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This document comprises a prospectus relating to Drum Income Plus REIT plc (the "Company") prepared in accordance with the Prospectus Rules of the Financial Conduct Authority ("FCA") made under section 73A of FSMA and approved by the FCA in accordance with section 85 of FSMA. This Prospectus has been filed with the FCA in accordance with Rule 3.2 of the Prospectus Rules and will be made available to the public in accordance with the Prospectus Rules at www.dripreit.co.uk.

The Directors of the Company, whose names appear on page 23 of this document, and the Company each accept responsibility for the information contained in this document. The Directors and the Company, having taken all reasonable care to ensure that such is the case, believe that 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.

Drum Income Plus REIT plc

*(a company incorporated and registered in England and Wales with registered number 9511797
and registered as an investment company under section 833 of the Companies Act 2006)*

Initial Placing and Placing Programme of up to 100 million New Shares

**Financial Adviser,
Broker and Bookrunner
Cantor Fitzgerald Europe**

**Sponsor
Dickson Minto W.S.**

Applications will be made to the FCA for the Ordinary Shares to be admitted to the premium segment of the Official List of the UK Listing Authority and to the London Stock Exchange for those Shares to be admitted to trading on the Main Market. It is expected that such admissions will become effective and that dealings in the Ordinary Shares will commence at 8.00 a.m. on 24 March 2016.

The Placings 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 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 or to, or for the account or benefit of, any resident of the United States, Canada, Australia or Japan 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. The Ordinary 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 or Japan. Accordingly, unless an exemption under such act or laws is applicable, the Ordinary Shares may not be offered, sold or delivered directly or indirectly in or into the United States, Canada, Australia or Japan. 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.

Dickson Minto W.S., which is authorised and regulated in the United Kingdom by the FCA, is the sponsor and solicitor to the Company. Dickson Minto W.S. is acting exclusively for the Company and for no-one else in relation to the Placings or the matters referred to in this Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed on Dickson Minto W.S. by FSMA or the regulatory regime established thereunder, Dickson Minto W.S. will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Placings and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Dickson Minto W.S. nor for advising any other person in relation to the Placings or any transaction or arrangement contemplated in or by this document.

Cantor Fitzgerald which is authorised and regulated in the United Kingdom by the FCA is acting exclusively for the Company and for no-one else in relation to the Placings or the matters referred to in this Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed on Cantor Fitzgerald by FSMA or the regulatory regime established thereunder, Cantor Fitzgerald will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Placings and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Cantor Fitzgerald nor for advising any other person in relation to the Placings or any transaction or arrangement 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 Placings 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 advisor before investing in the Company. Potential investors should also consider the Risk Factors relating to the Company set out on pages 12 to 17 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
A.1	<p><i>Warning</i></p> <p>This summary should be read as an introduction to the Prospectus. Any decision to invest in the Ordinary 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.</p>
A.2	<p><i>Financial Intermediaries</i></p> <p>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.</p>

Section B – Issuer

Element	Disclosure
B.1	<p><i>Legal and commercial name</i></p> <p>Drum Income Plus REIT plc (the "Company").</p>
B.2	<p><i>Domicile and legal form</i></p> <p>The Company was incorporated in England and Wales under the Act as a public company limited by shares on 26 March 2015 with registration number 9511797 and is a closed-ended investment company.</p>
B.5	<p><i>Group description</i></p> <p>The Company is the ultimate holding company of the Group. The Property 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.</p>

B.6	<p>Major shareholders</p> <p>As at 24 February 2016, (being the latest practicable date prior to the publication of this document) the Company is aware of the following persons who are directly or indirectly interested in 3.0 per cent. or more of the Company's issued share capital:</p> <table><tr><td></td><td><i>Number of Ordinary Shares</i></td><td><i>Percentage of issued share capital*</i></td></tr><tr><td>Tcam Nominees*</td><td>27,268,000</td><td>85.58%</td></tr><tr><td>Drum REIT LLP</td><td>2,000,000</td><td>6.28%</td></tr></table> <p>* These Shares are held by Tcam Nominees and its associates on behalf of the underlying beneficial Shareholders and managed by a number of independent investment managers whose decisions in relation to the Shares are unfettered by Tcam.</p> <p>The Directors are not aware of any person or persons who could, directly or indirectly, jointly or severally, exercise control over the Company.</p> <p>Tcam Nominees is keen to see the Company grow and wishes to support the Proposals. Tcam Nominees (and its associates) indicated that it would like the ability to make further investments, in the Company, pursuant to the Proposals of up to £10 million subject to Shareholder approval being obtained at the general meeting of the Company to be held on 21 March 2016. Tcam Nominees has indicated that if Shareholders grant it this ability it, together with its associates, may use it, in the first instance, to subscribe for up to approximately £2.5 million in the Initial Placing. These New Shares (together with Tcam Nominees' and its associates existing Shareholding) will be held on behalf of the underlying beneficial shareholders and managed by a number of independent investment managers whose decisions in relation to the Shares will be unfettered by Tcam Asset Management Limited ("Tcam").</p> <p>There are no different voting rights for any Shareholder.</p>		<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital*</i>	Tcam Nominees*	27,268,000	85.58%	Drum REIT LLP	2,000,000	6.28%									
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital*</i>																	
Tcam Nominees*	27,268,000	85.58%																	
Drum REIT LLP	2,000,000	6.28%																	
B.7	<p>Key financial information</p> <p>The key figures which summarise the Company's financial condition for the period from the Company's incorporation on 26 March 2015 to 30 September 2015 are set out below:</p> <table><tr><td></td><td><i>Period from incorporation to 30 September 2015</i></td></tr><tr><td>Net asset value</td><td></td></tr><tr><td>Net assets (£'000)</td><td>30,716</td></tr><tr><td>Equity shareholders' funds (£'000)</td><td>30,716</td></tr><tr><td>Net asset value per Share (p)</td><td>96.40</td></tr><tr><td>Consolidated income statement</td><td></td></tr><tr><td>Total revenue (£'000)</td><td>53</td></tr><tr><td>Loss for the period (£'000)</td><td>(502)</td></tr><tr><td>Loss per Share (p)</td><td>(2.39)</td></tr></table> <p>There have been no significant changes in the financial condition and operating results of the Group during or subsequent to the period covered by the historical information set out above save that the Group has acquired five properties (situated at Gosforth, Newcastle, Monteith House, Glasgow, Cheadle, Manchester, Arthur House, Manchester and Eastern Avenue Retail Park, Gloucester) for an aggregate consideration of approximately £33.0 million, the Company has cancelled its share premium account creating a special reserve of approximately £28 million which is available for distribution and the Property Subsidiary has entered into the Bank Facility and has drawn down £11.1 million.</p>		<i>Period from incorporation to 30 September 2015</i>	Net asset value		Net assets (£'000)	30,716	Equity shareholders' funds (£'000)	30,716	Net asset value per Share (p)	96.40	Consolidated income statement		Total revenue (£'000)	53	Loss for the period (£'000)	(502)	Loss per Share (p)	(2.39)
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Loss for the period (£'000)	(502)																		
Loss per Share (p)	(2.39)																		
B.8	<p>Key pro forma financial information</p> <p>Not applicable. Pro forma financial information is not required as the Company does not have a complex financial history, has not made a significant commitment as part of the Proposals and there is no significant gross change contemplated as part of the Proposals.</p>																		

B.9	<p>Profit forecast</p> <p>Not applicable. No profit forecast or estimate is made.</p>
B.10	<p>Description of the nature of any qualifications in the audit report on the historical financial information</p> <p>Not applicable.</p>
B.11	<p>Working capital insufficiency</p> <p>Not applicable. The Company is of the opinion that the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of this document.</p>
B.34	<p>Investment policy</p> <p>The Company will pursue its investment objective by investing in a diversified portfolio of UK commercial properties.</p> <p>It will invest principally in three commercial property sectors: office, retail (including retail warehouses) and industrial, without regard to a traditional property market relative return benchmark.</p> <p>The Company will invest predominantly in income producing investments. Investment decisions will be 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 will not invest in other investment companies or funds. However, the Company may hold property through special purpose vehicles and is permitted to invest up to 25 per cent. of its total assets at the time of investment in joint ventures which hold real estate directly. The Company will also be permitted to forward fund purchases of properties on a pre-let or a 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 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. With effect from the later of the Company being fully invested (including drawdown of available debt facilities) or 30 September 2016, 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.</p> <p>With effect from the later of the Company being fully invested (including drawdown of available debt facilities) or 30 September 2016, 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.</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>Gearing, calculated as borrowings as a percentage of the Group's gross assets, will not exceed 50 per cent. at the time of drawdown.</p>
B.35	<p>Borrowing limits</p> <p>Gearing, calculated as borrowings as a percentage of the Group's gross assets, will not exceed 50 per cent. at the time of drawdown.</p>

B.36	<p>Regulatory status</p> <p>The Company is not regulated or authorised by the FCA but will, following Admission, be subject to the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules as applicable to closed-ended investment companies. It will also be an EU alternative investment fund for the purposes of the AIFMD.</p>
B.37	<p>Typical investor</p> <p>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 over the longer term 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.</p>
B.38	<p>Investment of 20% or more in single underlying asset or investment company</p> <p>Not applicable.</p>
B.39	<p>Investment of 40% or more in single underlying asset or investment company</p> <p>Not applicable.</p>
B.40	<p>Applicant's service providers</p> <p>AIFM</p> <p>R&H Fund Services (Jersey) Limited (the "AIFM") has been appointed as Alternative Investment Fund Manager pursuant to the AIFM 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 AIFM has delegated responsibility of portfolio management services to Drum Real Estate Investment Management Limited (the "Asset Manager") pursuant to the Asset Management Agreement. The AIFM has, and shall maintain, necessary expertise and resource to supervise the delegated tasks effectively.</p> <p>The AIFM Agreement provides that the Company, with effect from 1 January 2016, will pay to the AIFM a fixed fee of £15,000 per annum plus an annual portfolio management fee of 1.15 per cent. of the Net Assets of the Company where such Net Assets are less than £150 million. In the event that the Net Assets are equal to or in excess of £150 million this annual portfolio management fee will reduce to 1 per cent. of the Net Assets of the Company. The AIFM has agreed that the portfolio management fee will be paid to the Asset Manager in accordance with the provisions of the Asset Management Agreement.</p> <p>The AIFM Agreement can be terminated by any party on 12 months' written notice provided that such notice shall expire no earlier than 29 May 2019 (being the fourth anniversary of the Company's launch). The AIFM Agreement may be terminated immediately if the AIFM is in material breach of the agreement, guilty of negligence, wilful default or fraud, is the subject of insolvency proceedings or both of the Key Men are no longer involved to a material extent in the management of the Group's assets and the Board has not given its prior consent to the change.</p> <p>Asset Manager</p> <p>Pursuant to the Asset Management Agreement, the AIFM has delegated responsibility of portfolio management services to the Asset Manager on the same terms as the AIFM Agreement.</p> <p>In its capacity as asset manager to the Company, the Asset Manager will advise the Company on the acquisition, management and disposal of the real estate assets in the Property Portfolio.</p> <p>Administrator</p> <p>R&H Fund Services Limited (the "Administrator") has been appointed as company secretary and administrator pursuant to the Administration and Secretarial Agreement. In such</p>

	<p>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 £75,000 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 £90,000 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>
B.41	<p><i>Regulatory status of manager and custodian</i></p> <p>The AIFM, R&H Fund Services (Jersey) Limited, is a private limited company and was incorporated in Jersey under the Law on 29 November 1988 with registered number 42576. The AIFM is authorised and regulated by the Jersey Financial Services Commission. The Company has no custodian.</p>
B.42	<p><i>Calculation of Net Asset Value</i></p> <p>The properties owned 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 Property Portfolio and in accordance with IFRS. The Net Asset Value is calculated by the Administrator based on information provided by the Asset Manager 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	<p><i>Cross liability</i></p> <p>Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.</p>
B.44	<p><i>No financial statements have been made up</i></p> <p>Not applicable. The Company has commenced operations and historical financial information is included within this document.</p>
B.45	<p><i>Portfolio</i></p> <p>The Group has acquired seven properties which are located across the UK and have an aggregate market value of approximately £40.36 million.</p>
B.46	<p><i>Net asset value</i></p> <p>The Net Asset Value per Ordinary Share as at 31 December 2015 (being the latest practicable date prior to the publication of this document) was 95.42 pence.</p>

Section C – Securities

Element	Disclosure
C.1	<p><i>Type and class of securities</i></p> <p>The Company proposes to issue up to 100 million New Shares in aggregate under the Initial Placing and Placing Programme. 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 GB00BW4NWS02 and the SEDOL is BW4NWS0.</p>

C.2	<p>Currency</p> <p>The Company's Ordinary Shares are and the New Shares will also be denominated in sterling.</p>
C.3	<p>Number of securities in issue</p> <p>The Ordinary Shares have a nominal value of 10 pence each. As at the date of this document the Company has 31,864,000 Ordinary Shares in issue all of which are fully paid.</p>
C.4	<p>Description of the rights attaching to the securities</p> <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, Shareholders have the right to receive notice of and to attend and vote at general meetings of the Company.</p> <p>Each Shareholder being present in person or by proxy or by a duly authorised representative (if a company) at a general meeting has upon a show of hands one vote and upon a poll all Shareholders have one vote for every Share held.</p> <p><i>Dividend rights</i></p> <p>Shareholders are entitled to receive such dividends as the Directors may resolve to pay to them out of the assets attributable to their 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	<p>Restrictions on the free transferability of the securities</p> <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, nor will be, registered in the United States under the US 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 (as defined in the US Securities Act) 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	<p>Admission</p> <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 Main Market.</p>
C.7	<p>Dividend policy</p> <p>Subject to market conditions and the Company's performance, financial position and financial outlook, it is the Directors' intention to pay regular dividends to Shareholders on a quarterly basis. The Company has declared a first interim dividend of 1.3125 pence per Ordinary Share in respect of the period from the Company's launch to 31 December 2015 which will be paid on 26 February 2016 to Shareholders on the Company's register of members at the close of business on 5 February 2016. The Board expects to pay an initial aggregate dividend of at least 5.25 pence per Ordinary Share in respect of the period from the Company's launch to 30 September 2016. Following this initial period the Company is targeting fully covered aggregate dividends of at least 5.5 pence per Ordinary Share and 6.0 pence per Ordinary Share (on the assumption the net asset value of the Company</p>

	<p>exceeds £50 million) in respect of the 12 months ending 30 September 2017 and 30 September 2018 respectively.</p> <p>Dividends on the Ordinary Shares are expected to be paid in equal instalments quarterly in respect of each financial year from 1 October to 30 September in February, May, August and November. All dividends will be paid as interim 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 Initial Placing and/or Placing Programme such New Shares will rank <i>pari passu</i> with the Ordinary Shares.</p> <p>There are no assurances that these dividends, which are targets only and not profit forecasts, will be paid or that the Company will pay any dividends.</p> <p>In accordance with the REIT Eligibility Conditions, it is expected that a significant proportion of dividends will be paid in the form of Property Income Distributions.</p>
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Section D – Risks

