document) was 105.21 pence.

### Section C – Securities

Element	Disclosure requirement	Disclosure
C.1	Type and class of securities	The Company proposes to issue up to 150 million New Shares in aggregate. Application will be made to the UK Listing Authority for the New Shares to be admitted to the Official List with a premium listing. The ISIN of the New Shares is GB00BNGMZB68 and the SEDOL is BNGMZB6.
C.2	Currency	The Company may issue Ordinary Shares denominated in Sterling.
C.3	Number of securities in issue	The nominal value of an Ordinary Share is 1 pence. As at 19 June 2015 (being the latest practicable date prior to the publication of this document) the Company had 95,000,000 Ordinary Shares in issue all of which are fully paid.
C.4	Description of the rights attaching to the securities	<p><i>Voting Rights</i></p> <p>Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares, Ordinary Shareholders shall have the right to receive notice of and to attend and vote at general meetings of the Company.</p> <p>Each Ordinary Shareholder being present in person or by proxy or by a duly authorised representative (if a company) at a general meeting shall upon a show of hands have one vote and upon a poll all Ordinary Shareholders shall have one vote for every share held.</p> <p><i>Dividend rights</i></p> <p>Shareholders will be entitled to receive such dividends as the Directors may resolve to pay to such holders out of the assets attributable to their class of Shares.</p>

		<p><i>Return of capital</i></p> <p>Ordinary Shareholders are entitled to participate (in accordance with the rights specified in the Articles) in the assets of the Company attributable to their Ordinary Shares in a winding up of the Company or a winding up of the business of the Company.</p>
C.5	Restrictions on the free transferability of the securities	<p>Subject to the Articles (and the restrictions on transfer contained therein) a Shareholder may transfer all or any of his Ordinary Shares in any manner which is permitted by the Act or in any other lawful manner which is from time to time approved by the Board.</p> <p>The Ordinary Shares have not been registered in the United States under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and are subject to restrictions on transfer contained in such laws. There are restrictions on the purchase of Shares by persons who are located in the United States or who are US Persons and on the resale of Shares by any Shareholders to any person who is located in the United States or is a US Person.</p>
C.6	Admission	<p>Application will be made to the UK Listing Authority for the New Shares to be admitted to the Official List with a premium listing and to the London Stock Exchange for the New Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.</p>
C.7	Dividend policy	<p>Subject to market conditions and the Company's performance, financial position and financial outlook, it is the Directors' intention to continue to pay an attractive level of dividend income to Shareholders on a monthly basis. Whilst not forming part of its investment policy, the Company targets an annual dividend of not less than 5.5p per Share. This level of dividend is expected to be covered by the Group's net income over the medium term on the assumption that the Company's available cash reserves are fully invested, including the proceeds of the Issues and available borrowings. In respect of the period from its launch in October 2014 to 30 September 2015 the Company expects to pay an aggregate dividend of 5.09p per Share.</p> <p>The Company paid its first interim dividend of 0.9685p per Share in February 2015. The Company has subsequently paid a further four interim dividends, totalling 0.4583p per Share in February, March, April and May 2015. The Company has therefore paid a cumulative dividend of 2.8017p per Shares since its launch in October 2014. A sixth interim dividend of 0.4583p per Share is due to be paid at the end of June 2015 to Shareholders on the Register as at 12 June 2015.</p> <p>In the absence of unforeseen circumstances the Company expects to pay a seventh interim dividend in</p>

		<p>respect of June 2015 to Shareholders on the Register on a date shortly prior to Initial Admission. Accordingly the New Shares issued under the Initial Placing and Offer will not qualify for any dividends in respect of any period prior to 1 July 2015.</p> <p>In accordance with the REIT conditions, it is expected that a significant proportion of dividends will be paid in the form of Property Income Distributions.</p> <p>Save as referred to above, New Shares issued pursuant to the Initial Placing and Offer will rank <i>pari passu</i> with the Ordinary Shares in respect of dividends. Save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant New Shares pursuant to the Placing Programme such New Shares will rank <i>pari passu</i> with the Ordinary Shares.</p>
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### Section D – Risks

Element	Disclosure requirement	Disclosure
D.2	Key information on the key risks specific to the issuer	<ul style="list-style-type: none"> <li>The net asset values are primarily based on the independent valuation of the underlying properties held by the Group. The valuation of property is inherently subjective due to the individual nature of each property and as a result valuations are subject to substantial uncertainty. There is no assurance that the valuations of properties will reflect the actual sale price even where such sales occur shortly after the relevant valuation date.</li> <li>The performance of the Group would be adversely affected by a downturn in the property market in the UK in terms of market value or a weakening of rental yields. In the event of default by a tenant, or during any other void period, the Group will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveying costs in re-letting, maintenance costs, insurances, rates and marketing costs.</li> <li>The Group's ability to pay dividends will be dependent principally upon its rental income. Rental income and the market value of properties are generally affected by growth in gross domestic product, employment trends, inflation and changes in interest rates. Changes in gross domestic product may also impact employment levels, which in turn may impact occupier demand for premises.</li> <li>The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of investors. Any change in the Group's tax status or in taxation legislation in the United Kingdom or any other tax jurisdiction affecting Shareholders or</li> </ul>

		<p>investors could affect the value of the investments held by the Group or affect the Company's ability to achieve its investment objective for the Ordinary Shares or alter the post tax returns to Shareholders.</p> <ul style="list-style-type: none"> <li>• The Group may have difficulty in obtaining a new tenant for any vacant space it has, or may have, in its Properties, particularly if prospective tenants have negative perceptions of the attractiveness or other features of any Property. Certain of the Properties may be specifically suited to the particular needs of a certain type of tenant. The Group may need to incur additional capital expenditure on a Property to attract tenants.</li> <li>• The assumptions made by the Valuer regarding the length of void periods may underestimate the actual void periods suffered by the Group. If the vacancy continues for a longer period of time, the Group may suffer reduced revenues resulting in less income being available to be distributed to Shareholders. In addition, the market value of a Property could be diminished because the value of a particular Property will depend principally upon the value of the leases of such Property.</li> <li>• Where there are lease expiries within the Property Portfolio, there is a risk that a significant proportion of leases may be re-let at rental values lower than those prevailing under the current leases, or that void periods may be experienced on a significant proportion of the Property Portfolio.</li> </ul>
D.3	Key information on the key risks specific to the securities	<ul style="list-style-type: none"> <li>• An investment in Ordinary Shares is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise therefrom (which may be equal to the whole amount invested). Such an investment should be seen as long term in nature and complementary to existing investments in a range of other financial assets.</li> <li>• The market value of, and the income derived from, the Ordinary Shares can fluctuate. The market value of an Ordinary Share may vary considerably from its underlying net asset value. Shareholders could lose all or part of their investment in the Ordinary Shares. The market value of the Ordinary Shares, as well as being affected by their net asset value, also takes into account their dividend yield and prevailing interest rates.</li> <li>• Dividend growth, if any, on the Ordinary Shares will depend principally on growth in rental income received from the underlying assets.</li> <li>• The net proceeds of the Issues will be used to acquire further UK commercial properties. There is currently demand for good quality UK commercial</li> </ul>

		<p>property investments. The generation of profits for distribution by the Group depends on the successful management of the Company's investments, the yields on existing and new properties, interest costs, taxes and the sale of properties. Until the proceeds of the Issues are invested in UK commercial properties, the Board expects the income generated by the proceeds of the Issues to be lower than the income generated from funds invested by the Group in UK commercial properties.</p>
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### Section E – Offer

Element	Disclosure requirement	Disclosure
E.1	Net proceeds and costs of the Issues	<p>The costs and expenses of the Issues include the costs of the commissions to the Placing Agent, the fees payable to the professional advisers and other related expenses. The costs and expenses of the Issues are expected to be approximately £2.8 million (on the assumption that the Issues are fully subscribed and are carried out by way of a single Issue) and are payable by the Company.</p> <p>The net proceeds of the Issues are therefore expected to be approximately £159.2 million (on the assumptions that the Issues are fully subscribed, are carried out by way of a single issue and the New Shares are issued at the Initial Placing and Offer Price). The net proceeds will be used by the Group to fund the acquisitions of further properties in accordance with the Company's investment policy.</p>
E.2A	Reason for offer and use of proceeds	<p>The net proceeds of the Issues will be used by the Group to fund the acquisitions of further properties in accordance with the Company's investment policy. The Issues should substantially increase the size of the Company's issued share capital which in turn will give a bigger equity base over which to spread fixed costs and provide for more secondary liquidity in the Company's Shares. As the proceeds of the Issues are invested, the Proposals will also help diversify the portfolio and enhance the potential, over the medium to longer term of achieving an attractive level of income together with the prospect of income and capital growth in accordance with the Company's investment objective and policy.</p>
E.3	Terms and conditions of the offer	<p>To become effective, the Initial Placing and Offer requires, amongst other things, the following events to occur:</p> <ul style="list-style-type: none"> <li>• the Resolutions being passed at the General Meeting;</li> <li>• the Placing Agreement becoming wholly unconditional (save as to Initial Admission) and not having been terminated in accordance with its terms prior to Initial Admission; and</li> </ul>

		<ul style="list-style-type: none"> <li>the Admission Condition being satisfied prior to 8.00 a.m. on 10 July 2015 (or such later time and/or date, not being later than 8.00 a.m. on 31 July 2015 as the Board may determine).</li> </ul> <p>Subject to the requirements of the Listing Rules, any of the conditions referred to above may be waived by the Company (or, where appropriate, by the party for whose benefit the relevant condition exists), in whole or in part on or before 31 July 2015. The Initial Placing and the Offer will only become effective if all of the conditions referred to above are satisfied or waived (as the case may be) on or before 31 July 2015.</p> <p>To become effective, each Issue under the Placing Programme will require the following events to occur:</p> <ul style="list-style-type: none"> <li>once the Company's Shareholder allotment authorities granted at the Annual General Meeting and the General Meeting have been exhausted, an ordinary resolution of the Company to be passed (requiring the approval of, at least, 50 per cent. of the votes cast in respect of it by Shareholders at a duly convened general meeting of the Company) approving the Directors authority to allot New Shares pursuant to the Issues and a special resolution of the Company to be passed (requiring approval of at least 75 per cent. of the votes cast in respect of them by Shareholders at a duly convened general meeting of the Company) approving the Directors' authority to allot New Shares pursuant to the Issues on a non-pre-emptive basis;</li> <li>the Placing Programme Price being determined by the Directors;</li> <li>the Admission Condition being satisfied pursuant to such Issue; and</li> <li>a valid supplementary prospectus being published by the Company if such is required by the Prospectus Rules.</li> </ul>
E.4	Material interests	Not applicable. No interest is material to the Issues.
E.5	Name of person selling securities	Not applicable. No person or entity is offering to sell the security as part of the Issues.
E.6	Dilution	<p>Not applicable. Existing Shareholders are not obliged to participate in the Issues. However, those Shareholders who do not participate in the Issues will suffer a dilution to the percentage of the issued share capital that their current holding represents based on the actual number of Ordinary Shares issued. Assuming 40 million New Shares are issued under the Initial Placing and Offer, Shareholders, who do not participate, will suffer a dilution of approximately 30 per cent. to their existing percentage holdings.</p> <p>The price at which the New Shares are issued will be set by the Board at a premium to the most recent net</p>

		<p>asset value per Share. The premium will be intended to cover the direct costs of issue and will seek to contribute to the financial impact of investing the proceeds. The price will also take into account the prevailing price of the existing Shares in the market. However, the price will not necessarily cover the full costs of issue and the investment of the proceeds. The net asset value per Share could therefore be reduced to the extent such costs are not covered.</p>
E.7	Expenses charged to the investor	<p>Not applicable. No commissions, fees or expenses are to be charged to the investors by the Company.</p> <p>The price at which the New Shares are issued will be set by the Board at a premium to the most recent net asset value per Share. The premium will be intended to cover the direct costs of issue which will therefore be charged to new investors and, depending on the size of the Issue, will not affect the Company's existing Shareholders.</p>

## RISK FACTORS

The risk factors referred to below are the risks which are considered by the Company and the Directors to be material as at the date of this document but are not the only risks relating to the Company or the Ordinary Shares. Additional risks and uncertainties relating to the Company or the Ordinary Shares that are not currently known to the Company or the Directors or that the Directors or the Company do not currently consider to be material may also have a material adverse effect on the Company. Potential investors should review this Prospectus carefully and in its entirety and consult with their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before acquiring any Ordinary Shares.

**Prospective investors should note that the risks relating to the Company, its industry and the Ordinary Shares summarised in the section of this document headed “Summary” are the risks that the Company believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of the document headed “Summary” but also, among other things, the risks and uncertainties described below.**

Potential investors should carefully consider the following material risk factors in relation to the Company and the Ordinary Shares.

### **Risks relating to the Ordinary Shares**

#### ***Risks relating to the market value of the Ordinary Shares***

The market value of, and the income derived from, the Ordinary Shares can fluctuate. The market value of an Ordinary Share, as well as being affected by its net asset value and prospective net asset value, also takes into account its dividend yield and prevailing interest rates. As such, the market value of an Ordinary Share may vary considerably from its underlying net asset value. The market prices of shares in quoted investment companies can therefore be at a discount or premium to the net asset value at different times, depending on supply and demand, market conditions, general investor sentiment, rental yields and other factors. Accordingly the market price of the Ordinary Shares may not fully reflect their underlying net asset value.

Fluctuations could also result from a change in national and/or global economic and financial conditions, the actions of governments in relation to changes in the national and global financial climate or taxation, market perceptions as to when and at what level the Company will pay dividends on the Ordinary Shares and various other factors and events, including the liquidity of financial markets, variations in the Company's operating results, business developments of the Company and/or its competitors. Although the New Shares to be issued pursuant to the Issues are to be issued at a premium to the NAV per Share, there is no guarantee that such Shares will trade at a premium to NAV.

The price of an Ordinary Share may also be affected by speculation in the press or investment community regarding the business or investments of the Company or factors or events that may directly or indirectly affect its business.

#### ***Risks relating to dividends***

There is no guarantee that the expected dividend in respect of any period will be paid. The Company's ability to pay dividends will be dependent principally upon its rental income generated from the properties owned by the Group.

Dividend growth on the Ordinary Shares will depend principally on growth in rental income received from the underlying assets and the extent to which the Group is invested. The net proceeds of the Issues will be used to acquire UK commercial properties in accordance with the Company's investment policy. The timing of the acquisition of any such properties will depend, *inter alia*, on the completion of the negotiations, in a manner acceptable to the Board and the Investment Adviser, in relation to the properties that have been identified by the Investment Adviser. In the event that an acquisition of a property identified by the Investment Adviser as being a suitable investment for the Company did not

complete, there may be a significant period of time between completion of an issue of New Shares and the proceeds of such issue being fully invested by the Company. Until the proceeds of the Issues are invested they are not expected to generate significant amounts of income (and the dividends payable in respect of the New Shares are not likely to exceed the income generated by the proceeds of the Issues until such proceeds are fully invested in UK commercial properties).

#### ***Risks relating to the liquidity of the Ordinary Shares***

The Company does not have a fixed winding up date and, therefore, unless Shareholders vote to wind up the Company, Shareholders will only be able to realise their investment through the market. Although the Ordinary Shares are listed on the Official List and traded on the Main Market, there may not be a liquid market in the Ordinary Shares and Shareholders may have difficulty in selling them.

#### ***Risks relating to the Company***

There can be no guarantee that the investment objectives of the Company will be met. If these objectives are not met, Shareholders may not receive an attractive level of income or any income or capital growth in the underlying value of their Shares.

The Company was launched in October 2014 and therefore has limited operating or financial data on which potential investors may base an evaluation. Any investment in the Ordinary Shares is therefore subject to all of the risks and uncertainties associated with any relatively new business, including the risk that the business will not achieve its investment objectives and that the value of any investment made by the Company could substantially decline.

#### ***Risks relating to the taxation of the Company***

UK tax legislation or practice may change. The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of investors. Any change in the Group's tax status or in taxation legislation in the United Kingdom or any other tax jurisdiction affecting Shareholders or investors could affect the value of the investments held by the Company, the Property Subsidiary or any other member of the Group, or affect the Company's ability to achieve its investment objective for the Ordinary Shares or alter the post tax returns to Shareholders. If you are in any doubt as to your tax position, you should consult your own professional adviser without delay.

Any change (including a change in interpretation) in tax legislation, either in the United Kingdom or in other countries in which the Group operates, could have a material adverse effect on the Group's business, financial condition, results of operations, future prospects or the price of the Ordinary Shares. Changes to tax legislation could include the imposition of new taxes or increases in tax rates in the United Kingdom. In particular, an increase in the rates of Stamp Duty Land Tax (as applies to properties situated in England, Wales and Northern Ireland) or Land and Buildings Transaction Tax (as applies to properties situated in Scotland) could have a material impact on the price at which UK land can be sold, and therefore on asset values.

#### ***Risks relating to the Company's REIT status***

The Company cannot guarantee that it will maintain continued compliance with all of the REIT conditions. There is a risk that the REIT regime may cease to apply in some circumstances. HMRC may require the Company to exit the REIT regime if: (i) it regards a breach of the conditions or failure to satisfy the conditions relating to the REIT regime, or an attempt to avoid tax, as sufficiently serious; (ii) the Company has committed a certain number of minor or inadvertent breaches in a specified period; or (iii) HMRC has given the Company at least two notices in relation to the avoidance of tax within a ten year period.

In addition, if the conditions for REIT status relating to the share capital of the Company 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 an open-ended investment company, the Company will automatically lose REIT status. The Company could therefore 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 condition if it is unable to remedy the breach within a specified timeframe. If the Company were to be required to leave the REIT regime within ten years of

joining, HMRC has wide powers to direct how it would be taxed, including in relation to the date on which the Company would be treated as exiting the REIT regime which could have a material impact on the financial condition of the Company and, as a result, Shareholder returns.

### ***Risks relating to gearing***

Prospective investors should be aware that, whilst the use of borrowings should enhance the net asset value of the Ordinary Shares where the value of the Group's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. In addition, in the event that the rental income of the Property Portfolio falls for whatever reason, including tenant defaults, the use of borrowings will increase the impact of such fall on the net revenue of the Group and accordingly will have an adverse effect on the Group's ability to pay dividends to Shareholders.

There is no certainty that the Group will be able to refinance existing borrowings on their maturity (the Aviva Facility is repayable in 2025) either at all or on acceptable terms which may adversely affect the future prospects of the Company and, as a consequence, returns to Shareholders.

Furthermore, the Group will require to use part of its cash flows to service its debt obligations, thereby reducing the flexibility and cash available to pay dividends to Shareholders over the longer term and increasing the Group's vulnerability to general adverse economic and industry conditions including increases in interest rates.

Under the REIT legislation, a UK tax charge will arise in the Company if in respect of an accounting period the Company's ratio of profits to financing costs (in respect of its Qualifying Property Rental Business) is less than 1:25:1.

### ***Risks relating to the economic environment***

Any weakening of the economic conditions in the United Kingdom and elsewhere may reduce the value of the Property Portfolio and may reduce liquidity in the commercial real estate market. A lack of liquidity in commercial real estate may prevent the Group from taking advantage of occupational demand and rental growth or disposing of lower growth or riskier assets, thereby adversely affecting the Company's net asset value. As a result, the Group may be unable to sell property or, alternatively, might be forced to sell property at less than the value stated in the valuation of the Property Portfolio, which could have a material adverse effect on its business, financial condition, results of operations, future prospects or the price of the Ordinary Shares.

### ***Risks relating to the existence of competition for investment***

Competition for appropriate investment opportunities may increase. Competition in the property market may lead either to an over-supply of commercial premises through over-development or to prices for existing properties or land for development being driven up through competing bids by potential purchasers. The ability of the Company to achieve its investment objective depends upon the Company identifying, selecting and executing investments which offer the potential for satisfactory returns. Accordingly, the existence of such competition may have a material adverse impact of the Company's ability to secure tenants for its properties at satisfactory rental rates and on a timely basis and/or to acquire properties or develop land at satisfactory prices which may, as a result, have a material adverse effect on the returns to Shareholders.

### ***Risks relating to law and regulation which may affect the Company***

Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect the Company's business, investments and performance. The Company is subject to laws and regulations enacted by national and local government. In addition, the Company is subject to and will be required to comply with certain regulatory requirements which are applicable to closed-ended investment companies (including continuing obligations) whose shares are listed on the premium segment of the Official List of the FCA. Any change in the laws and regulations affecting the Company, the Manager, the Investment Adviser or the Company's investments may have an adverse effect on the ability of the Company to carry on its business and pursue its investment policy.

Government authorities are also actively involved in the application and enforcement of laws and regulations relating to, *inter alia*, taxation, land use and zoning and planning restrictions, environmental protection and safety. The institution and enforcement of those laws and regulations could have the

effect of increasing the expense and lowering the income or rate of return from as well as adversely affecting the value of the Company's assets.

It is proposed that further powers will be devolved to the Scottish Parliament including in relation to certain taxation matters. It remains unclear what additional powers are to be devolved. Any changes to the regulation or taxation in Scotland could have an adverse effect on the Company's properties in Scotland.

#### ***Risks relating to the Alternative Investment Fund Managers Directive***

The AIFMD, regulates investment fund managers established in the EU and prohibits such managers from managing any alternative investment fund ("AIF") or marketing shares in such funds to investors in the EU unless an AIFMD authorisation is granted to the AIFM. Any regulatory changes arising from implementation of the AIFMD and any derivative legislation or guidance (or otherwise) that impairs the ability of the Investment Manager to manage the investments of the Company, or limits the Company's ability to market its Ordinary Shares, may materially adversely affect the Company's ability to carry out its investment strategy and achieve its investment objective. Furthermore, the new regime may give rise to increased compliance and regulatory costs, some of which may be passed onto the Company including the costs of a depositary, such that returns to Shareholders could be adversely affected.

#### ***Risks relating to conflicts of interest***

The services of the Investment Adviser, its officers and employees are not exclusive to the Company. Although the Investment Adviser has in place a conflicts of interest policy and asset allocation policy in fulfilling its responsibilities to the Company, it may be subject to certain conflicts of interest arising from its relations with third parties to whom it also owes duties or in whom it has an interest. In particular, the Investment Adviser may provide investment management, investment advice or other services to other funds having similar investment policies to that of the Company, which may result in the Investment Adviser investing funds for other funds as opposed to the Company thereby increasing the period of time during which the proceeds of the Issues are not fully invested.

#### ***Risks relating to the Company's investments***

##### ***Risks relating to property and property-related assets***

The performance of the Group would be adversely affected by a downturn in the property market in terms of market value or a weakening of rental yields. In the event of default by a tenant, or during any other void period, the Group will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveying costs in re-letting, maintenance costs, insurance costs, rates and marketing costs.

Returns from an investment in property depend largely upon the amount of rental income generated from the property and the expenses incurred in the development or redevelopment and management of the property, as well as upon changes in its market value.

Any change to the laws and regulations relating to the UK commercial property market may have an adverse effect on the market value of the Property Portfolio and/or the rental income of the Property Portfolio.

There are rental guarantees in place for a fixed period in respect of certain properties in the Company's Property Portfolio. There is no guarantee that such properties will be let, either whole or in part, prior to the end of such periods.

Properties owned by the Company may have significant levels of vacancy. Certain of the Company's properties may be specifically suited to the particular needs of a certain type of tenant. The Company may have difficulty in obtaining a new tenant for any vacant space it has in its properties, particularly if prospective tenants have negative perceptions of the attractiveness or other features of any property. The Company may need to incur additional capital expenditure on a property 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 a vacancy continues for a longer period of time, the Company may suffer reduced revenues resulting in less income available to be distributed to Shareholders. In addition, the market value of a property could be diminished because the value of a particular property will depend principally upon the value of the leases of such property.

Where there are lease expiries within the Property Portfolio, there is a risk that a significant proportion of leases may be re-let at rental values lower than those prevailing under the current leases, or that void periods may be experienced on a significant proportion of the Property Portfolio.

The Group may undertake development (including redevelopment) of property or invest in property that requires refurbishment prior to renting the property. The risks of development or refurbishment include, but are not limited to, delays in timely completion of the project, cost overruns, poor quality workmanship, and inability to rent or inability to rent at a rental level sufficient to generate profits.

As the owner of UK commercial property, the Group is subject to environmental regulations that can impose liability for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination. If the Group owns or acquires contaminated land, it could also be liable to third parties for harm caused to them or their property as a result of the contamination. If the Group is found to be in violation of environmental regulations, it could face reputational damage, regulatory compliance penalties, reduced letting income and reduced asset valuation, which could have a material adverse effect on the Group's business, financial condition, results of operations, future prospects and/or the price of the Ordinary Shares.

#### ***Risk relating to acquiring property and property related assets***

The Company cannot be sure that it will be successful in obtaining suitable investments in UK commercial property assets on financially attractive terms. If the proceeds of the Issues are not invested at the target yields, the income returns to Shareholders could be reduced and the level of dividends paid to Shareholders, or the level of dividend cover, could also be materially adversely affected.

The Company will incur certain fixed costs on the acquisition of properties, including stamp duty land tax or land and buildings transaction tax which will reduce the net asset value per Share immediately following the acquisition. There is no guarantee that the value of the properties will increase to an amount in excess of these costs.

#### ***Risks relating to valuations***

The value of property and property-related assets is inherently subjective due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the valuations of the Properties will reflect the actual sale price even where such sales occur shortly after the relevant valuation date.

The Property Portfolio is valued by the Valuer quarterly and, for the purposes of this document, has been valued by the Valuer as at 19 June 2015 on the basis of "Market Value" in accordance with the Red Book. In determining Market Value, the Valuer is required to make certain assumptions. Such assumptions may prove to be inaccurate.

In assessing Market Value the Valuer has regard to transactional evidence, market conditions and sentiment existing at the date of the valuation. The commercial real estate market has been shown to be cyclical in terms of values and liquidity. Rapidly changing political, financial and economic circumstances together with the use of debt (leverage) can lead to periods of significant volatility in both prices and levels of transactions as has been the case since late 2007. Where transactional evidence is sparse against which property valuations can be benchmarked this can pose extra challenges to valuers and can result in subsequent sale outcomes which vary from the valuation number.

The valuation of the Group's wholly owned Properties are believed to be accurate only as of their valuation date. Although there has been no material change in the value of the Properties from the date of their valuation to the date of this document, market volatility following the date of this document may cause material changes in the value of the Properties after the date of this document. Therefore there can be no assurance that the valuations will be reflected in actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and annual rental income will prove attainable.

The value of the Properties can be affected by factors outside of the Group's control, including declining demand for industrial, office and retail real estate, changes in general economic conditions, changing local supply and the attractiveness of real estate relative to other investment choices. Failure to achieve successful sales of properties in the future at acceptable prices could have an adverse effect on the

Group's business, financial condition, results of operations, future prospects or the price of the Ordinary Shares.

***Risks relating to reliance on key individuals***

The underperformance or departure of key skilled professionals from the Investment Adviser could have a material adverse effect on the Group's business, financial condition and results of operations.

**Risks relating to the Initial Placing, the Offer and the Placing Programme**

***Risks relating to the costs and expenses of the Proposals***

The net proceeds of the Initial Placing, the Offer and the Placing Programme will be used to acquire UK commercial properties in accordance with the Company's investment policy. The typical costs of acquiring UK commercial properties are approximately 5.75 per cent. of the purchase price thereof. The price at which the New Shares are issued will be set by the Board at a premium to the most recent net asset value per Share. The premium will be intended to cover the direct costs of issue and will seek to contribute to the financial impact of investing the proceeds. However, the price will not necessarily cover the full costs of issue and the costs of investment. There is no guarantee that the Issues and the subsequent acquisition of properties with the proceeds of the Issues will not result in a reduction in the NAV per Share over the period of investment.

***Shortfall of income until proceeds invested***

The net proceeds of the Issues will be used to acquire further UK commercial properties in accordance with the Company's investment policy. There is currently demand for good quality UK commercial property investments. The generation of profits for distribution by the Group depends on the successful management of the Company's investments, the yields on existing and new properties, interest costs, taxes and the sale of properties. Until the proceeds of the Issues are invested in UK commercial properties, the Board expects the income generated by the proceeds of the Issues to be lower than the income generated from funds invested by the Group in UK commercial properties.

## **IMPORTANT INFORMATION**

### **General**

This document should be read in its entirety. New investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Manager, the Investment Adviser or the Sponsor or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules neither the delivery of the Prospectus nor any subscription made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Shareholders must not treat the contents of the document or any subsequent communications from the Company, the Manager, the Investment Adviser or the Sponsor or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

Apart from the liabilities and responsibilities (if any) which may be imposed on the Sponsor by FSMA or the regulatory regime established thereunder, the Sponsor does not make any representations, express or implied, or accepts any responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by it or on its behalf in connection with the Company, the New Shares or the Issues. The Sponsor (and its affiliates) accordingly disclaims all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which it might otherwise have in respect of this document or any such statement.

All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.

If you are in doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant, legal or professional adviser or other financial adviser.

### **Investment considerations**

The contents of this document are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory, investment decisions or any other matter. Prospective investors must inform themselves as to: (i) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Shares; (ii) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Shares which they might encounter; and (iii) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Shares.

Prospective investors must rely on their own representatives, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment therein.

It should be remembered that the price of an Ordinary Share, and the income from such Ordinary Shares (if any), can go down as well as up. An investment in Ordinary Shares is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise therefrom (which may be equal to the whole amount invested). Such an investment should be seen as long term in nature and complementary to existing investments in a range of other financial assets.