Element	Disclosure
D.2	<p>Key information on the key risks specific to the issuer</p> <ul style="list-style-type: none"> • If the proceeds of the Placing Programme 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, would also be materially adversely affected. • The underperformance or the departure of key skilled professionals from the Asset Manager could have a material adverse effect on the Company's business, financial condition and results of operations. • The Company cannot guarantee that it will maintain continued compliance with all of the REIT Eligibility Conditions in future periods. If the Company were to leave the REIT Regime within ten years of joining, HMRC has wide powers to direct how it would be taxed which could have a material impact on the financial condition of the Company. • The performance of the Company would be adversely affected by a downturn in the property market in terms of market value or a weakening of rental yields. • Investments in property are relatively illiquid. Such illiquidity may affect the Company's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices. This could have an adverse effect on the Company's financial condition and results of operations. • 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 can be no assurances that the estimates resulting from the valuation process will reflect actual realisable sale prices. • The Company will incur certain fixed costs on the acquisition of properties, including stamp duty land 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. • Competition for appropriate investment opportunities may increase and 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 existence of such competition may have a material adverse impact on 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

	development land at satisfactory prices which may, as a result, have a material adverse effect on the returns to Shareholders.
D.3	<p>Key information on the key risks specific to the securities</p> <ul style="list-style-type: none"> • The market value of, and the income derived from, the Shares can fluctuate. The market value of the Shares, as well as being affected by their Net Asset Value and prospective Net Asset Value, also takes into account their dividend yield and prevailing interest rates. • Although the Ordinary Shares will be listed on the Official List and traded on the Main Market, the Company has a relatively small market capitalisation and does not have as wide a shareholder base as other listed companies. Accordingly it is possible that there may not be as much liquidity in the Company's Shares as in other companies on the Main Market. Therefore the Company's Shares may trade at a discount and Shareholders may have difficulty in selling them. • There is no guarantee that the expected dividends will be paid. • The Company's ability to pay dividends will depend principally upon its rental income received from the properties owned by the Company. • While the Board will seek to spread risk relating to tenant concentration, there is the risk, from time to time that the Company has a concentrated number of tenants and material exposure to the financial strength and the operational performance of those tenants. • There is no certainty that the Group will be able to refinance existing borrowings on their maturity (the Bank Facility has a term of 18 months and is repayable on 22 July 2017) either at all or on acceptable terms which may adversely affect the future prospects of the Company and, as a consequence, returns to Shareholders. • The Company intends to use borrowings to acquire further properties and those borrowings may not be available at the appropriate time or on suitable terms, including interest rates. If borrowings are not available on suitable terms or at all, or if the interest rates increase from current levels this will have a material adverse impact on the returns to Shareholders and in particular the level of dividends paid.

Section E – Proposals

Element	Disclosure
E.1	<p>Net proceeds and costs of the Placing Programme</p> <p>The costs and expenses of the Placings include the costs of the commissions to the Bookrunner, the fees payable to the professional advisers and other related expenses. The costs and expenses of the Placings are expected to be approximately £1.6 million (on the assumption that the Placings 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 Placings are therefore expected to be approximately £98.4 million (on the assumptions that the Placing Programme is fully subscribed, is carried out by way of a single issue and all of the New Shares are issued at the Initial Placing 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.2 A	<p>Reason for offer and use of proceeds</p> <p>The net proceeds of the Placing Programme will be used by the Company to fund the acquisition of further UK commercial property assets in accordance with the Company's investment policy.</p>

E.3	<p><i>Terms and conditions of the offer</i></p> <p>The Initial Placing , which is not underwritten, is conditional upon:</p> <p>(a) (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 Ordinary Shares arising under the Placings 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 FCA and any listing conditions having been satisfied; (ii) the London Stock Exchange having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the Ordinary Shares will be admitted to trading; and (iii) Admission occurring on or before 8.00 a.m. on 24 March 2016 or such time and/or date as the Company, the Placing and the Sponsor (in conjunction with the Asset Manager) may agree being not later than 8.00 a.m. on 30 April 2016; and</p> <p>(b) the Placing Agreement becoming wholly unconditional (save as to Admission) and not having been terminated in accordance with its terms prior to Admission.</p>
E.4	<p><i>Material interests</i></p> <p>Not applicable. No interest is material to the Initial Placing.</p>
E.5	<p><i>Name of person selling securities</i></p> <p>Not applicable. No person is offering to sell the securities as part of the Placing Programme.</p>
E.6	<p><i>Dilution</i></p> <p>Existing Shareholders are not obliged to participate in either the Initial Placing or the Placing Programme. However, those Shareholders who do not participate in either the Placing Programme nor the Initial Placing will suffer a dilution to the percentage of the issued share capital that their current holding represents based on the actual number of New Shares issued. Assuming 100 million New Shares are issued under the Initial Placing and the Placing Programme, Shareholders, who do not participate, will suffer a dilution of approximately 76 per cent. to their existing percentage holdings.</p> <p>The Initial Placing Price has been and each Placing Programme Price will be set by the Board at a premium to the most recent net asset value per Share. The premium is intended to cover the direct costs of issue and will seek to contribute to the financial impact of investing the proceeds. However, this 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	<p><i>Expenses charged to the investor</i></p> <p>Not applicable. No commissions, fees or expenses are to be charged to the investors by the Company.</p>

RISK FACTORS

The risk factors set out below are those 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 it 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 consult their stockbroker, bank manager, solicitor, accountant or other financial advisor before investing in the Company.

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.

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 in relation 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 and investors may not get back the full value of their investment.

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 and various other factors and events, including rental yields, variations in the Company’s operating results and business developments of the Company and/or its competitors. Stock markets have experienced significant price and volume fluctuations in the past that have affected market prices for securities.

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 investments.

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, the Company has a relatively small market capitalisation and does not have as wide a shareholder base as other listed companies. Accordingly it is possible that there may not be as much liquidity in the Company’s Shares as in other companies on the Main Market. Therefore the Company’s Shares may trade at a discount and Shareholders may have difficulty in selling them.

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 the rental income generated from the properties owned by the Company.

Dividend growth on the Ordinary Shares will depend principally on growth in rental and other income returns on the underlying assets (which may fluctuate), capital gains realised as the underlying assets are sold and the extent to which the Company is invested. The net proceeds of the Placing Programme will be used by the Company to make further investments in UK commercial property assets in

accordance with the Company's investment policy. The Company cannot be sure that it will continue to be successful in obtaining suitable investments in UK commercial property. The Company has not, as yet, entered into any agreements to acquire any properties and there is no certainty as to when suitable properties will be acquired. If suitable investments are not found or if there is a delay in investing the proceeds of the Placings, the returns to Shareholders will be less as a result of the lower returns on cash awaiting investment.

Given the Company's REIT status, it would not be able to pursue asset growth through acquisitions solely from cash provided from its operating activities because of its obligation to distribute at least 90 per cent. of the income profits as calculated for tax purposes arising from the Company's Qualifying Property Rental Business each year (either in cash or by way of stock dividend) to Shareholders in order to continue to enjoy the full exemption from tax on rental income afforded by the UK REIT Regime.

As a REIT the Company is required to pay tax at regular corporate rates on any shortfall to the extent that it distributes as a PID less than the amount required to meet the 90 per cent. distribution condition each year. Consequently, the Company may be forced to rely on the availability of debt or equity capital to fund future acquisitions. In addition, differences in timing between the receipt of cash and the recognition of income for the purposes of the REIT Regime and the effect of any potential debt amortisation payments could require the Company to borrow funds to meet the distribution requirements that are necessary to achieve the full tax benefits associated with qualifying as a REIT, even if the then-prevailing market conditions are not favourable for these borrowings. As a result of these factors, the constraints of maintaining REIT status could limit the Company's flexibility to make certain investments.

Risks relating to the Company

Risks relating to the potential returns of an investment in 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 a regular level of income or any income or capital growth in the underlying value of their Shares. Shareholders could even lose all or part of their investment in the Company.

Risks relating to the REIT status of the Company

The Company cannot guarantee that it will maintain continued compliance with all of the REIT Eligibility 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:

- 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;
- if the Company has committed a certain number of minor or inadvertent breaches in a specified period; or
- if 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.

A REIT may become subject to an additional tax charge if it pays a dividend to an Excessive Shareholder. This additional tax charge will not be incurred if the REIT has taken reasonable steps to avoid paying dividends to an Excessive Shareholder. Therefore, the Articles contain provisions designed to avoid the situation where dividends may become payable to an Excessive Shareholder and these provisions are summarised at paragraph 5.13 of Part 10 of this document. These provisions provide the Directors with

powers to identify Excessive Shareholders and to prohibit the payment of dividends on Shares that form part of an Excessive Shareholding, unless certain conditions are met. The Articles also allow the Board to require the disposal of Shares forming part of an Excessive Shareholding in certain circumstances where the Excessive Shareholder has failed to comply with the above provisions.

Risks relating to the taxation of the Company

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 Company'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, 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 advisor without delay.

Any change (including a change in interpretation) in tax legislation, in the United Kingdom, could have a material adverse effect on the Company'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 could have a material impact on the price at which UK land can be sold, and therefore on asset values.

Risks relating to laws and regulation which may affect the Company

The Company and the Asset Manager are both subject to laws and regulations enacted by national, regional and local governments and institutions. In particular, the Company is required to comply with certain statutory requirements under English law applicable to a company incorporated in England, the Listing Rules and the Disclosure and Transparency Rules. Compliance with and the monitoring of applicable regulations may be difficult, time consuming and costly. Any changes to such regulation could affect the market value of the Property Portfolio and/or the rental income of the Property Portfolio.

The Foreign Account Tax Compliance Act ("FATCA") provisions of the US Tax Code may impose a 30 per cent. withholding tax on payments of US source interest and dividends made on or after 1 July 2014 and of gross proceeds from the sale of certain US assets made on or after 1 January 2017 to a foreign financial institution (or "FFI") that, unless exempted or deemed compliant, does not enter into, and comply with, an agreement with the US Internal Revenue Service (the "IRS") to provide certain information on its US shareholders. Beginning no earlier than 1 January 2017 a portion of income that is otherwise non-US-source may be treated as US-source for this purpose.

The Company may be treated as an FFI for these purposes. If the Company is treated as an FFI, to avoid the withholding tax described above, the Company may need to enter into an agreement (an "IRS Agreement") with the IRS or alternatively, comply with the requirements of the intergovernmental agreement (an "IGA") between the United States and the United Kingdom in respect of FATCA (including any legislation enacted by the United Kingdom in furtherance of the IGA). An FFI that fails to comply with the applicable IGA or, if required, does not enter into an IRS Agreement or whose agreement is voided by the IRS will be treated as a "non-Participating FFI".

In general, an IRS Agreement will require an FFI to obtain and report information about its "U.S. accounts", which include equity interests in a non-U.S. entity other than interests regularly traded on an established securities market. However, assuming that the Company will be an FFI, since its Ordinary Shares would be considered to be regularly traded on an established securities market for the purposes of FATCA, the Company's reporting obligations under FATCA will generally be less extensive than if its Ordinary Shares were not considered regularly traded on an established securities market which generally requires similar information to be collected and reported to the UK authorities. Accordingly, Shareholders should not be considered reportable accounts for the purposes of FATCA.

Under the UK IGA (including any legislation enacted in furtherance of the IGA) or an IRS Agreement, an intermediary (and possibly the Company) may be required to deduct a withholding tax of up to 30 per cent. on payments (including gross proceeds and redemptions) made on or after 1 January 2017 to a recalcitrant holder or a shareholder of the Company that itself is an FFI and, unless exempted or otherwise deemed to be compliant, does not have in place an effective IRS Agreement (i.e., the

shareholder is a non-Participating FFI). Neither the Company nor an intermediary will make any additional payments to compensate a shareholder of the Company or beneficial owner for any amounts deducted pursuant to FATCA. It is also possible that the Company may be required to cause the disposition or transfer of Shares held by shareholders of the Company that fail to comply with the relevant requirements of FATCA and the proceeds from any such disposition or transfer may be an amount less than the then current fair market value of the Ordinary Shares transferred.

If the Company (or any intermediary) is treated as a non-Participating FFI, the Company may be subject to a 30 per cent. withholding tax on certain payments to it.

Even if the Company is not characterised under FATCA as an FFI, it nevertheless may become subject to such 30 per cent. withholding tax on certain U.S. source payments to it unless it either provides information to withholding agents with respect to its “substantial U.S. owners” or certifies that it has no such “substantial U.S. owners”. As a result, Shareholders may be required to provide any information that the Company determines necessary to avoid the imposition of such withholding tax or in order to allow the Company to satisfy such obligations.

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 Company’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, the use of borrowings will increase the impact of such a fall on the net revenue of the Company and accordingly will have an adverse effect on the Company’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 Bank Facility has a term of 18 months is repayable on 22 July 2017) 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 UK 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 conflicts of interest

The services of the Asset Manager, its respective associates and their respective officers and employees, are not exclusive to the Company. Although the Asset Manager has in place a conflicts of interest 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.

Risks relating to the economic environment

Global market uncertainty and the weakened economic conditions in the United Kingdom and elsewhere and, in particular, the restricted availability of credit, may reduce the value of the Property Portfolio once it has been acquired, and may reduce liquidity in the real estate market. The performance of the Company would be adversely affected by a downturn in the property market in terms of market value or a weakening of rental yields.

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 on 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 development land at satisfactory prices which may, as a result, have a material adverse effect on the returns to Shareholders.

Risks relating to the Company's investments

Risks relating to property and property related assets

The Company cannot be sure that it will be successful in continuing to obtain suitable investments in UK commercial property assets on financially attractive terms.

The Company will, once fully invested, have a diversified portfolio, but may be more concentrated in terms of number of individual properties than other property investment companies. The Company is not managed with any direct correlation to any property index and consequently may have returns, favourable or unfavourable, that differ from the performance of UK commercial property markets as a whole.

While the Board seeks to spread risk relating to tenant concentration, there is the risk, from time to time that the Company will have a concentrated number of tenants and material exposure to the financial strength and the operational performance of those tenants.

In the event of default by a tenant or during any other void period, the Company will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveyor's costs in re-letting, maintenance costs, insurances, rates and marketing costs. Investments in property are relatively illiquid. Such illiquidity may affect the Company's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices in response to changes in economic, real estate market or other conditions. This could have an adverse effect on the Company's financial condition and results of operations.

If the proceeds of the Placing Programme 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, would also be materially adversely affected.

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.

The Company's ability to pay dividends depends principally upon its rental income. Rental income and the market value of properties are generally affected by overall conditions in the relevant local economy, such as 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 the demand for premises. Both rental income and market values may also be affected by other factors specific to the commercial property market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of the bankruptcy or insolvency of tenants or otherwise, the periodic need to renovate, repair and re-lease space and the costs thereof, the costs of maintenance and insurance, and increased operating costs. In addition, certain significant expenditures, including operating expenses, must be met by the owner even when the property is vacant.

Properties owned by the Company in the future 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. 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.

The Company 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.

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

As the owner of real property, the Company 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 Company 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 Company 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 Company's business, financial condition, results of operations, future prospects and/or the price of the Ordinary Shares.

Risks relating to the costs of acquiring UK commercial property

The net proceeds of the Initial Placing and the Placing Programme will be used to acquire UK commercial property assets in accordance with the Company's investment policy. The typical costs of acquiring commercial properties are approximately 5.8 per cent. in England and approximately 6.2 per cent. in Scotland of the purchase price thereof. In the light of the price of the New Shares to be issued pursuant to the Initial Placing and the Placing Programme, the costs and expenses of the Proposals and on the assumption that full market standard costs of acquiring commercial properties is incurred, the Proposals and the subsequent acquisition of properties with the proceeds, if any, may result in a reduction of the NAV per Share. 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 any properties will reflect the actual realisable sale price even where such sales occur shortly after the relevant valuation date.

The financial markets have seen significant turbulence over recent years resulting in severe liquidity shortages. The turmoil in the credit markets had an immediate effect on the real estate investment market, resulting in some transactions failing and/or prices being renegotiated downwards. This has caused a marked reduction in the volume of transactions. Generally, there is greater volatility of pricing in the evidence generated by limited comparable transactions and in these circumstances there is a greater degree of uncertainty than that which exists in a more active and stronger market in forming an opinion of the realisation prices of property assets.

Risks relating to the reliance on key individuals

The Company is dependent on the ability of the Asset Manager to provide management services successfully, in particular, being able to identify properties that offer the potential for rental and capital growth through physical improvement, re-negotiation of leases or where the Asset Manager believes that the property has been mispriced. In turn, the successful management performance of the Asset Manager will be dependent upon the expertise of key personnel in providing management services. In the event of the departure, withdrawal or death of such key personnel the performance of the Company and returns to Shareholders may be adversely affected.

Risks relating to the initial term of the Management Agreements

Save in certain circumstances (for example in the event that there is a change in control of the relevant manager or advisor or a material breach is committed), the Company is not able to terminate any of the Management Agreements until 29 May 2019 (being the fourth anniversary of the Company's launch). This could make it costly to terminate the Management Agreements prior to this date and could have a material adverse effect on the financial position of the Company and the returns available to Shareholders.

If potential investors are in any doubt as to the consequences of their acquiring, holding or disposing of Ordinary Shares, they should consult their stockbroker, bank manager, solicitor, accountant or other independent financial advisor.

IMPORTANT INFORMATION

This document should be read in its entirety before making any application for Shares. Prospective Shareholders 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 AIFM, the Asset Manager, the Bookrunner 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.

Prospective Shareholders must not treat the contents of the document or any subsequent communications from the Company, the AIFM, the Asset Manager, the Bookrunner 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 and/or the Bookrunner by FSMA or the regulatory regime established thereunder, neither the Sponsor nor the Bookrunner makes 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 by any of them or on its or their behalf in connection with the Company, the Shares or the Placing Programme. The Sponsor and the Bookrunner (and their affiliates) accordingly disclaims all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which they might otherwise have in respect of this document or any such statement.

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

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 Asset Manager, or their 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 advisors 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.

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

The AIFM 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.

Investment considerations

The contents of this document are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory or investment decisions or any other matter. Prospective investors must inform themselves as to:

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

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

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company’s investment objectives will be achieved.

It should be remembered that the price of the Shares, and the income from such Shares (if any), can go down as well as up.

This document should be read in its entirety before making any investment in the Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Company’s memorandum of association and the Articles which investors should review. A summary of the Articles is contained in Part 10 of this document under the section headed “Summary of the Articles”.

Forward-looking statements

This document contains forward-looking statements, including, without limitation, statements containing the words “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or in each case, their negative or other variations or similar expressions. Such forward-looking statements involve unknown risk, uncertainties and other factors, which may cause the actual results of operations,

performance or achievement of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Given these uncertainties, prospective Shareholders are cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements speak only as at the date of this document. Subject to its compliance with its legal and regulatory obligations (including under the Listing Rules, Disclosure and Transparency Rules and Prospectus Rules), the Company undertakes no obligation to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

The actual number of Shares to be issued will be determined by the Directors, the Asset Manager, the Bookrunner and the Sponsor. Accordingly, the information in this document should be read in light of the actual number of Shares to be issued in respect of the relevant Placing under the Placing Programme (including the Initial Placing).

Nothing in this section seeks to limit or qualify, in any way, the working capital statement in paragraph 5 of Part 7 of this document.

Definitions

A glossary of certain words and expressions and a list of defined terms used in this document is set out on pages 24 to 29 of this document.

Performance data

The Company's Shares were admitted to trading on the Official List and the Main Market on 29 May 2015. It therefore has limited investment history. Without limitation, results can be positively or negatively affected by market conditions beyond the control of the Asset Manager and the AIFM. 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

2016

Initial Placing

Initial Placing opens	26 February
General Meeting	10 a.m. on 21 March
Latest time and date for receipt of commitments under the Initial Placing	3.00 p.m. on 22 March
Results of Initial Placing announced	23 March
Admission and dealings in Ordinary Shares commence	8.00 a.m. on 24 March
Crediting of CREST accounts in respect of the Ordinary Shares	8.00 a.m. on 24 March
Share certificates in respect of the Ordinary Shares despatched (where applicable)	week commencing 4 April

Placing Programme

Placing Programme opens	24 March
Admission and dealings in New Shares commence	up to 25 February 2017
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 New Shares are issued
Share certificates in respect of New Shares despatched (if applicable)	Approximately one week following the issue of any New Shares

Each of the times and dates in the above timetable is subject to change and may, with the consent of the Sponsor, be extended or brought forward without further notice. The Company will notify investors of any such changes to these dates by making an announcement via a Regulatory Information Service. References to times are to London time.

ISSUE STATISTICS

Ordinary Shares

Number of Ordinary Shares in issue as the date of this document	31,864,000
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Initial Placing

Initial Placing Price	100 pence
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Placing Programme

Maximum number of New Shares to be issued pursuant to the Issues (which includes New Shares issued under the Initial Placing)	100 million
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Placing Programme Price per New Share	Not less than the net asset value ("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
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ISIN of the Ordinary Shares	GB00BW4NWS02
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Ticker code	DRIP
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DIRECTORS AND ADVISORS

Directors	John Evans (<i>Chairman</i>) Hugh Little Alan Robertson all non-executive and of Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW
Alternative Investment Fund Manager	R&H Fund Services (Jersey) Limited Ordnance House 31 Pier Road St. Helier Jersey JE4 8PW
Asset Manager	Drum Real Estate Investment Management Limited 115 George Street Edinburgh EH2 4JN
UK Legal Advisor to the Company and Sponsor	Dickson Minto W.S. Broadgate Tower 20 Primrose Street London EC2A 2EW
Advisor, Broker and Sole Bookrunner	Cantor Fitzgerald Europe One Churchill Place London E14 5RB
Administrator and Company Secretary	R&H Fund Services Limited 20 Forth Street Edinburgh EH1 3LH
Valuers	Savills Advisory Services Limited 8 Wemyss Place Edinburgh EH3 6DH
Reporting Accountants and Auditors	Deloitte LLP 2 New Street Square London EC4A 3BZ
Registrars	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE
Legal advisor to the Bookrunner	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH

DEFINITIONS

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

Act	the Companies Act 2006 (as amended)
Administration and Secretarial Agreement	the administration and secretarial agreement between the Company and the Administrator, a summary of which is set out in paragraph 8.5 of Part 10 of this document
Administrator	R&H Fund Services Limited, a company incorporated in England and Wales with registered number 07777299
Admission	the admission of the New Shares to the premium segment of the Official List and to trading on the Main Market in relation to the Initial Placing
AIC Code	Association of Investment Companies Code of Corporate Governance
AIC SORP	AIC Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts issued November 2014
AIFM or investment manager	R&H Fund Services (Jersey) Limited, a company incorporated in Jersey with registered number 42576
AIFM Agreement	the AIFM agreement between the Company and the AIFM dated 28 April 2015 and as amended by the side letter dated 12 February 2016, a summary of which is set out in paragraph 8.1 of Part 10 of this document
AIFMD	the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No. 1095/2010; the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision; the UK AIFM Regulations and any other applicable national implementing measures, including FCA Rules
Alternative Investment Fund Manager	an alternative investment fund manager for the purposes of the AIFMD
Arthur Property	the property situated at Arthur House, Manchester which was acquired by the Group on 24 February 2016
Articles	the articles of association of the Company, a summary of which is set out in paragraph 5 of Part 10 of this document
Asset Management Agreement	the asset management agreement between the Company, the AIFM and the Asset Manager dated 28 April 2015 and as amended by the side letter dated 12 February 2016, a summary of which is set out in paragraph 8.3 of Part 10 of this document

Asset Manager or DREIM	Drum Real Estate Investment Management Limited, a private limited company incorporated in Scotland with registered number SC475927
Auditor	Deloitte LLP, a limited liability partnership incorporated in England and Wales with registered number OC303675
Australia	the Commonwealth of Australia, its territories and possessions and all areas under its jurisdiction and political sub-divisions thereof
Bank	The Royal Bank of Scotland plc
Bank Facility	the £20 million 18 month revolving loan facility provided to the Property Subsidiary by the Bank pursuant to the Facility Agreement
Board or Directors	the directors of the Company
Bookrunner	Cantor Fitzgerald
Business Day	a day (other than a Saturday or a Sunday) on which the London Stock Exchange is open for business
Canada	Canada, its provinces and territories and all areas under its jurisdictions and political sub-divisions thereof
Cantor Fitzgerald	Cantor Fitzgerald Europe
Cheadle Property	the property situated at Cheadle Lakeside, Manchester which was acquired by the Group on 22 January 2016
Circular	the circular sent to Shareholders by the Company on 26 February 2016
Code	the UK Corporate Governance Code as published by the Financial Reporting Council
Company	Drum Income Plus REIT plc, a company incorporated in England and Wales with registered number 9511797
Court	the High Court of England and Wales
CREST	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)
CTA 2009	the Corporation Tax Act 2009
CTA 2010	the Corporation Tax Act 2010
Disclosure and Transparency Rules	the disclosure and transparency rules made by the FCA under Part VI of FSMA, as amended from time to time
distribution	any dividend or other distribution by the Company ("distribution" being construed in accordance with Part 23 of the CTA 2010)
EEA States	the member states of the European Economic Area
EU or European Union	the member states of the European Union

Excessive Shareholder	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 CTA 2010 as a “holder of excessive rights”)
Excessive Shareholding	an Excessive Shareholder’s shareholding
Facility Agreement	the £20 million revolving facility agreement dated 22 January 2016 between the Bank, in various capacities, and the Property Subsidiary, a summary of which is set out in paragraph 8.4 of Part 10 of this document
FATCA	The Foreign Account Tax Compliance Act
FCA	the Financial Conduct Authority
FFI	foreign financial institution
FSMA	the Financial Services and Markets Act 2000 (as amended)
GDP	gross domestic product of the UK
General Meeting	the general meeting of the Company held on 24 April 2015
Gloucester Property	the property situated at Eastern Avenue Retail Park, Gloucester which was acquired by the Group on 24 February 2016
Group	the Company, the Property Subsidiary and their wholly owned subsidiaries and its 75 per cent. subsidiaries from time to time (as defined in section 606 of CTA 2010)
HMRC	HM Revenue & Customs
IFRS	International Financial Reporting Standards as adopted by the European Union and therefore comply with Article 4 of the EU International Accounting Standards regulation
IGA	intergovernmental agreement
Initial Placing	the conditional placing of New Shares at the Initial Placing Price by the Bookrunner as described in this document
Initial Placing Price	100 pence per New Share
Institutional Investor	a person who qualifies as an institutional investor under Section 528(4A) of CTA 2010
IRS	US Internal Revenue Service
ISA	individual savings account for the purposes of section 694 Income Tax (Trading and Other Income) Act 2005
Japan	Japan, its cities, prefectures, territories and possessions
Key Men	Bryan Sherriff and Graeme Bone or any other person who may be designated a key man from time to time in accordance with the Asset Management Agreement
Law	the Companies (Jersey) Law, 1991

Listing Rules	the listing rules made by the FCA under Part VI of FSMA, as amended
London Stock Exchange	London Stock Exchange plc
Main Market	the main market of the London Stock Exchange
Management Agreements	the AIFM Agreement and the Asset Management Agreement
Net Assets	the aggregate gross value of the assets of the Company and any members of the Group (but excluding the value of any assets held outside the Company and any members of the Group or interests held in subsidiaries) including cash less the total liabilities of the Company and any members of the Group (save that such total liabilities shall exclude any liability of an intra-Group nature) and including proportionate shares of joint ventures and the value of the assets shall be based on the most recent external valuation prepared on or prior to the relevant Valuation Date by the valuer appointed by the Company to value the assets of the Company
Net Asset Value	in relation to a Share, means its net asset value on the relevant date calculated in accordance with the Company's normal accounting policies
New Shares	the new Ordinary Shares to be issued by the Company pursuant to the Issues
Non-PID Dividends	a dividend paid by the Company that is not a PID
Official List	the official list of the UK Listing Authority
Ordinary Shares or Shares	the ordinary shares of 10 pence each in the capital of the Company designated as such and having the rights and being subject to the restrictions specified in the Articles
Placees	the persons to whom the New Shares are issued pursuant to the Initial Placing and the Placing Programme
Placing Agreement	the placing agreement between the Company, the Asset Manager and the Bookrunner, a summary of which is set out in paragraph 8.1 of Part 10 of this document
Placing Programme	the proposed programme of placings of New Shares by the Bookrunner as described in Part 4 of this document
Placing Programme Price	the price at which New Shares will be issued under the Placing Programme, as determined by the Board at the time of each Placing as described in Part 4 of this document
Placings or Proposals	the issue of up to 100 million New Shares pursuant to the Initial Placing, and/or the Placing Programme (as the case may be) as described in this document
Property Income Distribution or PID	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 of the Qualifying Property Rental Business of the Group (other than gains arising to non-UK resident Group companies) arising at a time when the Group is a REIT insofar as they derive from the Group's Qualifying Property Rental Business

Property Portfolio	the portfolio of direct and indirect property assets of the Company
Property Subsidiary	DRUM Income Plus Limited, a company incorporated in England and Wales with registered number 09515513
Prospectus	this document
Prospectus Rules	the prospectus rules made by the FCA under Part VI of FSMA (as amended)
Qualifying Property Rental Business	a business within the meaning of section 205 of CTA 2009, or an overseas property business within the meaning of section 206 CTA 2009, but, in each case, excluding certain specified types of business (as per section 519(3) of CTA 2010)
Red Book	RICS Appraisal and Valuation Standards, 6th Edition
Registrar Agreement	the registrar agreement between the Company and the Registrar a summary of which is set out in paragraph 8.6 of Part 10 of this document
Regulatory Information Service or RIS	regulatory information services maintained by the FCA
REIT	a company or group to which Part 12 of CTA 2010 applies
REIT Eligibility Conditions	the qualifying conditions in relation to a Company becoming a REIT as set out in CTA 2010
REIT Group	a group UK REIT within the meaning of Part 12 of CTA 2010
REIT Regime	Part 12 of CTA 2010
Residual Business	the business of the Group which is not part of the Group's Qualifying Property Rental Business
Restricted Jurisdiction	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 Prospectus is sent or made available to a person in that jurisdiction
SDRT	Stamp Duty Reserve Tax
Shareholders	holders of the Ordinary Shares
Sponsor	Dickson Minto W.S.
Takeover Code	the City Code on Takeovers and Mergers
Takeover Panel	the Panel on Takeovers and Mergers
Tcam	Tcam Asset Management Limited, a private limited company incorporated in Scotland with registered number SC383455 and any member of its group of companies including (as the case may be) Tcam Nominees
Tcam Nominees	Tcam Nominees (No.1) Limited, a private limited company incorporated in Scotland with registered number SC170830
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland

UKLA or UK Listing Authority	the FCA, acting in its capacity as the competent authority for the purposes of Part VI of FSMA (as amended)
United States or US	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
US Securities Act	the United States Securities Act of 1933 (as amended)
Valuation Dates	the last Business Day of December, March, June and September (and "Valuation Date" shall mean any of such days)
Valuer or Savills	Savills Advisory Services Limited, a private limited company incorporated in England and Wales with registered number 6215875

PART 1

THE COMPANY

Introduction

Drum Income Plus REIT plc is a closed-ended investment company which was launched in May 2015 and whose assets are managed by Drum Real Estate Investment Management Limited (“DREIM”). The Company invests in UK commercial properties to achieve its objective of providing Shareholders with a regular dividend income plus the prospect of income and capital growth over the longer term. The Company’s Ordinary Shares are listed on the Official List and traded on the Main Market. The Company entered the UK REIT Regime with effect from 20 August 2015.