Any investment objectives of the Company are targets only and should not be treated as assurance or guarantees of performance.

### **Notice to prospective investors in the European Economic Area**

In relation to Relevant Member States other than the UK, an offer to the public of the New Shares may only be made once a prospectus has been passported in accordance with the Prospectus Directive as

implemented by the Relevant Member State. This document has not been passported into any Relevant Member State; therefore, an offer of the New Shares to the public in a Relevant Member State other than the UK may only be made pursuant to the following exemption under the Prospectus Directive, if it has been implemented in that Relevant Member State:

- (a) to legal entities which are “qualified investors” as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) and subject to obtaining the prior consent of the Placing Agent and the Sponsor for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of New Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive. In those Relevant Member States which have implemented the AIFMD, the New Shares may only be offered in that Relevant Member State to the extent that shares in the Company may be marketed to in the Relevant Member State pursuant to Article 36 of the AIFMD or can otherwise be lawfully marketed in that Relevant Member State in accordance with AIFMD or under the applicable implementing legislation (if any) of that Relevant Member State.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of New Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any New Shares to be offered so as to enable an investor to decide to purchase or subscribe for New 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 “Amending Directive”) to the extent implemented in the Relevant Member State and includes any relevant implementing measure in each Relevant Member State.

During the period up to but excluding the date on which the Prospectus Directive is implemented in Member States, this document may not be used for, or in connection with, and does not constitute, any offer of New Shares or an invitation to purchase or subscribe for any New Shares in any Member State in which such offer or invitation would be unlawful.

### **Data protection**

The information that a prospective investor in the Company provides in documents in relation to a subscription for Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual (“personal data”) will be held and processed by the Company (and any third party in the United Kingdom to whom it may delegate certain administrative functions in relation to the Company) and/or the Administrator in compliance with the relevant data protection legislation and regulatory requirements of the United Kingdom. Each prospective investor acknowledges and consents that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company) and/or the Administrator for the following purposes:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- contacting the prospective investor with information about other products and services provided by the Manager, or its affiliates, which may be of interest to the prospective investor;
- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in the UK or elsewhere; and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Each prospective investor acknowledges and consents that where appropriate it may be necessary for the Company (or any third party, functionary, or agent appointed by the Company) and/or the Administrator to:

- disclose personal data to third party service providers, agents or functionaries appointed by the Company or its agents to provide services to prospective investors; and
- transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the United Kingdom (as applicable).

If the Company (or any third party, functionary or agent appointed by the Company) and/or the Administrator discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

Prospective investors are responsible for informing any third party individual to whom the personal data relates to the disclosure and use of such data in accordance with these provisions.

### **Regulatory information**

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, Shares in any jurisdiction in which such offer or solicitation is unlawful. The issue or circulation of the Prospectus may be prohibited in some countries.

Prospective investors should consider (to the extent relevant to them) the section headed “Overseas Investors” as set out in Part X of this document.

As a REIT pursuant to Part 12 of the Corporation Tax Act 2010, the FCA rules in relation to non-mainstream investment products will not apply to the Company.

The Manager is authorised and regulated by the Jersey Financial Services Commission (the “JFSC”). The JFSC is protected by the Financial Services (Jersey) Law 1998 against liability arising from the discharge of its functions under that law.

### **Forward looking statements**

To the extent that this document includes “forward looking statements” concerning the Company, those statements are based on the current expectations of the Board and are naturally subject to uncertainty and changes in circumstances. Forward looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates” and words of similar import.

By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Given these risks and uncertainties, potential investors should not place undue reliance on forward looking statements as a prediction of actual results.

Nothing in the preceding two paragraphs seeks to limit or qualify, in any way, the working capital statement in paragraph 6 of Part VI of this document.

The Company does not undertake any obligation to update publicly or revise forward looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

Information in this document will be updated as required by the Prospectus Rules, Listing Rules and Disclosure and Transparency Rules, as appropriate.

The actual number of New Shares to be issued pursuant to the Initial Placing and Offer and each Issue thereafter will be determined by the Directors, the Investment Adviser and the Sponsor. Accordingly, the information in this document should be read in the light of the actual number of Shares to be issued in the Initial Placing, Offer for Subscription and Placing Programme.

## Documents incorporated by reference

The published annual report and accounts of the Company for the financial period ended 30 September 2014 and the published unaudited half yearly report and accounts of the Company for the six months ended 31 March 2015 on the pages specified in the table below are incorporated by reference into this document. The non-incorporated parts of these annual reports and accounts and half yearly reports and accounts of the Company are either not relevant to investors or covered elsewhere in this document.

<i>Nature of information</i>	<i>Statutory Accounts for Period ended 30 September 2014 Page No.</i>	<i>Half yearly report for six months ended 31 March 2015 Page No.</i>
Chairman's Statement	2-3	6-8
Investment Adviser's Report	—	9-16
Property Portfolio	—	—
Directors' Report	8-10	—
Condensed statement of Comprehensive Income	14	17
Condensed Balance Sheet	15	18
Condensed Statement of Changes in Equity	16	19
Condensed Cash Flow Statement	17	20
Notes to the financial statements	18-23	21-27
Independent Auditor's report	13	29-30

The documents incorporated by reference can be obtained from the Company's website, [www.epic-REIT.com](http://www.epic-REIT.com), and as set out in paragraph 14 of Part VIII of this document.

The Company was launched in October 2014. It therefore has limited investment history. Without limitation, results can be positively or negatively affected by market conditions beyond the control of the Investment Adviser, which market conditions may be different in many respects from those that prevail at present or in the future, including (without limitation) with the result that the performance of portfolios originated now may be significantly different from those originated in the past.

## EXPECTED TIMETABLE

	<i>Date</i>
<b>Initial Placing and Offer</b>	
Initial Placing and Offer opens	24 June 2015
Latest time and date for receipt of Application Forms under the Offer	11.00 a.m. on 7 July 2015
Latest time and date for commitments under the Initial Placing	3.00 p.m. on 8 July 2015
Results of the Initial Placing and Offer announced	9 July 2015
Admission and dealings in New Shares commence	8.00 a.m. on 10 July 2015
Crediting of CREST accounts in respect of the New Shares	10 July 2015
Share Certificates in respect of the New Shares despatched (if applicable)	On or around 20 July 2015
<b>Placing Programme</b>	
Placing Programme opens	13 July 2015
Admission and dealings in New Shares commence	up to 22 June 2016
Publication of Placing Programme Price in respect of each Issue	As soon as practicable following each Issue
Crediting of CREST in respect of New Shares	8.00 a.m. on each day on which New Shares are issued
Share certificates in respect of New Shares despatched (if applicable)	Approximately one week following the issue of any New Shares

**Notes:**

- (i) *The dates set out in the expected timetable above may be adjusted by the Company, in which event details of the new dates will be notified to the UK Listing Authority and the London Stock Exchange and an announcement will be made through a regulatory information service.*
- (ii) *All references to time in this document are to the time in London.*
- (iii) *In this document, where the context requires, references to 19 June 2015 should be treated as being references to the latest practicable date prior to the publication of this document.*
- (iv) *New Shares will be issued pursuant to the Issues only at such times (if any) as the Directors believe it is advantageous to the Company's Shareholders to do so. New Shares will be issued pursuant to the Issues only during the period commencing on 24 June 2015 and ending at 5.00 p.m. on 22 June 2016.*

## ISSUE STATISTICS

Number of Ordinary Shares at the date of this document 95 million

### Initial Placing and Offer

Number of New Shares available under the Initial Placing and Offer 40 million

Initial Placing and Offer Price per New Share 108p

### Placing Programme

Maximum number of New Shares to be issued pursuant to the Issues (which includes New Shares issued under the Initial Placing and the Offer) 150 million

Placing Programme Price per New Share Not less than the NAV per Share at the time of issue plus a premium intended to cover the direct costs of issue. This premium will also seek to contribute to the financial impact of investing the proceeds as determined by the Board, at the time of each Issue under the Placing Programme. The price will also take into account the prevailing price of the existing Shares in the market

### Ordinary Shares

ISIN GB00BNGMZB68

Ticker Code EPIC

## DIRECTORS, MANAGER AND ADVISERS

<b>Directors</b>	William Hill ( <i>Chairman</i> ) Robin Archibald Robert Dick  all non-executive and of Broadgate Tower, 20 Primrose Street, London EC2A 2EW
<b>Investment Adviser</b>	Ediston Properties Limited Broadgate Tower 20 Primrose Street London EC2A 2EW
<b>AIFM and Manager</b>	R&H Fund Services (Jersey) Limited Ordnance House 31 Pier Road St. Helier Jersey JE4 8PW
<b>Sponsor and Placing Agent</b>	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR
<b>UK Legal Adviser to the Company</b>	Dickson Minto W.S. Broadgate Tower 20 Primrose Street London EC2A 2EW
<b>Administrator and Company Secretary</b>	R&H Fund Services Limited 15-19 York Place Edinburgh EH1 3EB
<b>Valuers</b>	Knight Frank LLP 55 Baker Street London W1U 8AN
<b>Reporting Accountants and Auditors</b>	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
<b>Tax Adviser</b>	Ernst & Young LLP Ten George Street Edinburgh EH2 2DZ
<b>Receiving Agent and Registrars</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE
<b>Legal Adviser to the Sponsor and Placing Agent</b>	Hogan Lovells International LLP Atlantic House Holborn Viaduct London EC1A 2FG

## DEFINITIONS

The meanings of the following terms shall apply throughout this document unless the context otherwise requires.

<b>Act</b>	Companies Act 2006 (as amended)
<b>Administration and Secretarial Agreement</b>	the administration and secretarial agreement between the Company, the Property Subsidiary and the Administrator dated 16 October 2014
<b>Administrator</b>	R&H Fund Services Limited, a company incorporated in England and Wales with registered number 07777299
<b>Admission</b>	the admission of the New Shares to the Official List and to trading on the Main Market
<b>Admission Condition</b>	(i) the UKLA having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New Shares arising under the Issues, as the case may be, to the Official List with a premium listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject (“listing conditions”)) will become effective as soon as a dealing notice has been issued by the Financial Conduct Authority and any listing conditions having been satisfied and (ii) the London Stock Exchange having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the New Shares will be admitted to trading
<b>AIC Code</b>	the AIC Code of Corporate Governance
<b>AIFM</b>	Alternative Investment Fund Manager pursuant to the UK SI 2013/1773 the Alternative Investment Fund Managers’ Regulations 2013
<b>AIFMD</b>	the EU Directive on Alternative Investment Fund Managers
<b>Annual General Meeting</b>	the annual general meeting of the Company held on 24 March 2015
<b>Application Form</b>	the application form which accompanies this document for use in connection with the Offer
<b>Articles</b>	the articles of association of the Company, a summary of which is set out in paragraph 5 of Part VIII of this document
<b>Aviva</b>	Aviva Commercial Finance Limited, a company incorporated in England and Wales with registered number 02559391
<b>Aviva Facility</b>	the £40 million ten year term loan facility provided to the Group by Aviva pursuant to the Facility Agreement
<b>Board or Directors</b>	the directors of the Company
<b>Business Day</b>	a day (other than a Saturday or Sunday) on which the London Stock Exchange is open for business

<b>Code</b>	the UK Corporate Governance Code as published by the Financial Reporting Council
<b>Company</b>	Ediston Property Investment Company plc, a company incorporated in England and Wales with registered number 9090446
<b>Computershare or the Receiving Agent</b>	Computershare Investor Services PLC
<b>Court</b>	the High Court of England and Wales
<b>CREST</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
<b>CTA</b>	Corporation Tax Act 2010
<b>Disclosure and Transparency Rules</b>	the disclosure and transparency rules made by the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (as amended) as amended from time to time
<b>Distribution</b>	Any dividend or other distribution by the Company ("distribution" being construed in accordance with Part 23 of the CTA 2010)
<b>EEA States</b>	the member states of the European Economic Area
<b>ERISA</b>	the US Employee Retirement Income Security Act 1974, as amended
<b>ERV</b>	the open market rent which at the relevant date could reasonably be expected to be obtained on a new letting or rent review of a property net of ground rents and head rents
<b>Estimated Net Annual Rent</b>	<p>is based on the current rental value of a property:</p> <ul style="list-style-type: none"> <li>(i) ignoring any special receipts or deductions arising from the property;</li> <li>(ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans);</li> <li>(iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent; and</li> <li>(iv) where a property, or part of it, is let at the date of valuation, the rental value reflects the terms of the lease</li> </ul> <p>and, where a property, or part of it, is vacant at the date of valuation, the rental value reflects the rent the Valuer considers would be obtainable on an open market letting as at the valuation date</p>

<b>Excess Charge</b>	in relation to a Distribution which is paid or payable to a person, all tax or other amounts which the Board considers may become payable by the Company to any other member of its group under section 551 CTA 2010 (as amended) and any interest, penalties, fines or surcharge attributable to such tax as a result of such Distribution
<b>Facility Agreement</b>	the facility agreement between Aviva, in various capacities, and the Property Subsidiary in relation to the Aviva Facility, a summary of which is set out in paragraph 8.5 of Part VIII of this document
<b>FCA</b>	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part IV of FSMA, or any successor authority
<b>General Meeting</b>	the general meeting of the Company held at 16 Charlotte Square, Edinburgh EH2 4DF at 10.00 a.m. on 2 July 2015 to approve the Issues
<b>Group</b>	the Company and the Property Subsidiary and any other direct or indirect subsidiary (as that term is defined in the Law) of the Company from time to time
<b>HMRC</b>	HM Revenue & Customs
<b>IFRS</b>	international financial reporting standards
<b>Income Return</b>	is the current net annual rent receivable for a Property expressed as a percentage of the Market Value of such Property (without making any deduction in respect of any acquisition costs for such Property)
<b>Initial Admission</b>	Admission of the New Shares issued under the Initial Placing and the Offer
<b>Initial Placing</b>	the conditional placing of up to 40 million New Shares (in aggregate with the Offer) by the Placing Agent as described in this document
<b>Initial Placing and Offer Price</b>	108p per New Share
<b>Initial Placing and Offer Shares</b>	the New Shares issued pursuant to the Initial Placing and Offer
<b>Investment Adviser or Ediston</b>	Ediston Properties Limited, a company incorporated in England and Wales with registered number 04910369
<b>Investment Adviser Agreement</b>	the investment adviser agreement (as amended) between the Company, the Manager and the Investment Adviser a summary of which is set out in paragraph 8.3 of Part VIII of this document
<b>Investment Company Act</b>	the United States Investment Company Act of 1940, as amended
<b>ISA</b>	Individual Savings Account for the purposes of section 694 Income Tax (Trading and Other Income) Act 2005
<b>Issues or Proposals</b>	the issue of up to 150 million New Shares pursuant to the Initial Placing, the Offer and/or the Placing Programme (as the case may be) as described in this document

<b>Key Manager</b>	Danny O'Neill and any other person as may be designated a Key Manager from time to time in accordance with the Investment Adviser Agreement
<b>LIBOR</b>	London Inter-bank Offered Rate
<b>Listing Rules</b>	the listing rules made by the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 as amended from time to time
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Main Market</b>	the London Stock Exchange's main market for listed securities being a regulated market for the purposes of Directive 2004/39/EC the "Markets in Financial Instruments Directive"
<b>Management Agreement</b>	the management agreement (as amended) between the Company, the Property Subsidiary and the Manager, a summary of which is set out in paragraph 8.2 of Part VIII of this document
<b>Market Value</b>	the aggregate of the market value of the Properties comprised in the Property Portfolio as at 19 June 2015 as set out in the Valuer's report in Part V of this document, or the aggregate market value of part only of such portfolios, as the context requires
<b>NAV</b>	in relation to a Share, means its net asset value on the relevant date calculated in accordance with the Company's normal accounting policies
<b>New Shares</b>	the new Ordinary Shares to be issued by the Company pursuant to the Issues
<b>Non-PID Dividend</b>	any dividend other than a PID received by a shareholder of the Company
<b>Offer for Subscription or Offer</b>	the offer for subscription in relation up to 40 million New Shares (in aggregate with the Initial Placing)
<b>Official List</b>	the Official List of the UK Listing Authority
<b>Ordinary Shareholders or Shareholders</b>	holders of the Ordinary Shares
<b>Ordinary Shares or Shares</b>	ordinary shares of one pence each in the capital of the Company
<b>Original Admission</b>	the admission of the Company's Ordinary Shares to the Official List and to trading on the Main Market on 28 October 2014
<b>PID</b>	a dividend received by a shareholder of the Company in respect of profits and gains of the Tax Exempt Business of the UK resident members of the Group or in respect of the profits or gains of a non-UK resident member of the Group insofar as they derive from its UK qualifying rental business
<b>Placees</b>	the persons to whom the New Shares are issued pursuant to the Initial Placing and the Placing Programme
<b>Placing Agent</b>	Canaccord Genuity Limited, a company incorporated in England and Wales with registered number 01774003

<b>Placing Agreement</b>	the placing agreement between the Company, the Investment Adviser and the Placing Agent, a summary of which is set out in paragraph 8.1 of Part VIII of this document
<b>Placing Programme</b>	the proposed programme of placings of New Shares by the Placing Agent as described in Part III of this document
<b>Placing Programme Price</b>	the price at which New Shares will be issued under the Placing Programme, as determined by the Board at the time of each Issue as described in Part III of this document
<b>Properties</b>	the properties comprised in the Property Portfolio, as more fully described in Part IV of this document, or any of them as the context requires (each a “Property”)
<b>Property Income Distribution</b>	a distribution referred to in section 548(1) or 548(3) of the CTA 2010, being a dividend or distribution paid by a company relating to profits or gains derived from its qualifying property rental business in the UK and elsewhere
<b>Property Portfolio</b>	the direct and indirect property assets of the Group from time to time
<b>Property Subsidiary</b>	EPIC (No. 1) Limited, a company incorporated in England and Wales with registered number 09106328
<b>Prospectus</b>	this document
<b>Prospectus Directive</b>	Directive 2003/71/EC (and the amendments thereto)
<b>Prospectus Rules</b>	the prospectus rules made by the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 as amended from time to time
<b>Qualifying Property Rental Business</b>	a property rental business fulfilling conditions in section 529 of the CTA 2010
<b>Red Book</b>	RICS Appraisal and Valuation Standards, 6th Edition
<b>REIT</b>	a company qualifying as a real estate investment trust under Part 12 of the CTA 2010
<b>Register</b>	the Company’s register of members
<b>Regulatory Information Service or RIS</b>	a regulatory information service that is on the list of regulatory information services maintained by the Financial Conduct Authority
<b>Relevant Member State</b>	each member State of the European Economic Area which has implemented the Prospectus Directive or where the Prospectus Directive is applied by the regulator
<b>Relevant Registered Shareholder</b>	a Shareholder who holds all or some of the Shares that comprise a Substantial Shareholding (whether or not a Substantial Shareholder)
<b>Rental Guarantee</b>	a cash amount of £5.64 million which was retained from the cash consideration on the acquisition of the Properties and held in escrow and is drawn by the Group to meet certain rental amounts, rates and service charges in respect of certain of the Properties

<b>Residual Business</b>	the business of the Company which is not Qualifying Property Rental Business
<b>Resolutions</b>	the resolutions to be proposed at the General Meeting to allot, in addition to any existing authorities, an initial 40 million Shares and to disapply pre-emption rights otherwise applicable to the allotment of those Shares
<b>Restricted Jurisdiction</b>	any jurisdiction where local law or regulations may result in a risk of civil, regulatory or criminal exposure or prosecution if information or documentation concerning the Issues or the Prospectus is sent or made available to a person in that jurisdiction
<b>Sponsor</b>	Canaccord Genuity Limited
<b>Subsidiary Investment Adviser Agreement</b>	the investment adviser agreement between the Property Subsidiary and the Investment Adviser dated 5 May 2015
<b>Substantial Shareholder</b>	a company or body corporate that is beneficially entitled, directly or indirectly, to 10 per cent. or more of the distributions paid by the Company and/or share capital of the Company, or which controls, directly or indirectly, 10 per cent. or more of the voting rights of the Company (referred to in section 553 of the CTA 2010 as a “holder of excessive rights”)
<b>Substantial Shareholding</b>	Shares in relation to or by virtue of which (in whole or in part) a person is a Substantial Shareholder
<b>Takeover Code</b>	the City Code on Takeovers and Mergers
<b>Tax Code</b>	the US Internal Revenue Code of 1986, as amended
<b>Total Assets</b>	the aggregate value of the assets of the Group less current liabilities of the Group (which shall exclude any proportion of the principal amounts borrowed for investment or amounts borrowed for working capital treated as current liabilities and any liability of an intra-group nature)
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland
<b>UKLA or UK Listing Authority</b>	the Financial Conduct Authority, acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
<b>United States or USA</b>	the United States of America (including the District of Columbia), its territories and possessions, any state of the United States of America and all other areas subject to its jurisdiction or any political sub-division thereof
<b>US Securities Act</b>	the United States Securities Act of 1933, as amended
<b>Valuation Date</b>	the last Business Day of March, June, September and December
<b>Value Added Tax or VAT</b>	value added tax
<b>Valuer</b>	Knight Frank LLP

## PART I

### THE COMPANY

#### Introduction

Ediston Property Investment Company plc is a closed-ended investment company which was launched in October 2014 and whose assets are managed by Ediston Properties Limited. The Company invests in UK commercial properties to achieve its objective of providing Shareholders with an attractive level of income together with the potential for capital and income growth. The Company's Ordinary Shares are listed on the Official List and traded on the Main Market.

On its launch in October 2014 the Company raised £95 million and immediately acquired an initial property portfolio of five properties for a gross consideration (including costs) of approximately £80 million. Since then the Company has arranged and drawn down a £40 million loan facility and has acquired a further three properties for an aggregate consideration of approximately £35 million. As a result, the Company has invested approximately £115 million funded by the gross proceeds raised on its launch and through its term loan facility. Ediston Properties Limited ("Ediston"), the Company's investment adviser, continues to identify attractive acquisition opportunities which it believes would benefit the Company's portfolio.

The prospectus on the launch of the Company stated that, once the Company's available cash reserves had been largely committed to new investments, the Board intended to explore opportunities to increase the size of the Company through further equity issues.

#### The Proposals

On 9 June 2015, the Board announced proposals for the issue of New Shares by means of an Initial Placing and Offer for Subscription and subsequent Placing Programme. The purpose of these Issues is to raise additional capital to fund future acquisitions identified by the Investment Adviser that support the Company's investment objective and acquisition criteria.

The issue of up to 40 million New Shares under the Initial Placing and Offer is subject to Shareholder approval at the General Meeting to be held on 2 July 2015. In so far as such authorities are not fully used, they will then be available to issue New Shares under the Placing Programme. Such authorities will be in addition to the existing but unused authorities to issue up to approximately 9.5 million Shares on a non pre-emptive basis obtained at the Annual General Meeting held on 24 March 2015. Once these authorities have been exhausted any future issues of New Shares pursuant to the Placing Programme will be conditional on Shareholder approval being granted in relation to the authority of the Company to issue such New Shares on a non pre-emptive basis. This document relates to each of the Initial Placing, the Offer for Subscription, the Placing Programme and the admission of the New Shares in connection with the Issues.

The Board and its advisers have structured the Proposals to provide a means of raising more equity capital as it is needed thereby minimising cash drag. The Initial Placing and Offer has also been structured to ensure that all existing Shareholders have an opportunity to participate. The structure of the Proposals also provides the ability to introduce borrowings, from time to time, against the tranches of equity issued.

The Proposals should substantially increase the size of the Company's issued share capital, which in turn will give a bigger equity base over which to spread fixed costs and provide for secondary liquidity in the Company's Shares. As the proceeds of Issues are invested, the Proposals will also help diversify the portfolio and enhance the potential, over the medium to longer term, of achieving an attractive level of income together with the prospect of income and capital growth in accordance with the Company's investment objective and policy.

#### Details of the terms of the Issues

The Board will issue up to 150 million New Shares under the Issues which will include any New Shares issued pursuant to the Initial Placing and Offer. Under the Initial Placing and Offer, the Company is proposing to issue up to 40 million New Shares. The Initial Placing and Offer Price is 108p. The

Investment Adviser is actively targeting a pipeline of potential acquisitions and the net proceeds of the Initial Placing and Offer will be used to acquire further UK commercial properties in accordance with the Company's investment policy. There is no minimum amount to be raised under the Initial Placing and Offer. In the event that these potential acquisitions do not proceed, the Company will seek to invest the net proceeds of the Initial Placing and Offer in accordance with the Company's investment policy as soon as is practicable. Further details of the Initial Placing and Offer are set out in Part II of this document.

The Company is proposing the Placing Programme to enable the Company to raise additional capital in the period from 13 July 2015 to 22 June 2016 when it identifies properties that are suitable for acquisition. This should enable the Investment Adviser to make a series of property acquisitions whilst also mitigating the impact on the Company of receiving lower returns on significant cash balances awaiting investment. Once the Shareholder allotment authorities, granted at the Annual General Meeting and the General Meeting, are exhausted the Company will, if it is appropriate to do so, convene further general meetings to seek Shareholder approval for the allotment and disapplication of pre-emption rights on further New Shares for use under the Placing Programme. Further details of the Placing Programme are set out in Part III of this document.

New Shares will only be issued to new and existing Shareholders at a premium to the most recent NAV per Share at the time of issue. The premium will be intended to cover the direct costs of issue and will seek to contribute to the financial impact of investing the proceeds. The price at which New Shares are issued will also take into account the prevailing price of the existing Shares in the market.

## **Investment objective and policy**

### ***Investment objective***

The Company seeks to provide investors with an attractive level of income together with the prospect of income and capital growth.

### ***Investment policy***

The Company pursues its investment objective by investing in a diversified portfolio of UK commercial properties.

It invests principally in three commercial property sectors: office, retail (including retail warehouses) and industrial, without regard to a traditional property market relative return benchmark.

The Company invests predominantly in income producing investments. Investment decisions are based on analysis of, *inter alia*, prospects for future income and capital growth, sector and geographic prospects, tenant covenant strength, lease length, initial and equivalent yields and the potential for active asset management of the property.

The Company does not invest in other investment companies or funds. However, the Company may hold property through special purpose vehicles and is permitted to invest in joint ventures which hold real estate directly. The Company is also permitted to forward fund purchases of properties on a pre-let or a non pre-let basis and obtain options over properties.

Investment risk is spread through investing in a range of geographical areas and sectors, and through letting properties, where possible, to low risk tenants. Although the Company has not set any maximum geographic exposure or maximum weightings in any of the principal property sectors, it may invest no more than 25 per cent. of total assets, at the time of investment, in other sectors such as leisure, residential, student residential, healthcare and hotels. Once the Company is fully invested (including drawdown of available debt facilities), no single property may exceed 20 per cent. of total assets at the time of investment. Speculative development (i.e. properties under construction which have not been pre-let) is restricted to a maximum of 10 per cent. of total assets at the time of investment or commencement of the development. Development, other than speculative development, is also restricted to a maximum of 10 per cent. of total assets at the time of investment or commencement of the development.

Once the Company is fully invested (including drawdown of available debt facilities), the Company shall not be permitted to acquire an investment if, as a result, income receivable from any one tenant, or from tenants within the same group (other than from central or local government), would in any one financial year exceed 20 per cent. of the total rental income of the Company for that financial year.

The Company is permitted to invest cash held for working capital purposes and awaiting investment in cash deposits, gilts and money market funds.

The Board currently intends that gearing, calculated as borrowings as a percentage of the Company's gross assets, will not exceed 30 per cent. at the time of drawdown. In any event, gearing will not exceed a maximum of 35 per cent. at the time of drawdown.

Any material change to the investment policy will require the prior approval of Shareholders.

### **The Property Portfolio**

The Property Portfolio comprises eight commercial properties which are located across the UK and have an aggregate Market Value of approximately £123.65 million as at 19 June 2015. The Property Portfolio generates a current net annual rent of approximately £8.0 million (being an Income Return of 6.09 per cent.) and an aggregate estimated net annual rent of approximately £8.3 million.

Further details of the Property Portfolio are set out in Parts IV and V of this document.

### **Investment performance**

The Investment Adviser has continued since the launch of the Company to focus on investing in a diversified portfolio of UK commercial properties and, as at the date of this document, the Group's Property Portfolio comprises eight properties which have a market value, as at 19 June 2015, of approximately £123.65 million. The yield of the Property Portfolio is currently 6.09 per cent.

As at 19 June 2015 the unaudited NAV per Share was 105.21p (as is more fully described in paragraph 7 of Part VI of this document). The Company has paid aggregate interim dividends of 2.8017p per Share in respect of the period from launch on 28 October 2014 to 19 June 2015 (the latest practicable date prior to the publication of this document). The share price has increased by 10.25 per cent. since launch and the share price total return since launch is 13.05 per cent.

### **Investment opportunity and market outlook**

The Board believes that an investment in the Company offers an opportunity to achieve attractive investment returns through exposure to the UK commercial real estate market. Strong economic fundamentals support a property sector offering yields at above average margins over government bonds in an environment with a limited supply of new space across all sectors.

The volatility and uncertainty over recent years in the UK real estate market has been replaced over the last 12 months with a macroeconomic picture which is more positive than it has been for some time. Rental growth is highly correlated to GDP growth but tends to lag the economic turning points by some 12 to 18 months. This lag is now unwinding with tenant take-up pushing vacancy levels to the point that rents are now rising outside London. This is also against a backdrop of relatively modest development activity which is likely to keep vacancy rates at low levels. With this outlook returns should remain positive and possibly be enhanced by a further fall in yields. However, it is likely that the next phase of the property cycle will be characterised by a greater proportion of returns from income and the ability to grow rents.

The Board believes that the market environment remains sufficiently attractive to support raising new capital to assist the Company to grow and achieve its investment objectives. The Board also believes that the market conditions are especially conducive to the skill set of the Investment Adviser where careful stock selection, coupled with innovative and creative asset management, should add further to Shareholders' returns.

### **Investment strategy**

#### ***Target investments***

In building its investment portfolio, the Company has targeted and will continue to target core and core plus assets with a typical lot size of £10 million to £25 million, across the UK. Where risk can be controlled, the Company also targets properties which offer opportunities to add value through active asset management such as properties which are in prominent commercial locations but are considered sub-prime in quality, due to factors such as physical condition or sub-standard lease lengths and voids. The Company seeks, wherever possible, to identify assets which provide the possibility to exploit market mispricing.

The Investment Adviser is not constrained by sectoral or geographical benchmarking but concentrates on market segments and individual properties which it believes will outperform over the medium to long investment term. Ediston has shown a track record of applying its expertise and intensive style of investment management to create assets which are of institutional quality and deliver income and capital growth ahead of the market.

The Company seeks to acquire assets which offer (or have the potential to offer) a secure income stream, with unexpired terms in line with the market average, secured against good covenants. It typically targets assets which have a net initial yield in excess of 6.5 per cent., although it may hold assets with a lower net initial yield if there are portfolio benefits. The Investment Adviser is not precluded from acquiring assets which have short leases and therefore income streams below the market average, if the Investment Adviser believes there is strong occupational demand for space and/or where the property value will be enhanced by re-negotiating leases or re-letting the accommodation at expiry. The Board believes the skill-set of the Investment Adviser in this area to be strong and a key attribute for delivering performance.

Investments will continue to be sought in the Greater London, wider South East and regional markets, with the "Big 6" regional office markets (Bristol, Manchester, Birmingham, Leeds, Edinburgh and Glasgow) likely to feature due to their positive rental growth prospects. With the very low levels of supply of new and vacant grade A office space, investment assets in tier two towns and cities which offer higher yield will also be pursued but more likely in the core centres of such towns. Retail warehousing, which can offer core income often along with the ability to enhance returns through controlled development and asset management, is also targeted. Industrial, which can offer a good income return, will also be considered, although the Investment Adviser believes that pricing in some areas has become too strong. Other commercial assets such as hotel, leisure and student residential are considered as these sectors can offer long leases, often with indexation or fixed rental uplifts, secured against good covenants. The Investment Adviser aims to avoid institutional investment trends but seeks to acquire assets in the best performing subsectors of the market.

#### ***Asset origination and sourcing***

Through its extensive contacts with agents, advisers and landlords, the Investment Adviser has a well developed sourcing network as well as knowledge of the UK market and entrepreneurial expertise to purchase suitable stock, off market wherever possible. Ediston is therefore confident that it can continue to source suitable assets in accordance with the Company's investment policy.

#### ***Due diligence procedures***

The investment process encompasses a clear understanding of the macro-environment, coupled with sound research of the supply and demand fundamentals of the local markets and a firm emphasis placed on a detailed financial appraisal of cash flow and income quality, adopting the principle of "cash flow first, bricks and mortar second".

The due diligence phase commences when suitable opportunities are identified. This has two main strands: the fundamental property acquisition diligence and the detailed preparation and interrogation of a business plan for the property.

During the acquisition diligence each property is carefully assessed for potential risks from, *inter alia*, legal, environmental, income and building fabric perspectives. A valuation is carried out by an independent valuer and the contribution which the asset would make to the Company's overall portfolio is also analysed.

At the same time a detailed business plan is prepared on the property which examines the asset in detail and highlights any areas which can be exploited to deliver performance. Where the business plan requires it, the aim will be to try and speak with all tenants, planning authorities, neighbouring landlords and occupiers, utility providers, planning consultants, agents and any other adviser, organisation or individual who might have knowledge to assist the investment analysis. This process helps assist the Investment Adviser to understand fully the potential drivers of performance of the asset and to thoroughly interrogate the key objectives of the business plan. This key process of acquiring any property for the Company is detailed, robust, consistent and involves a minimum of two investment professionals within Ediston's organisation.

Only once the Investment Adviser is satisfied that the fundamental due diligence has been completed and that the business plan is credible and deliverable, will it proceed to recommend the purchase of an asset to the Board.

### ***Asset management***

The way Ediston approaches asset management is fundamental to the investment process. The Investment Adviser identifies and implements added value opportunities where possible, without placing unnecessary risk on the Company.

At a basic level, asset management includes negotiating rent reviews and lease renewals and, if applicable, letting void space, but extends beyond this to more complex tenant engineering (i.e. upsizing or downsizing tenants), extending floor space to accommodate existing or new tenants, on a pre-let basis, so that the Company is not exposed to speculative development risk or refurbishment of assets to improve letting prospects and drive rental growth.

Ediston has a current average ratio of one surveyor managing three assets which means that every asset is intensively managed. This ratio compares favourably with other mainstream institutional real estate managers. Further, the Investment Adviser comprises a team of investment professionals experienced in both institutional and property company sectors. It is not unusual for more than two investment professionals, each with their own specialism, to be involved with the delivery of a business plan. This allows the Investment Adviser to intensively manage the assets to maximise performance.

The Investment Adviser believes that the sales process is a vital and often overlooked area of the investment process. The Company will look to exit assets if market conditions are right and provided that such a sale would not adversely impact the Company's ongoing performance, having regard to the Company's investment objective.

### ***Future supply***

The Investment Adviser is a well-resourced business with an extensive network of agents, advisers and property owners which provides access to a healthy pipeline of investment opportunities on both an off market and on market basis. Ediston has been involved in acquiring £203 million of commercial real estate for clients over the past 12 months. Until the Group is substantially invested, the Company has a right of first refusal on every investment opportunity which is in accordance with the Company's investment policy and deemed suitable for the Company with the exception of any property investment opportunity located within the region of Strathclyde.

### ***Management of risk***

The analysis and management of risk is integrated within Ediston's investment approach. The analytical approach to appraising assets and considering risk within the property business plans highlights key risks on all properties. These key risks will be highlighted in the due diligence and purchase reports to the Board and monitored on a quarterly basis along with gearing levels, and other criteria such as lease expiries, tenant covenants and exposure, voids and rent reviews and debt covenants.

### ***Sustainability***

Sustainable investment is relevant in considering suitable investments for the Company and is a factor considered by the Investment Adviser when analysing risk. The Investment Adviser seeks to avoid depreciation in valuation caused by external environmental factors such as contaminated land or flooding risk. The Investment Adviser also seeks to be aware of the need for buildings to deliver the future dynamic requirements of occupiers.

### **Capital structure**

#### ***Share capital***

The Company's share capital structure consists solely of Ordinary Shares, which are listed on the Official List and traded on the Main Market. At any general meeting of the Company each Shareholder has on a show of hands one vote and on a poll one vote in respect of each Ordinary Share held.

At the Annual General Meeting of the Company, the Directors were granted authority to allot Shares up to an aggregate nominal amount of £95,000 (representing 10 per cent. of the Company's issued share capital at that time). The provisions of the Act which would confer pre-emption rights in respect of such allotments were also disapplied in respect of the allotment or issue out of treasury of Shares up to an aggregate nominal amount of £95,000 for the period up until the conclusion of the next annual general meeting of the Company or on the expiry of 15 months from the passing of the resolution, whichever is earlier.

At the General Meeting of the Company, Shareholders are being asked to pass resolutions which provide the Directors with the authority to allot, in addition to the remaining authority, up to a maximum nominal amount of £400,000 Shares and to waive the statutory pre-emption rights in relation to such allotments of Shares. Therefore, if these authorities are granted at the General Meeting, the Directors will have the authority to issue up to 49.5 million New Shares, in aggregate, on a non pre-emptive basis for cash.

### ***Share buy backs and treasury shares***

While the proceeds of the Issues are being invested it is highly unlikely that the Directors will buy back any Ordinary Shares. Thereafter any buyback of Ordinary Shares will be made subject to the Act, the Listing Rules and within guidelines established from time to time by the Board (which will take into account the income and cash flow requirements of the Company) and the making and timing of any buybacks will be at the absolute discretion of the Board.

The Directors have authority to buy back up to approximately 14.2 million Ordinary Shares (representing approximately 14.99 per cent. of the Company's issued share capital as at the date of the Annual General Meeting). The Directors intend to seek annual renewal of this authority from Shareholders.

Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing published net asset value of an Ordinary Share (as last calculated) where the Directors believe such purchases will enhance Shareholder value. Such purchases will also only be made in accordance with the Listing Rules which provide that the price to be paid must not be more than five per cent. above the average of the middle market quotations for the Ordinary Shares for the five business days before the purchase is made.

The Company may retain Shares which have been bought back as treasury shares for future sale and may cancel any such Shares. It is the intention of the Board that any Shares that might be held in treasury from time to time would only be sold at a price equal to or above the net asset value per Share (as determined by the Directors at or shortly before such sale). During the period when the Company holds Shares as treasury shares, the rights and obligations in respect of those Shares may not be exercised or enforced by or against the Company. The Company may not vote any Shares whilst they are held as treasury shares. No dividends (excluding the allotment of any bonus shares) can be declared and no other distribution of the Company's assets (including on a winding-up) can be made on Shares whilst they are held as treasury shares.

### ***Life of the Company***

As the Company is a long term investment vehicle it does not have a fixed life and the Articles do not provide for a scheduled winding up date.

### ***Gearing and borrowings***

The Company has recently put in place a £40 million ten year term loan facility with Aviva which is fully drawn down. The interest rate on the loan has been fixed at 3.09 per cent. for the duration of the loan. The Group's gearing, at the time of drawdown, represented approximately 29 per cent. of the Group's gross assets and is in accordance with the Company's investment policy.

The Board intends that additional debt facilities be put in place and that further borrowings be drawn down to maintain the proposed gearing level of approximately 30 per cent. of gross assets if appropriate to do so.

In any event, gearing will not exceed a maximum of 35 per cent. of the Company's gross assets at the time of drawdown.

The Aviva Facility will be repayable on 6 May 2025. Further details of the Facility Agreement are set out in paragraph 8.5 of Part VIII of this document.

## **Dividends**

Subject to market conditions and the Company's performance, financial position and financial outlook, it is the Directors' intention to continue to pay an attractive level of dividend income to Shareholders on a monthly basis. Whilst not forming part of its investment policy, the Company targets an annual dividend of not less than 5.5p per Share. This level of dividend is expected to be covered by the Group's net income over the medium term on the assumption that the Company's available cash reserves are fully invested, including the proceeds of the Issues and available borrowings. In respect of the period from the Company's launch in October 2014 to 30 September 2015 the Company expects to pay an aggregate dividend of 5.09p per Share.

The Company paid its first interim dividend of 0.9685p per Share in February 2015. The Company has subsequently paid a further four interim dividends, totalling 0.4583p per Share in February, March, April and May 2015. The Company has therefore paid a cumulative dividend of 2.8017p per Share since its launch in October 2014. A sixth interim dividend of 0.4583p is due to be paid at the end of June 2015 to Shareholders on the Register as at 12 June 2015.

In the absence of unforeseen circumstances, the Company expects to pay a seventh interim dividend in respect of June 2015 to Shareholders on the Register on a date shortly prior to Initial Admission. Accordingly, the New Shares issued under the Initial Placing and Offer will not qualify for any dividends in respect of any period prior to 1 July 2015.

Save as referred to above, New Shares issued pursuant to the Initial Placing and Offer will rank *pari passu* with the Ordinary Shares in respect of dividends. Save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant New Shares pursuant to the Placing Programme such New Shares will rank *pari passu* with Ordinary Shares.

As a REIT, the Company will be required to distribute 90 per cent. of tax-exempt profits from its qualifying property rental business as Property Income Distributions ("PIDs"). In accordance with the REIT conditions, it is therefore expected that a proportion of dividends will be paid in the form of Property Income Distributions and the remainder as "non-PIDs", which are treated as ordinary corporate dividends. The split of dividends declared will vary between PID and non-PID over time. Further details of the tax treatment of a distribution from the Company are set out in Part VII of this document.

There are no assurances that the dividends referred to above will be paid or that the Company will pay any dividends. However, on 21 January 2015 the Court confirmed the cancellation of the entire amount standing to the credit of the share premium account and the creation of a special reserve, the balance of which may be treated as distributable profits for all purposes including the payment of dividends.

## **Group structure**

### ***The Company***

The Company is a closed ended investment Company which launched in October 2014. The Company does not have a fixed life. The share capital of the Company consists solely of Ordinary Shares which are listed on the Official List and traded on the Main Market.

### ***The Property Subsidiary***

Pursuant to an internal administration agreement between the Company and the Property Subsidiary, the Property Subsidiary acquires properties in accordance with the Company's investment policy. The Company has agreed to fund the Property Subsidiary by way of share and/or loan capital in amounts to be determined from time to time. The Property Subsidiary is also party to the Management Agreement and the Subsidiary Investment Adviser Agreement.

The Property Subsidiary is a private limited company registered in England and Wales, which is wholly owned by the Company. Its directors are the same as those of the Company and the Company is able to control the investment policy of the Property Subsidiary to ensure that it complies with the investment

policies of the Company and the investment restrictions that apply to the Company. Further details of the Property Subsidiary are set out in paragraph 1.2 of Part VIII of this document.

### **Further subsidiaries and investment structures**

Whilst the Property Subsidiary currently holds the majority of the assets in the Property Portfolio, the structure to be used for any future acquisition of property assets will be reviewed at the time of acquisition and the Group may invest in property assets by means of any structure which is considered to be appropriate in the circumstances of the proposed acquisition. Accordingly, the Company may, without limit, incorporate further subsidiaries to hold property assets or may acquire the share capital of companies, partnership interests in partnerships or units in unit trusts (or similar vehicles) which own one or more properties, all of which would be wholly owned by the Group. The Group will also be permitted to forward fund purchases of properties, make development loans and acquire options over properties.

### **Directors**

The Directors, all of whom are non-executive and independent of the Manager and Investment Adviser, are responsible for the determination of the investment policy of the Company and the overall supervision of the Company. The Directors are as follows:

**William Hill** (Chairman) qualified as a Chartered Surveyor with Drivers Jonas in 1985. He left Drivers Jonas in 1989 to join Schroders becoming head of real estate in 1991 with responsibility for a business that managed approximately £10 billion of assets including the Schroder Real Estate Investment Trust, a listed investment company he secured the mandate to manage in 2011. William Hill resigned from this position in November 2013 to set up his own consultancy business. He is a non-executive director of Mayfair Capital Investment Management Ltd and a member of the investment boards of Ashby Capital LLP and The Goldsmiths' Company. He is also a director of Chartered Surveyors Training Trust. In his capacity as head of real estate at Schroders, William Hill was on the board of Ediston Properties Limited and Ediston International Holdings Limited until he resigned in November 2013. William Hill assumed the position of Chairman on 13 April 2015, following the death of Ratan Engineer after a short illness.

**Robin Archibald** has over 30 years experience of working in the corporate finance and corporate broking industries, including roles with Samuel Montagu, SG Warburg Securities, NatWest Wood Mackenzie and with Winterflood Investment Trusts, where he was head of corporate finance and broking from August 2004 to August 2013. He qualified as a chartered accountant with Touche Ross in 1983. Since the early nineties, Robin has concentrated on advising and managing transactions in the UK closed-ended funds sector and has gained a wide experience in fund raising, reorganisations and restructurings for all types of listed funds. Robin was a non-executive director and audit chairman of Albion Income and Growth VCT from September 2010 until November 2013, when the company merged with Albion Technology and General VCT PLC and he was appointed to the successor company board and as audit chairman. He was most recently appointed as a non executive director of Capital Gearing Trust plc on 28 May 2015.

**Robert Dick** qualified as a member of The Institute of Chartered Accountants of Scotland (ICAS) in 1980 and has over 29 years experience of working in the real estate industry. He joined CALA in 1985 when the company had a full London Stock Exchange listing and held several key executive and non-executive positions over a 23 year period, including serving as Group Finance Director for ten years, Chairman of CALA Properties, a property development business, for eight years and a trustee of the CALA pension scheme for fifteen years including eleven years as Chairman. Robert Dick led the CALA team which completed a successful MBO in 1999, delisting the CALA group and taking it private. Robert Dick left CALA in 2008 and now works with a number of businesses as investor, mentor and non-executive director. He was a member of the ICAS Council from 2009 to 2015 and chaired one of the ICAS Boards from 2009 to 2012.

### **Corporate Governance**

As the Company is listed on the premium segment of the Official List it is required to comply with all of the relevant provisions of the UK Corporate Governance Code issued by the Financial Reporting Council in September 2012 (the "Code") or to explain any non-compliance in its annual reports and accounts.

The Board also considers the principles and recommendations of the Association of Investment Companies Code of Corporate Governance (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies. The Company is a member of the Association of Investment Companies and complies with the recommendations of the AIC Code and the relevant parts of the Code in all material respects except as disclosed below.

The Company complies with the provisions of the UK Corporate Governance Code other than those relating to:

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

### ***Independence***

The Board consists solely of non-executive Directors with William Hill as Chairman. All of the Directors are considered by the Board to be independent of the Manager and the Investment Adviser. William Hill was appointed a non-executive director of the Investment Adviser and Ediston International Holdings Limited in connection with an investment of his former employer Schrodgers in Ediston International Holdings Limited. He resigned as a director of the Investment Adviser and Ediston International Holdings Limited in November 2013 prior to Schrodgers' disposal of its investment in Ediston International Holdings Limited. He was not an employee of either the Investment Adviser or Ediston International Holdings Limited and did not receive remuneration in respect of his role. Accordingly the Board consider William Hill to be independent of the Investment Adviser. 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 Company's Directors, including the Chairman, has been imposed. New Directors receive an induction from the Manager and the Administrator on joining the Board, and all Directors receive other relevant training as necessary.

### ***Senior independent director***

In view of its non-executive nature and the requirement of the Articles that all Directors retire periodically at least every three years, the Board considers that it is not appropriate for a senior independent director to be appointed.

### ***Appointment, re-election and remuneration of Directors***

Directors are selected and appointed by the Board as a whole functioning as a nomination committee. It is chaired by William Hill. There is no separate nomination committee as the Board is considered small relative to listed trading companies. The Directors are therefore responsible for reviewing the size, structure and skills of the Board and considering whether any changes are required or new appointments are necessary to meet the requirements of the Company's business or to maintain a balanced Board. It is the intention of the Board to seek an appropriate additional non-executive director in the coming months.

The Articles require that Directors submit themselves for re-election at least every three years. In addition, the Board has agreed that any Director with more than nine years' service will be required to stand for re-election at each annual general meeting. Further details are given at paragraph 5 of Part VIII of this document.

The Company does not have a separate remuneration committee as the Board as a whole fulfils the function of a remuneration committee.

### ***Board and Directors' performance appraisal***

The performance of the Board committees and individual Directors will be evaluated through an assessment process, led by the Chairman. The performance of the Chairman will be evaluated by the other Directors.

### ***The audit committee***

Robert Dick is the chairman of the Company's audit committee which comprises the full Board. In discharging its responsibilities the audit committee will review the annual and half yearly reports and

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 at least once a year. The objectivity of the auditor is reviewed by the audit committee, which also reviews 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 auditor, with particular regard to non-audit fees.

#### ***The management engagement committee***

William Hill is the chairman of the Company's management engagement committee which comprises the full Board. The management engagement committee reviews the appropriateness of the Investment Adviser's continuing appointment, together with the terms and conditions thereof on a regular basis.

#### ***The investment committee and the property valuation committee***

The investment committee and property valuation committee each comprise the full Board. They are chaired by William Hill. The investment committee is responsible for authorising all purchases and sales within the Company's portfolio. The property valuation committee is responsible for reviewing the quarterly independent property valuation reports produced by the Valuer prior to their submission to the Board.

Each of the committees have written terms of reference which are reviewed at least annually and clearly define their responsibilities and duties.

### **The Investment Management Arrangements**

#### ***The Manager***

The Company has appointed R&H Fund Services (Jersey) Limited as its AIFM pursuant to the Management Agreement, the terms of which are set out in more detail below and in Part VIII of this document.

The Manager's duties under the Management Agreement with regard to portfolio management include, *inter alia*, complying with the Company's investment policy and keeping the Group's assets under review and generally providing investment advice to the Group in connection with treasury management and money market funds.

The Manager has entered into the Investment Adviser Agreement with Ediston. Pursuant to the terms of the Investment Adviser Agreement, the Manager has delegated responsibility for sourcing acquisitions, identifying disposal opportunities and portfolio management services relating to the Group to Ediston, although the Manager's liability to the Company for all matters so delegated has not been affected thereby. The Manager has, and shall maintain, the necessary expertise and resources to supervise effectively those tasks delegated to the Investment Adviser.

Under the terms of the Management Agreement, the Manager is also responsible for obtaining and maintaining from the FCA or the Jersey Financial Services Commission all approvals necessary for the Manager to be appointed and continue to act as AIFM of the Company in accordance with the AIFMD; and is required to provide all such risk management services to the Company as are required by the AIFMD, including, *inter alia*, (i) the implementation of adequate risk management systems to identify, measure, manage and monitor appropriately all risks relevant to the Company's investment strategy and to which the Company is or may be exposed, (ii) the implementation of an appropriate, documented and regularly updated due diligence process when the Group makes investments, (iii) ensuring that the risks associated with each investment position of the Company and their overall effect upon the Company's portfolio can be properly identified, measured, managed and monitored on an ongoing basis, including through the use of appropriate stress testing procedures, (iv) the establishment and implementation of quantitative and qualitative risk limits for the Company, taking into account all relevant risks and (v) reviewing the risk management systems at least annually and adapting them where necessary.

The Manager is a limited liability company which is a non-EU AIFM and is authorised and regulated by the Jersey Financial Services Commission. Established in 1988, the Manager currently acts as AIFM for a number of funds which comprise over 90 separate client portfolios with approximately £750 million under management.

### ***The Investment Adviser***

Launched in 2004, Ediston currently manages over £455 million of property assets across the UK for institutional investors. It comprises a team of experienced individuals with an average of 19 years' real estate experience in both institutional and property company sectors.

Ediston raised £150 million of debt and equity for an unlisted opportunity fund in 2007 and has raised a further £90 million in debt and equity since its launch. Ediston also manages a property fund for a local government pension fund with gross commitments of £75 million. Ediston has also raised a further £40 million of equity and £40 million of debt this year for another opportunity fund.

In its capacity as investment adviser to the Company, Ediston is responsible for the property management of the assets of the Company including the sourcing of new real estate assets in the UK, the collection of rent and implementing the agreed property management strategy including maximising rental income at rent reviews, negotiating longer leases and the removal of tenant break options, instructing agents to re-let premises at lease expiry and, where appropriate, managing refurbishments to increase rental income or capital values. The Investment Adviser has appointed Savills (UK) Limited and GBR Phoenix Beard Property Consultants, experienced third parties, to act as managing agents of the Property Portfolio.

Ediston has applied to the FCA for authorisation to manage alternative investment funds in accordance with the terms of the AIFMD. Once such authorisation has been approved the Board intends to appoint Ediston as the Company's AIFM in place of R&H Fund Services (Jersey) Limited.

The Investment Adviser's team comprises eleven property professionals. The key personnel who will be responsible for managing the portfolio are:

**Danny O'Neill** BSc., MRICS, DipPropInv, is founder and Chief Executive of Ediston and has 23 years' experience in real estate markets. Before founding Ediston in 2004, Danny was Investment Director at Standard Life Investments (SLI) where he was responsible for managing £2.0 billion of UK real estate assets invested across three funds, for corporate and retail clients. He set up and launched the segregated property business at SLI and won the company's first third party mandates in 2001 and 2002. At Ediston he is responsible for transacting investment and development opportunities, and for business growth. In addition to the Company he has successfully structured two opportunity funds and a joint venture LP with a large UK Local Authority. He holds a degree in Land Economics, a diploma in property investment and is a qualified Chartered Surveyor.

**Calum Bruce** BSc (Hons) MRICS, joined Ediston from Scottish Widows Investment Partnership where he was involved with both wholesale and institutional mandates. Calum was Fund Manager of the £160 million real estate element of the Halifax Managed Income Fund, a fund which aimed to provide an above average income return and capital growth over the longer term. He was Deputy Fund Manager of LTGP Limited Partnership Incorporated, a pension fund with direct and indirect assets of approximately £750 million. Prior to this appointment he worked on the SWIP Property Trust, an Authorised Property Unit Trust marketable to retail and institutional investors. He was involved from launch and in growing it from approximately £600 million to over £1 billion in value. Calum has been involved with the management of the Company since its inception and is principally involved in the sourcing and acquisition of investment properties.

**Rankin Laing** FCCA, DipPropInv, is Financial Director and is responsible for fund administration, client reporting, company structures, accounting, taxation, treasury, property appraisals and performance measurement and analysis. He joined Ediston in 2007. Prior to joining Ediston, Rankin spent six years at Waterfront Edinburgh Ltd as Deputy Chief Executive where he was responsible for finance and business planning. Before this, he worked at Standard Life Investments where he managed the finance team responsible for real estate assets of more than £6 billion. Rankin is a Fellow of the Association of Chartered Certified Accountants and holds a Postgraduate Diploma in Property Investment.

The key team is backed up by a further five real estate professionals with both institutional and property company experience and knowledge of all segments of the UK real estate market and an experienced chartered accountant working closely with Rankin Laing, the Financial Director, who is responsible for regulatory and corporate governance matters.

### ***Management Agreement and Investment Adviser Agreement***

The Company has entered into the Management Agreement with the Manager under which the Manager has been appointed to act as the Company's AIFM with responsibility for the portfolio management and risk management of the Group's investments subject to the overall supervision of the Directors. The Manager manages the Group's investments in accordance with the policies laid down by the Board and in accordance with the investment restrictions referred to in the Management Agreement.

Pursuant to the terms of the Investment Adviser Agreement, the Manager has delegated portfolio management services relating to the Company to the Investment Adviser on the same terms as the Management Agreement. The Manager has, and shall maintain, necessary expertise and resource to supervise the delegated tasks effectively and shall ensure compliance with the AIFMD and other applicable law. Ediston advises the Company on the acquisition, management and disposal of the real estate assets in the Group's portfolio

The Management Agreement provides that the Company will pay to the Manager a fixed fee of £15,000 per annum plus an annual portfolio management fee of 0.95 per cent. of the net assets of the Company, provided that this fee shall be 0.75 per cent. of the net assets of the Company that are in excess of £250 million. The Manager has agreed that the portfolio management fee will be paid to the Investment Adviser.

During the refurbishment or development of properties it is customary to appoint a specialist third party adviser to manage such projects and pay to them project management fees in respect of such work. The Board may agree to appoint the Investment Adviser as a project manager if it considers it to be in the best interests of the Company to do so. For such work the Investment Adviser would receive an appropriate fee. To the extent any commissions arise from procuring insurance in respect of the properties held in the Company's portfolio, the Investment Adviser would not be entitled to retain such commissions.

The Management Agreement and the Investment Adviser Agreement are terminable by any of the parties to them on twelve months' written notice, which can be served at any time after the second anniversary of Original Admission. The Management Agreement and the Investment Adviser Agreement may be terminated by the Company immediately if the Manager is in material breach of the agreement, guilty of negligence, wilful default or fraud, is the subject of insolvency proceedings or there occurs a change of Key Manager under the Investment Adviser Agreement to which the Board has not given its prior consent. The Management Agreement may be terminated immediately if Ediston is directly appointed as AIFM of the Company. Further details of the Management Agreement and Investment Adviser Agreement are set out in paragraphs 8.2 and 8.3 respectively of Part VIII of this document.

### ***Conflicts of interest***

The Investment Adviser and its officers and employees may be involved in other financial, investment or professional activities, that may on occasion give rise to conflicts of interest with the Company. In particular, the Investment Adviser may provide investment management, investment advice or other services in relation to a number of funds that may have similar investment policies to that of the Company. The Investment Adviser will have regard to its obligations under the Investment Adviser Agreement or otherwise to act in the best interests of the Company, so far as is practicable having regard to its obligations to other clients or funds, should potential conflicts of interest arise.

The Investment Adviser also has in place an allocation policy to ensure that it is able to resolve fairly any potential conflicts between the funds that it manages. The Investment Adviser will use reasonable efforts to ensure that the Company has the opportunity to participate in potential investments identified by the Investment Adviser that fall within the Company's investment objective and policy on the best terms reasonably obtainable at the relevant time having regard to the interests of the Company. In so doing the Investment Adviser will take into account the available asset opportunities for each of its funds in the light of the stated geographic and tenant concentration policies and the level of uninvested cash held by each of them. For the period until the Group is substantially invested, the Company has a right of first refusal on every investment opportunity which is in accordance with the Company's investment policy and strategy and deemed suitable for the Company with the exception of any property investment opportunity located within the region of Strathclyde.

## **Administration and secretarial arrangements**

R&H Fund Services Limited has been appointed as administrator and secretary pursuant to the Administration and Secretarial Agreement. In such capacity, the Administrator is responsible for general secretarial functions required by the Act and for ensuring that the Company complies with its Articles and its continuing obligations as a company listed on the premium segment of the Official List. The Administrator is also responsible for the Company's general administrative functions as set out in the Administration and Secretarial Agreement.

A fixed fee of £80,000 per annum is payable by the Company to the Administrator pursuant to the Administration and Secretarial Agreement. A further fee of 0.05 per cent. per annum of the total assets of the Company which exceeds £100 million, subject to a cap of £95,000 per annum, will be payable by the Company to the Administrator.