On its launch in May 2015 the Company raised gross proceeds of £31.9 million. The Company has used these proceeds, together with £11.1 million of its £20 million revolving loan facility with the Bank, to acquire seven properties, located across the UK, for a gross consideration of approximately £41.6 million.

DREIM, the Company’s asset manager, continues to identify attractive acquisition opportunities which it believes would benefit the Company’s portfolio.

The Proposals

The Board has today announced proposals for the issue of up to 100 million New Shares by means of an Initial Placing, at the Initial Placing Price of 100 pence per New Share, and a subsequent Placing Programme. The purpose of these Proposals is to raise additional capital to fund future acquisitions of UK commercial property assets identified by the Asset Manager that support the Company’s investment objective and acquisition criteria.

The Board and its advisers have structured the Proposals to provide a means of raising more equity capital as and when it is needed thereby minimising cash drag.

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 the Placings are invested, the Proposals will also help diversify the Company’s property portfolio and enhance the potential for income and capital growth over the longer term in accordance with the Company’s investment objective and policy.

Details of the terms of the Issues

The Board will issue up to 100 million New Shares, in aggregate, under the Placing Programme and the Initial Placing. The Initial Placing Price is 100 pence. The net proceeds of the Initial Placing and the Placing Programme 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 the Company will seek to invest the net proceeds of the Initial Placing in accordance with the Company’s investment policy as soon as is practicable. Further details of the Initial Placing are set out in Part 3 of this document.

The Company is proposing the Placing Programme to enable the Company to raise additional capital in the period from 26 February 2016 to 25 February 2017 when it identifies properties that are suitable for acquisition. This should enable the Asset Manager 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 existing Shareholder allotment authorities that were granted at 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 of further New Shares for use under the Placing Programme. Further details of the Placing Programme are set out in Part 4 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 contribute to the financial impact of investing the proceeds. However, the price of the New Shares will not necessarily cover the full costs of the relevant Issue and the investment of the resulting proceeds. The net asset value could therefore be reduced to the extent such costs are not recovered.

Investment objective and policy

Investment objective

The Company will seek to provide investors with a regular dividend income plus the prospect of income and capital growth over the longer term.

Investment policy

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

It will invest 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 will invest predominantly in income producing investments. Investment decisions will be 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 will not invest in other investment companies or funds. However, the Company may hold property through special purpose vehicles and is permitted to invest up to 25 per cent. of total assets, at the time of investment, in joint ventures which hold real estate directly. The Company will also be 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. With effect from the later of the Company being fully invested (including drawdown of available debt facilities) or 30 September 2016, 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.

With effect from the later of the Company being fully invested (including drawdown of available debt facilities) or 30 September 2016, 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.

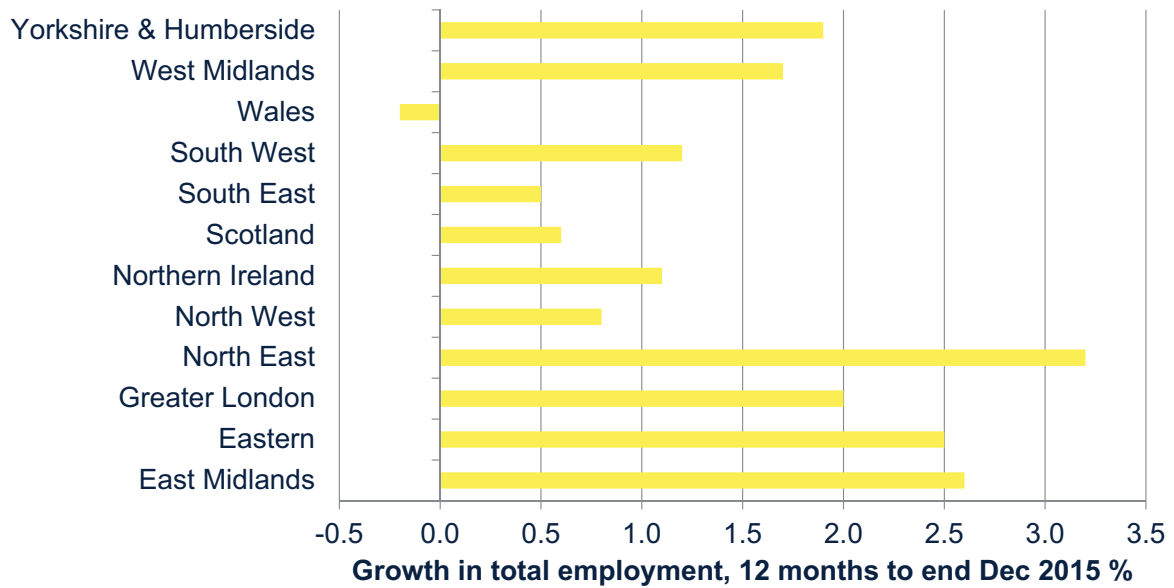
The Company is permitted to invest cash held for working capital purposes and awaiting investment in cash deposits, gilts and money market funds.

Gearing, calculated as borrowings as a percentage of the Group's gross assets, will not exceed 50 per cent. at the time of drawdown.

Investment outlook

The Board believes that growth has largely returned to all the UK regions following a period post the global financial crisis when the recovery had been constrained to London and the South East of England. All except one UK region showed positive growth in total employment during 2015.

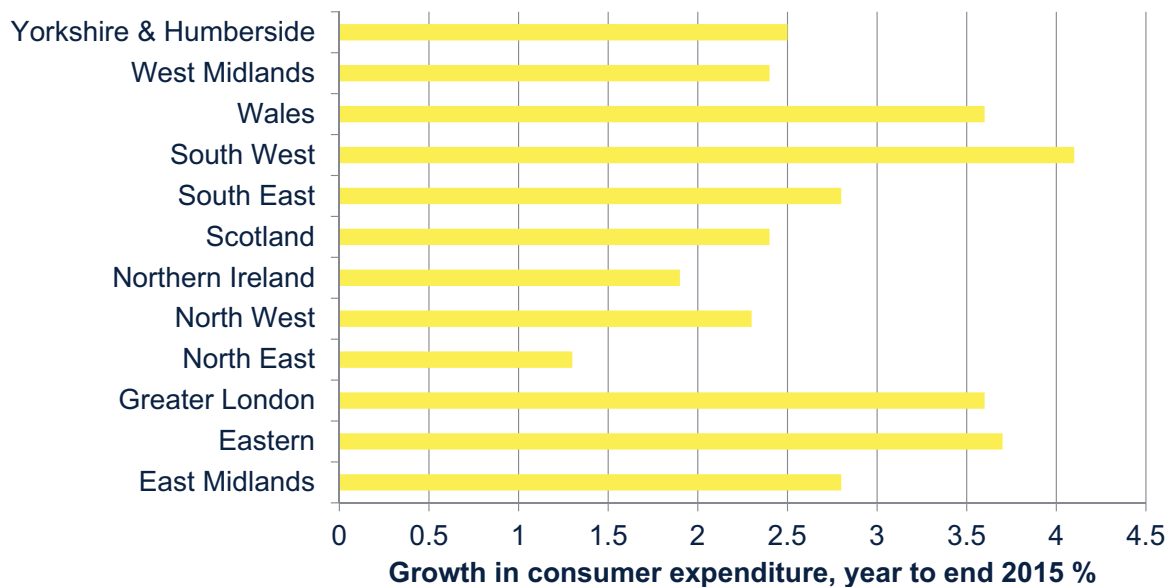
Fig 1 – Employment growth by region



Source: ONS

This broader-based recovery in employment has contributed to the overall increase in economic output at a regional level. The Board believes that this shows that the regional economic recovery is now underway. This recovery in employment and output should also support a rise in demand for both office and industrial property across the UK as businesses increase headcount and profitability. There are signs that consumer spending is also recovering across the UK, which could support a recovery in demand for retail property.

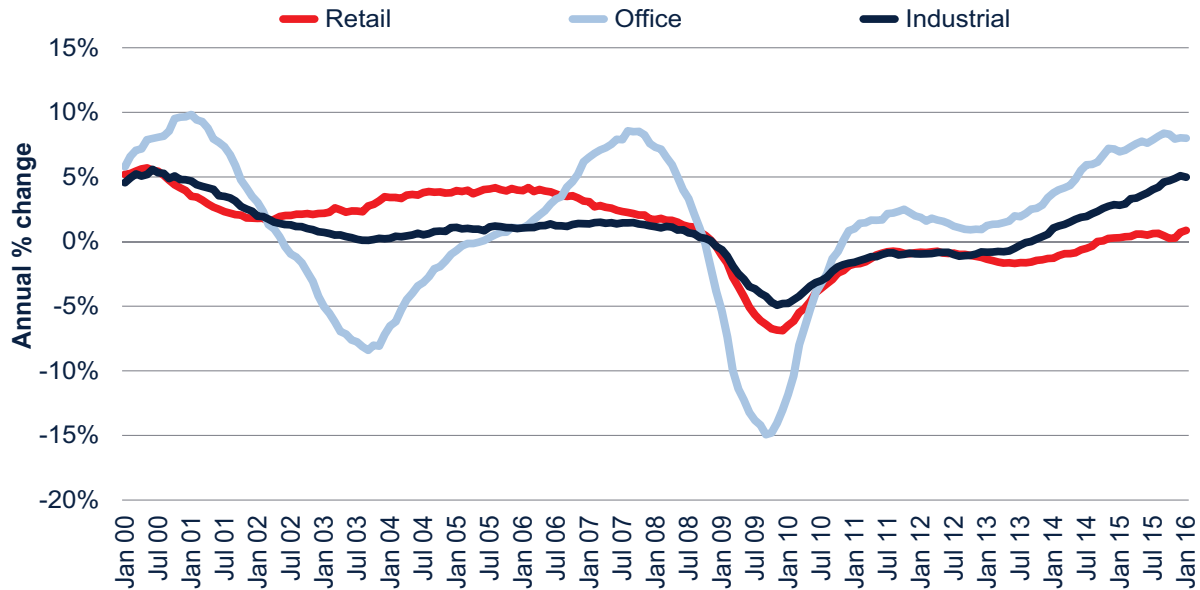
Fig 2 – Growth in consumer spending by region



Source: Oxford Economics

During 2015, for the first time since 2008, the average rental growth on all three of these main property sectors (office, industrial and retail) has been positive.

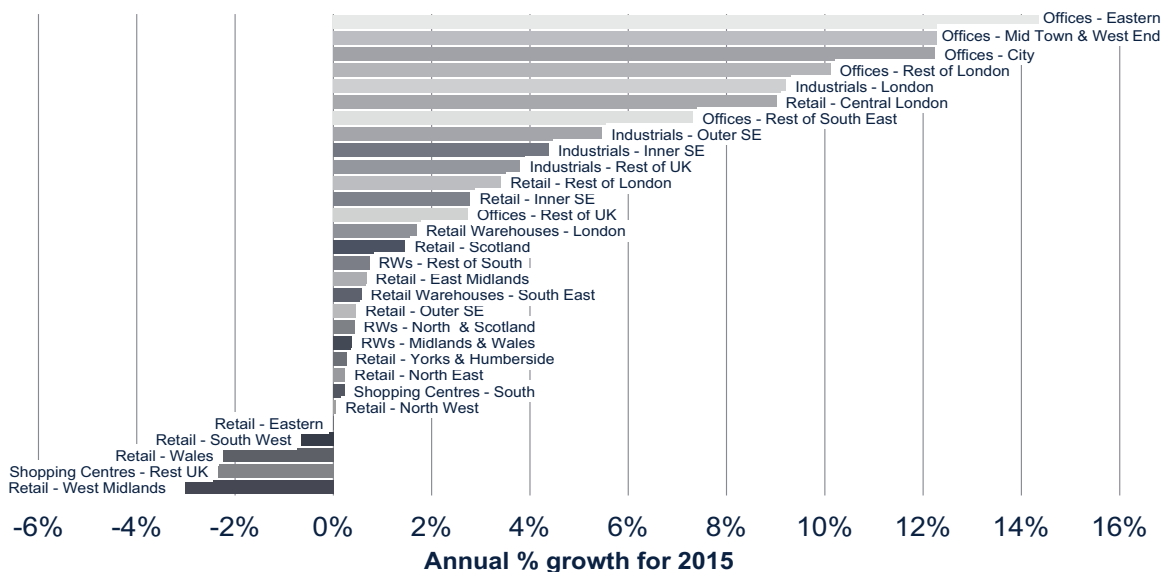
Fig 3 – Average annual commercial property rental growth



Source: MSCI

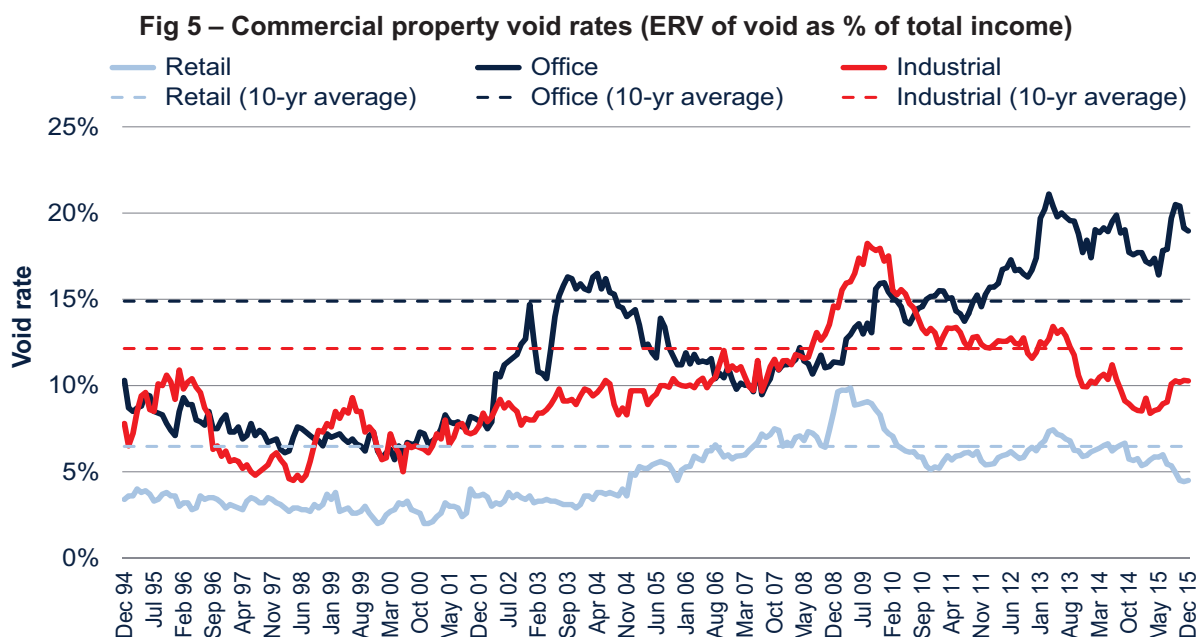
Moreover, this rental growth could be seen, throughout 2015, outside London and the South East of England. The average office rents outside the South East of England increased by approximately 2.7 per cent. over the 12 months to the end of December 2015. The average industrial rents, in the same area, increased by approximately 3.6 per cent. and the majority of sectors are now showing positive annual rental growth.