The Administrator will also receive a one-off fixed fee of £10,000 in connection with the work undertaken in relation to the Issues.

The Company utilises the services of Computershare Investor Services PLC as its agent in relation to the transfer and settlement of Shares held in uncertificated form and as UK Transfer Agent.

Solicitors appointed by the Group hold the property deeds on behalf of the Company.

## **Annual expenses**

The principal annual expenses of the Group are the fees payable to the Manager, the Investment Adviser, the Administrator, the Valuer and the Directors. The Group also incurs regulatory fees, insurance costs, professional fees, audit fees and other expenses. If the Issues were to be fully subscribed and they were to be carried out by way of a single Issue, these fees and expenses would, on an annualised basis for the financial year ending 30 September 2015, amount to approximately 1.28 per cent. of the net assets of the Group. For the avoidance of doubt, such expenses exclude the costs of the Issues.

## **Accounting policies**

The audited accounts of the Group are prepared under International Financial Reporting Standards ("IFRS") which the Directors believe is an acceptable body of generally accepted accounting practice. Financial statements prepared by the Company in accordance with IFRS include a statement of comprehensive income, which is not required to differentiate between revenue and capital items and which also includes realised and unrealised investment gains/losses. The Company's management and administration fees, finance costs and all other expenses will be charged through the statement of comprehensive income.

## **Shareholder information**

The Company's annual report and accounts (which consolidate the accounts of the Group) are prepared up to 30 September each year and it is expected that copies are sent to Shareholders by the following January. The Company held its first annual general meeting on 24 March 2015 and expects to hold its annual general meeting in March each year. Shareholders also receive an unaudited half yearly report covering the six months to 31 March each year, expected to be despatched in the following May.

Properties are valued by an external valuer quarterly in accordance with the Red Book and their valuations are reviewed quarterly by the property valuation committee. The net asset value attributable to the Ordinary Shares is published quarterly based on the properties' most recent valuation and in accordance with IFRS. The net asset value is calculated by the Administrator and published through a Regulatory Information Service as soon as practicable after the end of the relevant quarter. The calculation of the net asset value per Ordinary Share 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. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

## PART II

### THE INITIAL PLACING AND OFFER

#### Introduction

Under the Initial Placing and Offer, subject to compliance with the Act and the Articles, the Company is proposing to issue up to 40 million New Shares at 108p per New Share.

The New Shares issued pursuant to the Initial Placing and Offer will rank *pari passu* in all respects with the existing Ordinary Shares (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant New Shares).

The Initial Placing and Offer is conditional, *inter alia*, on:

- (i) the Resolutions being passed by Shareholders at the General Meeting;
- (ii) the Placing Agreement becoming wholly unconditional (save as to Initial Admission) and not having been terminated in accordance with its terms prior to Initial Admission; and
- (iii) the Admission Condition being satisfied prior to 8.00 a.m. on 13 July 2015 (or such later time and/or date, not being later than 8.00 a.m. on 31 July 2015 as the Board may determine).

The Directors believe that the profile of a typical investor in the Company is an institution or professionally advised individual who is seeking an attractive level of income with the potential for income and capital growth from investing in a diversified portfolio of UK commercial real estate assets and who understands and accepts the risks inherent in the Company's investment policy.

#### Illustrative financial effects

The costs of the Initial Placing and Offer are dependent on subscriptions but, by way of illustration, the aggregate costs of and incidental to the Initial Placing and Offer if fully subscribed are approximately £790,000. On the assumption that the Initial Placing and Offer is fully subscribed, the net proceeds of the Initial Placing and Offer are therefore expected to be approximately £42.4 million.

The Directors intend to apply the net proceeds of the Initial Placing and Offer in accordance with the Company's investment objective and policy. The Initial Placing and Offer is not being underwritten.

#### The Initial Placing

The Placing Agent has agreed under the Placing Agreement to use its reasonable endeavours to procure Placees for New Shares at the Initial Placing and Offer Price of 108p per New Share. Details of the Placing Agreement are set out in paragraph 8.1 of Part VIII of this document.

The total number of New Shares issued under the Initial Placing will be determined by the Company and the Placing Agent, after taking into account demand for the New Shares, prevailing market conditions and the estimated acquisition costs of properties that the Investment Manager has identified as being suitable for purchase by the Company. The final result of the Initial Placing will be announced via an RIS.

The Initial Placing will close at 3.00 p.m. on 8 July 2015 (or such later date, not being later than 29 July 2015, as the Company and the Placing Agent may agree). If the Initial Placing is extended, the revised timetable will be notified via an RIS.

The procedure for, and the terms and conditions of, application under the Initial Placing are set out in Part IX of this document.

Commitments under the Initial Placing, once made, may not be withdrawn without the consent of the Directors.

## **The Offer for Subscription**

The Directors are also proposing to offer New Shares under the Offer for Subscription. The Offer for Subscription is being made in the UK only. The public generally (unless they are located or resident outside the UK) may apply for New Shares through the Offer for Subscription.

Applicants under the Offer must specify a fixed number of New Shares for which they wish to apply at the Initial Placing and Offer Price being 108p per New Share. The aggregate subscription price is payable in full on application. Individual applications must be for a minimum of 3,000 New Shares and applications in excess of that amount should be made in multiples of 100 New Shares, although the Board may accept applications below the minimum amounts stated above in their absolute discretion. Multiple subscriptions under the Offer for Subscription by individual investors will not be accepted.

The procedure for, and the terms and conditions of, application under the Offer for Subscription are set out in Part X of this document and an Application Form for use under the Offer for Subscription is set out at the end of this document.

Completed Application Forms and the accompanying payment in relation to the Offer for Subscription must be posted to Computershare, Corporate Actions Projects, Bristol, BS99 6AH so as to be received by no later than 11.00 a.m. on 7 July 2015.

Commitments under the Offer for Subscription, once made, may not be withdrawn without the consent of the Directors.

## **Admission and dealings**

Applications will be made to the UK Listing Authority for admission of the New Shares to the Official List. Application will also be made for the New Shares to be admitted to trading on the Main Market. It is expected that Initial Admission will become effective and that unconditional dealings in the New Shares will commence on the Main Market at 8.00 a.m. on 10 July 2015.

The New Shares issued pursuant to the Initial Placing and Offer will be issued in registered form and may be held in certificated or uncertificated form. They will be issued through the CREST system unless otherwise stated and will be eligible for settlement through CREST with effect from Admission.

The Company will arrange for CREST to be instructed to credit the appropriate CREST accounts of the applicants concerned or their nominees with their respective entitlements to the Initial Placing and Offer Shares. The names of applicants or their nominees that invest through their CREST accounts will be entered directly on to the share register of the Company.

Dealings in the New Shares issued pursuant to the Initial Placing and Offer in advance of the crediting of the relevant stock account shall be at the risk of the person concerned.

The New Shares issued pursuant to the Initial Placing and Offer will be denominated in Sterling.

## **Transfer**

The transfer of the Initial Placing and Offer Shares outside the CREST system should be arranged directly through the Registrar by completing and lodging an appropriate stock transfer form. However, an investor's beneficial holding held through the CREST system may rematerialise, in whole or in part, only upon the specific request of a beneficial owner to CREST through submitting a stock withdrawal form for share certificates or an uncertificated holding in definitive registered form.

If an applicant or transferee requests Initial Placing and Offer Shares to be issued in certificated form and is holding such Initial Placing and Offer Shares outside CREST, a share certificate will be despatched either to it or its nominated agent (at its own risk) within 10 days of completion of the registration process or transfer, as the case may be, of the Initial Placing and Offer Shares. Investors holding a definitive certificate may elect at a later date to hold their Initial Placing and Offer Shares through CREST.

## **Scaling back**

In the event that the number of New Shares applied for under the Initial Placing and Offer exceeds the number of New Shares available thereunder, the Company will scale back applications. In such event

New Shares will be allocated, as far as reasonably possible, so that applications from existing Shareholders are given priority over other applicants, and, where applicable, with a view to ensuring that existing Shareholders are allocated such percentage of New Shares as is as close as possible to their existing percentage holding of Ordinary Shares.

### **Commissions**

The Placing Agent will be entitled to a commission payable by the Company in connection with monies raised under the Initial Placing. No commissions are payable by the Company to Placees under the Initial Placing.

### **Dilution**

Existing Shareholders are not obliged to participate in the Issues. However, those Shareholders who do not participate in the Issues will suffer a dilution to the percentage of the issued share capital that their current holding represents based on the actual number of Ordinary Shares issued. Assuming 40 million New Shares are issued under the Initial Placing and Offer, Shareholders, who do not participate, will suffer a dilution of approximately 30 per cent. to their existing percentage holdings.

The price at which the New Shares are issued will be set by the Board at a premium to the most recent net asset value per Share. The premium will be intended to cover the direct costs of issue and will seek to contribute to the financial impact of investing the proceeds. The price will also take into account the prevailing price of the existing Shares in the market. However, the price will not necessarily cover the full costs of the Issues and the investment of the proceeds. The net asset value per Share could therefore, be reduced to the extent such costs are not covered.

## PART III

### PLACING PROGRAMME

#### Placing Programme

Following the Initial Placing and Offer, the Directors intend to implement the Placing Programme. Under the Placing Programme the Company is proposing to issue up to 150 million New Shares less the number of New Shares issued under the Initial Placing and Offer.

Once the Shareholder allotment authorities granted at the Annual General Meeting and the General Meeting are exhausted, the Company will, if it is appropriate to do so, convene further general meetings to seek Shareholder approval for the allotment and disapplication of pre-emption rights on further New Shares for use under the Placing Programme. The Placing Programme is being implemented to enable the Company to raise additional capital over the period from 13 July 2015 to 22 June 2016 when it identifies properties that are suitable for acquisition. This should enable the Investment Adviser to make a series of property acquisitions whilst also mitigating the risk of impact on the Company of receiving lower returns on significant cash balances awaiting investment.

New Shares will be issued from 8.00 a.m. on 13 July 2015 until 5.00 p.m. on 22 June 2016. The issue of New Shares pursuant to the Placing Programme is at the discretion of the Directors. Any New Shares issued pursuant to the Placing Programme will rank *pari passu* in all respects with the existing Ordinary Shares (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant New Shares).

On the assumption that the Issues pursuant to the Placing Programme are carried out by way of a single Issue at the Initial Placing and Offer Price, that Issue is fully subscribed and the Initial Placing and Offer are fully subscribed, the aggregate costs are expected to be approximately £2.8 million and the net proceeds of the Issues are expected to be approximately £159.2 million.

The Directors intend to apply the net proceeds of the Placing Programme in making investments that have been identified by the Investment Adviser in accordance with the Company's investment objective and policy. The Placing Programme is not being underwritten.

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 of the New 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).

#### Conditions

Each Issue under the Placing Programme is conditional, *inter alia*, on the following:

- (i) once the Shareholder allotment authorities granted at the Annual General Meeting and the General Meeting are exhausted, an ordinary resolution and a special resolution being passed in relation to the allotment of and disapplication of pre-emption rights on further New Shares for use under the Placing Programme at a duly convened general meeting of the Company;
- (ii) the Placing Programme Price being determined by the Directors as described below;
- (iii) Admission of the New Shares issued pursuant to such Issue; and
- (iv) a valid supplementary prospectus being published by the Company if such is required by the Prospectus Rules.

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

### **Placing Programme Price**

The price of a New Share to be issued pursuant to each Issue under the Placing Programme will be determined by the Board and will be at a premium to the net asset value per Share and rounded to two decimal places. The premium will be intended to cover the direct costs of issue and will seek to contribute to the financial impact of investing the proceeds. The price will also take into account the prevailing price of the existing Shares in the market. The Placing Programme Price for each Issue will be announced as soon as is practicable through a Regulatory Information Service.

### **Admissions and dealings**

Applications will be made to the UK Listing Authority for admission of the New Shares to the Official List. Applications will also be made for the New Shares to be admitted to trading on the London Stock Exchange throughout the period from 13 July 2015 to 22 June 2016. It is expected that such admissions and dealings in the Ordinary Shares issued pursuant to the Placing Programme will commence in the period from 13 July 2015 to 22 June 2016.

The New Shares will be issued in registered form and may be held in uncertificated form. The New Shares allocated will be issued to Placees through the CREST system unless otherwise stated. The New Shares will be eligible for settlement through CREST with effect from Admission.

The Company will arrange for CREST to be instructed to credit the appropriate CREST accounts of the Placees concerned or their nominees with their respective entitlements to the New Shares. The names of Placees or their nominees that invest through their CREST accounts will be entered directly on to the share register of the Company.

Dealings in the New Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned.

The New Shares will be denominated in Sterling.

## PART IV

### DETAILS OF THE PROPERTY PORTFOLIO

The information contained in this Part IV provides an analysis of the Property Portfolio. The information contained in this Part IV is unaudited. Unless otherwise stated, all of the information is stated as at 19 June 2015. There has been no material change in the value of the properties from the date of their valuation to the date of this document. The information in this Part IV is based on the valuations from the Valuer's valuation report as set out in Part V of this document.

#### 1. Summary description of the Property Portfolio

Property <sup>1</sup>	Sector	Current Net Annual Rent <sup>2</sup>	Estimated Net Annual Rent	Initial Yield	Market Value as at 19 June 2015
Birmingham, St Philips Point, Temple Row	Offices	£1,691,176	£1,533,394	5.76%	£23,650,000
Reading, Phoenix, Station Road	Offices	£1,343,884	£1,393,750	5.91%	£21,500,000
Sheffield, Parkway, Cutlers Gate,	Offices	£1,047,846	£924,500	5.14%	£19,250,000
Coatbridge, Tennant Street	Retail Warehousing	£1,331,200	£1,331,200	7.46%	£16,800,000
Rhyl, Clywd Retail Park	Retail Warehousing	£1,093,735	£1,093,735	6.42%	£16,100,000
Daventry, Abbey Retail Park <sup>3</sup>	Retail Warehousing	£757,520	£1,009,635	5.99%	£11,950,000
Edinburgh,	Offices	£534,540 <sup>4</sup>	£676,136	5.03%	£10,000,000
Bath, Lower Bristol Road, Midland Bridge House	Offices	£161,665	£323,330 <sup>5</sup>	3.47%	£4,400,000
<b>Total</b>		<b>£7,961,566</b>	<b>£8,285,680</b>	<b>6.09%</b>	<b>£123,650,000</b>

<sup>1</sup> All freehold/heritable unless otherwise stated.

<sup>2</sup> Rental figure includes the Rental Guarantee for vacant space in Edinburgh, Reading, Birmingham and Daventry and top-ups of any leases subject to a rent free period.

<sup>3</sup> The Property subsidiary has unconditionally agreed to acquire the Property at Daventry and it is expected that this acquisition will complete shortly following the date of this document. Daventry is a leasehold property.

<sup>4</sup> The property is let as of July 2015 to Capita Business Services Limited for a 15 year term at a rent of £676,136 per annum subject to 5 yearly open market reviews. The property was formerly vacant and is still subject to a rent, rates and service charge guarantee of £534,540 per annum until October 2016.

<sup>5</sup> Rent increases to this level on 24 March 2017.

## 2. Top 10 tenant information

Tenant Name	Next Break/Expiry	Current Net Annual Rent
B&Q plc (Coatbridge)	10/12/2022	£1,331,200
Capita Business Services Limited (Sheffield)	22/12/2039	£1,047,846
Capita Business Services Limited (Edinburgh)	26/07/2030	£676,136
Weightmans LLP	31/07/2019	£606,452
Xafinity Consulting Limited	16/05/2019	£523,285
B&Q plc (Rhyl)	24/03/2020	£508,644
AXA Insurance UK plc	28/09/2018	£400,824
Homebase Limited	24/12/2028	£392,370
Baker Tilly Management Limited	11/04/2017	£371,400
Babcock Corporate Services Limited	23/02/2018	£300,527

There are currently no arrears from any tenant within the Property Portfolio. The Investment Adviser monitors the covenant strength of the tenants within the Property Portfolio.

## 3. Lease length

The length of the occupational leases of the Properties can be summarised as follows:

Length of leases	As a percentage of current gross annual rent <sup>1</sup>	
	Initial Property Portfolio	
0 – 5 years	50.3%	
5 – 10 years	23.6%	
10 – 15 years	13.1%	
15 – 20 years	0.2%	
20+ years	12.8%	

<sup>1</sup> Includes amounts to be drawn down under the Rental Guarantee.

The average lease length of the Properties, ignoring break options, weighted by current gross annual rent (ignoring the Rental Guarantee) as at 19 June 2015, is 10.26 years.

## 4. Voids

The technical void rate in the Property Portfolio represents 8 per cent. of the Estimated Net Annual Rent of the Properties. However, as the Company will receive rental top-ups on the void space, the actual void rate will be 2.1 per cent.

## 5. Lease terms

The occupational leases of the Properties are in terms which could reasonably be expected for properties of the type comprised in the Property Portfolio. Subject to the above and viewing the Property Portfolio as a whole, the occupational leases of the Properties in the Initial Property Portfolio are in general terms institutionally acceptable.

## 6. Property condition

Independent building surveys, mechanical and electrical surveys (where appropriate) and environmental surveys have been undertaken for each of the Properties. These have been reviewed by the Investment Adviser and it is considered that the condition of the Properties is acceptable having regard to the Properties' age, use, type and lease terms.

## PART V

### VALUATION REPORT



The Directors of  
Ediston Property Investment Company plc  
Broadgate Tower  
20 Primrose Street  
London  
EC2A 2EW

The Directors of  
EPIC (No. 1) Limited  
Broadgate Tower  
20 Primrose Street  
London  
EC2A 2EW

The Directors of  
Canaccord Genuity Limited  
88 Wood Street  
London  
EC2V 7QR

23 June 2015

Dear Sirs

#### VALUATION REPORT ON THE PROPERTY PORTFOLIO

##### Market Valuation as at 19 June 2015

#### 1. Introduction

- 1.1. In accordance with our instructions, we have carried out a valuation of the freehold, heritable or leasehold interests in the properties referred to in the Schedule appended to this Report (the "Properties") and now report our opinion of the Market Values of the Properties as at 19 June 2015.
- 1.2. This Report is required for inclusion in a prospectus (the "Prospectus") which is to be published in connection with the issue of up to 150 million New Shares by way of an initial placing and offer subscription and a placing programme by Ediston Property Investment Company plc ("EPIC"). Our Report is provided expressly for this purpose and this purpose only.
- 1.3. The Properties comprise retail or office assets and have been categorised as investment properties.
- 1.4. The valuations have been prepared in accordance with the RICS Valuation – Professional Standards January 2014, issued by the Royal Institution of Chartered Surveyors (the "Red Book"), with Rules 5.6.5 and 5.6.6 and paragraph 2.7, Annex XV, Appendix 3 of the Prospectus Rules published by the Financial Conduct Authority and with paragraphs 128 to 130 of ESMA Update of the CESR Recommendations for the consistent implementation of the European Commission's Regulation (EC) No 809/2004 implementing the Prospectus Directive (the "CESR Recommendations").

- 1.5. The Schedule comprises brief details of each of the Properties, the associated terms of tenure, occupational tenancy overview and details of Net Annual Rent, as well as the Market Values, as at 19 June 2015.

Net Annual Rent is defined within the FCA's handbook as:

"The current income or income estimated by the valuer:

- (1) ignoring any special receipts or deductions arising from the property;
  - (2) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and
  - (3) after making deductions for superior rents (but not for amortisation) and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent."
- 1.6. The Property at Edinburgh was inspected on 14 April 2015. The Properties at Bath, Reading and Birmingham were inspected on 15 April 2015. The Properties at Rhyl and Sheffield were inspected on 16 April 2015. The Property at Coatbridge was inspected in 13 May 2015 and the Property at Daventry was inspected on 26 May 2015.

## **2. Compliance and Disclosures**

- 2.1. Knight Frank LLP is instructed as External Valuer, as defined by the Red Book and regulations made by the Financial Conduct Authority.
- 2.2. As you are aware, Knight Frank LLP are retained by the Investment Advisor to value the Properties held within the Company on a quarterly basis for performance purposes (since December 2014). Richard F Booth MRICS is responsible for this particular instruction. Knight Frank LLP have also recently provided Aviva with Market Values of the assets for secured lending purposes in relation to the Company "gearing up" against the collective value of the assets.
- 2.3. Other than Valuation services, Knight Frank LLP has not had any material involvement with the Properties within the last 12 months and report without any conflict of interest.
- 2.4. The valuer, on behalf of Knight Frank LLP, with responsibility for this report is Richard F Booth MRICS, RICS Registered Valuer. Parts of the valuation have been undertaken by additional valuers. We confirm that the valuer and additional valuers collectively meet the requirements of RICS Valuation – Professional Standards VPS 3, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.
- 2.5. In relation to Knight Frank LLP's preceding financial year, the proportion of the total fees paid by the Company to the total fee income of Knight Frank LLP was less than 5 per cent. We recognise and support the RICS Rules of Conduct and have procedures for identifying conflict of interest checks.

## **3. Basis of Valuation**

- 3.1. The Properties have been valued on the basis of Market Value in accordance with the RICS Valuation – Professional Standards VPS4(1.2) This is an internationally recognised basis and is defined as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."
- 3.2. No allowance has been made for expenses of realisation or for any taxation which might arise, and our valuations are expressed exclusive of any Value Added Tax that may become chargeable.
- 3.3. Our valuations reflect usual deductions in respect of purchaser's costs and, in particular, full liability for UK Stamp Duty as applicable at the valuation date.

- 3.4. Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.
- 3.5. The Valuer's opinion of Market Value was primarily derived using recent comparable market transactions on arm's length terms, where available, and appropriate valuation techniques (The Investment Method).
- 3.6. In the case of the Properties having development potential, the Residual Method has been adopted which is the generally accepted method for valuing such properties. In these instances we form an opinion of the completed development (Gross Development Value) using the Investment Method and deduct from it the total costs of development and an allowance for developer's profit. We would note, however, that none of the Properties are actually in the course of development.
- 3.7. The Properties have been valued individually and not as part of a portfolio.
- 3.8. The Property Subsidiary has unconditionally agreed to acquire the property at Abbey Retail Park, Daventry and it is expected that this acquisition will complete shortly following the date of this document.
- 3.9. Save as otherwise disclosed, it has been assumed for the purpose of valuation that the relevant interests in the Properties are free of mortgage, charge or other debt security and no deduction has been made for such charge or debt.

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

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

- 4.1. Our valuations are based on information provided by the Company's investment adviser, Ediston Properties Limited of 39 George Street, Edinburgh, EH2 2HN, (the "Investment Adviser"), and its professional advisers, upon which we have relied, and which has not been verified by us. Our assumptions (as defined in the Red Book) relating to this information are set out below. If any of the information or assumptions are subsequently found to be incorrect then our valuations should be reviewed.
- 4.2. We would note that where information or documentation hasn't been provided to us we have adopted the appropriate assumptions required to undertake, and report, Market Values. When considering the covenant strength of individual tenants we have not carried out credit enquiries but have reflected within our valuations our general understanding of the investment market's likely perception of tenants' financial status.

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

- 4.3. We have been provided with title information and Reports on Title by the Investment Adviser, prepared by the professional advisors Dickson Minto W.S., Walker Morris LLP and Maclay Murray & Spens LLP, in regard to the tenure of the Properties and have reflected the findings of the reports in our valuations.

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

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

- 4.4. We have been provided by the Investment Adviser with, and relied upon, copies of occupational leases that the Properties are subject to. Where copies of leases have not been provided, nor occupational tenancy information referred to within the associated property Reports and Certificates on Title, we have relied upon a tenancy schedule as provided to us by the Investment Adviser.

Several of the Properties have either vacant space within the building (that is to be considered lettable), or are subject to existing occupational leases that are currently benefitting from a rent free period. To this end, we have relied upon a schedule of rental-top ups (for rent free periods)

and a schedule of rental guarantees. We note that the amounts required to provide (and cover) these top-ups or guarantees are to be held as ring-fenced, and wholly transferable, entities by the Company that are drawn down on as income streams similar to receiving rent.

We highlight in the Schedule which of the Properties are affected.

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

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

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

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

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

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

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

#### ***Environmental Issues***

- 4.8. We have not carried out any investigations into past or present uses of either the Properties or any neighbouring land to establish whether there is any potential for contamination from these uses or sites to the Properties. We have, however, been provided by the Investment Adviser with, and relied upon, Environmental Surveys, where available.

We understand that none of the Properties are, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect the present or future uses of the properties.

Should it be established subsequently that contamination exists at any of the Properties or on any neighbouring land or that the Properties have been or are being put to a contaminative use this could reduce the values now reported.

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

#### ***Property Insurance***

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

### **Building Areas**

- 4.10. Our valuations are based on the measurements undertaken by us during our recent inspection programme and can confirm that they have been prepared in accordance with the current RICS Code of Measuring Practice. Several of the properties have separately commissioned measured surveys, prepared by either Armada Surveys (in relation to the property at Birmingham) or Plowman Craven (in relation to the properties at Edinburgh and Reading), and we have assumed these measurements have also been undertaken in accordance with the current RICS Code of Measuring Practice. All office areas are reported on a Net Internal Area basis with the Retail property areas on a Gross Internal Area basis, as in keeping with general market practices.

### **5. Valuation**

- 5.1. We are of the opinion that the aggregate of the Market Values of the freehold, heritable or leasehold interests in the Properties as at 19 June 2015 is £123,650,000 (One Hundred and Twenty Three Million, Six Hundred and Fifty Thousand Pounds).

The tenure of the Properties comprises the following:

Freehold or heritable	£111,700,000	90.33%
Long Leasehold	£11,950,000	9.67%
Mixed Freehold/Leasehold	—	—
Total	<u>£123,650,000</u>	<u>100.00%</u>

### **6. General Conditions**

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

Yours faithfully



Richard F Booth MRICS  
RICS Registered Valuer  
Partner, Valuations  
For and on behalf of Knight Frank LLP

## SCHEDULE TO THE VALUATION REPORT THE INITIAL PROPERTY PORTFOLIO

Address	Description age and tenure	Terms of main tenancies	Current net annual rent receivable	Market Value as at 19 June 2015
145 Morrison Street, Edinburgh	<p>The property comprises a Grade A office building arranged over ground and four upper floors, providing a total net internal area of 26,894 sq ft with 2 car parking spaces adjacent and an additional 2 spaces nearby on Torphichen Lane. Specification includes full raised access floors, suspended ceilings and comfort cooling throughout.</p> <p>The property is located on the western end of the prime Exchange Office District in central Edinburgh, 150m west of the Edinburgh International Conference Centre and 200m east of Haymarket train station.</p> <p>Tenure: Heritable; Built: 2012/2013</p>	<p>The property is let as of July 2015 to Capita Business Services Limited for a 15 year term at a rent of £676,136 per annum, subject to 5 yearly open market reviews. The property was formally vacant and is still subject to a rent, rates and service charge guarantee of £534,540 per annum until October 2016.</p>	£534,540	£10,000,000
St Philips Point, Temple Row, Birmingham	<p>The property comprises a mixed use office and retail scheme. The accommodation extends to a total of 97,469 sq ft over upper ground, lower ground and nine upper floors.</p> <p>The property is located in Birmingham city centre, within the city's central business district between the prime business location of Colmore Row and the Prime retail area of New Street and the Bullring.</p> <p>Tenure: Freehold; Built: c.1990.</p>	<p>The property is currently multi let producing a current net rent of £1,691,176 per annum and a weighted unexpired term of 2.99 years. The leases are all effective FRI.</p> <p>The current tenants include Weightmans LLP, Baker Tilly Services Limited and AXA Insurance UK Plc.</p> <p>Floors 7 and 8 are currently vacant and subject to a rental guarantee until December 2016</p>	£1,691,176	£23,650,000
Station Road, Phoenix, Reading	<p>The property comprises a modern office building, providing Grade A accommodation over first to fifth floors totalling a net internal area of 51,776 sq ft. There are 52 car parking spaces situated at ground and basement level.</p> <p>The property is located in central Reading, approximately 200m to the east of Reading Station and 100m to the west of the A329 Caversham Road. The property fronts onto Station Hill and backs onto the railway tracks. The office building known as The Pinnacle adjoins the subject to the west.</p> <p>An electricity substation is situated towards the eastern end of the site.</p> <p>Tenure: Freehold; Built: 1994.</p>	<p>The first floor is let to Samsung Electronics (UK) Limited on a lease expiring in 2023 subject to a break in 2018. The second and third floors are let to Xafinity Consulting Limited on a lease expiring in 2024 subject to a break in 2019. The fourth floor is let to Babcock on a lease expiring in 2020 subject to a break in 2018. Both the Xafinity and Babcock leases are subject to rent free periods which are being topped up.</p> <p>The fifth floor is currently vacant and being marketed. A two year rent, rates and service charge guarantee is in place with a rent guarantee equating to £26.50 per sq ft.</p> <p>A licence for 8 car parking spaces is in place to Samsung Electronics (UK) Limited.</p> <p>The property has a weighted unexpired lease term of 3.78 years to breaks.</p>	£1,343,884	£21,500,000

Address	Description age and tenure	Terms of main tenancies	Current net annual rent receivable	Market Value as at 19 June 2015
Clywd Retail Park, Rhyl	<p>The property comprises a purpose built retail warehouse park providing 5 retail units with an associated garden center, arranged as 2 blocks, with a further detached restaurant unit, providing a total gross internal area of 84,342 sq ft. The property is located to the south of Rhyl, a coastal town in North Wales, adjacent to a Sainsbury's food store, and fronting Rhyl Road (A525).</p> <p>Tenure: Freehold; Built: 1995 (Restaurant Unit 2007).</p>	<p>The property is multi let on 6 leases to 6 tenants generally expiring in 2020, with one unit expiry in 2032, subject to a break option in 2022. The leases are drawn on full repairing and insuring terms with 5 yearly upward only rent reviews.</p> <p>The weighted unexpired lease term is 4.90 years (to breaks).</p>	£1,093,735	£16,100,000
Cutler's Gate, Parkway, Sheffield	<p>The property comprises a modern building providing office accommodation on ground and seven upper floors together with 131 external surface car parking spaces and basement accommodation housing the buildings plant. In total, the building extends to 61,645 sq ft.</p> <p>The property is constructed around a structural steel frame with part glazed elevations under a flat roof. The property provides open plan and cellular office accommodation arranged around a central core.</p> <p>Tenure: Freehold; Built: 2009.</p>	<p>The property is let in its entirety to Capita Business Services Ltd (guaranteed by Capita plc) for an effective term expiring December 2039. The current and revisionary leases are drawn on full repairing and insuring terms with annual RPI reviews (December) subject to a cap and collar of 0.00% and 3.00%. The current passing rent is £1,047,846 per annum.</p>	£1,047,846	£19,250,000
Midland Bridge House, Lower Bristol Road, Bath BA2 3FP	<p>The property comprises a 4 storey office building arranged over ground and three upper floors. The property provides a total net internal area of 18,268 sq ft and 28 car parking spaces.</p> <p>The building is of reinforced concrete frame construction under a flat roof with a mineral felt covering. Internally the accommodation provides modern open plan office accommodation to a good specification.</p> <p>Tenure: Freehold; 1980's build, fully refurbished in 2013.</p>	<p>The property is let in its entirety to Withy King LLP on a full repairing and insuring lease for a term of 10 years from 22nd March 2013 subject to an upward only rent review on 25th March 2018 at a current rent of £161,665 per annum, rising to £323,330 per annum in March 2017.</p> <p>The unexpired lease term is 7.77 years.</p>	£161,665	£4,400,000
Tennent Street, Coatbridge	<p>The property comprises a purpose built 102,775 sq ft DIY retail warehouse with attached builders' yard on the south side and a garden centre to the north side. It occupies a large site with 600 customer car parking spaces to the front and separate service yard to the rear.</p> <p>The building is of steel portal frame construction arranged in two bays, with brick wall cladding to lower levels surmounted by profile sheet cladding under a pitched double skin profile sheet roof over each bay.</p> <p>Tenure: Heritable; Built: 2002.</p>	<p>The property is let in its entirety to B&amp;Q plc for a term expiring December 2022. The lease is drawn on full repairing and insuring terms with 5 yearly upwards only reviews. The current passing rent is £1,331,200 per annum.</p>	£1,331,200	£16,800,000

Address	Description age and tenure	Terms of main tenancies	Current net annual rent receivable	Market Value as at 19 June 2015
Abbey Retail Park Daventry	<p>The property comprises a modern retail warehouse park providing a terrace of six retail warehouse units, a solus DIY unit with garden centre and a further six retail kiosk units. The property provides a total gross internal area of 65,255 sq ft. 198 car parking spaces are situated in front of the units, with a further 207 spaces (Council operated), situated beneath the retail warehouse units in an undercroft car park.</p> <p>The units are of steel frame construction with part glazed and part steel clad elevations, beneath a pitched steel composite panel roofs.</p> <p>Tenure: Leasehold; Built: 2008.</p>	<p>The property is multi let on 6 leases to nine tenants by way of 10 leases. Eight leases have earliest expiry dates between October 2016 and December 2028. The leases are drawn on full repairing and insuring terms with six of the leases subject to rent reviews.</p> <p>Two further leases in respect of the undercroft car park and a biomass boiler expire in December 2158.</p> <p>Two of the retail warehouse units are currently vacant and are being marketed.</p> <p>Two of the retail kiosk units are currently vacant and being marketed, and are subject to two year rent, rates and service charge guarantees.</p> <p>The weighted unexpired lease term is 10.33 years (to breaks).</p>	£757,520	£11,950,000

## PART VI

### FINANCIAL INFORMATION ON THE COMPANY

#### 1. Introduction

The statutory accounts of the Company for the financial period ended 30 September 2014, in respect of which the Company's auditors, Grant Thornton UK LLP of 30 Finsbury Square, London EC2P 2YU, who are members of the Institute of Chartered Accountants in England and Wales, made an unqualified report under section 495 or section 497 of the Act, did not contain any statement under section 498(2) or (3) of the Act together with a copy of the Company's unaudited half yearly reports and accounts for the six months ended 31 March 2015 are incorporated by reference into this document and are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW.

#### 2. Historical financial information

Historical financial information relating to the Company on the matters referred to below is included in the published annual reports and audited accounts of the Company and in the unaudited half yearly reports and accounts of the Company for the six months ended 31 March 2015 as set out in the table below and is expressly incorporated by reference into this document. The non-incorporated parts of these annual reports and accounts and half yearly reports and accounts of the Company are either not relevant to investors or covered elsewhere in this document.

<i>Nature of Information</i>	<i>Statutory accounts for period ended 30 September 2014 Page No.</i>	<i>Half yearly accounts for six months ended 31 March 2015 Page No.</i>
Chairman's Statement	2-3	6-8
Investment Adviser's Report	—	9-16
Condensed statement of Comprehensive Income	14	17
Condensed Statement of Changes in Equity	16	19
Condensed Balance Sheet	15	18
Condensed Cash Flow Statement	17	20
Notes to the Financial statements	18-23	21-27
Independent Auditors' Report	13	29-30

#### 3. Selected financial information

The information in this paragraph 3 is information on the Company and has been extracted directly on a straight forward basis from the financial information referred to in paragraph 2 of this Part VI. Selected audited historical consolidated financial information relating to the Company which summarises the financial condition of the Company for the period ended 30 September 2014 and in the unaudited half yearly reports and accounts of the Company for the six months ended 31 March 2015 is set out in the following table:

	<i>Period ended 30 September 2014</i>	<i>Six months ended 31 March 2015</i>
<b>Net asset value</b>		
Net assets (£000)	50	97,430
Equity shareholders' funds (£000)	50	97,430
Net asset value per share (pence)	100	102.56
	<i>Period ended 30 September 2014</i>	<i>Six months ended 31 March 2015</i>
<b>Condensed Statement of Comprehensive Income</b>	—	2,331
Rental income (£000)	—	2,331
Profit/(loss) for the period (£000)	—	6,064
Earning per share (pence)	—	7.45

#### 4. Operating and financial review

A description of changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments are set out in the sections headed "Chairman's Statement", "Investment Adviser's Report" and "Directors' Report" in the published statutory accounts and the unaudited half yearly accounts of the Company as follows and are expressly incorporated by reference into this document.

<i>Nature of Information</i>	<i>Statutory accounts for period ended 30 September 2014 Page No.</i>	<i>Half yearly accounts for six months ended 31 March 2015 Page No.</i>
Chairman's Statement	2-3	6-8
Investment Adviser's Report	—	9-16
Directors' Report	8-10	—

#### 5. Significant change

Since 31 March 2015 (being the end of the last financial period of the Company for which financial information has been published), there has been no significant change in the financial or trading position of the Group save that the Property Subsidiary entered into the Aviva Facility on 6 May 2015, has acquired three properties for a total gross purchase price of £34.6 million and the net assets of the Company have increased from approximately £97.4 million as at 31 March 2015 to approximately £99.9 million as at 19 June 2015.

#### 6. Working capital

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, that is, for at least the next 12 months from the date of this document.

#### 7. Net asset value

The unaudited net asset value per Ordinary Share was 105.21p as at 19 June 2015. The unaudited net asset value per Ordinary Share has been calculated on the basis of the valuation of the Company's property portfolio as at 19 June 2015 and takes into account the costs of acquiring the properties at Bath, Coatbridge and Daventry and the uplift in the valuation on the completion of the letting of the property at Edinburgh.

<i>Period from 31 March 2015 to 19 June 2015</i>	<i>Pence per Share</i>	<i>£ million</i>
NAV as at 31 March 2015 (unaudited)	102.56	97.43
Valuation uplift in Property Portfolio	4.43	4.21
Acquisition costs for the Properties at Bath, Coatbridge and Daventry	(2.01)	(1.91)
Income earned for the period	1.74	1.65
Expenses for the period	(0.59)	(0.56)
Dividend paid in the period	(0.92)	(0.87)
NAV as at 19 June 2015 (unaudited)	105.21	99.95

For the avoidance of doubt, the unaudited net asset value per Ordinary Share of 105.21p includes the dividend of 0.4583p per Ordinary Share which has been declared in respect of the period from 1 May 2015 to 31 May 2015 and which will be paid on 30 June 2015 to shareholders on the register on the record date of 12 June 2015.

The New Shares issued under the Initial Placing and Offer will not qualify for any dividends in respect of any period prior to 1 July 2015.

#### 8. Capital resources

The Company currently has 95 million Ordinary Shares in issue and, if the Issues are fully subscribed and become unconditional the Company will have 245 million Ordinary Shares in issue. As at 30 September 2014 (the date to which the Company's first set of financial statements were made up), the Group had not started trading. It had received no income and incurred no expenditure. On its launch in October 2014 the Company raised gross proceeds of £95 million. On 21 January 2015 the Court confirmed the cancellation of the entire amount standing to the credit of the Company's share premium account and the creation of a special reserve, the balance of which may be treated as distributable profits for all purposes including

the payment of dividends. As at 31 March 2015 the special reserve was approximately £91.97 million. As at 31 March 2015 the Company had cash, held in sterling, available of approximately £13.2 million. Cash inflows and outflows for the Group in the six months ended 31 March 2015 and the sources and amounts of those cashflows are set out in the Condensed Statement of Comprehensive Income, Condensed Cash Flow Statement and related notes in the half yearly reports and accounts of the Company to 31 March 2015 (pages 17, 20 and 21-27) which are expressly incorporated by reference into this document. On 6 May 2015, the Property Subsidiary entered into a ten year £40 million secured term loan agreement with Aviva which has been fully drawn down. As at 19 June 2015 the Company has approximately £10 million available for investment purposes (excluding funds required for investments currently under negotiation and capital expenditure).

## 9. Capitalisation and indebtedness

The following table shows the capitalisation and indebtedness of the Group (distinguished between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 19 June 2015, the latest practicable date prior to the publication of this document:

	As at 19 June 2015 £'000
<b>Current Debt</b>	
Guaranteed	—
Secured	—
Unguaranteed/Unsecured	—
<b>Total non-current debt</b>	
Guaranteed	—
Secured	40,000
Unguaranteed/Unsecured	—
<b>Shareholders' equity funds</b>	
Share capital	950
Capital redemption reserve	0
Other reserves*	98,997
<b>Total</b>	<u>99,947</u>

\* Includes the Company's revenue and capital reserves.

The information in the table above is unaudited financial information on the Company as at 19 June 2015.

The following table shows the Company's net indebtedness as at 19 June 2015.

	£'000
A. Cash	16,760
B. Cash equivalent	0
C. Trading securities	0
D. <b>Liquidity (A + B + C)</b>	16,760
E. <b>Current financial receivable</b>	0
F. Current bank debt	0
G. Current portion of non-current debt	0
H. Other current financial debt	0
I. <b>Current financial indebtedness (F + G + H)</b>	16,760
J. Net current financial indebtedness (I – E – D)	0
K. Non-current bank loans	(40,000)
L. Bonds issued	0
M. Other non-current loans	0
N. <b>Non-current financial indebtedness (K + L + M)</b>	(40,000)
O. <b>Net financial indebtedness (J + N)</b>	(23,240)
Indirect indebtedness	0
Contingent indebtedness	0

The information in the table above is unaudited financial information of the Company and has been extracted from internal management accounting records as at 19 June 2015 and has not been reported on by an accountant.

## PART VII

### TAXATION

#### 1. Taxation

##### 1.1. General

The statements on taxation below are intended to be a general summary of certain tax consequences that may arise in relation to the Company and Shareholders. This is not a comprehensive summary of all technical aspects of the taxation of the Company and its Shareholders and is not intended to constitute legal or tax advice to investors. Prospective investors should familiarise themselves with, and where appropriate should consult their own professional advisers on, the overall tax consequences of investing in the Company. The statements relate to investors acquiring Ordinary Shares for investment purposes only, and not for the purposes of any trade. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely. The tax consequences for each investor of investing in the Company may depend upon the investor's own tax position and upon the relevant laws of any jurisdiction to which the investor is subject.

The statements below relate to the UK tax implications of a UK resident individual investing in the Company (unless expressly stated otherwise). The tax consequences may differ for investors who are not resident in the UK for tax purposes. Investors should seek their own professional advice as to this, as well as to any other relevant laws and regulations in the jurisdiction in which they are resident for tax purposes. The statements are based on current tax legislation and HMRC practice, both of which are subject to change at any time, possibly with retrospective effect.

##### 1.2. UK Tax treatment of the Company as a REIT

A REIT does not suffer UK corporation tax on the profits (income and capital gains) derived from its qualifying property rental businesses in the UK and elsewhere (the "Tax-Exempt Business"), provided that certain conditions are satisfied. Instead, distributions in respect of the Tax-Exempt Business will be treated for UK tax purposes as UK property income in the hands of shareholders (see further below for details on the UK tax treatment of shareholders in a REIT). A dividend paid by the Company relating to profits or gains of the Tax-Exempt Business is referred to in this section as a Property Income Distribution ("PID")

However, UK corporation tax remains payable in the normal way in respect of income and gains from the Company's business (generally including any property trading business) not included in the Tax-Exempt Business (the "Residual Business"). Dividends relating to the Residual Business are treated for UK tax purposes as normal dividends. Any normal dividend paid by the Company is referred to as "Non-PID Dividend".

Distributions to Shareholders are likely to consist of a mixture of PID and Non-PID Dividends as calculated in accordance with specific attribution rules. The Company will provide Shareholders with a certificate setting out how much, if any, of their dividends is a PID and how much is a Non-PID dividend.

##### **Qualification as a REIT**

The Company joined the UK group REIT regime with effect from 31 October 2014.

In order to qualify as a REIT, the Company was required to satisfy certain conditions. A non-exhaustive summary of the material conditions which had to be satisfied is set out below.

*(A) Company conditions*

A company must be solely resident in the UK for tax purposes, it must not be an open-ended investment company and its ordinary shares must be admitted to trading on a recognised stock exchange, such as the London Stock Exchange.

A company must also not be a “close company” for UK tax purposes which generally means it must not be controlled (through the holding of in excess of 50 per cent. of share capital/voting rights etc) by five or fewer persons or, broadly, must have more than 35 per cent. of shares listed and in public hands.

There is an exception for the Company condition for the first three years following entry into the REIT regime. For the purposes of this close company test the holdings of certain types of institutional investors are not taken into account.

*(B) Share capital restrictions*

There must only be one class of ordinary share in issue and the only other shares a company may issue are non-voting restricted preference shares.

*(C) Restrictions on types of borrowing*

The company 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 the company’s business or on the value of any of its assets.

**On-going conditions for maintaining REIT status**

In addition to continuing to satisfy the above conditions, the Company must satisfy the conditions summarised below on an on-going basis in order to maintain REIT status:

- (i) The Tax-Exempt Business must throughout each accounting period involve at least three properties and have no one property representing more than 40 per cent. of the total value of all the properties involved in the business.
- (ii) The Tax-Exempt Business is required to distribute to shareholders (subject to the availability of sufficient distributable reserves) at least 90 per cent. of the income profits arising in each accounting period (broadly, calculated using normal tax rules). Such distributions will be in the form of a PID and payable on or before the filing date for the tax return for the accounting period.
- (iii) The income profits arising to the Tax-Exempt Business must represent at least 75 per cent. of the total profits for the accounting period. Such profits are calculated in accordance with International Accounting Standards, before deduction of tax and excluding, broadly, gains and losses on the disposal of property and revaluation of properties movements and certain exceptional items.
- (iv) At the beginning of the accounting period the gross fair value of the assets in the Tax-Exempt Business (including cash held on deposit) must represent at least 75 per cent. of the total fair value of assets held. However, a breach should not occur in the first accounting period upon entry into the REIT regime, provided that the test is met at the end of the first accounting period.

**Effects of becoming a REIT**

*(A) Tax exemption*

A REIT does not suffer UK corporation tax on the profits (income and capital gains) derived from its Tax-Exempt Business. UK Corporation tax will still apply in the normal way in respect of any income and gains of any Residual Business.

*(B) Distributions to or in respect of a Substantial Shareholder*

A REIT may become subject to an additional tax charge if it pays a distribution to corporate shareholders that hold more than ten per cent. of share capital or voting rights and/or are entitled to more than ten per cent. of distributions. This tax charge will not be incurred if the REIT has taken reasonable steps to avoid making distributions to such a Shareholder in line with HMRC guidance.

*(C) Distributions – obligations to withhold tax*

Subject to certain exceptions, a REIT is required to withhold income tax at source at the basic rate (currently 20 per cent.) from PIDs. A REIT must also provide shareholders with a certificate setting out the amount of tax withheld. Tax is not required to be deducted when distributions are paid to certain types of shareholder including UK corporate and UK tax-exempt bodies (such as SIPPs and ISAs). Where distributions are made to shareholders resident in a country with a double taxation treaty with the UK, tax should be withheld and the shareholder may seek a refund of the tax where the treaty withholding tax rate is lower.

*(D) Interest cover ratio*

A tax charge will arise if, in respect of any accounting period, the ratio of the income profits (before capital allowances) to the financing costs incurred in respect of the Tax-Exempt Business is less than 1.25. The amount (if any) by which the financing costs exceeds the amount of those costs which would cause that ratio to equal 1.25 is chargeable to corporation tax.

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

A REIT can give notice to HMRC that it wishes to leave the REIT regime at any time.

HMRC can, in certain circumstances, also give the Company notice that it must leave the REIT regime. This may have effect retrospectively.

It is important to note that the Company is not be able to guarantee continued compliance with all the conditions and the REIT regime may cease to apply in certain circumstances. Broadly, HMRC may require a company to exit the REIT regime if:

- (a) any breach of the conditions relating to the Tax-Exempt Business, or an attempt to avoid tax, is considered sufficiently serious;
- (b) a certain number of minor or inadvertent breaches of the conditions in a specified period;  
or
- (c) HMRC has issued two or more notices in relation to the avoidance of tax within a ten year period of the first notice having been given.

If the Company exits the REIT regime either voluntarily or as a result of HMRC issuing a notice while it has been a member of the REIT regime for less than ten years, different rules apply, particularly with respect to the tax consequences of leaving the regime and the timing that exiting the regime will take effect from.

### **1.3. UK tax treatment of Shareholders**

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. They are not advice. Except where otherwise indicated, this section applies only to Shareholders who are resident for tax purposes solely in the UK; and only to Shareholders who hold their Ordinary Shares as investments and who are the absolute beneficial owners thereof.

Shareholders who are in any doubt about their tax position, or who are subject to tax in a jurisdiction other than the UK, should consult their own appropriate independent professional adviser.

The following paragraphs relate only to certain limited aspects of the UK taxation treatment of PIDs and Non-PID Dividends paid by the Company, and to disposals of Ordinary Shares in the

Company. They apply only to Shareholders who are the absolute beneficial owners of both their PIDs and their Ordinary Shares in the Company.

The following paragraphs do not comment on how the tax position of any person who is a Shareholder who holds excessive rights in the Company, which in accordance with Chapter 6 Part 12 Corporation Tax Act 2009 is generally a Shareholder with at least a 10 per cent. interest in the Ordinary Shares and distributions thereon.

### **(C) UK taxation of Non-PID Dividends**

Non-PID Dividends paid by the Company will be taxed as ordinary corporate dividends.

Dividends received by an individual Shareholder resident in the UK for the purposes of taxation will be taxed at either the dividend ordinary rate (currently 10 per cent.), the dividend upper rate (currently 32.5 per cent.) or the dividend additional rate (currently 37.5 per cent.), depending on the individual's total taxable income for the tax year in question.

Individual Shareholders resident in the UK for taxation purposes (other than individuals taxable on the remittance basis of taxation) can obtain a tax credit (equal to one ninth of the cash amount of the dividend paid) attaching to dividends received, resulting in effective tax rates of 0 per cent., 25 per cent. and approximately 30.6 per cent. respectively, depending on the level of taxable income of the Shareholder.

It will not be possible for Shareholders to claim repayment of the tax credit in respect of dividends.

UK resident corporate Shareholders (other than dealers and certain insurance companies) are not liable to corporation tax or income tax in respect of UK dividends provided that the dividends are exempt under Part 9A of the Corporation Tax Act 2009.

### **(E) UK taxation of PIDs**

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

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are individuals as the profit of a single UK property business (as defined in section 264 of the Income Tax (Trading and Other Income) Act 2005). A PID is, together with any property income distribution from any other REIT company, 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 any 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. No dividend tax credit will be available in respect of PIDs. However, the basic rate of income tax (currently 20 per cent.) will be withheld by the Company (where required) on the PID. Please see below for further detail regarding withholding tax.

#### *(b) UK taxation of corporate Shareholders*

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are within the charge to UK corporation tax as profits of a property business (as defined in Part 4 of the Corporation Tax Act 2009 ("Part 4 property business")). A PID is, together with any property income distribution from any other company to which Part 4 of the Corporation Tax Act 2009 applies, treated as a separate Part 4 property business from any other Part 4 property business (a "different Part 4 property business") carried on by the relevant Shareholder. This means that any surplus expenses from a Shareholder's different Part 4 property business cannot be offset against a PID as part of a single calculation of the Shareholder's Part 4 property business profits.

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

Where a Shareholder who is resident for tax purposes 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.

(d) *Withholding tax*

(i) *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 gross amount of the PID, the amount of tax withheld, and the net amount of the PID.

(ii) *Shareholders resident in the UK*

Where tax has been withheld at source by the Company, Shareholders who are individuals may, depending on their particular circumstances, either be liable to further UK income tax on their PID at their applicable marginal income tax rate, incur no further UK tax liability on their PID, or be entitled to claim repayment of some or all of the UK income tax withheld on their PID.

Corporate Shareholders who are resident for tax purposes in the UK will generally be liable to pay UK corporation tax on their PID and if (exceptionally) income tax is withheld at source, the tax withheld can be set against their liability to UK corporation tax or against any income tax which they themselves are required to withhold in the accounting period in which the PID is received.

(iii) *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 for a PID to be paid by the Company gross or subject to withholding at a reduced tax rate. The right of a Shareholder to claim the repayment of any part of the UK income tax withheld from a PID will depend on the existence and terms of any double taxation convention between the UK and the country in which the Shareholder is resident for tax purposes.

(iv) *Exceptions to requirement to withhold income tax*

In certain circumstances the Company is not 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, or a charity or a company resident for tax purposes outside the UK with a permanent establishment in the UK which is required to bring the PID into account in computing its chargeable profits. In addition, the exceptions also apply where the Company reasonably believes that the PID is paid to the scheme administrator of a registered pension scheme, the sub-scheme administrator of certain pension sub-schemes, the account manager of an Individual Savings Account (ISA), the plan manager of a Personal Equity Plan (PEP), or the account provider for a Child Trust Fund, in each case, provided the Company reasonably believes that the PID will be applied for the purposes of the relevant fund, scheme, account or plan.

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.

**(F) UK taxation of chargeable gains in respect of Ordinary Shares in the Company**

Any gain on disposal (by sale, transfer or redemption) of Ordinary Shares by Shareholders resident in the UK for taxation purposes will be subject to capital gains tax in the case of an individual Shareholder, or UK corporation tax on chargeable gains in the case of a corporate Shareholder.

Individuals may have gains reduced by annual exemptions (£11,100 for 2015/2016) or allowable losses, whereas companies subject to UK corporation tax may have their gains reduced by indexation allowance but this allowance will not create or increase an allowable loss.

Capital gains made by an individual in excess of the annual exemption will be chargeable to capital gains tax at the current rates of capital gains tax of 18 per cent. for individual Shareholders

who are chargeable to UK income tax at the basic rate and 28 per cent. for individual Shareholders taxable at the additional or higher rate of income tax,

A Shareholder who is an individual resident in the UK and who is not domiciled in the UK who makes gains on the disposal of Ordinary Shares where the proceeds are not remitted to the UK may benefit from the remittance basis of UK taxation. Such individuals should consult their own tax advisers concerning their UK tax liability.

Corporate shareholders who are resident in the UK for tax purposes will typically be subject to UK corporation tax (currently at the rate of 20 per cent.) on any chargeable gains.

#### **(G) UK stamp duty and UK stamp duty reserve tax (“SDRT”)**

The following comments are intended as a guide to the current general stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules apply. No UK stamp duty or SDRT will be payable on the issue of the Ordinary Shares. UK stamp duty (at the rate of 0.5 per cent. of the amount of the value of the consideration for the transfer rounded up where necessary to the nearest £5) is payable on any instrument of transfer of Ordinary Shares executed within, or in certain cases brought into, the UK. Provided that the Ordinary Shares are not registered in any register of the Company kept in the UK, any agreement to transfer Ordinary Shares should not be subject to UK stamp duty or SDRT.

#### **ISAs, SSASs and SIPPs**

The Ordinary Shares will be a qualifying investment for the stocks and shares component of an ISA, provided they are acquired by an ISA plan manager pursuant to the Offer.

Shares in equities listed on the Main Market, such as the Company, only qualify for the purposes of an ISA where the investments of the REIT themselves continue to meet certain tests laid down by law. The intention of the Directors is to manage the Company in a way which will allow the Ordinary Shares to continue to qualify as ISA investments.

For the 2015/2016 tax year ISAs will have a subscription limit of £15,240) all of which can be invested in stocks and shares.

In addition, the Company expects that, the Ordinary Shares in the Company will be eligible for inclusion in a Small Self Administered Scheme (SSAS) or a Self Invested Personal Pension (SIPP).

If you are in any doubt as to your tax position or the eligibility of the Ordinary Shares in your ISA, SSAS or SIPP you should consult your professional adviser.

## PART VIII

### GENERAL INFORMATION

#### 1. General

- 1.1. The Company was incorporated and registered in England and Wales on 17 June 2014 and is a public company limited by shares, with registered number 9090446. The Company operates under the Act (and the regulations from time to time made thereunder). Its registered office is at Broadgate Tower, 20 Primrose Street, London EC2A 2EW and its principal place of business is at 39 George Street, Edinburgh EH2 2HN (telephone number: +44(0)131 225 5599). The Company is tax resident in the UK. Save for its compliance with the Act (and the regulations from time to time made thereunder), the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules, the Company is not an authorised or regulated entity.
- 1.2. The Property Subsidiary is a private limited company and was incorporated and registered in England and Wales with the registered number 09106328 on 27 June 2014. The Property Subsidiary operates under the Act (and the regulations from time to time made thereunder). Its registered office is at Broadgate Tower, 20 Primrose Street, London EC2A 2EW and its principal place of business is at 39 George Street, Edinburgh EH2 2HN (telephone number: +44(0)131 225 5599). Save for its compliance with the Act (and the regulations from time to time made thereunder), the Property Subsidiary is not an authorised or regulated entity. The Property Subsidiary is a wholly owned subsidiary of the Company. The Property Subsidiary has an issued share capital of £91,200,001 divided into 91,200,001 ordinary shares of £1.00 each of which is fully paid and beneficially held by the Company. The directors of the Property Subsidiary are the same as the Company. The articles of association of the Property Subsidiary provide the Company, as its sole shareholder, with full control over the Property Subsidiary including the right to remove the board of directors of the Property Subsidiary.
- 1.3. The Manager is a private limited company and was incorporated in Jersey under the Companies (Jersey) Law, 1991 on 21 March 2007 with the registered number 42576. The Manager operates under the Law and has an indefinite life. Its registered office is at Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW. The Manager is authorised and regulated by the Jersey Financial Services Commission.
- 1.4. The Investment Adviser is a private limited company and was incorporated and registered in England and Wales with the registered number 04910369 on 24 September 2003. The Investment Adviser operates under the Act (and the regulations from time to time made thereunder). Its registered office is at Broadgate Tower, 20 Primrose Street, London EC2A 2EW and its principal place of business is 39 George Street, Edinburgh EH2 2HN (telephone number: +44(0)131 225 5599). The Investment Adviser is not an authorised or regulated entity.
- 1.5. The Administrator is a private limited company and was incorporated in England and Wales under the Act with the registered number 07777299 on 16 September 2011. The Administrator operates under the Act. Its registered office is 6 New Street Square, New Fetter Lane, London EC4A 3AQ. The Administrator's place of business is situated at 15-19 York Place, Edinburgh EH1 3EB (telephone number: +44(0)131 524 6140).
- 1.6. The Valuer is a limited liability partnership and was incorporated in England and Wales under the Limited Liability Partnership Act 2000 with the registered number OC305934 on 3 November 2003. The Valuer operates under the Limited Liability Partnership Act 2000 and the Act (as it applies to limited liability partnerships). Its registered office and principal place of business is at 55 Baker Street, London W1U 8AN (telephone number: +44(0)207 629 8171).