Fig 4 – Average rental growth by sector for the 12 months to end 2015

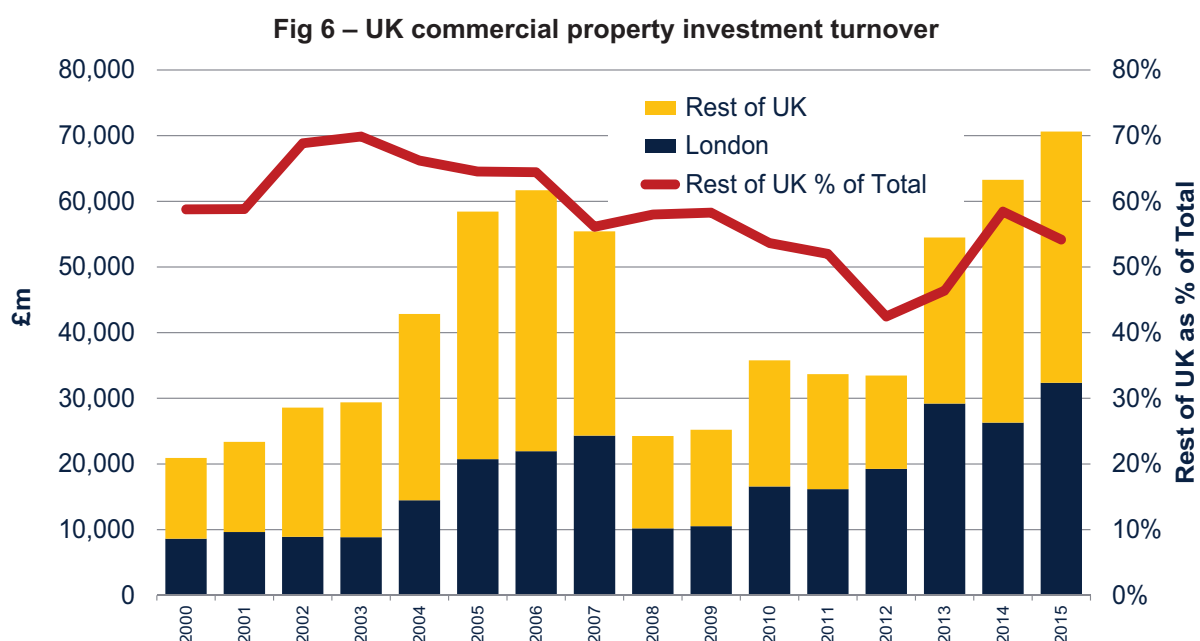


Source: MSCI

This recovery in rental growth is in part being driven by rising tenant demand for property as a result of the economic recovery, but a larger contributor is the falling void rate. A lack of new development activity over the most recent UK recession and recovery period, in addition to the recovering tenant demand, has meant that the ERV of voids as a percentage of the total income is now lower than its ten year average in both the retail and industrial sectors.



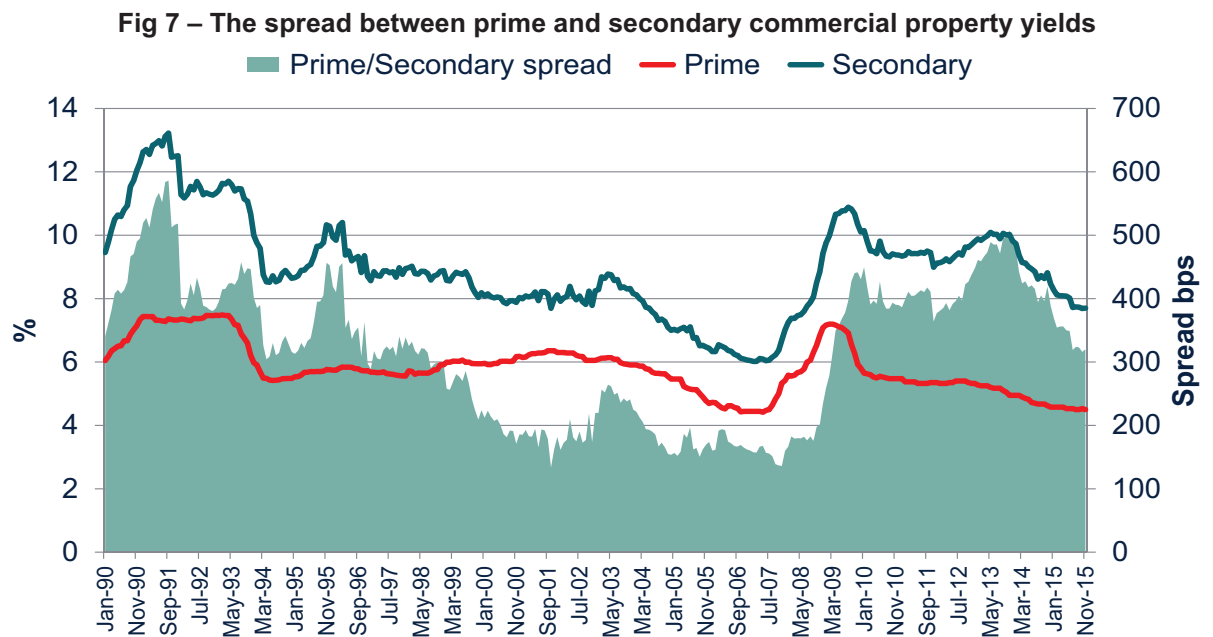
The recent recovery in rental growth has been combined with cyclical bounce in capital values to deliver comparatively strong total returns for all sectors of the commercial property market which has driven a strong recovery in investor demand for the asset class. A record of approximately £63 billion of investment activity took place in the UK in 2014 and this was then exceeded by 2015's full year total of approximately £70 billion. Investors have become more active outside London with approximately 54 per cent. of the total investment in UK commercial real estate in 2015 being outside Greater London. This compares to only 42 per cent. in 2012.



The Board believes that the growth in investor demand for markets outside London is being driven by the desire to capture the evolving economic and rental market recovery and the current wide yield gap between London and the rest of the UK.

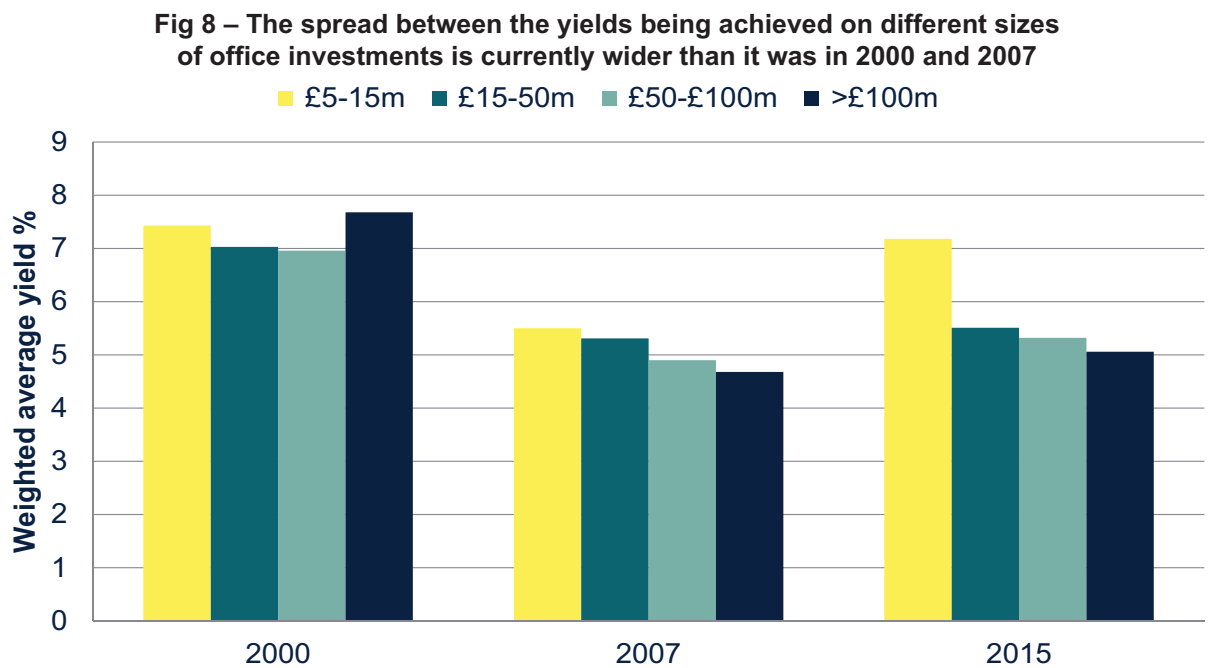
The gap between the prime and secondary yields is also currently wider than the long term average for potential mispricing.

The Board believes that this is a reflection of an over-cautious attitude to risk amongst investors in the years following the most recent downturn.



Source: Savills (UK) Ltd

Furthermore the gap between the yields being achieved on different lot sizes is also currently significantly wider than it has been.



Source: Savills (UK) Ltd

The UK economic recovery is therefore now more evenly spread across the UK regions, with the majority of regions now showing growth in output, employment and consumer spending. This recovery, combined with corporate issues such as the relocation of certain aspects of businesses, is increasing the tenant demand for all types of commercial property outside London. Falling void rates in the office, retail and industrial sectors are also beginning to put upward pressure on rents. Investor demand for commercial real estate assets is currently at record levels, and a rising proportion of this demand is being focused on locations outside Greater London. Average and prime property yields are significantly higher outside London than in London. There is also a wider than normal gap between prime and secondary commercial property yields in the UK.

The Board believes that the current market environment is sufficiently attractive to support raising new funds to assist the Company to grow and achieve its investment objectives by investing in regional real estate assets that offer identifiable asset management and risk controlled development opportunities.

Investment opportunity

Focus on growth potential

The Asset Manager focuses on assets which it believes will benefit from its entrepreneurial proactive asset management strategy. Properties are identified that offer the potential for rental and capital growth through physical improvement, re-negotiation of leases or where the Asset Manager believes that the property has been mispriced.

Assets are sought in strong regional areas where the Asset Manager believes there is the greatest potential for growth. However, attractive opportunities are also considered throughout the UK.

Lack of competition

In recent years the majority of institutional investors have been focusing on prime properties and larger lot sizes. Interest from smaller property companies and private individuals, that traditionally acquired lot sizes of less than £15 million, has not returned to previous levels following the 2008 crisis due to the ongoing lack of available credit. This has created a pricing anomaly in smaller lot sizes due to a lack of competition for assets.

The Board therefore believes that the Company continues to be ideally placed to exploit the lack of competition for assets in smaller lot sizes. The Company therefore targets assets with a lot size of between £2 million and £15 million with an average lot size of approximately £5.73 million.

Attractive blend of income return and capital growth

The Company is seeking to provide investors with an attractive core income, with an expected initial aggregate dividend of at least 5.25 pence per Ordinary Share in respect of the period from the Company's launch to 30 September 2016. Following this initial period the Company is targeting fully covered aggregate dividends of at least 5.5 pence per Ordinary Share and 6.0 pence per Ordinary Share (on the assumption the net asset value of the Company exceeds £50 million) in respect of the 12 months ending 30 September 2017 and 30 September 2018 respectively. The properties currently within the Property Portfolio provide, and the assets that will be acquired with the net proceeds of the Placings will also provide, investors with the potential for income and capital growth over the longer term.

The Board is confident that the Asset Manager's knowledge of the sector combined with its expertise in asset and development management will continue to be key in the Company achieving its investment objective.

The Property Portfolio

The Property Portfolio comprises seven properties which are located across the UK and have an aggregate market value of approximately £40.36 million. The Property Portfolio generates a current gross contracted rent of approximately £3.3 million (with an acquisition yield of 7.9 per cent.) and an aggregate estimated gross annual rent of approximately £3.2 million.

Further details of the Property Portfolio are set out in Part 5 of this document.

Acquisition of further properties

The Asset Manager has a further pipeline of potential acquisitions. Therefore, the Board and the Asset Manager are confident that the Asset Manager will continue to identify attractive acquisition opportunities and therefore that the net proceeds of the Initial Placing can be invested shortly after Admission.

Proactive asset management

The Company's Property Portfolio is the sole focus of the Asset Manager's team which is part of the award winning development company Drum Property Group Limited. They have extensive experience of entrepreneurial proactive asset management and risk-controlled development creating investments that deliver market-leading revenue and capital appreciation.

From addressing and letting void space, pursuing rent reviews and expiries, through to physically altering, developing and improving buildings in a risk-controlled manner, the Asset Manager will continue to deliver a detailed and involved asset management strategy that aims to identify and drive rental growth whilst also maximising additional income opportunities.

The Asset Manager's team is led by Bryan Sherriff who has over 23 year's' experience across all sectors in commercial property and comprises other investment professionals experienced in both institutional and real estate company sectors. The team also has extensive credentials in the successful and profitable disposal of assets. The disposal of assets will only be pursued as market conditions dictate and if such an exit would improve the Company's ongoing performance and would be consistent with the overall investment objective.

Investment strategy

The Asset Manager targets commercial real estate assets with the following characteristics:

- lot sizes of between £2 million and £15 million, with the Company having a current average lot size of approximately £5.73 million;
- that offer the opportunity to add value via the Asset Manager's proactive asset management;
- situated in significant regional conurbations that have scope for physical improvement or improved asset management; and
- which the Asset Manager considers to be mispriced and/or properties which are subject to sub-standard lease lengths and voids.

The Asset Manager focuses on acquiring assets in the three principal commercial real estate sectors: office, retail (including retail warehouses) and industrial, which have the potential to offer a secure income stream. Although investments may be made in other real estate sectors including leisure, residential, student residential, healthcare and hotels, the Company may invest no more than 25 per cent. of its total assets in such other sectors.

The Asset Manager is not constrained by geographical restrictions or traditional property market benchmarks and, given the entrepreneurial nature of the asset management strategy, appropriate opportunities throughout the UK are considered.