#### 2. Share capital

- 2.1. The issued share capital of the Company (all of which will be fully paid-up) as at the date of this document and immediately following the Issues (on the assumption that 150 million New Shares are issued pursuant to the Issues) will be as follows:

	<i>No. of Shares</i>	<i>Nominal Value</i>
<b><i>As at the date of this document</i></b>		
Ordinary shares	95,000,000	£950,000
<b><i>Immediately following the Issues</i></b>		
Ordinary Shares	245,000,000	£2,450,000

2.2. As at the date of this document the Company has no authorised share capital. At incorporation, the issued share capital of the Company consisted of 50,000 Ordinary Shares of 1p each in the capital of the Company, which were issued to the subscribers to the Company's memorandum of association and Articles.

2.3. Save for the subscription of Ordinary Shares referred to above and the issue of 94,950,000 Ordinary Shares on 27 October 2014, there have been no changes to the issued share capital of the Company since the date of incorporation of the Company.

On 30 September 2014 the issued share capital of the Company was 50,000 Ordinary Shares.

2.4. No share or loan capital of the Company has been issued or agreed to be issued or, save in connection with the Issues, is not proposed to be issued, for cash or any other consideration and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital.

2.5. No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

2.6. The Company has authority to make market purchases of up to 14,240,500 Ordinary Shares (being approximately 14.99 per cent. of the number of Ordinary Shares in issue as at 24 March 2015 being the date on which such authority was granted by special resolution) in compliance with the Act. The Company may retain any shares so purchased as treasury shares for future re-issue and re-sale or transfer or may cancel any such shares.

2.7. As at 19 June 2015 (being the latest practicable date prior to the date of this document) the Company did not hold any Ordinary Shares in treasury and no Ordinary Shares were held by or on behalf of the Company itself or by subsidiaries of the Company.

2.8. A total number of up to 150 million New Shares are being issued pursuant to the Issues. Fractions of New Shares will not be issued.

2.9. It is expected that the New Shares issued pursuant to the Initial Placing and Offer will be admitted to the Official List and to trading on the Main Market of the London Stock Exchange on 10 July 2015. No dealings will commence before this date.

2.10. The Ordinary Shares issued pursuant to the Issues will be in registered form and will be capable of being held in certificated form and settled through CREST. It is expected that definitive certificates, if applicable, will be posted to allottees within 14 days of the allotment and issue of shares. Temporary documents of title will not be issued. The ISIN number for the New Shares is GB00BNGMZB68.

2.11. Canaccord Genuity Limited act as market maker in respect of the Ordinary Shares and have agreed to act as market maker in respect of the New Shares.

### **3. Share capital authorities**

3.1. At the Annual General Meeting held on 24 March 2015, the Directors were authorised as follows:

- (i) generally and unconditionally pursuant to section 551 of the Act, to allot Shares up to an aggregate nominal amount of £95,000 (such authority to expire at the conclusion of the Company's next annual general meeting or on the expiry of 15 months from the passing of the resolution, whichever is the earlier); and
- (ii) pursuant to sections 570 and 573 of the Act, to allot equity securities (as defined in section 560 of the Act) and to sell Shares held by the Company in treasury, wholly for cash pursuant to the authority noted in paragraph (i) above as if sub-section 561(1) of the Act

did not apply to any such allotment or sale, provided that this authority is to expire at the conclusion of the next annual general meeting of the Company or on the expiry of 15 months from the passing of the resolution, whichever is the earlier (but so that the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired) and is limited to the allotment of equity securities and the sale of treasury shares for cash up to an aggregate nominal amount of £95,000;

- (iii) the Company was authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693(4) of the 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 one pence. 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 18 months after the resolutions granting such authority were passed 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.

3.2. At the General Meeting to be held on 2 July 2015, the Directors are seeking the following authorities:

- (i) generally and unconditionally in addition to any existing authority and pursuant to section 551 of the Act, to allot Shares up to an aggregate nominal amount of £400,000 (such authority to expire at the conclusion of the Company's next annual general meeting or on the expiry of 15 months from the passing of the resolution, whichever is the earlier); and
- (ii) in addition to any existing authority and pursuant to sections 570 and 573 of the Act, to allot equity securities (as defined in section 560 of the Act) and to sell Shares held by the Company in treasury, wholly for cash pursuant to the authority noted in paragraph (i) above as if sub-section 561(1) of the Act did not apply to any such allotment or sale, provided that this authority is to expire at the conclusion of the next annual general meeting of the Company or on the expiry of 15 months from the passing of the resolution, whichever is the earlier (but so that the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired) and is limited to the allotment of equity securities and the sale of treasury shares for cash up to an aggregate nominal amount of £400,000.

3.3. It is expected that the New Shares in relation to the Initial Placing and Offer will be issued pursuant to a resolution of the Board on or around 9 July 2015 conditional upon Admission.

#### **4. Related party transactions**

Save for the deeds of indemnity entered into by the Company with the Directors, the Management Agreement and the Investment Adviser Agreement (described in paragraphs 6.6, 8.2 and 8.3 of this Part VIII respectively) the Company was not a party to, nor had any interest in, any related party transaction (as defined in the Standards adopted according to the Regulation (EC) No 1606/2002) at any time during the financial period to 30 September 2014 in respect of which the Company has published statutory accounts or during the period from 1 October 2014 to the date of this document.

#### **5. Summary of the Articles**

The Articles were adopted on 11 July 2014 by way of a special resolution and contain provisions, *inter alia*, to the following effect.

#### 5.1. **Objects**

The Company's memorandum of association and Articles do not limit the objects of the Company.

#### 5.2. **Votes of members**

Subject to the rights or restrictions referred to in paragraph 5.3 below, and subject to any special rights or restrictions as to voting for the time being attached to any shares, on a show of hands (a) every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative shall have one vote; and (b) every proxy appointed by a member shall have one vote save that every proxy appointed by one or more members to vote for the resolution and by one or more other members to vote against the resolution, has one vote for and one vote against.

#### 5.3. **Restrictions on voting**

Unless the Board otherwise decides, a member of the Company shall not be entitled to vote, either in person or by proxy, at any general meeting of the Company in respect of any share held by him unless all calls and other amounts presently payable by him in respect of that share have been paid.

A member of the Company shall not, if the Directors determine, be entitled to be present or to vote at general meetings of the Company or to exercise any other rights of membership if he, or another person appearing to be interested in the relevant shares, has failed to comply with a notice requiring disclosure of interests in shares given under Article 18 of the Articles within seven days.

#### 5.4. **Dividends**

The Company may, by ordinary resolution, declare a dividend to be paid to the members, according to their respective rights and interests in the profit. The Board may pay such interim dividends as appear to the Board to be justified by the financial position of the Company. No dividend or other monies payable by the Company on or in respect of any shares in the Company shall bear interest as against the Company unless otherwise provided by the rights attaching to such shares.

The Directors may, if authorised by an ordinary resolution of the Company, offer the holders of any particular class of shares in the Company the right to elect to receive further shares (whether or not of that class), credited as fully paid, instead of cash in respect of all or part of any dividend specified by the ordinary resolution.

The Company or the Board may fix a date as the record date by reference to which a dividend will be declared or paid or a distribution, allotment or issue made, and that date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared.

A dividend unclaimed for a period of ten years after having been declared or became due for payment shall be forfeited and cease to remain owing by the Company.

#### 5.5. **Return of capital**

If the Company is in liquidation, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law, divide among the members 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 members or different classes of members. The liquidator may, with the same sanction, vest the whole or any part of the assets in trustees on trusts for the benefit of the members as the liquidator, with the same sanction, thinks fit but no member shall be compelled to accept any assets on which there is any liability.

#### 5.6. **Variation of rights**

Any rights attaching to a class of shares in the Company may be varied in such manner (if any) as may be provided by those rights or with the written consent of the holders of three-fourths in number of the issued shares of that 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 relevant class. The quorum for the separate general meeting shall be two persons holding, or representing by proxy, not less than one-third in number of the issued shares of the relevant class (excluding any shares of that class held as treasury shares).

#### **5.7. Issue of Shares**

Subject to the provisions of the Act and the Articles relating to authority, pre-emption rights and otherwise and any resolutions passed by the Company, all unissued shares are at the disposal of the Directors and they may allot, grant options over or otherwise of them to such persons, at such times and on such terms as they think proper, provided that no such share is issued at a discount to net asset value.

#### **5.8. Transfer of Shares**

Subject to the restrictions set out in this paragraph and at paragraph 5.13 below, any member may transfer all or any of his shares in the Company in any manner which is permitted by the Act or in any other manner which is from time to time approved by the Board.

The transferor is deemed to remain the holder of the shares concerned until the name of the transferee is entered in the register of members in respect of those shares. All transfers of uncertificated shares shall be made by means of the relevant system or in any other manner which is permitted by the Act and is from time to time approved by the Board.

The Directors have a discretion to refuse to register any transfer of a certificated share of any class which is not fully paid provided that, where any shares are admitted to the Official List or to trading on AIM, this does not prevent dealings in the shares of that class from taking place on an open and proper basis. The Directors may also decline to register any transfer of shares in certificated form unless (a) the instrument of transfer, duly stamped, is deposited at the office of the Company or such other place as the Board may appoint, accompanied by the certificate for the shares to which it relates if such a certificate has been issued, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and (b) the transfer is in respect of only one class of shares and is in favour of no more than four transferees.

The Directors may, pursuant to the provisions of the Articles relating to disclosure of interests, decline to register a transfer in respect of shares which are the subject of a notice under paragraph 5.13 and in respect of which the required information has not been received by the Company within seven days after service of the notice.

The registration of transfers of shares or of transfers of any class of shares may be suspended at such times and for such periods as the Directors may determine.

In respect of any allotment of any share the Directors shall have the same right to decline to approve the registration of any renounee of any allottee as if the application to allot and the renunciation were a transfer of a share under the Articles.

Save as aforesaid and as set out at paragraph 5.13 below, the Articles contain no restrictions as to the free transferability of fully paid shares.

#### **5.9. Alteration of capital and purchase of shares**

The Company may alter its share capital in any way that is permitted by the Statutes (as defined in the Articles).

#### **5.10. General meetings**

##### ***Annual General Meetings***

The Company shall in each calendar year hold a general meeting as its annual general meeting at such time and place as may be determined by the Directors.

### ***Convening of general meetings***

All meetings, other than annual general meetings, shall be called general meetings. The Board may convene a general meeting whenever it thinks fit. The Board shall comply with the provisions of the Act regarding the giving and the circulation, on the requisition of members, of notices of resolutions and of statements with respect to matters relating to any resolution to be proposed or business to be dealt with at any general meeting of the Company.

### ***Notice of general meetings***

An annual general meeting shall be convened on not less than twenty one clear days' notice in writing. Subject to the Act, all other general meetings shall be convened on not less than fourteen clear days' notice in writing.

Every notice shall specify the place, the day and the time of the meeting and the general nature of the business to be transacted, any special business to be put to the meeting, the address of the website where information relating to the meeting is available, the Record Date (as defined in the Articles), any procedures on attendance and voting and an explanation of members' rights to requisition resolutions in accordance with the Act.

Subject to the provisions of the Act and the Articles, and to any restrictions imposed on any shares, notice of every general meeting shall be given to all members, to all persons entitled to a share in consequence of the death, bankruptcy or incapacity of a member, to the auditors (if any) and to every Director.

### ***Quorum***

No business shall be transacted at any general meeting, except the adjournment of the meeting, unless a quorum of members is present at the time when the meeting proceeds to business.

A quorum of members shall consist of not less than two members present in person or by proxy (or by a duly authorised corporate representative).

If within fifteen minutes from the time appointed for the holding of a general meeting a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, it shall stand adjourned to a day seven clear days after the original meeting (or, if that day is not a business day, to the next business day) and the same time and place, as the original meeting, or to such later business day, and at such other time and place, as the original meeting and if at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting, the members present shall be a quorum and may transact the business for which the meeting was called.

### ***Chairman***

At each general meeting, the chairman of the Board or, if he is absent or unwilling, the deputy chairman (if any) of the Board or (if more than one deputy chairman is present and willing) the deputy chairman who has been longest in such office or, if no deputy chairman is present and willing, then one of the other Directors who is appointed for the purpose by the Board or (failing appointment by the Board), by the members present, shall preside as chairman of the meeting, but if no Director is present within five minutes after the time appointed for holding the meeting or, if none of the Directors present is willing to preside, the members present and entitled to vote shall choose one of their number to preside as chairman of the meeting.

### ***Directors entitled to attend and speak***

Whether or not he is a member, a Director shall be entitled to attend and speak at any general meeting, of the Company and at any separate general meeting of the holders of any class of shares of the Company.

### ***Adjournment***

With the consent of any meeting at which a quorum is present, the chairman of the meeting may (and if so directed by the meeting shall) adjourn the meeting either indefinitely or to another time or place.

In addition, the chairman of the meeting may at any time, without the consent of the meeting, adjourn the meeting (whether or not it has commenced or a quorum is present) either indefinitely or to another time and place if, in his opinion, it appears to him that (a) the member, proxies and corporate representatives wishing to attend cannot be conveniently accommodated in the place appointed for the meeting; (b) the conduct of persons present prevents or is likely to prevent the orderly continuation of business; or (c) an adjournment is otherwise necessary so that the business of the meeting may be properly conducted.

When a meeting is adjourned indefinitely the time and place for the adjourned meeting shall be fixed by the Board. No business shall be transacted at any adjourned meeting except business which might properly have been transacted at the meeting had the adjournment not taken place.

When a meeting is adjourned for three months or more, or indefinitely, notice of the adjourned meeting shall be given as in the case of an original meeting. Except where the Articles or the Act otherwise require, it shall not be necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting.

#### ***Method of voting and demand for poll***

At a general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless (before or immediately after the declaration of the result of the show of hands or on the withdraw of any other demand for a poll) a poll is demanded by:

- (a) the chairman of the meeting;
- (b) at least two members having the right to vote on the resolution; or
- (c) a member or members representing in aggregate not less than 10 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 any shares in the Company held as treasury shares),

and a demand for a poll by a person as proxy for a member shall be as valid as if the demand were made by the member himself.

#### ***Taking a poll***

If a poll is demanded (and the demand is not withdrawn), it shall be taken in such manner as the Chairman shall direct and he may appoint scrutineers (who need not be members).

#### ***Proxies***

A proxy need not be a member of the Company and a member may appoint more than one proxy in relation to a meeting to attend and to speak and to vote on the same occasion provided that each proxy is appointed to exercise the rights attached to a different share or shares held by a member.

### **5.11. Directors**

#### ***Number***

Unless otherwise determined by ordinary resolution of the Company, the number of Directors (other than alternate directors) shall be not less than two but there shall be no maximum number of Directors. Each Director shall immediately inform the Board and the Company of any change potential or intended to his residential status for tax purposes.

#### ***Remuneration***

The Directors (other than any Director who for the time being holds an executive office of employment with the Company or a subsidiary of the Company) shall be paid out of the funds of the Company by way of remuneration for their services as Directors. The aggregate of such fees shall not exceed £200,000 per annum (or such larger sum as the Company may, by ordinary resolution, determine) as the Directors may decide to be divided among them in such proportion and manner as they may agree or, failing agreement, equally. Any fee payable to the Directors

under the Articles shall be distinct from any remuneration or other amounts payable to a Director under other provisions of the Articles and shall accrue from day to day.

The Directors may be paid reasonable travelling, hotel and other expenses properly incurred in connection with the exercise of their powers and discharge of their duties as Directors including expenses incurred in travelling to and from meetings of the Board, committee meetings, general meetings and separate meetings of the holders of any class of securities of the Company.

#### ***Periodic retirement of Directors***

At each annual general meeting, any Director who has been appointed by the Board since the previous annual meeting shall retire from office. Each Director shall retire from office at the third annual general meeting after the annual general meeting at which he was last elected.

A Director appointed to any executive office or employment shall automatically cease to hold that office if he ceases to be a Director.

#### ***Directors' interests***

A Director shall not be entitled to vote on a resolution (or attend or count in the quorum at those parts of a meeting regarding such resolution) relating to a transaction or arrangement with the Company in which he is interested, save where the other Directors resolve that the Director concerned should be entitled to do so where they are satisfied that the Director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest or save in any of the following circumstances:

- (a) the giving of any guarantee, security or indemnity in respect of (i) money lent or obligations incurred by such Director or by any other person at the request of or for the benefit of the Company (or any of its subsidiary undertakings) or in respect of (ii) a debt or obligation of the Company (or any of its subsidiary undertakings) for which such Director has assumed responsibility, in whole or in part, under a guarantee or an indemnity or by the giving of security;
- (b) any contract concerning an offer of shares, debentures or other securities of or by the Company (or any of its subsidiary undertakings) for subscription or purchase in which offer such Director is or may be entitled to participate as a holder of securities or such Director is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- (c) any contract in which such Director is interested by virtue of his interest in shares, debentures or other securities of the Company or otherwise in or through the Company;
- (d) any contract concerning any other company in which such Director is interested, directly or indirectly, in one per cent. or more either of its equity share capital or of its voting rights;
- (e) any contract relating to an arrangement for the benefit of the employees of the Company (or any of its subsidiary undertakings) which does not award such Director any privilege or benefit not generally awarded to the employees to whom the arrangement relates;
- (f) any contract concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to both Directors and employees of the Company and/or any of its subsidiary undertakings;
- (g) any contract concerning the adoption, modification or operation of an employees' share scheme; and
- (h) any proposal concerning the purchase or maintenance of insurance for the benefit of persons including Directors.

Subject to the Statutes and to the interest of a Director being duly declared, a contract entered into by or on behalf of the Company in which any Director is any way interested shall not be avoided nor shall any Director be liable to account to the Company for any benefit realised as a result of the contract.

A Director shall not vote, or be counted in the quorum at a meeting, in respect of any resolution concerning his own appointment (including fixing or varying its terms), or the termination of his own appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested.

Where proposals are under consideration concerning the appointment (including fixing or varying its terms) or the termination of the appointment of two or more Directors to offices or places of profit with the Company or any other company which the Company is interested, a separate resolution may be put in relation to each Director and in that case, each Director concerned (if not otherwise debarred from voting) is entitled to vote.

#### ***Authorisation of conflicts of interest***

Where a situation occurs or is anticipated to occur which gives rise or may give rise to a conflict of interest (excluding a conflict of interest arising in relation to a transaction or arrangement with the Company) on the part of any Director ("Conflicted Director") (other than a situation which cannot reasonably be regarded as likely to give rise to a conflict of interest), the matter shall be referred to the Directors other than the Conflicted Director (the "Non-Conflicted Directors").

The Non-Conflicted Directors shall meet to consider the matter as soon as possible after the matter is referred to them and they have received all relevant particulars relating to the situation. The quorum for a meeting of the Non-Conflicted Directors shall be the same as for a meeting of the Board.

The Non-Conflicted Directors have authority to authorise any matter which gives rise to the conflict of interest concerned on such terms as they think fit.

The Board may exercise all the powers of the Company to pay, provide or procure the grant of pensions or other retirement or superannuation benefits and death, disability or other benefits, allowances or gratuities to any person who is or who has at any time a director of the Company or of any Associated Company (as defined in the Articles) or in the employment or service of the Company or any Associated Company or of the predecessors in business of the Company or any Associated Company (or the relatives or dependants of any such person).

#### ***General powers***

Subject to the Act, the Articles and to any directions given to the Company at the general meetings by special resolution, the Directors shall manage the Company's business and can use all the Company's powers. The business of the Company shall be managed by the Board which may exercise all the powers of the Company, subject to the provisions of the Act and the Articles. No special resolution or alteration of the Articles shall invalidate any prior act of the Board which would have been valid if the resolution had not been passed or alteration had not been made.

#### ***Borrowing powers***

The Directors may exercise all the Company's powers to borrow money, to mortgage or charge all or any of the Company's undertaking, property and assets (present and future) and uncalled capital, to issue debentures and other securities and to give security for any debt, liability or obligation of the Company or of any third party. The Directors will limit the total borrowings of the Company and its subsidiary undertakings and holding companies (if any) to ensure that the total amount of the group's borrowings does not exceed, at the time such borrowings are incurred, 50 per cent. of the gross assets of the group.

#### ***Indemnity of officers***

Insofar as the Act allows, each current or former officer of the Company shall be indemnified out of the assets of the Company against any loss or liability incurred by him by reason of being or having been such an officer.

The Board may, without sanction of the Company in general meeting, authorise the purchase or maintenance by the Company for any officer or former officer of the Company of any such insurance as is permitted by the Act in respect of any liability which would otherwise attach to such officer or former officer.

### **Board meetings**

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit.

### **Quorum**

The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two. Subject to the provisions of the Articles, any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of the Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

### **Voting**

Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.

#### **5.12. CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted, and accordingly enabled for settlement in CREST, as soon as practicable after Admission has occurred.

#### **5.13. REIT Status**

##### **(a) Cardinal Principle**

The Articles provide that it is a cardinal principle that, for so long as the Company qualifies as a REIT or is the principal company of a group UK real estate investment trust (a "Group REIT") for the purposes of Part 12 of the CTA 2010, the Company or no member of the Group REIT should not be liable to pay tax under section 551 of the CTA 2010 on or in connection with a Distribution.

##### **(b) Notification of Substantial Shareholder and other Status**

Every member and any other relevant person who is or becomes a Substantial Shareholder or a Relevant Registered Shareholder must notify the Company on becoming a Substantial Shareholder.

The Directors may, by serving written notice, require a person to provide the Company with such information as they require to assess whether that person is a Substantial Shareholder or a Relevant Registered Shareholder or in order to comply with any reporting obligation within a set period as specified by the Board in the written notice.

##### **(c) Distributions in respect of Substantial Shareholdings**

The Directors may withhold payment of a Distribution on or in respect of any shares in the Company on the condition that:

- (i) they believe that such shares are shares by virtue of which (in whole or in part) the member is a Substantial Shareholder; and
- (ii) they are not satisfied that such Substantial Shareholder would not be beneficially entitled to the Distribution if it was paid.

A Distribution so withheld may subsequently be paid on the following basis:

- (i) if the Directors are satisfied that the conditions for withholding payment summarised in the above paragraph are not satisfied then the whole amount of the Distribution withheld shall be paid; and
- (ii) 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 a Substantial Shareholding then 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

- (iii) if the Directors are satisfied that as a result of a transfer of interests in shares referred to in paragraph (ii) above the remaining shares no longer form part of a Substantial Shareholding the Distribution attributable to such shares shall be paid.

In addition the Directors may also withhold payment of a Distribution if any person fails to satisfactorily comply with a notice given by the Directors as referred to in paragraph (b) within the period specified in the notice. Such a Distribution so withheld may be paid upon the relevant person satisfactorily complying with the notice.

A Substantial Shareholder may satisfy the Directors that he is not beneficially entitled to a Distribution by means of a certification procedure.

**(d) Excess Charge**

If a Distribution is paid on a Substantial Shareholding and an Excess Charge becomes payable then the Substantial Shareholder shall pay the amount of any such Excess and all costs and expenses Charge incurred by the Company in connection with the recovery of such amount.

**(e) Distribution Trust**

Any Distribution paid on or in respect of a Substantial Shareholding (except where the Substantial Shareholder is not entitled to the Distribution) and any income arising from it shall be held by the person to whom the Distribution is made or by another recipient of the Distribution is in trust for the persons nominated by the relevant Substantial Shareholder in accordance with the Articles, or if no such nominations is made within 12 years after the date the Distribution is made, for the Company or such persons or charity as may be nominated by the Directors from time to time.

**(f) Obligation to Dispose**

If the Directors believe that:

- (i) in respect of any Distribution declared or announced, the condition set out in paragraph (c) is satisfied in respect of any shares in the Company in relation of that Distribution;
- (ii) a notice given by the Directors pursuant to paragraph (b) in relation to any shares in the Company has not been complied with to the satisfaction of the Directors within the period specified in such notice; or
- (iii) any information, certificate or declaration provided by a person in relation to any shares in the Company was materially inaccurate or misleading

then the Directors may by notice in writing require any person they believe to be holding all or part of a Substantial Shareholding to dispose, within 21 days of the date of service of the notice from the Directors, of such number of shares and to take such other steps as will cause the condition set out in paragraph (c) to be satisfied by notice in writing (a "Disposal Notice").

Any sale made as a result of a Disposal Notice shall be at the price which the Directors consider to be the best price reasonably obtainable. The net proceeds of the sale (less any amount to be retained pursuant to paragraph (d) above and at the expense of sale) shall be paid to the former holder or holders of the relevant share. Further provisions allow for the Directors to arrange for shares to be sold if the Disposal Notice is not complied with or in circumstances where an Excess Charge (as mentioned in paragraph (d) above) become payable.

**(g) General**

The Directors are not 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) and any such determination or decision is to 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 the Articles in connection with the Company's REIT Status shall be binding on all persons and shall not be open to challenge on any ground whatsoever.

The Directors may from time to time require 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 information, certificates or declarations as they may require to establish whether such person is so entitled.

## **6. Directors and their interests in Shares**

- 6.1. The aggregate of the remuneration to be paid and benefits in kind granted to the Directors by the Group for the financial year ending 30 September 2015 will not exceed £150,000.
- 6.2. All of the Directors are non-executive directors. None of the Directors have service contracts with the Company. Each of William Hill, Robin Archibald and Robert Dick have entered into a letter of appointment with the Company dated 27 June 2014. The current period of service for each Director expires at the annual general meeting of the Company to be held in 2018, subject to renewal at that time. The Company has the right to terminate each appointment without compensation if the relevant Director is required to vacate office in accordance with the Articles and/or the Act and, subject thereto, the letters of appointment do not contain any contractual provisions regarding the compensation which would be payable upon early termination by the Company. None of the Directors receive any pension benefits from the Company, nor do they participate in any bonus or incentive schemes. Accordingly, there are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits to the Directors. The Directors did not receive any fees for their services during the period from the Company's incorporation to 30 September 2014. Ratan Engineer received £14,564 for his services as Chairman of the Company up to 13 April 2015, prior to his death after a short illness. On 13 April 2015, William Hill assumed the role of Chairman of the Company. The fees payable to the Directors in respect of the period to 30 September 2015 are £40,000 per annum to William Hill, the Chairman, £35,000 per annum to Robert Dick, the Chairman of the Audit Committee and £30,000 per annum to Robin Archibald. The fees are reviewed annually and may be increased in line with usual market rates. The Company also pays insurance premiums in respect of directors' and officers' insurance taken out on behalf of the Directors.
- 6.3. The total emoluments payable to the Directors will not be varied in consequence of the Issues.
- 6.4. No Director has any interest in any transactions which are or were unusual in their nature or conditions or significant to the business of the Group and which were effected by any member of the Group since its date of incorporation or remain in any respect outstanding or unperformed.
- 6.5. No loan or guarantee has been granted or provided by any member of the Group for the benefit of any Director.
- 6.6. The Company has entered into deeds of indemnity in favour of each of the Directors. The deeds of indemnity give each Director the benefit of an indemnity out of the assets and profits of the Company to the extent permitted by the Act and subject to certain limitations against liabilities incurred by each of them in the execution of their duties and exercise of the powers as Directors of the Company.
- 6.7. As at the date of this document, other than as disclosed in paragraph 6.8 below, there are no interests of any Director, including any connected persons of any Director, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director whether or not held through another party, in the share capital of the Company or any options in respect of such capital.

6.8. The Directors do not have any options over Shares. As at the date of this document, the Directors have the following numbers of Ordinary Shares all of which are beneficially held:

	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
Robin Archibald	15,000	0.015%
Robert Dick	10,000	0.010%
William Hill	15,000	0.015%

6.9. Details of those companies and partnerships of which the Directors have been directors or partners at any time within the previous five years ended on the date of this document:

	<i>Current directorships/ partnerships</i>	<i>Previous directorships/ partnerships</i>
Robin Archibald	Albion Technology & General VCT plc Capital Gearing Trust PLC StockBridge Advisers Limited Stewart Ivory Financial Education Trust	Albion Income & Growth VCT plc
Robert Dick	—	Richmond Homes (Scotland) Ltd Scottish Love In Action
William Hill	Chartered Surveyors Training Trust Mayfair Capital Investment Management Limited William Hill Consulting Ltd	Bracknell General Partner Limited Cardington Hangar Limited CDC Craig Limited Columbus UK Founder (Scotland) GP Limited Columbus UK Founder GP Limited Columbus UK GP Limited Columbus US Feeder (Scotland) GP Limited Columbus US Feeder GP Limited Croydon Limited Croydon-Gateway Development Company Limited Croyden Gateway GP Limited Croyden Gateway Investments Limited Ediston International Holdings Limited Ediston Properties Limited Gresham (GP) Limited Gresham II (Peterborough) Limited Gresham II (Stockley Park) Limited Gresham II (Thames Quay) Limited Gresham II Founder GP Limited Gresham II GP Limited Motherwell (GP) Limited Real Neunzehnte Verwaltungsgesellschaft mbH Schroder EuroLogistik Fonds GmbH & Co. KG Schroder Italien fonds Verwaltungs GmbH Schroder Property Investment Management (France) Sarl

	<i>Current directorships/ partnerships</i>	<i>Previous directorships/ partnerships</i>
William Hill (continued)		Schroder Property Investment Management (Italy) Srl Schroder Property Investment Management (Luxembourg) Sarl Schroder Property Investment Management GmbH Schroder Investment Management Limited Schroder Property Kapitalanlagegesellschaft mbH Schroder Property Managers (Jersey) Limited Schroder Property Services B.V. Schroders Corporate Secretary Limited SPIM Holdings GmbH The New Bracknell Company Limited

6.10. As at the date of this document none of the Directors:

- (a) have been a member of any administrative, management or supervisory body or partner of any company or partnership at any time during the five years preceding the date of this document, save as disclosed in paragraph 6.9;
- (b) has had any convictions in relation to fraudulent offences for at least the previous five years;
- (c) save as disclosed in paragraph 6.11 below, has been associated with any bankruptcies, receiverships or liquidations when acting in the capacity of a member of the administrative, management or supervisory body or a partner of the companies and/or partnerships referred to in paragraph 6.9 above for at least the previous five years; or
- (d) has any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years (for this purpose "issuer" has the meaning ascribed to it by Appendix I to the Prospectus Rules).

6.11. Robin Archibald was a director of Albion Income and Growth VCT plc at the time the company was placed into members' voluntary liquidation pursuant to a special resolution passed by the Company's shareholders on 15 November 2013.

6.12. There are no potential conflicts of interest between any duties of the Directors to the Company and their private interests and/or other duties. All of the Directors are independent of the Manager and any other company in the same group of companies as the Manager. All of the Directors are independent of the Investment Adviser and any other company in the same group of companies as the Investment Adviser.

## 7. Substantial Share interests

- 7.1. As at 19 June 2015 (being the latest practicable date prior to publication of this document), the Company is aware of the following persons who would be interested in 3 per cent. or more of the issued share capital of the Company:

	<i>Number of Ordinary Shares</i>	<i>Percentage of current issued Ordinary Shares</i>
Investec Wealth & Investment Limited	22,488,356	23.67
Henderson Global Investors	15,000,000	15.78
Architas Multi-Manager Limited	9,000,000	9.47
AXA Investment Managers S.A.	8,000,000	8.42
Quilter Cheviot Limited	7,720,015	8.13
Baillie Gifford & Co	6,230,000	6.56
City of Bradford Metropolitan District Council	3,000,000	3.16

- 7.2. Save as described above, the Company is not aware of any person who is as at 19 June 2015 (being the latest practicable date prior to publication of this document) or, following the Issues, will be interested directly or indirectly in 3 per cent. or more of any class of issued share capital of the Company or of any person or persons who, following the Issues, will or could, directly or indirectly, jointly or severally, exercise control over the Company.
- 7.3. None of the major shareholders of the Company set out above have different voting rights from any other holder of Shares in respect of any Share held by them.

## 8. Material contracts

The following are the only contracts (not being contracts entered into in the ordinary course of business) which are, or may be, material to the Company:

- 8.1. A placing agreement dated 23 June 2015 between the Company, the Placing Agent and the Investment Adviser whereby the Placing Agent conditionally agrees to use its reasonable endeavours to procure places in the Initial Placing and Placing Programme. In consideration for its services the Placing Agent will be paid a commission on the proceeds of the Issues.

The Placing Agreement is conditional on, *inter alia*, Initial Admission. The Placing Agreement contains certain warranties and indemnities to be given by the Company and the Investment Adviser in favour of the Placing Agent. The Placing Agreement may be terminated in certain circumstances prior to the Initial Admission including by reason of *force majeure*.

- 8.2. The Company, the Property Subsidiary and the Manager have entered into a management agreement dated 16 October 2014 pursuant to which the Manager is appointed to act as the Company's AIFM.

The Manager's duties under the Management Agreement with regard to portfolio management include, *inter alia*, complying with the Company's investment policy and keeping the Group's assets under review and generally providing investment advice to the Group in connection with treasury management and money market funds.

The Manager has entered into the Investment Adviser Agreement with Ediston. Pursuant to the terms of the Investment Adviser Agreement, the Manager has delegated responsibility for sourcing acquisitions, identifying disposal opportunities and portfolio management services relating to the Group to Ediston, although the Manager's liability to the Company for all matters so delegated has not been affected thereby. The Manager has, and shall maintain, the necessary expertise and resources to supervise effectively those tasks delegated to the Investment Adviser.

Under the terms of the Management Agreement, the Manager is also responsible for obtaining and maintaining from the FCA or the Jersey Financial Services Commission all approvals necessary for the Manager to be appointed and continue to act as AIFM of the Company in accordance with the AIFMD; and is required to provide all such risk management services to the Company as are required by the AIFMD, including, *inter alia*, (i) the implementation of adequate

risk management systems to identify, measure, manage and monitor appropriately all risks relevant to the Company's investment strategy and to which the Company is or may be exposed, (ii) the implementation of an appropriate, documented and regularly updated due diligence process when the Group makes investments, (iii) ensuring that the risks associated with each investment position of the Company and their overall effect upon the Company's portfolio can be properly identified, measured, managed and monitored on an ongoing basis, including through the use of appropriate stress testing procedures, (iv) the establishment and implementation of quantitative and qualitative risk limits for the Company, taking into account all relevant risks and (v) reviewing the risk management systems at least annually and adapting them where necessary.

Under the terms of the Management Agreement, the Manager has agreed to act in good faith and with the reasonable skill and diligence expected of a competent and prudent Manager and to act in the best interests of the Company. The Management Agreement contains an unlimited indemnity in favour of the Manager against claims by third parties except to the extent that the claim is due to a breach by the Manager of the Management Agreement or to the negligence, wilful default or fraud of the Manager or any party to whom the Manager has delegated any of its functions.

The Management Agreement may be terminated immediately if, among others, the Manager is guilty of negligence, wilful default or fraud, is the subject of insolvency proceedings or there occurs a change of Key Manager under the Investment Adviser Agreement to which the Board has not given its prior consent. The Management Agreement may also be terminated immediately if Ediston is directly appointed as AIFM of the Company. The Management Agreement may be terminated by any party giving to the others not less than twelve months' written notice, which can be served at any time after the second anniversary of Original Admission. The Management Agreement further provides that the Company will pay to the Manager a fixed fee of £15,000 per annum plus an annual portfolio management fee of 0.95 per cent. per annum of the net assets of the Company provided that this fee shall be 0.75 per cent. per annum of the net assets of the Company that are above £250 million. The Manager has agreed that the portfolio management fee will be paid to the Investment Adviser.

- 8.3. The Company, the Manager and the Investment Adviser have entered into an investment adviser agreement dated 16 October 2014 pursuant to which the Manager has delegated portfolio management services relating to the Company to the Investment Adviser on the same terms as the Management Agreement. Since 5 May 2015 the subsidiary has not been a party to the Investment Adviser Agreement and has entered into the Subsidiary Investment Adviser Agreement with the Investment Adviser which has similar terms as the Investment Adviser Agreement. The Manager has the power to instruct the Investment Adviser and terminate the Investment Adviser Agreement with immediate effect when this is in the interests of investors.

In its capacity as investment adviser, the Investment Adviser is responsible for the property management of the assets of the Company including the sourcing of new real estate assets in the UK, the collection of rent and implementing the agreed property management strategy including maximising rental income at rent reviews, negotiating longer leases and the removal of tenant break options, instructing agents to re-let premises at lease expiries and where appropriate arranging for refurbishment to increase rental income or capital values as well as the day to day monitoring of the assets of the Company.

The Manager has agreed that its portfolio management fee described above in paragraph 8.2 will be paid to the Investment Adviser. During the refurbishment or development of properties it is customary to appoint a specialist third party adviser to manage such projects and pay to them project management fees in respect of such work. The Board may agree to appoint the Investment Adviser as a project manager if it considers it to be in the best interests of the Company to do so. For such work the Investment Adviser would receive an appropriate fee. To the extent any commissions arise from procuring insurance in respect of the properties held in the Company's portfolio, the Investment Adviser would not be entitled to retain such commissions.

- 8.4. The Company is a party to an administration and secretarial agreement with R&H Fund Services Limited dated 16 October 2014 pursuant to which the Administrator provides day-to-day

administration of the Company and acts as secretary and administrator to the Company including maintenance of accounts, preparing half yearly and annual accounts of the Company and calculating the Net Asset Value of the Shares based on information provided to the Administrator by the Investment Adviser.

A fixed fee of £80,000 per annum is payable by the Company to the Administrator. A further fee of 0.05 per cent. per annum of the total assets of the Company which exceeds £100 million, subject to a cap of £95,000 per annum, will be payable by the Company to the Administrator.

The Company will also reimburse the Administrator for disbursements and reasonable out of pocket expenses incurred by the Administrator on behalf of the Company.

The Administrator may delegate the whole or any part of its duties and responsibilities to an affiliate however such delegation does not affect the liability of the Administrator who shall remain at all times liable for the acts or omissions of its delegate as if such acts or omissions were its own.

The Administration and Secretarial Agreement can be terminated by the Company or the Administrator on six months' written notice.

The Administration and Secretarial Agreement may be terminated immediately if: (i) notice is given or filed in respect of the other party in relation to the appointment of an administrator, or a petition is presented or application made for an administration order; (ii) an order is made or a resolution passed to put the other party into liquidation (except a voluntary liquidation for the purpose of reconstruction, amalgamation or merger); (iii) the other party is unable to pay its debts as they fall due; (iv) a receiver is appointed to the undertaking of the other party or any part thereof; or (v) the parties agree.

- 8.5. The Property Subsidiary is a party to the Facility Agreement dated 6 May 2015, with Aviva (in various capacities including as lender) pursuant to which Aviva has agreed to make available a term loan facility of up to £40 million. Interest is payable by the Property Subsidiary at a fixed rate of 3.09 per cent. per annum for the duration of the loan. The Aviva Facility is repayable on 6 May 2015, although if an Event of Default (as defined in the Facility Agreement) occurred it would be repayable on demand by Aviva. The Facility Agreement contains standard events of default and covenants for a facility of this nature. The Aviva Facility is secured against the current assets of the Property Subsidiary.
- 8.6. The Company is a party to a Registrar Agreement with Computershare Investor Services PLC dated 16 October 2014 pursuant to which the Registrar provides share registrar services to the Company.

## **9. Investment restrictions**

In addition to those restrictions set out in Part I of this document and in accordance with the requirements of the Listing Rules, the Company complies with the investment restrictions set out below and will continue to do so for as long as they remain requirements of the UK Listing Authority:

- as required under Listing Rule 15.4.2, the Company will at all times invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with its published investment policy as set out on pages 36 to 37 of this document;
- in accordance with Listing Rule 15.2.3A, the Company (and its subsidiary undertaking) will not conduct any trading activity which is significant in the context of its group as a whole, but this rule does not prevent any businesses which may form part of the Company's investment portfolio from conducting trading activities themselves; and
- in addition, in order to comply with Listing Rule 15.2.5, the Company will not invest more than 10 per cent., in aggregate, of the value of its Total Assets (calculated at the time of any relevant investment) in other closed-ended investment funds admitted to the Official List (save to the extent that those closed-ended investment funds have stated investment policies to invest no more than 15 per cent, of their gross assets in such other closed-ended investment funds).

In the event of any material breach of the Company's investment policy or the investment restrictions applicable to the Company or the Group, Shareholders will be informed of the actions to be taken by the Company and/or the Manager (at the time of such breach) through an announcement via a Regulatory Information Service.

## **10. General**

- 10.1. It is expected that the total costs and expenses of and incidental to the Issues payable by the Company (on the assumption that the Issues are fully subscribed and are carried out by way of a single Issue) will be approximately £2.43 million being 2.4 per cent. of the unaudited net assets of the Company as at 19 June 2015.
- 10.2. There are no governmental, legal or arbitration proceedings (including in so far as the Company or the Property Subsidiary is aware any governmental, legal or arbitration proceedings which are pending or threatened) during the period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the Company and/or the Group's financial position or profitability.
- 10.3. The Valuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in Part V of this document for which it is responsible is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Valuer has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report in Part V of this document and the statements attributed to it and references to it in the form and context in which they appear and has authorised the contents of its report and statements attributed to it and references to it for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.
- 10.4. Canaccord Genuity Limited has given and has not withdrawn its written consent to the issue of this document and the inclusion herein of its name and the references to it in the form and context in which they appear.
- 10.5. The Investment Adviser has given and has not withdrawn its written consent to the issue of this document and the inclusion herein of its name and the references to it in the form and context in which they appear and has authorised the contents of its statements for the purposes of the Prospectus Rules. The Investment Adviser accepts responsibility for, and authorises, and consents to the inclusion of, the statements attributed to it contained in this document. To the best of the knowledge and belief of the Investment Adviser (who has taken all reasonable care to ensure that such is the case) those statements are in accordance with the facts and do not omit anything likely to affect the import of those statements.
- 10.6. As at 19 June 2015 (being the latest practicable date prior to the date of this document), there have been no public takeover bids by third parties in respect of the Company's share capital since incorporation. As a company incorporated in England and Wales with shares admitted to trading on the London Stock Exchange, the Company will be subject to the provisions of the Takeover Code.

## **11. Mandatory bids, squeeze-out and sell-out rules**

### **11.1. Mandatory bids**

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of shares were to increase the aggregate holding of the acquirer and any parties acting in concert with it to shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties (if any) would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for shares not already owned by the acquirer or its concert parties (if any) at a price not less than the highest price paid for shares by the acquirer or its concert parties (if any) during the previous 12 months or (where there has been no acquisition of shares of the relevant class) at a comparable price agreed by the Panel. A similar obligation to make such a mandatory cash offer would also arise on the acquisition of shares by a person holding (together with its concert parties, if any) shares carrying at least 30 per cent. but not more than 50 per cent. of the voting rights in the Company if the

effect of such acquisition were to increase the percentage of the aggregate voting rights held by the acquirer and its concert parties (if any).

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9. A shareholder who is neither a director or acting in concert with a director will not normally incur an obligation to make an offer under Rule 9. However, under note 2 to Rule 37, where a shareholder has acquired shares at a time when it had reason to believe that a purchase by the company of its own voting shares may take place, an obligation to make a mandatory bid under Rule 9 may arise in certain circumstances.

#### **11.2. Squeeze-out and sell-out rules**

Other than as provided by Act there are no rules or provisions relating to squeeze-out and sell-out rules in relation to the Ordinary Shares.

#### **12. Disclosure requirements and notification of interest in shares**

Under Chapter 5 of the Disclosure and Transparency Rules, subject to certain limited expectations, a person must notify the Company (and, at the same time, the FCA) of the percentage of voting rights he holds (within two trading days) if he acquires or disposes of shares in the Company to which voting rights are attached and if, as a result of the acquisition or disposal, the percentage of voting rights which he holds as a shareholder (or, in certain cases, which he holds indirectly) or through his direct or indirect holding of certain types of financial instruments (or a combination of such holdings):

- 12.1. reaches, exceeds or falls below three per cent. and each one per cent. threshold thereafter; or
- 12.2. reaches, exceeds or falls below an applicable threshold in paragraph 12.1 of this Part VIII above as a result of events changing the breakdown of voting rights and on the basis of the total voting rights notified to the market by the Company.

Such notification must be made using the prescribed form TR1 available from the FCA's website at <http://www.fca.gov.uk>. Under the Disclosure and Transparency Rules, the Company must announce the notification to the public as soon as possible and in any event by not later than the end of the trading day following receipt of a notification in relation to voting rights.

The FCA may take enforcement action against a person holding voting rights who has not complied with Chapter 5 of the Disclosure and Transparency Rules.

#### **13. Restrictions on Transfer**

##### **13.1. General**

The distribution of this document and offer of Ordinary Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions, including those in paragraph 13.2 of this Part VIII. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

##### **13.2. European Economic Area**

13.2.1. In relation to each of the EEA States (other than the UK) which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the "relevant implementation date") no Ordinary Shares have been offered or will be offered pursuant to an offer to the public in that Relevant Member State, except that with effect from and including the relevant implementation date, offers of Ordinary Shares may be made to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

- (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43 million; and (iii) an annual net turnover of more than €50 million as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive,

provided that no such offer of Ordinary 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 Ordinary Shares or to whom any offer is made under the Open Offer 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.

13.2.2. For the purpose of the expression an “offer of any Ordinary Shares to the public” in relation to any Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Issues and the terms of the Open Offer of any Ordinary Shares, so as to enable a potential investor to decide to purchase or subscribe for the Ordinary Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

#### **14. Documents available for inspection**

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW and at the Company’s registered office until 23 June 2016:

- (i) the Memorandum and Articles;
- (ii) the letters of appointment referred to in paragraph 6.2 above;
- (iii) the written consents referred to in paragraphs 10.3, 10.4 and 10.5 above;
- (iv) the valuation report referred to in Part V of this document;
- (v) the annual reports and accounts for the financial period ended 30 September 2014 and the half yearly reports and accounts for the six months ended 31 March 2015; and
- (vi) this document.

#### **15. Availability of Prospectus**

A copy of this document is available for inspection at [www.morningstar.co.uk/UK/NSM](http://www.morningstar.co.uk/UK/NSM) and on the Company’s website [www.epic-REIT.com](http://www.epic-REIT.com) and, until 23 June 2016, are available for collection, free of charge, from the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW and Canaccord Genuity Limited, 88 Wood Street, London EC2V 7QR.

23 June 2015

## PART IX

### TERMS AND CONDITIONS OF THE INITIAL PLACING AND THE PLACING PROGRAMME

#### 1. Introduction

Each Placee which confirms its agreement to the Placing Agent to subscribe for New Shares under the Initial Placing and/or the Placing Programme will be bound by these terms and conditions and will be deemed to have accepted them.

The Company and the Placing Agent may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it/they (in its/their absolute discretion) sees fit.

#### 2. Agreement to subscribe for New Shares

Conditional on: (i) Initial Admission of New Shares occurring and becoming effective by 8.00 a.m. (London time) on or prior to 10 July 2015 (or such later time and/or date, not being later than 8.00 a.m. on 31 July 2015, as the Company and the Placing Agent may agree) and any Admission under the Placing Programme occurring not later than 8.00 a.m. on such other dates as may be agreed between the Company and the Placing Agent prior to the closing of each placing under the Placing Programme, not being later than 22 June 2016; (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated on or before the date of such Admission; and (iii) the Placing Agent confirming to the Placees their allocation of New Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those New Shares allocated to it by the Placing Agent at the Initial Placing and Offer Price under the Initial Placing and Offer or the relevant Placing Programme Price under the Placing Programme. 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 New Shares

- 3.1. Each Placee must pay the relevant price for the New Shares issued to the Placee in the manner and by the time directed by the Placing Agent. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for New Shares may, at the discretion of the Placing Agent, either be rejected or accepted and in the latter case paragraph 3.2 of these terms and conditions shall apply.
- 3.2. Each Placee is deemed to agree that if it does not comply with its obligation to pay the relevant price for the New Shares allocated to it in accordance with paragraph 3.1 of these terms and conditions and the Placing Agent elects to accept that Placee's application, the Placing Agent may sell all or any of the New Shares allocated to the Placee on such Placee's behalf and retain from the proceeds, for the Placing Agent's own account and profit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will, however, remain liable for any shortfall below the aggregate amount owed by such Placee and it may be required to bear any tax or other charges (together with any interest or penalties) which may arise upon the sale of such New Shares on such Placee's behalf.

#### 4. Representations and warranties

By agreeing to subscribe for New Shares, each Placee which enters into a commitment to subscribe for New Shares will (for itself and any person(s) procured by it to subscribe for New Shares and any nominee(s) for any such person(s)) be deemed to represent and warrant to each of the Company, the Investment Manager, and the Placing Agent that:

- 4.1. in agreeing to subscribe for New Shares under the Initial Placing and/or the Placing Programme, 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, the Initial Placing and/or the Placing Programme. It agrees that none of the Company, the Investment Manager, the Placing Agent or the Registrar, nor any of

their respective officers, agents employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;

- 4.2. if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for New Shares under the Initial Placing and/or the Placing Programme, it warrants that it has 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 its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Investment Manager, the Placing Agent or the Registrar 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 the United Kingdom in connection with the Initial Placing and/or the Placing Programme;
- 4.3. it has carefully read and understands this document in its entirety and acknowledges that it is acquiring New Shares on the terms and subject to the conditions set out in this Part IX and the Articles as in force at the date of Admission of the relevant New Shares;
- 4.4. it has not relied on the Placing Agent or any person affiliated with the Placing Agent in connection with any investigation of the accuracy of any information contained in this document;
- 4.5. the content of this document is exclusively the responsibility of the Company and its Directors and the Placing Agent nor any person acting on their behalf nor any of their respective affiliates are 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 Initial Placing and/or the Placing Programme based on any information, representation or statement contained in this document or otherwise;
- 4.6. it acknowledges that no person other than the Company, the Investment Adviser or Canaccord, is authorised in connection with the Initial Placing and/or the Placing Programme 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, the Investment Adviser or the Placing Agent;
- 4.7. 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 of the Finance Act 1986 (depository receipts and clearance services);
- 4.8. it accepts that none of the New Shares have been or will be registered under the laws of the United States, Canada, Australia, the Republic of South Africa or Japan. Accordingly, the New Shares may not be offered, sold, issued or delivered, directly or indirectly, within any of United States, Canada, Australia, the Republic of South Africa or Japan unless an exemption from any registration requirement is available;
- 4.9. if it is within the United Kingdom, it is a person who falls within Articles 49(2)(a) to (d) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or it is a person to whom the New Shares may otherwise lawfully be offered under such Order or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, it is a person to whom the New Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- 4.10. if it is a resident in the EEA (other than the United Kingdom), (a) 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 Directive 2003/71/EC and (b) if that relevant Member State has implemented the AIFMD, that it is a person to whom the new Shares may lawfully be marketed under the AIFMD or under the applicable implementing legislation (if any) of that relevant Member State;
- 4.11. in the case of any New Shares acquired by a Placee as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive (i) the New Shares acquired by it in the Initial Placing and/or the Placing Programme 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 2010/73/EU, or in circumstances in which the prior consent of the Placing Agent has been given to the offer or resale; or (ii) where New Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those New Shares to it is not treated under the Prospectus Directive as having been made to such persons;

- 4.12. if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Initial Placing and/or the Placing Programme constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for New Shares pursuant to the Initial Placing and/or the Placing Programme 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 New Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 4.13. 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 New Shares and it is not acting on a non-discretionary basis for any such person;
- 4.14. if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such Placee's agreement to subscribe for New Shares under the Initial Placing and/or the Placing Programme and will not be any such person on the date any such agreement to subscribe under the Initial Placing or Placing Programme is accepted;
- 4.15. it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other offering materials concerning the Issues, the Initial Placing, the Placing Programme or the New Shares to any persons within the United States or to any US Persons, nor will it do any of the foregoing;
- 4.16. it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading "United States Purchase and Transfer Restrictions" in paragraph 5, below;
- 4.17. it acknowledges that the Placing Agent nor any of their respective affiliates, nor any person acting on their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Initial Placing and/or Placing Programme or providing any advice in relation to the Initial Placing and/or Placing Programme and participation in the Initial Placing and/or Placing Programme is on the basis that it is not and will not be a client of the Placing Agent and that the Placing Agent has no duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Initial Placing and/or Placing Programme nor in respect of any representations, warranties, undertaking or indemnities otherwise required to be given by it in connection with its application under the Initial Placing and/or the Placing Programme;
- 4.18. it acknowledges that where it is subscribing for New Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account; (i) to subscribe for the New 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 Initial Placing and/or Placing Programme in the form provided by the Company and/or the Placing Agent. It agrees that the provision of this paragraph shall survive any resale of the New Shares by or on behalf of any such account;
- 4.19. it irrevocably appoints any director of the Company and any director of the Placing Agent 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 New Shares for which it has given a commitment under the Initial Placing and/or the Placing Programme, in the event of its own failure to do so;

- 4.20. it accepts that if the Initial Placing and/or Placing Programme does not proceed or the conditions to the Placing Agreement are not satisfied or the New Shares for which valid applications are received and accepted are not admitted to the Official List of the FCA and to trading on the London Stock Exchange for any reason whatsoever then none of the Placing Agents or 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;
- 4.21. in connection with its participation in the Initial Placing and/or Placing Programme 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 Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) (the "**Money Laundering Directive**"); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- 4.22. it acknowledges that due to anti-money laundering requirements, the Placing Agent and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, the Placing Agent and the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify the Placing Agent and the Company 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;
- 4.23. it acknowledges and agrees that information provided by it to the Company or the Registrar will be stored both on the Registrar's and the Administrator's computer system and manually. It acknowledges and agrees that the Registrar is required to specify the purposes for which it will hold personal data. The Registrar and the Administrator will only use such information for the purposes set out below (collectively, the "Purposes"), being to:
- 4.23.1. process its personal data (including sensitive personal data) as required by or in connection with its holding of New Shares, including processing personal data in connection with credit and money laundering checks on it;
- 4.23.2. communicate with it as necessary in connection with its affairs and generally in connection with its holding of New Shares;
- 4.23.3. provide personal data to such third parties as the Registrar or the Administrator may consider necessary in connection with its affairs and generally in connection with its holding of New Shares or as the Data Protection Law may require, including to third parties outside the European Economic Area;
- 4.23.4. process its personal data for the Registrar's or the Administrator's internal administration.
- 4.24. in providing the Registrar and the Administrator with information, it hereby represents and warrants to the Registrar and the Administrator that it has obtained the consent of any data subject to the Registrar and the Administrator and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out in paragraph 4.24 above). For the purposes of this document, "data subject", "personal data" and "sensitive personal data" shall have the meanings attributed to them in the Data Protection Law;

- 4.25. the Placing Agent and the Company are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to it;
- 4.26. the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that the Placing Agent 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 warranties made or deemed to have been made by its subscription of the New Shares are no longer accurate, it shall promptly notify the Placing Agent and the Company;
- 4.27. where it or any person acting on behalf of it is dealing with the Placing Agent, any money held in an account with the Placing Agent 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 the Placing Agent to segregate such money, as that money will be held by the Placing Agent under a banking relationship and not as trustee;
- 4.28. any of its clients, whether or not identified to the Placing Agent, will remain its sole responsibility and will not become clients of the Placing Agent for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 4.29. it accepts that the allocation of New Shares shall be determined by the Placing Agent in their absolute discretion but in consultation with the Company and that the Placing Agent may scale down any commitments for this purpose on such basis as it may determine; and
- 4.30. time shall be of the essence as regards its obligations to settle payment for the New Shares and to comply with its other obligations under the Initial Placing and/or the Placing Programme.

## **5. United States purchase and transfer restrictions**

By participating in the Initial Placing and/or the Placing Programme, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for New Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, the Investment Manager, the Registrar and the Placing Agent that:

- 5.1. it is not a US Person and it is acquiring the New Shares in an offshore transaction meeting the requirements of Regulation S and it is not acquiring the New Shares for the account or benefit of a US Person;
- 5.2. it acknowledges that the New 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 or sold in the United States or to, or for the account or benefit of, US Persons absent registration or an exemption from registration under the Securities Act;
- 5.3. 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, and to ensure that the Company is not and will not be required to register under the Investment Company Act;
- 5.4. unless the Company expressly consents otherwise in writing, no portion of the assets used to purchase, and no portion of the assets used to hold, the New 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 Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the Tax Code; or
- 5.5. 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 Tax Code. In addition, if a Placee is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Tax Code, its purchase, holding, and disposition of the New Shares must not constitute or result in a non-exempt violation of any such substantially similar law;

- 5.6. if any New Shares offered and sold pursuant to Regulation S are issued 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:

“EDISTON PROPERTY INVESTMENT COMPANY PLC (THE “COMPANY”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED. IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.”;

- 5.7. if in the future the Placee decides to offer, sell, transfer, assign or otherwise dispose of its New Shares, it will do so only in compliance with an exemption from the registration requirements of the Securities Act and under circumstances which will not require the Company to register under the Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- 5.8. it is purchasing the New 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 New Shares in any manner that would violate the Securities Act, the Investment Company Act or any other applicable securities laws;
- 5.9. it acknowledges that the Company reserves the right to make inquiries of any holder of the New Shares or interests therein at any time as to such person’s status under US federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under US securities laws to transfer such New Shares or interests in accordance with the Articles;
- 5.10. it acknowledges and understands that the Company is required to comply with FATCA and agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA;
- 5.11. it is entitled to acquire the New Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the New Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Manager, the Placing Agent or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Initial Placing and/or the Placing Programme or its acceptance of participation in the Initial Placing and/or the Placing Programme;
- 5.12. 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 New Shares to within the United States or to any US Persons, nor will it do any of the foregoing; and
- 5.13. if it is acquiring any New Shares as a fiduciary or agent for one or more accounts, the Placee has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

The Company, the Investment Adviser, the Placing Agent and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.

If any of the representations, warranties, acknowledgments or agreements made by the Placee are no longer accurate or have not been complied with, the Placee will immediately notify the Company.

## **6. Supply and disclosure of information**

If the Placing Agent, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for New Shares under the Initial Placing and/or the Placing Programme, such Placee must promptly disclose it to them.

## **7. Miscellaneous**

The rights and remedies of the Company, the Investment Adviser, the Placing Agent and the Registrar 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.

On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Initial Placing and/or the Placing Programme will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

Each Placee agrees to be bound by the Articles once the New Shares, which the Placee has agreed to subscribe for pursuant to the Initial Placing and/or the Placing Programme, have been acquired by the Placee. The contract to subscribe for New Shares under the Initial Placing and/or the Placing Programme and the appointments and authorities mentioned in this document and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Company, the Investment Adviser, the Placing Agent and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court 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 the Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for New Shares under the Initial Placing and/or the Placing Programme, 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.

The Placing Agent and the Company expressly reserve the right to modify the Initial Placing and/or the Placing Programme (including, without limitation, the timetable and settlement) at any time before allocations are determined. The Initial Placing and/or the Placing Programme is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in Part VIII of this document.

## PART X

### TERMS AND CONDITIONS OF THE OFFER FOR SUBSCRIPTION

#### 1. Introduction

If you apply for New Shares under the Offer for Subscription, you will be agreeing with the Company, the Placing Agent and the Receiving Agent as set out in this Part X.