When considering assets for the Property Portfolio the Asset Manager targets a net initial yield in excess of 6.5 per cent. However, if the Asset Manager is able to demonstrate to the Board that there are development opportunities and/or benefits to the wider Property Portfolio, assets may be acquired which have a lower net initial yield.

The Asset Manager focuses on acquiring assets that it believes will benefit from its detailed and involved proactive asset management. These assets may benefit from physical improvement, subject to the Asset Manager's risk analysis, or improved management such as re-negotiated lease terms based on the Asset Manager's knowledge and experience. The Board is confident that this style of asset management allows for improved capital returns thus providing investors with regular income in the short term and the potential for capital growth in the longer term.

The Board believes that the Asset Manager's knowledge and experience of the UK commercial real estate sector will continue to be key in identifying assets that match the Company's investment criteria. The Board is of the opinion that this knowledge and the well established list of contacts that the Asset Manager has developed throughout the commercial real estate sector in the UK will continue to ensure that the Company has a regular stream of appropriate and attractive investment opportunities.

Risk management and sustainability

The Asset Manager considers and monitors risk through all aspects of the investment process. Risks identified prior to the acquisition of an asset are highlighted to the Board and considered by the Directors prior to approval of the purchase. These risks are then monitored by the Asset Manager and reviewed at each quarterly Board meeting of the Company.

Sustainable investment is relevant in considering suitable investments for the Company and is a factor considered by the Asset Manager when analysing risk. The Asset Manager seeks to avoid depreciation in valuation caused by external environmental factors and also seeks to be aware of the need for buildings to deliver the future requirements of occupiers.

UK REIT status

The Company entered the UK REIT Regime with effect from 20 August 2015. The Company therefore has a tax efficient corporate structure for UK tax purposes on the basis that 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, provided that certain conditions are satisfied.

Dividend policy

Subject to market conditions and the Company's performance, financial position and financial outlook, it is the Directors' intention to pay dividends to Shareholders on a quarterly basis. The Company has declared a first interim dividend of 1.3125 pence per Ordinary Share in respect of the period from the Company's launch on 29 May 2015 to 31 December 2015 which will be paid on 26 February 2016 to Shareholders on the Company's register of members at the close of business on 5 February 2016.

The Board expects to pay an initial aggregate dividend of 5.25 pence per Ordinary Share in respect of the period from the Company's launch to 30 September 2016. Following this initial period the Company is targeting fully covered aggregate dividends of at least 5.5 pence per Ordinary Share and 6.0 pence per Ordinary Share (on the assumption the net asset value of the Company exceeds £50 million) in respect of the 12 months ending 30 September 2017 and 30 September 2018 respectively.

Dividends on the Ordinary Shares are expected to be paid in equal instalments quarterly in respect of each financial year from 1 October to 30 September in February, May, August and November. All dividends are paid as interim 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 Initial Placing and/or Placing Programme such New Shares will rank *pari passu* with the Ordinary Shares.

There are no assurances that these dividends, which are targets only and not profit forecasts, will be paid or that the Company will pay any dividends.

In accordance with the REIT Eligibility Conditions, it is expected that a significant proportion of dividends will be paid in the form of Property Income Distributions.

Gearing policy

Gearing, calculated as borrowings as a percentage of the Group's gross assets, will not exceed 50 per cent. at the time of drawdown.

The Board has put in place a £20 million revolving facility with the Bank which has a term of 18 months and is therefore repayable on 22 July 2017. The Bank Facility will be used to fund further acquisitions in accordance with the Company's investment policy. The Group has already drawn down approximately £11.1 million from the Bank Facility in order to complete the acquisitions of the Cheadle Property, the Arthur Property and the Gloucester Property. As at 24 February (the latest date prior to the publication of this document) the Company's LTV was 27.5 per cent. The interest rate on the Bank Facility is LIBOR plus 1.1 per cent. per annum.

The Board intends to refinance its existing debt with longer term debt prior to the repayment date as it aims to maintain the proposed gearing level of 40 per cent. loan to value over the longer term.

The general meeting and the related party transactions

As at the date of this document, Tcam Nominees holds together with its associates, 85.58 per cent., in aggregate, of the voting rights of the Company. In the light of this shareholding, under the Listing Rules, Tcam Nominees is a person exercising significant influence over the Company and is, as a result, a related party to the Company.

Tcam Nominees is keen to see the Company grow and wishes to support the Proposals. It has indicated that it (and its associates) would like the ability to make further investments in the Company, pursuant to the Proposals, of up to £10 million. Tcam Nominees has further indicated that if Shareholders grant it this ability it, together with its associates, may, in the first instance, subscribe for up to approximately £2.5 million in the Initial Placing. In the light of Tcam Nominees being a related party to the Company these further subscriptions, or subscriptions by its associates, pursuant to the Proposals constitute related party transactions under the Listing Rules.

Therefore a circular has been sent to Shareholders by the Company setting out the notice convening a general meeting to be held on 21 March 2016 at 16 Charlotte Square, Edinburgh EH2 4DF at 10 a.m. The purpose of this general meeting is to consider, and if thought fit pass the ordinary resolution to approve the ability of Tcam Nominees and its associates to make further investments in the Company for up to £10 million in aggregate pursuant to the Initial Placing and the Placing Programme.

Group structure and subsidiaries

The Company

The Company is a closed ended investment Company which launched in May 2015. 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

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 policy of the Company and the investment restrictions that apply to the Company. The Property Subsidiary currently holds the Property Portfolio and may acquire further properties, in accordance with the Company's investment policy, from time to time. The Company may fund the Property Subsidiary by way of equity capital in amounts to be determined from time to time. Further details of the Property Subsidiary are set out in paragraph 1.2 of Part 10 of this document.

Further subsidiaries and investment structures

The structure to be used for any future acquisition of property assets will be reviewed at the time of the relevant acquisition and the Company 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 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 Company.

The Company may also invest up to 25 per cent. of its total assets at the time of investment in joint ventures which hold real estate directly.

Capital structure

Share capital

The share capital of the Company consists solely of Ordinary Shares denominated in Sterling. 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.

Duration

As the Company is a long term investment vehicle it does not have a fixed life.

Share buybacks

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 4.77 million Ordinary Shares, being approximately 14.99 per cent. of the number of Ordinary Shares in issue at the Company's launch in May 2015. 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 5 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.

Rule 9 of the Takeover Code

Under Rule 9 of the Takeover Code, any person who acquires shares which, taken together with shares already held by him or shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares. Similarly, when any person or persons acting in concert already hold more than 30 per cent. but not more than 50 per cent. of the voting rights of a company, a general offer will normally be required if any further shares are acquired.

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 of a company nor 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 is acquiring 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. The buyback by the Company of Ordinary Shares could, therefore, have implications under Rule 9 for Shareholders with significant shareholdings.

As at 24 February 2016 (the latest practicable date prior to the publication of this document) Tcam, on behalf of its discretionary clients including Tcam Nominees, holds 27,268,000 Ordinary Shares representing 85.58 per cent. of the Company's total issued share capital. If at any time Tcam (or any other party) holds 30 per cent. or more of the issued share capital of the Company but less than 50 per cent. of the issued share capital of the Company, the Company's ability to buy back shares from parties other than Tcam (or *pro rata*) will be restricted unless the Company goes through the Takeover Panel "whitewash procedure", which would require putting a resolution to independent Shareholders to approve the buyback.

In the event that Tcam's (or any other party or parties deemed to be acting in concert) holding is 30 per cent. or more of the issued share capital of the Company but less than 50 per cent. of the issued share capital, then the Board will consider whether it is in the best interests of Shareholders to consult with the Takeover Panel to seek its agreement, subject to the approval of independent Shareholders voting on a poll, to waive any obligation that would otherwise arise under Rule 9 of the Takeover Code for Tcam to make a general offer for the Shares which they do not already own as a result of the exercise by the Company of any buyback powers.

At such time, until such resolution is proposed and passed, the Company's ability to buy back Shares from parties other than Tcam (or *pro rata*) may be restricted.

PART 2

MANAGEMENT AND ADMINISTRATION

Directors

The Board comprises three Directors, all of whom are non-executive and independent of the AIFM and the Asset Manager. The Directors are responsible for the determination of the Company's investment policy and the overall supervision of the Company. The Directors are as follows:

John Evans (Chairman) has worked in the investment management industry for over 30 years. He retired from Aberforth Partners, a specialist investment management firm, in 2011 having been one of its founding partners in 1990. He is also a director of Investor Capital Trust plc and Securities Trust of Scotland plc.

Hugh Little (Chair of the Audit Committee) qualified as a chartered accountant in 1982. In 1986 he joined Aberdeen Asset Management and from 1990 to 2006 oversaw the growth of the private equity business before moving in to the corporate team as Head of Acquisitions. He has previously been a director of Aberdeen Development Capital PLC and Aberdeen Football Club plc.

Alan Robertson is a Fellow of the Royal Institution of Chartered Surveyors (FRICS) with over 30 years experience of working in the commercial real estate sector. He held posts as managing director of Jones Lang LaSalle in both Scotland and Turkey before taking up the post of CEO of Jones Lang LaSalle in the Middle East and North Africa region.

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 2014 (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 John Evans as Chairman. All of the Directors are considered by the Board to be independent of the AIFM and the Asset Manager. Hugh Little was appointed as a non-executive director of Tcam Asset Management Group Limited on 25 November 2015. Mr Little does not represent Tcam on the Board and Tcam was not considered as being an investment manager to the Company as it was appointed to provide advice in relation to macro economic conditions and such appointment was terminated with effect from 1 January 2016. Accordingly the Board consider Mr Little to be independent. 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 Asset 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 John Evans. 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.

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 5.11 of Part 10 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 is evaluated through an assessment process, led by the Chairman. The performance of the Chairman is evaluated by the other Directors.

The audit committee

Hugh Little is the chairman of the Company's audit committee which comprises the full Board. In discharging its responsibilities the audit committee reviews the annual and half yearly accounts, the system of internal controls, and the terms of appointment and remuneration of the auditor. It is also the forum through which the Auditor reports to the Board. The audit committee is expected to meet at least once a year. The objectivity of the Auditor is reviewed by the audit committee, which also reviews the terms under which the 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

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

The investment committee

The investment committee comprises the full Board. It is chaired by John Evans. The investment committee is responsible for authorising all purchases and sales within the Property Portfolio.

The investment committee has written terms of reference which are reviewed at least annually and clearly define their responsibilities and duties.

The Management Arrangements

The AIFM

The Company has appointed R&H Fund Services (Jersey) Limited as its AIFM pursuant to the AIFM Agreement, the terms of which are set out in more detail below and in Part 10 of this document.

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

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

Under the terms of the AIFM Agreement, the AIFM is also responsible for obtaining and maintaining from the FCA or the Jersey Financial Services Commission all approvals necessary for the AIFM 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 Company 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 AIFM is a limited liability company which is a non-EU Alternative Investment Fund Manager and is authorised and regulated by the Jersey Financial Services Commission. Established in 1988, the AIFM currently acts as Alternative Investment Fund Manager for a number of funds which comprise over 105 separate client portfolios with approximately £820 million under management.

The Asset Manager

DRUM Real Estate Investment Management Limited (DREIM), the Company's Asset Manager, is the investment management division of Drum Property Group Limited which is currently actively involved in a wide variety of real estate projects including residential, retail, office and business park developments with an end value in excess of £1 billion. DREIM is led by Bryan Sherriff who has over 23 years experience across all sectors in commercial property. It has an established track record of intensive asset and development management having acted for a wide portfolio of institutional investors. DREIM takes an entrepreneurial yet prudent approach to real estate investing, with a clear focus on acquiring quality assets across the UK which provide good value, healthy cash flow and strong capital and income growth potential for the Company.

In its capacity as asset manager, DREIM 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 key personnel who are responsible for managing the Property Portfolio are:

Bryan Sherriff is a Fellow of the Royal Institution of Chartered Surveyors (FRICS) with over 23 years experience in UK commercial property, and will have lead responsibility for sourcing and managing assets for the Property Portfolio. Previously, Bryan held the position of Head of Property with Stockland UK, with responsibility for an investment and development portfolio worth in excess of £1.5 billion spread across all commercial property sectors throughout the UK. Bryan has considerable experience of all UK commercial and retail sectors and an established track record of intensive asset and development management having acted for a wide portfolio of institutional investors and advised various lenders regarding distressed situations.

Graeme Bone is the founder and principal shareholder of the Drum Property Group. After qualifying as a solicitor, he practiced as a Partner of an Aberdeen law firm for seven years prior to focusing on the real estate sector. He has over twenty years experience in the financing and delivery of complex land assembly, development and investment projects.

Stuart Oag qualified as a Chartered Accountant with KPMG, Stuart has almost 20 years' of finance and property experience with particular experience in the setting and implementation of corporate strategy, finance, company and property acquisitions and disposals. Stuart has secured over £500 million of finance over that period, with all the major banking groups, and the institutional market and was responsible for a significant number of acquisitions and disposals across both the property and corporate sectors, ranging from £500,000 to over £70 million in scope.

Fife Hyland has over 20 years experience in communications, brand marketing, HR and event management, having worked for several marketing services groups, as well as owning and running his own communications agency. Fife oversees Drum Property Group Limited's communication and operations activity, and will have a particular focus on the Company's stakeholder liaison and communication programme. He has been a Fellow of the Marketing Society (Scotland) since 2008.

Management Agreements

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

Pursuant to the terms of the Asset Management Agreement, the AIFM has delegated portfolio management services relating to the Company to the Asset Manager on the same terms as the AIFM Agreement. The AIFM has, and shall maintain, necessary expertise and resources to supervise the delegated tasks effectively and shall ensure compliance with the AIFMD and other applicable law. The Asset Manager will advise the Company on the acquisition, management and disposal of the real estate assets in the Property Portfolio.

The AIFM Agreement provides that the Company has to pay to the AIFM a fixed fee of £15,000 per annum plus an annual portfolio management fee of, with effect from 1 January 2016, 1.15 per cent. of the Net Assets of the Company where such Net Assets are less than £150 million. In the event that the Net Assets are equal to or in excess of £150 million this annual portfolio management fee will reduce to 1 per cent. of the Net Assets of the Company. The AIFM has agreed that the portfolio management fee will be paid to the Asset Manager in accordance with the terms of the Asset Management Agreement. The Asset Manager has agreed to reduce its portfolio management fee under the AIFM Agreement, to the extent necessary to ensure that the annual expenses of the Company do not exceed 2.0 per cent. of the Net Assets.

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

The Management Agreements are terminable by any party on 12 months' written notice, provided that such notice shall expire no earlier than 29 May 2019 (being the fourth anniversary of the launch of the Company). The Management Agreements may be terminated immediately by the Company if the AIFM or the Asset Manager is in material breach of an agreement, guilty of negligence, wilful default or fraud or is the subject of insolvency proceedings. The AIFM Agreement and/or the Asset Management Agreement may be terminated immediately by the Company if both of the Key Men are no longer involved to a material extent in the management of the Group's assets and the Board has not given its prior consent to the change. The AIFM Agreement may be terminated immediately if the Asset Manager is directly appointed as AIFM of the Company. Further details of the Management Agreements are set out in paragraphs 8.2 and 8.3 of Part 10 of this document.

Conflicts of interest

The Asset Manager 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. Although

the Asset Manager is not currently managing any other fund and has in place a conflicts of interest and asset allocation policy, while 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. The Asset Manager has regard to its obligations under the Asset Management 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.

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 £75,000 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 £90,000 per annum, is payable by the Company to the Administrator.

The Administration and Secretarial Agreement can be terminated by the Company or the Administrator on six months' written notice. Further details of the Administration and Secretarial Agreement are set out in paragraph 8.5 of Part 10 of this document.

Net Asset Value publication and calculation

The properties owned 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 Property Portfolio and in accordance with IFRS. The Net Asset Value is calculated by the Administrator based on information provided by the Asset Manager 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.

Shareholder meetings, reports and accounts of the Company

The Company will hold an annual general meeting in February each year, starting in 2017.

The Company's annual report and accounts will be prepared up to 30 September each year. The first full annual reports and accounts will be published in respect of the period from 1 April 2015 to 30 September 2016. It is expected that copies will be sent to Shareholders by the following February. Shareholders will also receive an unaudited half yearly report covering the six months to 31 March each year, expected to be despatched in the following May.

Accounting policy

The audited accounts of the Company will be prepared under IFRS and the AIC SORP. Financial statements prepared by the Company in accordance with IFRS will include a statement of comprehensive income, a balance sheet, a statement of changes in equity and cash flow statement.

Within the statement of comprehensive income there is no requirement to differentiate between revenue and capital items but this supplemental information has been presented under guidance published by the AIC. Gains/losses on investments within the statement of comprehensive income will be presented as the movement in fair value of the investment properties and any gains/losses on disposals of investment properties.

The Company's management and administration fees, finance costs and all other expenses will be charged through the statement of comprehensive income. Costs directly relating to the issue of new Ordinary Shares will be offset against the Company's share premium account.

Annual expenses

The principal annual expenses of the Company are the fees payable to the AIFM, the Asset Manager, the Administrator, the Valuer and the Directors. The Company also incurs regulatory fees, insurance costs, professional fees, audit fees and other expenses. It is estimated (on the basis that the Placings are fully subscribed) that the annualised total expenses of the Company for the period ending 30 September 2016 (excluding the costs associated with the Placings, capital expenditure and refurbishment and irrecoverable property running costs) will be approximately £840,000.

The annual expenses of the Company are capped at 2.0 per cent. of the Net Assets. The Asset Manager has agreed to reduce its portfolio management fee under the AIFM Agreement, to the extent necessary to ensure that the annual expenses are capped at 2.0 per cent. of the Net Assets.

PART 3

THE INITIAL PLACING

Introduction

The Company is proposing to issue New Shares under the Initial Placing at 100 pence per New Share. The New Shares issued pursuant to the Initial Placing 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). There is no minimum amount to be raised under the Initial Placing.

The Initial Placing, which is not underwritten, is conditional upon:

- (a) (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 Ordinary Shares arising under the Initial Placing 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 FCA and any listing conditions having been satisfied; (ii) the London Stock Exchange having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the new Ordinary Shares will be admitted to trading; and (iii) Admission occurring on or before 8.00 a.m. on 24 March 2016 or such time and/or date as the Company, the Sponsor and the Bookrunner, in conjunction with the Asset Manager, may agree, being not later than 8.00 a.m. on 30 April 2016; and
- (b) the Placing Agreement becoming wholly unconditional (save as to Admission) and not having been terminated in accordance with its terms prior to Admission.

If these conditions are not met the Initial Placing will not proceed and, in such an event, subscription monies will be returned without interest at the risk of the applicant to the bank account from which the money was received.

The Directors believe that the profile of a typical investor in the Company is an institution or professionally advised individual who is seeking a regular level of income with the potential for income and capital growth over the longer term, 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.

The Initial Placing

The Bookrunner has agreed under the Placing Agreement to use its reasonable endeavours to procure Places for New Shares at the Initial Placing Price, being 100 pence per New Share. Details of the Placing Agreement are set out in paragraph 8.1 of Part 10 of this document.

The total number of New Shares issued under the Initial Placing will be determined by the Company and the Bookrunner, after taking into account demand for the New Shares, prevailing market conditions and the estimated acquisition costs of properties that the Asset 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 22 March 2016 (or such later date, not being later than 30 April 2016, as the Company and the Bookrunner 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 11 of this document.

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

Fractions

Fractions of New Shares will not be issued. To the extent that (other than on a scaling back) the fixed sum specified in relation to any applications for New Shares exceeds the aggregate value, at the Initial Placing Price, of the New Shares issued pursuant to such application, the balance of such sum (which will never exceed the Initial Placing Price) will be retained for the benefit of the Company.

Listing and dealing

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 Admission will become effective and that unconditional dealings in the New Shares will commence on the Main Market at 8.00 a.m. (London time) on 24 March 2016.

The New Shares issued pursuant to the Initial Placing will be issued in registered form and may be held either in certificated form or settled through CREST. It is expected that definitive certificates in respect of the New Shares will, where requested or required by law, be despatched during the week commencing 4 April 2016. Temporary documents of title will not be issued. Pending despatch of such certificates, transfers will be certified against the Company's register of members. Applications under the Initial Placing cannot be revoked after dealings have commenced on 24 March 2016. The ISIN number for the New Shares is GB00BW4NWS02.

Dealings in the New Shares issued pursuant to the Initial Placing 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 will be denominated in Sterling.

Initial Placing costs

The costs and expenses of the Initial Placing include *inter alia*, the fees payable to professional advisors (including the commission payable to the Bookrunner) and the costs of publishing this document. The costs of the Initial Placing are dependent on subscriptions and there is no minimum amount to be raised under the Initial Placing.

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

Dilution

Existing Shareholders are not obliged to participate in the Placings. However, those Shareholders who do not participate in the Placings 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 100 million New Shares are issued under the Initial Placing, Shareholders who do not participate will suffer a dilution of approximately 76 per cent. to their existing percentage holdings.

The Initial Placing Price has been set by the Board at a premium to the most recent Net Asset Value per Share. The premium is intended to cover the direct costs of issue and contribute to the financial impact of investing the proceeds. However, the Initial Placing Price will not necessarily cover the full costs of the Initial Placing and the investment of the proceeds. The Net Asset Value per Share could, therefore, be reduced to the extent such costs are not covered.

Commissions

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

Overseas investors

The New Shares will not be registered under the US Securities Act or under the securities legislation of any state or other political sub-division of the United States and the relevant clearances have not been and will not be, obtained from the securities commission of any province or territory of Canada, Australia or Japan and they may not, subject to certain exceptions, be offered or sold directly or indirectly in, into or within the US, Canada, Australia or Japan or to, or for the account or benefit of, a US Person (as defined in the US Securities Act) or any national, citizen or resident of the US, Canada, Australia or Japan. This document does not constitute an offer to sell or issue, or the solicitation of an offer to purchase or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful.

PART 4

THE PLACING PROGRAMME

The Placing Programme

Following the Initial Placing, the Directors intend to implement the Placing Programme. Under the Placing Programme the Company is proposing to issue up to 100 million New Shares less the number of New Shares issued under the Initial Placing.

Once the existing Shareholder allotment authorities granted at 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 26 February 2016 to 25 February 2017 when it identifies properties that are suitable for acquisition. This should enable the Asset Manager 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 24 March 2016 until 8.00 a.m. on 25 February 2017. 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 Placings pursuant to the Placing Programme are carried out by way of a single issue and the Placings are fully subscribed at the Initial Placing Price, the aggregate costs are expected to be approximately £1.6 million and the net proceeds of the Placings are expected to be approximately £98.4 million.

The Directors intend to apply the net proceeds of the Placing Programme in making investments that have been identified by the Asset Manager 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 the 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 Placing under the Placing Programme is conditional, *inter alia*, on the following:

- (i) once the existing Shareholder allotment authorities granted at 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 to the Official List and the Main Market 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 Placing under the Placing Programme will be set by the Board at a premium to the 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 Placing Programme Price will not necessarily cover the full costs of the relevant Placing and the investment of the resulting proceeds. The net asset value could therefore be reduced to the extent such costs are not covered. The Placing Programme Price for each Placing will be announced as soon as is practicable through a Regulatory Information Service.

Scaling back

A maximum of 100 million New Shares are available under the Placing Programme including the Initial Placing. The Company reserves the right to decline in whole or in part any application for New Shares pursuant to the Placing Programme. In the event that subscriptions exceed the maximum number of New Shares available the Bookrunner will scale back subscriptions at its absolute discretion (after consultation with the Company).

Accordingly, applicants for New Shares may, in certain circumstances, not be allotted the number of New Shares for which they have applied.

In such event it is intended that 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.

The result of any Placing under the Placing Programme (including the Initial Placing) and any scaling back will be announced immediately prior to Admission through a Regulatory Information Service. The balance of subscription monies in the event of scaling back (or unsuccessful applications) will be posted to applicants by cheque, without interest, at the applicant's own risk.

Admission 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 24 March 2016 to 25 February 2017. It is expected that such Admission and dealings in the New Shares issued pursuant to the Placing Programme will commence in the period from 24 March 2016 to 25 February 2017.

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 the Admission of the New Shares to the Official List and to trading on the Main Market.

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 5

DETAILS OF THE PROPERTY PORTFOLIO

The information contained in this Part 5 provides an analysis of the Property Portfolio. The information contained in this Part 5 is unaudited. Unless otherwise stated, all of the information is stated as at 24 February 2016 (being the latest practicable date prior to the publication of this document) and is based on the valuations as at 31 December 2015 (with the exception of the Arthur Property and the Gloucester Property which were valued as at 9 February 2016) from the Valuer's valuation report as set out in Part 6 of this document. There has been no material change in the value of the properties from the date of their valuation to the date of this document.

1. Summary description of the Property Portfolio

Property	Sector	Current Gross Contracted Rent ¹	Estimated Gross Annual Rent	Acquisition Yield ²	Market Value
Mayflower House, Fifth Avenue Business Park, Gateshead	Offices	£257,060	£258,800	9.3%	£2,625,000
Duloch Park, Turnstone Road, Dunfermline	Retail	£354,556	£362,800	7.4%	£4,525,000
Gosforth Shopping Centre, High Street, Newcastle Upon Tyne	Shopping Centre	£870,504	£1,003,950	7.3%	£12,500,000
Monteith House, 11 George Street, Glasgow	Offices	£465,490	£460,500	7.6%	£5,750,000
Cheadle Lakeside 5500, Manchester ³	Offices	£452,848	£452,600	7.8%	£5,250,000
105 Eastern Avenue, Gloucester ⁴	Retail	£471,753	£242,760	8.4%	£5,300,000
Arthur House, Manchester ⁵	Offices	£416,976	£455,360	8.9%	£4,412,500
TOTAL		£3,289,187	£3,236,770	7.9%	£40,362,500

¹ Current Gross Contracted Rent includes vendors top ups.

² Acquisition yield is based on Acquisition Gross Contracted Rent

³ Includes Manchester Cheadle Lakeside 5500, Manchester which was valued by the Valuer as at 31 December 2015 and was acquired by the Property Subsidiary on 22 January 2016.

⁴ Includes 105 Eastern Avenue, Gloucester which was valued by the Valuer as at 9 February 2016 and was acquired by the Property Subsidiary on 24 February 2016.

⁵ Includes Arthur House, Manchester which was valued by the Valuer as at 9 February 2016 and was acquired by the Property Subsidiary on 24 February 2016.

2. Top 10 Tenant information

Tenant Name	Next Break/ Expiry	Current Net Annual Rent ¹
Sainsburys (Gosforth)	10 April 2032	£386,429
Staples UK Ltd (Gloucester)	24 March 2024	£315,000
Agilent Technologies LDA UK Ltd (Cheadle Lakeside)	24 March 2022	£299,390
Scottish Network & Tourist Board (Monteith)	26 January 2021	£235,000
Worldpay Ltd (Gateshead)	11 March 2020	£158,337
Micron Europe Ltd (Cheadle Lakeside)	24 March 2017	£153,458
The Skills Development Scotland Co Ltd (Monteith)	23 July 2018	£126,489
LS Buchanan Ltd (Monteith)	19 January 2017	£104,000
Maplin Electronics Ltd (Gloucester)	27 March 2021	£86,783
Boots (Gosforth)	31 December 2025 ¹	£77,500

¹ Rolling (renegotiating contract)

There are currently no arrears from any tenant within the Property Portfolio. The Asset Manager 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:

	As a percentage of current gross annual rent ¹
Length of leases	Property Portfolio
0 – 5 years	59.6%
5 – 10 years	25.5%
10 – 15 years	2.0%
15 – 20 years	11.2%
20+ years	1.6%

¹ Includes amounts to be drawn down under the Rental Guarantee (Gosforth units 17 and 30/31, rent guarantee of £73,000 and Arthur House 4th Floor and Car Parking based on a 12 month period)

The average lease length of the properties in the Property Portfolio, taking into account properties covered by the Rental Guarantee, is 5.54 years, weighted by current gross annual rent as at 31 December 2015 and 9 February 2016 in relation to the Arthur Property and the Gloucester Property. This has been calculated to the earlier of the expiry date of the lease and first break option. Ignoring break options the average lease length to expiry, weighted by current gross annual rent (taking into account the Rental Guarantee) is 6.55 years.

The average lease length of the Properties, ignoring the Rental Guarantee, is 5.75 years, weighted by current gross annual rent. This has been calculated on the earlier of the expiry date of the lease and first break option. Ignoring break options the average lease length to expiry, weighted by current gross annual rent is 6.80 years.

4. Voids

The technical void rate in the Property Portfolio represents 8.1 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 3.6 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 Asset Manager and it is considered that the condition of the Properties is acceptable having regard to the Properties' age, use, type and lease terms.

PART 6

VALUATION REPORT

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26 February 2016

Dear Sirs

DRUM INCOME PLUS REIT PLC – UK PROPERTY PORTFOLIO VALUATION

1. INSTRUCTIONS

In accordance with verbal instructions received from Drum Income Plus REIT plc ("DRIP REIT") in December 2015 which were confirmed by way of the engagement letter dated 22 February 2016, we have undertaken a valuation of the properties described in Schedule 1 (the "Properties") (together the "Portfolio"). This report is required for inclusion in a prospectus (the "Prospectus") which is to be published in connection with the issue of up to 100 million New Shares by way of an initial placing and a placing programme by DRIP REIT (the "**Transaction**"). Our report is provided expressly for this purpose and this purpose only.

This Valuation Report has been prepared in accordance with the Royal Institution of Chartered Surveyors (the "RICS") Valuation – Professional Standards January 2014 (the "RICS Red Book") published in November 2013 and effective from January 2014 and revised in April 2015. The valuation is a Regulated Purpose Valuation as defined in the Red Book. This Valuation Report complies with rules 5.6.5 and 5.6.6 and paragraph 2.7 of Annex XV Appendix 3 of the Prospectus Rules published by the Financial Conduct Authority and also paragraphs 128 to 130 of ESMA's recommendations on the consistent implementation of the European Commission's Regulation on Prospectuses No. 809/2004.

2. DATE OF VALUATION

Our opinions of Market Value in respect of each Property are as at 31 December 2015 (with the exception of Arthur House, Manchester and Eastern Avenue Retail Park, Gloucester which we valued as at 9 February 2016). We are not aware of any material changes having occurred between the respective valuation dates, and the date of this valuation report that would affect the valuation and we are not aware, as a result of our role as External Valuer of the Properties, of any matter which is not disclosed in the Prospectus or which has not been disclosed to the Company in writing and which is required to be brought to their attention.

3. TERMS OF REFERENCE

We understand the Portfolio comprises seven properties held for investment purposes and located throughout the UK. Four are held freehold/heritable, one is held freehold and part leasehold and two are held long leasehold (over 50 years). The Properties comprise retail and office assets that are generally

Offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

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let on standard institutional full repairing and insuring lease terms. The only exception to this is Arthur House, Manchester which trades as a business centre and consequently there are a number of inclusive short term leases and licences.

All the properties are identified and described briefly on Schedule 1.

Schedule 1 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 Market Values, as at 31 December 2015 (with the exception of Arthur House, Manchester and Eastern Avenue Retail Park, Gloucester which we valued as at 9 February 2016).

4. SOURCES OF INFORMATION

In undertaking our valuations we have been provided with, and have relied upon, information supplied to us by DRIP REIT and their advisors. We have assumed that this information is full and correct. It follows that if it is found to contain errors then our opinions of value may change.

Legal Documentation: We have relied on Reports on Title and Lease prepared by DRIP REIT's legal advisors, Messrs Brodies LLP. We have further reviewed an overview report prepared by Dickson Minto W.S dated 26 February 2016. We understand that all the Properties have good and marketable title, free from any onerous or restrictive conditions. We have not undertaken credit enquiries into the financial status of the tenants and have assumed that they are capable of meeting all of their obligations under the terms of their leases.

Inspections: We have carried out full inspections of each of the Properties during December 2015.

- Mayflower House, Team Valley Trading Estate, Gateshead 22 December 2015
- Duloch Park, Dunfermline 21 December 2015
- Gosforth Shopping Centre, Newcastle upon Tyne 22 December 2015
- Monteith House, 11 George Square, Glasgow 17 December 2015
- Lakeside 5500, Cheadle Royal Business Park, Cheadle 3 December 2015
- Arthur House, Chorlton Street, Manchester 22 January 2016
- Eastern Avenue Retail Park, Gloucester 4 February 2016

As agreed, except where you have advised us to the contrary, we have assumed that there have been no material changes to any of the properties or their surroundings that could have a material effect on the value of the each interest since our inspections.

Floor Areas: Our Valuations are based on the measurements contained within area survey reports which have been provided to us by the Asset Manager. We have assumed these measurements have been undertaken in accordance with the current RICs Code of Measuring Practice.

Building Surveys: We have been provided with, and have relied upon, building surveys on each of the Properties produced by Hunter Brook Limited or Savills (UK) Limited.

Energy Performance Certificates: We have reviewed EPC ratings for each property as part of our diligence.

Environmental Surveys: We have been provided with, and have relied upon, Phase 1 Environmental Assessment surveys produced by Delta Simons or Energised Environments Limited.

Planning: We have made verbal/web based enquires 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.

5. STATUS OF VALUER

This valuation has been prepared by a number of surveyors under the supervision of Craig Timney MRICS. We confirm that they are all RICS Registered Valuers and have the knowledge, skills and understanding to undertake this valuation competently and we are acting in the capacity of External Valuer.

We are required by the Red Book (UKPS5.4) to disclose the following:

- Savills (UK) Limited have been retained by the Company to value its Properties on a quarterly basis for performance purposes (since April 2015). Craig Timney MRICS and Robert Grant MRICS are responsible for this particular instruction.
- Savills (UK) Limited provides property management services for all of the Properties held by the Company.
- In the financial year ending 31 December 2014, the total fees payable by the Company, including for this instruction, were less than 5% of the total combined turnover of Savills Advisory Services Limited and Savills (UK) Limited.

We do not consider any of the above constitutes a conflict of interest or in any way conflicts with our responsibility to provide an independent and objective opinion of value.

6. VALUATION

6.1 Basis of Valuation

Our valuations have been prepared on the basis of Market Value in accordance with the latest edition of the RICS Valuation – Professional Standards (“RICS Red Book”), and which is defined in Valuation Standards VPS 4.1.2 of the RICS Red Book as follows:

“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.”

Our valuations have been arrived at predominantly by reference to market evidence for comparable property.

We have made no allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of a Property, nor have we allowed for any adjustment to any of the Properties’ income streams to take into account any tax liabilities that may arise. We have excluded from our valuations any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupiers. Our valuations are exclusive of VAT (if applicable).

No allowance has been made for rights, obligations or liabilities arising in relation to fixed plant and machinery and it has been assumed that all fixed plant and machinery and the installation thereof complied with the relevant EEC legislation.

6.2 Market Value

We are of the opinion that the aggregate Market Value of the Properties in the Portfolio, as at 31 December 2015 (with the exception of Arthur House, Manchester and Eastern Avenue Retail Park, Gloucester which we valued as at 9 February 2016), is:

Properties held for investment:

Freehold/Heritable	£19,987,500
Freehold/part long leasehold	£12,500,000
Long leasehold (over 50 years)	£7,875,000
TOTAL	<u>£40,362,500</u>

FORTY MILLION THREE HUNDRED AND SIXTY TWO THOUSAND FIVE HUNDRED POUNDS

The total valuation figure reported is the aggregate total of the individual Properties and not necessarily a figure that could be achieved if the Portfolio were to be sold as a single holding.

The largest property by value in the Portfolio is Gosforth Shopping centre, which represents 30.97 of the total.

7. CONFIDENTIALITY

The contents of this Report and Valuation may be used for the specific purpose to which they refer. Savills Advisory Services Limited hereby gives its consent to the inclusion of this valuation report in the Prospectus and to the references to this valuation report and Savills Advisory Services Limited in the Prospectus in the form and context in which they appear.

Neither the whole nor any part of this Report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear. With the exception of this Report, Savills Advisory Services Limited does not accept any responsibility for any other part of the Prospectus or for any other information provided by the Company or any other party in relation to the Transaction.

For the purpose of Prospectus Rule 5.5.3R(2)(f), we authorise and accept responsibility for the information within this Report and Valuation and declare that we have taken all reasonable care to ensure that the information contained in the Report and Valuation is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with Annex 1 item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

Craig Timney MRICS
Director, Head of Valuation Scotland
RICS Registered Valuer

Robert Grant MRICS
Associate
RICS Registered Valuer

For an on behalf of Savills Advisory Services Limited

SCHEDULE A:
FREEHOLD/HERITABLE PROPERTY IN THE UK HELD FOR INVESTMENT

Address	Description	Approx Age	Tenancies	Market Value 31 December 2015
Duloch Park, Dunfermline, KY11 4QX	<p>Duloch Park comprises a neighbourhood retail and leisure scheme constructed in 2008 and consisting of 12 units extending to 16,776 sq ft (1,558.5 sq m). The property occupies a prominent position at the junction of Greenshank Drive and Turnstone Road adjacent to a 70,000 sq ft, 24 hour, Tesco Extra superstore and a 16,500 sq ft Aldi foodstore.</p> <p>The property is predominantly constructed over a single level with 'book ends' arranged over two storeys to the 'outer end' two units of each terrace. Each tenant has fitted out the units to suit their respective use of the accommodation.</p> <p>Car parking is provided to the front of the property with 58 spaces in total.</p>	2008	<p>The property is fully let under 12 separate occupational leases and generates a gross contracted rent of £354,556 per annum. As a result of rental incentives granted to Barrhead Travel and British Red Cross, the current gross passing rent is £317,056 per annum.</p> <p>Leases are generally drafted on an effective Full Repairing and Insuring basis, with the cost of repairs to common areas recoverable from the tenants through the service charge regime.</p> <p>The property provides a diversified spread of income with key tenants including Greggs, Lloyds Pharmacy, Subway and Indigo Sun. The largest tenant is Barrhead Travel Services Limited whom account for circa 18.33% of the aggregate gross income.</p> <p>The weighted average unexpired lease term certain is 4.62 years based on the gross contracted rent. This increases to eight years excluding tenant break options. There are eight outstanding rent reviews pertaining to 58.58% of the gross contracted income, all of these however are drafted on an upwards only basis.</p> <p>The net passing rent, allowing for landlord shortfalls derived from service charge caps, is £315,517 per annum.</p>	£4,525,000

Address	Description	Approx Age	Tenancies	Market Value 31 December 2015
Monteith House, 11 George Square, Glasgow, G2 1DY	<p>The property comprises a six storey over basement Grade B Listed building that provides approximately 27,067 sq ft (2,514.59 sq m) of office accommodation and seven car parking spaces at basement level.</p> <p>Occupying a prominent mid-terrace position on the south side of George Square in Glasgow city centre, the property provides well configured office accommodation with finishes generally comprising of suspended ceilings, stud and glazed partitions and carpet coverings.</p>	Redeveloped behind a retained façade in 1996	<p>Excluding the lease to Scottish Power in respect of a sub-station, the property is let to three tenants under five separate occupational leases and generates a contracted rent of £465,490 per annum. The current passing rent is £408,846 per annum as a result of a rental incentive granted to the occupier of the fourth floor. This incentive will expire in March 2016.</p> <p>77.66% of the contracted rent is secured to business entities that are supported by the Scottish Government. 22.34% is secured against LS Buchanan with a guarantee from Land Securities Property Holdings Ltd.</p> <p>The weighted average unexpired lease term certain is 3.49 years based on the contracted rent. This increases to 4.4 years excluding tenant break options.</p> <p>The property does not derive any landlord shortfalls. Consequently the net rent reflects the gross rent at £408,846 per annum.</p> <p>Our valuation assumes that the £200,000 retention provided to rectify the defective rear wall is assignable to prospective purchasers.</p>	£5,750,000

Address	Description	Approx Age	Tenancies	Market Value 9 February 2016
Units 1, 2a, and 2b, 108 Eastern Avenue Retail Park, Gloucester GL4 4LP	<p>Units 1, 2a and 2b, 108 Eastern Avenue Retail Park comprises an out of town retail park constructed in 1999, extending to a total GIA of 31,960 sq ft (2,969 sq m). The property fronts onto Eastern Avenue and is accessed directly off Eastern Avenue, via a large surface level car park in front of the properties. Further retail warehouse units surround the properties and current occupiers include Lidl, Carpetright, Harveys and Currys.</p> <p>The property consists of three retail warehouse units. It is of steel portal frame construction with blockwork and cladding elevations. There were originally two larger units in place and unit 2 has subsequently been split to form two smaller units, units 2a and 2b. Internally, each unit has been fitted out to the tenant's corporate fit out. A storage mezzanine has been installed in unit 1, providing 560 sq ft of additional space. There is service access to the rear of the units with access via a spur road, off Eastern Avenue. In addition, there are approximately 145 car parking spaces, including 6 disabled bays, to the front of the property which are shared between the tenants. Two trolley bays have also been installed in front of unit 2b.</p>	1999	<p>The property is fully let under 3 separate occupational leases. For all leases, the tenant's share of the service charge is based on the proportion the GIA of the premises bears to the GIA of all units at the estate at ground floor level. In the case of Unit 1 the GIA is assumed to be 20,000 sq ft.</p> <p>Unit 1 is let to Staples UK Real Estate Limited and Staples International, Inc on a twenty five year Full Repairing and Insuring lease expiring on 24 March 2024. The current passing rent is £315,000 per annum (exclusive of VAT), subject to five yearly upward only rent reviews to the greater of the passing and open market rent. Nil uplift was agreed at the 2009 and 2014 reviews. Any costs relating to the access roadway leading to the service yard are excluded from the service charge under this lease.</p> <p>Unit 2a is let to Maplin Electronics Limited on a ten year lease expiring on 27 March 2021. The current passing rent is £86,782.50 per annum (exclusive of VAT). The rent is subject to an open market review on 28 March 2016 on a hypothetical 10 year lease term. This lease states that the landlord must not reduce the number of car parking spaces to less than 130 spaces.</p> <p>Unit 2b is let to Farmfoods Limited on a fifteen year lease expiring on 9 August 2030. All uninsured risks are excluded from the tenant's repairing covenant. The annual rent is £69,970 (exclusive of VAT), however, the tenant has the benefit of a rent free expiring 10 February 2017. This outstanding rent free period has been topped up by the vendor, with the money drawn down by DRIP from an Escrow account. The rent is subject to five yearly reviews on 10 August 2020 and 2025.</p> <p>The MWUXT of the tenancies is 7.99 years and the annual gross rent generated from the property, incorporating the rental top up in respect of Unit 2b, is £471,752.50 per annum.</p>	£5,300,000

Address	Description	Approx Age	Tenancies	Market Value 9 February 2016
Arthur House, Chorlton Street, Manchester M1 3FH	<p>Arthur House comprises a purpose built commercial office block constructed in 1963. The property is configured with a ground floor reception and offices arranged over first to sixth floor. The majority of floors have been sub-divided to create 24 office suites of various sizes ranging from 295 sq ft (27 sq m) up to a full floor of 4,697 sq ft (436 sq m). The total net lettable area is 25,435 sq ft (2,363 sq m). Externally there are 32 car parking spaces within an undercroft car park.</p> <p>The office specification includes solid floors with a carpet covering, a combination of continuous perimeter heating or radiators, perimeter trunking, timber framed windows with double glazing and suspended ceiling with recessed Category II lighting. Some suites contain either ceiling or wall mounted air conditioning units.</p> <p>The property is located on an island site, with the reception entrance at the corner of Chorlton Street and Silver Street. The surrounding area is of mixed commercial use, including offices, retail and leisure, hotel and the National Express Coach Station is located nearby on Chorlton Street. The subject property is located with excellent connectivity to public transport, including Piccadilly Train Station, the Metrolink network, the Coach Station and the central bus interchange in Piccadilly Gardens.</p>	1963	<p>The property is let to 19 tenants under 21 leases and there are 4 car parking licences. There are 2 vacant offices and the vacancy rate is approximately 21%, the majority of which is a single suite on the fourth floor.</p> <p>The gross contracted rent is £416,976 per annum. Leases are a mixture of effective fully repairing and insuring bases, with the cost of repairs to the common areas recoverable from the tenants through the service charge regime, however, 14 leases are drafted with the rent inclusive of a combination of the service charge insurance, business rates, electricity and gas. The net income, making an allowance for the landlord's shortfalls relating to inclusive leases, is £279,915 per annum. After deductions for shortfalls from the vacant units, the net rent receivable is £227,127 per annum.</p> <p>The property provides a diversified spread of income and the largest tenant is Tony Gee & Partners LLP, whom account for circa 18.3% of the aggregate gross income.</p> <p>The weighted average unexpired term certain is 1.02 years, based on the gross contracted rent. This increases to 1.11 years, excluding tenant break options. There are 4 tenants holding over, responsible for 18.2% of the income.</p>	£4,412,500
			Freehold/Heritable Sub Total	£19,987,500

SCHEDULE B:
FREEHOLD/PART LONG LEASEHOLD PROPERTY IN THE UK
HELD FOR INVESTMENT

Address	Description	Approx Age	