#### 2. Offer to acquire New Shares under the Offer for Subscription

Your application must be made on the Application Form attached at the end of this document or otherwise published by the Company. By completing and delivering an Application Form, you, as the applicant, and, if you complete an Application Form on behalf of another person or a corporation, that person or corporation:

- 2.1. offer to subscribe for the number of New Shares specified in section 1 of your Application Form (or such lesser number for which your application is accepted) at the Initial Placing and Offer Price on the terms, and subject to the conditions, set out in this document (including this Part X) and the Memorandum and Articles;
- 2.2. agree that, in consideration of the Company, the Placing Agent agreeing that they will not, prior to Initial Admission, offer for subscription any New Shares to any person other than by means of the procedures referred to in this document, your application may not be revoked after Initial Admission and that this paragraph 2.2 shall constitute a collateral contract between you, the Company, the Placing Agent 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;
- 2.3. 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 have any New Shares applied for in uncertificated form credited to a CREST account or to receive a share certificate for any New Shares applied for in certificated form or to enjoy or receive any rights in respect of such New Shares unless and until you make payment in cleared funds for such New Shares (and any associated aggregated commission) and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Company and the Receiving Agent 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 issue such New Shares and may issue them to some other person(s), in which case you will not be entitled to any refund or payment in respect thereof (other than the refund to you at your risk of any proceeds of the remittance, once honoured, which accompanied your Application Form, without interest);
- 2.4. agree that the crediting to a CREST account of any New Shares in uncertificated form to which you may become entitled may be delayed by, and that any share certificate in respect of any New Shares in certificated form to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled and monies returnable may be retained by, the Receiving Agent:
  - 2.4.1. pending clearance of your remittance;
  - 2.4.2. pending investigation of any suspected breach of the warranties contained in subparagraphs 6.1, 6.2, 6.6, 6.8 or 6.9 of this Part X or any other suspected breach of the terms and conditions of application set out in this Part X; or
  - 2.4.3. pending any verification of identity which is, or which the Company or the Receiving Agent considers may be, required for the purposes of its money laundering obligations under the UK Money Laundering Regulations 2007, the Money Laundering Directive (Council Directive No. 91/308/EEC), and the Handbook of Financial Services Business (together referred to as the "Money Laundering Regulations") (in each case as amended) and any other regulations applicable thereto; and

- 2.4.4. any interest accruing on such retained monies shall accrue to and for the sole benefit of the Company;
- 2.5. agree, on the request of the Company, the Placing Agent, to disclose promptly in writing to them such information as the Company, the Placing Agent may request in connection with your application and authorise the Company, the Placing Agent and the Receiving Agent to disclose any information relating to your application which they may consider appropriate;
- 2.6. agree that, if evidence of identity satisfactory to the Company, and/or the Receiving Agent is not provided to the Receiving Agent within a reasonable time in the opinion of The Placing Agent following a request therefor, the Company or The Placing Agent may terminate the agreement with you to issue New Shares and, in such case, the New Shares which would otherwise have been issued to you may be re-issued and your application monies will be returned to the bank or other account on which the cheque or other remittance accompanying the application was drawn without interest and at your risk;
- 2.7. agree that you are not applying on behalf of a person engaged in money laundering;
- 2.8. undertake to ensure that, in the case of an Application Form signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certificated by a solicitor or notary) is enclosed with your Application Form;
- 2.9. undertake to pay interest at the rate described in paragraph 3.3 of this Part X if the remittance accompanying your Application Form is not honoured on first presentation;
- 2.10. authorise the Receiving Agent to credit the CREST account specified in section 6 of the Application Form with the number of New Shares for which your application is accepted or, if that section is not completed, send a definitive certificate in respect of the number of New Shares for which your application is accepted by post to your address (or that of the first-named applicant) as set out in your Application Form;
- 2.11. agree that, in the event of any difficulties or delays in the admission of the New Shares to CREST or the use of CREST in relation to the Offer for Subscription, the Company and the Placing Agent may agree that all of the New Shares should be issued in certificated form;
- 2.12. authorise the Receiving Agent to send a crossed cheque for any monies returnable (without interest) by post to your address (or that of the first-named applicant) as set out in your Application Form;
- 2.13. confirm that you have read and complied with paragraph 8.2 of this Part X;
- 2.14. consent to the processing of personal data given in relation to your application and acknowledge and accept that information provided by you to the Company, Receiving Agent or Administrator will be stored on the Receiving Agent's, the Registrar's and the Administrator's computer system and manually. You acknowledge and agree that the Receiving Agent, the Registrar and the Administrator are required to specify the purposes for which they will hold personal data. The Receiving Agent, the Registrar and the Administrator will only use such information for the purposes set out below (collectively, the "Purposes"), being to:
- 2.14.1. process your personal data (including sensitive personal data) as required by or in connection with your holding of New Shares, including processing personal data in connection with credit and money laundering checks on you;
- 2.14.2. communicate with you as necessary in connection with your affairs and generally in connection with your holding of New Shares;
- 2.14.3. provide personal data to such third parties as the Administrator, the Registrar or Receiving Agent may consider necessary in connection with your affairs and generally in connection with your holding of New Shares or as the Data Protection Law may require;
- 2.14.4. without limitation, provide such personal data to the Company, the Placing Agent, the Investment Manager, the Administrator, the Receiving Agent, the Registrar and their respective associates for processing; and

- 2.14.5. process your personal data for the Administrator's, the Receiving Agent's or the Registrar's internal administration.

In providing the Receiving Agent, the Registrar and the Administrator with information, you hereby represent and warrant to the Receiving Agent, the Registrar and the Administrator that you have obtained the consent of any data subject to the Receiving Agent and the Administrator and their respective associates holding and using their personal data for the purposes (including the explicit consent of the data subject for the processing of any sensitive personal data for the Purposes set out in paragraph 2.14 (a) above). For the purposes of this document, "data subject", "personal data" and "sensitive personal data" shall have the meanings attributed to them in the Data Protection Law; and

- 2.15. agree that your Application Form is addressed to the Company.

### **3. Acceptance of applications**

- 3.1. In respect of those New Shares for which your application has been received and is not rejected, acceptance of your application shall be constituted, at the election of the Company, or the Placing Agent on behalf of the Company, either:

- 3.1.1. by notifying the FCA of the basis of allocation (in which case the acceptance will be on that basis); or

- 3.1.2. by notifying acceptance thereof to the Receiving Agent.

- 3.2. The basis of allocation will be determined by the Company in consultation with the Placing Agent.

The right is reserved notwithstanding the basis so determined to reject in whole or in part and/or scale down any application. The right is also reserved to treat as valid any application not complying fully with the terms and conditions of application set out in this Part X 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 it in some other manner to apply in accordance with the terms and conditions of application in this Part X. The Company reserves the right (but shall not be obliged) to accept Application Forms and accompanying remittances which are received through the post after 11.00 a.m. on 7 July 2015 or which are received otherwise than in accordance with these terms and conditions of the Offer for Subscription.

- 3.3. The right is reserved to present all cheques for payment on receipt by the Receiving Agent to retain documents of title and surplus application monies pending clearance of successful applicant's cheques. The Company may require you to pay interest or its other resulting costs (or both) if any cheque 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 cheque from the date on which the basis of allocation under the Offer for Subscription is publicly announced 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 2 per cent. per annum.
- 3.4. The right is reserved to reject in whole or in part and/or to scale down or limit, any application.
- 3.5. The Company reserves the right in its absolute discretion (but shall not be obliged) to accept applications for less than 3,000 New Shares, or applications which are more than 3,000 New Shares but not a multiple of 100 thereafter.

### **4. Conditions**

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

- 4.1.1. Initial Admission by 8.00 a.m. on 10 July 2015 (or such later time or date, not being later than 8.00 a.m. on 31 July 2015, as the Company and the Placing Agent may agree); and

- 4.1.2. the Placing Agreement referred to in paragraph 8.1 of Part VIII of this document becoming unconditional and the obligations of the Placing Agent thereunder not being terminated prior to Initial Admission.
- 4.2. 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.

## **5. Return of application monies**

If any application is not accepted in whole, or is accepted in part only (as a result of any scaling back of any part of an application), 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 favour of the first-named applicant, by post at the risk of the person(s) entitled thereto. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

## **6. Warranties**

By completing an Application Form, you:

- 6.1. 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 or corporation and that such other person or corporation will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in this Part X and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- 6.2. warrant that, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, 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 such territory or jurisdiction and that you have not taken any action or omitted to take any action which will result in the Company, the Placing Agent 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 the United Kingdom in connection with the Offer for Subscription in respect of your application;
- 6.3. confirm that, 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 and any supplementary prospectus issued by the Company prior to Initial Admission (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 of it shall have any liability for any such other information or representation;
- 6.4. agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and representations contained in it;
- 6.5. 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 any supplementary prospectus issued by the Company prior to Initial Admission and, if given or made, any information or representation must not be relied upon as having been authorised by the Company and the Placing Agent;
- 6.6. warrant that you are not under the age of 18 on the date of your application;
- 6.7. agree that all documents and monies sent by post to, by or on behalf of the Company, the Placing Agent or the Receiving Agent will be sent at your risk and, in the case of documents and returned monies to be sent to you, may be sent to you at your address (or, in the case of joint applicants, the address of the first-named applicant) as set out in your Application Form;

- 6.8. warrant that you are not applying as, or as nominee or agent of, a person who is or may be a person mentioned in any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipt and clearance services); and
- 6.9. confirm that you have reviewed the restrictions contained in paragraph 2 of this Part X and warrant to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions in that paragraph.

## **7. Money laundering**

- 7.1. You agree that, in order to ensure compliance with the Money Laundering Regulations, as amended, and any other regulations applicable thereto, the Company and/or the Placing Agent may, at its/their absolute discretion, require verification of identify from any person lodging an Application Form who either:
  - 7.1.1. tenders payment by way of banker's draft or cheque or money order drawn on an account in the name of another person or persons (in which case verification of your identity may be required); or
  - 7.1.2. appears to the Receiving Agent to be acting on behalf of some other person (in which case verification of or identity of any persons on whose behalf you appear to be acting may be required).
- 7.2. Failure to provide the necessary evidence or identity may result in application(s) being rejected or delays in the despatch of documents or CREST accounts being credited.
- 7.3. Without prejudice to the generality of this paragraph 7 of this Part X, verification of the identity of applicants will be required if the aggregate value of the New Shares applied for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £12,500). If the aggregate value of the New Shares which you are applying for, whether in one or more applications, exceeds €15,000 you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) of the Application Form is completed.

## **8. Overseas investors**

The attention of investors who are not resident in, or citizens of, countries other than the United Kingdom is drawn to paragraph 8.1 to 8.4 below:

- 8.1. The offer of New Shares under the Offer for Subscription to persons who are resident in, or citizens of, countries other than the United Kingdom may be affected by the law 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 subscribe for New Shares under the Offer for Subscription. It is the responsibility of all such persons receiving this document and/or wishing to subscribe for New Shares under the Offer for Subscription, to satisfy themselves as to full observance of the laws of any relevant territory or jurisdiction in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities requiring to be observed and paying any issue, transfer or other taxes due in such territories.
- 8.2. No person receiving a copy of this document in any territory other than the United Kingdom may treat the same as constituting an offer or invitation to him, unless in the relevant territory such an offer can lawfully be made to him without compliance with any further registration or other legal requirements.
- 8.3. Persons (including, without limitation, nominees and trustees) receiving this document should not distribute or send it to any US Person or in or into the United States, Canada, Australia, the Republic of South Africa or Japan, their respective territories or possessions or any other jurisdiction where to do so would or might contravene local securities laws or regulations.
- 8.4. The Company reserves the right to treat as invalid any agreement to subscribe for New Shares pursuant to the Offer for Subscription 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.

## **9. Miscellaneous**

- 9.1. 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 New Shares and the Offer for Subscription.
- 9.2. The rights and remedies of the Company, the Placing Agent and the Receiving Agent, pursuant to this Part X 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.
- 9.3. The Company reserves the right to delay the closing time of the Offer for Subscription from 11.00 a.m. on 7 July 2015 by giving notice to the FCA. In this event, the revised closing time will be published in such manner as the Placing Agent, in consultation with the Company, determines subject, and having regard, to the Listing Rules, the Prospectus Rules and any other requirements of the FCA.
- 9.4. The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Initial Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned to you without interest.
- 9.5. You agree that the Placing Agent is acting for the Company in connection with the Offer for Subscription and for no-one else and that the Placing Agent will not treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of New Shares or concerning the suitability of New Shares for you or otherwise in relation to the Offer for Subscription.
- 9.6. You authorise the Receiving Agent, the Placing Agent or any person authorised by any of them or the Company, as your agent, (without any obligation to do so) to do all things necessary to effect registration of any New Shares subscribed by you into your name(s) and authorise any representatives of the Receiving Agent or of the Placing Agent to execute and/or complete any document required therefor.
- 9.7. You 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 English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company, the Placing Agent or the Receiving Agent to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances and contracts in any other manner permitted by law or in any court of competent jurisdiction.
- 9.8. The dates and times referred to in this Part X may be altered by the Company so as to be consistent with the Placing Agreement (as the same may be altered from time to time in accordance with its terms).
- 9.9. Save where the context requires otherwise, terms used in this Part X bear the same meaning as where used elsewhere in this document.

## **10. Joint applicants**

If you make a joint application, you will not be able to transfer your New Shares into an ISA, SIPPS or SSAS. If you are interested in transferring your New Shares into an ISA, SIPPS or SSAS, you should apply in your name only.

If you do wish to apply jointly, you may do so with up to three other persons. Sections 3 and 4 of the Application Form must be completed by one applicant. All other persons who wish to join in the application must complete and sign section 7 of the Application Form.

Another person may sign on behalf of any joint applicant if that other person is duly authorised to do so under a power of attorney. The original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) must be enclosed for inspection. Certificates, cheques and other correspondence will be sent to the address set out in the first paragraph of the Application Form.

## **11. Verification of identity**

**Section 8 of the Application Form only applies if the aggregate value of the New Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £12,500). If section 8 applies to your application, you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) is completed.**

### **11.1. Professional adviser or intermediary**

You should complete section 8.1 of the Application Form if you are a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA or, if outside the United Kingdom, another appropriately authorised independent financial adviser acting on behalf of a client.

### **11.2. Applicant identity information**

Section 8.3 of the Application Form need only be completed where the aggregate value of the New Shares which you are applying for, whether in one or more applications, exceeds **€15,000 (or its Sterling equivalent, being approximately £12,500) and neither sections 8.1 nor 8.2 of the Application Form can be completed.**

Notwithstanding that the declaration set out in section 8.2 of the Application Form has been completed and signed, the Receiving Agent, the Placing Agent and the Company reserve the right to request of you the identity documents listed in section 8.3 of the Application Form 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 requested in section 8.3 of the Application Form, 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.

## **12. Instructions for delivery of completed Application Forms**

**Completed Application Forms should be returned, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received by no later than 11.00 a.m. on 7 July 2015. 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 11.00 a.m. on 7 July 2015 may be rejected and returned to the first-named applicant.**

## NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Applications should be returned so as to be received by 11.00 a.m. on 7 July 2015.

All Applicants should read Notes 1-5. Note 6 should be read by applicants who wish to hold their New Shares in uncertificated form. Note 7 should be read by joint applicants.

### 1. Application

Fill in (in figures) the aggregate number for which your application for New Shares is made. Your application must be for a minimum of 3,000 New Shares or, if for more than 3,000, in multiples of 100.

### 2. Amount payable

Fill in (in figures) the total amount payable for the New Shares for which your application is made which is the amount in Box 1 multiplied by the Initial Placing and Offer Price, which is expected to be announced by the Company on 9 July 2015.

### 3. Personal details

Fill in (in block capitals) your full name, address and daytime telephone number. If this application is being made jointly with other persons, please read Note 7 before completing Box 3.

If you are making this application on behalf of another person or a corporation, that person's or corporation's details should be filled in (in block capitals) in Box 3.

### 4. Signature

The applicant named in Box 3 must date and sign Box 4.

The Application Form may be signed by another person on your behalf if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified as true by a solicitor or a bank) must be enclosed for inspection. A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated.

### 5. Cheque/banker's draft details

Attach a cheque or banker's draft for the exact amount shown in Box 2 to your completed Application Form. Your cheque or banker's draft must be made payable to "Computershare Investor Services PLC re: Ediston Property Investment Company plc Offer for Subscription a/c" and crossed "a/c payee".

Your payment must relate solely to this application. No receipt will be issued. Your cheque or banker's draft must be drawn in Sterling on an account where you have sole or joint title to the funds held at a bank branch in the United Kingdom and must bear a United Kingdom bank sort code number.

Applications with a value of €15,000 (or its Sterling equivalent, being approximately £12,500) or greater, which are to be settled by way of a third party payment (e.g. banker's draft or building society cheque) will be subject to the verification of identity requirements which are contained in the Money Laundering Regulations 2007, the Money Laundering Directive (Council Directive No. 91/308/EEC) and the Handbook of Financial Services Business (together referred to as the "Money Laundering Regulations") (in each case as amended) and any other regulations applicable thereto. This may involve verification of names and addresses (only) through a reputable agency.

If satisfactory evidence of identity has not been obtained within a reasonable time, and in any event (unless the Offer for Subscription is extended) by 11.00 a.m. on 7 July 2015, your application may not be accepted.

Certificates, cheques and all other correspondence will be sent to the address in Box 3.

### 6. New Shares in uncertificated form (CREST)

If you wish your New Shares to be issued in uncertificated form you should complete Box 6 in addition to the other parts of the Application Form.

## **7. Joint applicants**

If you make a joint application, you will not be able to transfer your New Shares into an ISA. If you are interested in transferring your New Shares into an ISA, the application should be made by you (or on your behalf) in your name only. If you do wish to apply jointly, you may do so with up to three other persons. Boxes 3 and 4 must be completed by one applicant. All other persons who wish to join in the application must complete and sign Box 7.

Another person may sign on behalf of any joint applicant if that other person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified as true by a solicitor or a bank) must be enclosed for inspection.

Certificates, cheques and all other correspondence will be sent to the address in Box 3.

## **8. Verification of identity**

Section 8 of the Application Form only applies if the aggregate value of the New Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £12,500). If section 8 applies to your application, you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) is completed.

### **8.1. Professional adviser or intermediary**

You should complete section 8.1 of the Application Form if you are a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser acting on behalf of a client.

### **8.2. Reliable introducer**

If you are not a professional adviser or intermediary and the value of your application(s) exceed(s) €15,000 (or its Sterling equivalent, being approximately £12,500), you will be required to provide the verification of identity documents listed in section 8.3 of the Application Form unless you can have the declaration set out in section 8.2 of the Application Form given and signed by a firm acceptable to the Receiving Agent and the Company. Section 8.2 of the Application Form details those firms acceptable to the Receiving Agent and the Company for signing the declaration. In order to ensure their Application Forms are processed timely and efficiently, all applicants who are not professional advisers or intermediaries and to whose applications section 8 of the Application Form applies are strongly advised to have the declaration set out in section 8.2 of the Application Form completed and signed by a suitable firm where possible.

### **8.3. Applicant identity information**

Section 8.3 of the Application Form need only be completed where the aggregate value of the New Shares which you are applying for exceeds €15,000 (or its Sterling equivalent, being approximately £12,500) and neither sections 8.1 nor 8.2 of the Application Form can be completed.

Notwithstanding that the declaration set out in section 8.2 of the Application Form has been completed and signed, the Receiving Agent, the Placing Agent and the Company reserve the right to request of you the identity documents listed in section 8.3 of the Application Form 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 requested in section 8.3 of the Application Form, 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.

**9. Instructions for delivery of completed Application Forms**

**Completed Application Forms should be returned by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received by no later than 11.00 a.m. on 7 July 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 sufficient time for it to be delivered. Application Forms received after this date may be returned.**

**APPLICATION FORM**  
**EDISTON PROPERTY INVESTMENT COMPANY PLC**  
 (the “Company”)

Please send the completed form by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received by no later than 11.00 a.m. on 7 July 2015.

**Important – Before completing this form, you should read the accompanying notes set out pages 106 to 108 of this document. All applicants must complete boxes 1 to 4 and box 8 and enclose payment. Box 6 should only be completed if you wish to hold your New Shares in uncertificated form. Box 7 should only be completed by joint applicants. If your application is for more than €15,000 (or its Sterling equivalent, being approximately £12,500), section 8.1, 8.2 or 8.3 (as appropriate) must also be completed.**

If you have a query concerning completion of this Application Form please contact Computershare Investor Services PLC on 0870 707 1079 (or +44(0) 870 707 1079 if calling from outside of the United Kingdom) between 9.00 a.m. and 5.00 p.m. on any Business Day. Calls from landline providers typically cost up to 12 pence per minute. From mobile networks calls cost between 5 pence and 40 pence 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.

Please note that the Shareholder Helpline cannot provide comments on the merits of the Rights Issue, or legal, financial or taxation advice.

**1. Application**

I/We, the person(s) detailed in section(s) 3 and, in the case of joint applicants, 7 below offer to subscribe for the number of fully paid New Shares specified in the box below subject to the Terms and Conditions of Application under the Offer for Subscription set out in the Prospectus dated 22 July 2015 and subject to the Memorandum and Articles of Association of the Company.

*(Write in figures, the number of New Shares that you wish to apply for. The aggregate subscription must not be less than 3,000. Applications in excess of the minimum subscription amount should be in multiples of 100).*

**2. Amount payable**

I/We attach a cheque or banker's draft for the amount payable of:

£

*(The amount in Box 1 multiplied by the Initial Placing and Offer Price)*

**3. Personal Details (PLEASE USE BLOCK CAPITALS)**

I/We offer to subscribe for:

<i>Mr, Mrs, Miss or Title</i>	<i>Forenames (in full)</i>
<i>Surname</i>	
<i>Address (in full)</i>	
<i>Postcode</i>	<i>Daytime telephone no.</i>

**4. Signature**

I/We hereby confirm that I/We have read the Prospectus and make this application on and subject to the Terms and Conditions of Application under the Offer for Subscription set out in Part X of the Prospectus.

Signature	Dated <span style="float: right;">2015</span>
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**5. Cheque or Aviva's Draft**

If you are paying by cheque or banker's draft, please check the box beside this paragraph 5 and pin your cheque or banker's draft here. Your cheque or banker's draft must be for the amount in pounds Sterling equal to the number shown in the box in section 2 above, made payable to “Computershare Investor Services PLC re Ediston Property Investment Company PLC Offer for Subscription A/C” and crossed “A/C Payee”. Your payment must relate solely to this Application Form. No receipt will be issued. The right is reserved to reject any Application Form in respect of which the applicant's cheque or banker's draft has not been cleared on first presentation.



**6. Shares in Uncertificated Form (CREST)**

Complete this section only if you require your New Shares to be credited to a CREST account in the same name as the applicant.

CREST Participant ID: (no more than five characters)						CREST Member Account ID: (no more than eight characters)								
CREST Participant's Name														

**7. Joint Applicants (PLEASE USE BLOCK CAPITALS)**

(Box 7 must only be completed by joint applicants (see note 7). Where the application is being made jointly by more than one person, the proposed first-named holder should complete sections 2 and 3 above, and all other applicants (subject to a maximum of three) must complete and sign this section 7)

<i>Mr, Mrs, Miss or Title</i>	<i>Forenames (in full)</i>	<i>Surname</i>	<i>Address</i>	<i>Signature</i>

**8. Verification of Identity**

(If the value of the New Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £12,500), you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) is completed)

**8.1 Professional Advisers and Intermediaries** (This section 8.1 should be completed if an application for New Shares is being made on behalf of a client by a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser).

<i>(Name of professional adviser or intermediary, in full)</i>	
<i>(Address, in full)</i>	
	<i>(Post code)</i>
<i>(Contact name)</i>	<i>(Telephone number)</i>

Declaration by the professional adviser or intermediary

To: Ediston Property Investment Company plc, Computershare Investor Services Plc, Canaccord Genuity Limited.

We are a financial adviser authorised under the Financial Services and Markets Act 2000 applying for New Shares on behalf of one or more clients ("relevant clients"). As such, we hereby undertake to:

- 8.1.1. complete anti-money laundering verification of all relevant clients and to inform you of any unsatisfactory conclusion in respect of any such client;
- 8.1.2. keep records to verify the name, identity, place of birth, residential address, occupation and signature of each relevant client; and
- 8.1.3. supply copies of any such records to you as you may require.

We are governed in the conduct of our investment business and in respect of conducting anti-money laundering verification by the following regulatory or professional body (and our reference or other official number allocated to us by that body is included in the box below).

<i>(Full name and country of operation of regulatory or professional body)</i>
<i>(Reference or other official number)</i>

If you require further information about our procedures or any of our relevant clients, please contact the person named as the contact in the first box in this section 8.1.

(Date)	2015	(Official stamp, if any)
(Signature)		
(Full name)		
(Title/position)		

**8.2 Reliable Introducer** (If you are not a professional adviser or intermediary to whom section 8.1 applies, completion and signing of declaration in this section 8.2 by a suitable person or institution may avoid presentation being requested of the identity documents detailed in section 8.3 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 the operation of "know your customer" and anti-money laundering regulations no less stringent than those which prevail in the UK. Acceptable countries include Austria, Belgium, Denmark, Finland, France, Germany, Gibraltar, Greece, Jersey, Hong Kong, Iceland, Isle of Man, Italy, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, Spain, Sweden and Switzerland.

Declaration by the firm

To: Ediston Property Investment Company plc, Computershare Investor Services plc and Canaccord Genuity Limited

With reference to the applicant(s) detailed in section(s) 3 and, in the case of joint applicants, 7 above, all persons signing sections 4 and 7 above (collectively the "relevant persons"), we hereby declare that:

- 8.2.1. we operate in one of the above-mentioned countries and our firm is subject to money laundering regulations under the laws of that country which, to the best of our knowledge, are no less stringent than those which prevail in the UK;
- 8.2.2. we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;
- 8.2.3. each of the relevant persons 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;
- 8.2.4. we confirm the accuracy of the names and residential/business address(es) of the applicant(s) named in sections 3 and, in the case of joint applicants, 7 above and, if details of a CREST account are included in section 6 above, that the owner thereof is the applicant named in section 3 above;
- 8.2.5. 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 New Shares to which this application relates; and
- 8.2.6. where the payor and applicant(s) are different persons we are satisfied as to the relationship between them and the reason for the payor being different to the applicant(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 the firm or its officials.

(Date)	2015	(Official stamp, if any)
(Signature)		
(Full name)		
(Title/position)		



having authority to bind the firm, the details of which are set out below:

<i>(Name of firm, in full)</i>	
<i>(Address, in full)</i>	
	<i>(Post code)</i>
<i>(Contact name)</i>	<i>(Telephone number)</i>
<i>(Full name of firm's regulatory authority)</i>	
<i>(Website address or telephone number of regulatory authority)</i>	<i>(Firm's registered, licence or other official number)</i>

**8.3 Applicant Identity Information** (Only complete this section 8.3 if your application has a value greater than €15,000 (or its Sterling equivalent, being approximately £12,500) and neither of sections 8.1 and 8.2 can be completed).

In accordance with internationally recognised standards for the prevention of money laundering, the relevant documents and information listed below must be provided (please note that the Company, Winterflood and the Receiving Agent reserve the right to ask for additional documents and information).

	<i>Tick here for documents provided</i>				
	<i>Applicant</i>				<i>Payor</i>
	1	2	3	4	
<b>A. For each applicant who is an individual enclose:</b>					
(i)	a certified clear photocopy of one of the following identification documents which bears both a photograph and the signature of the person: (a) current passport; (b) Government or Armed Forces identity card; or (c) driving licence; and				
(ii)	certified copies of at least two of the following documents which purport to confirm that the address(es) given in section 3 and, in the case of joint applicants, section 7 is the applicant's residential address: (a) a recent gas, electricity, water or telephone (not mobile) bill; (b) a recent bank statement; (c) a council tax bill; or (d) similar bill issued by a recognised authority; and				
(iii)	if none of the above documents show their date and place of birth, enclose a note of such information; and				
(iv)	details of the name and address of their personal bankers from which the Receiving Agent or the Company may request a reference, if necessary.				
<b>B. For each holder being a company (a "holder company") enclose:</b>					
(i)	a certified copy of the certificate of incorporation of the holder company; and				
(ii)	the name and address of the holder company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and				
(iii)	a statement as to the nature of the holder company's business, signed by a director; and				
(iv)	a list of the names and residential addresses of each director of the holder company; and				
(v)	for each director provide documents and information similar to that mentioned in A above; and				
(vi)	a copy of the authorised signatory list for the holder company; and				
(vii)	a list of the names and residential/registered addresses of each ultimate beneficial owner interested in more than 5% of the issued share capital of the holder company and, where a person is named, also enclose the documents and information referred to in C below and, if another company is named (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.				
<b>C. For each individual named in B(vii) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(i) to (iv)</b>					
<b>D. For each beneficiary company named in B(vii) as a beneficial owner of a holder company enclose:</b>					
(i)	a certificated copy of the certificate of incorporation of that beneficiary company; and				
(ii)	a statement as to the nature of that beneficiary company's business signed by a director; and				
(iii)	the name and address of the beneficiary company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and				
(iv)	enclose a list of the names and residential/registered address of each beneficial owner owning more than 5% of the issued share capital of that beneficiary company.				
<b>E. If the payor is not an applicant 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 enclose:</b>					
(i)	if the payor is a person, for that person the documents mentioned in A(i) to (iv); or				
(ii)	if the payor is a company, for that person the documents mentioned in B(i) to (vii); and				
(iii)	an explanation of the relationship between the payor and the applicant(s).				

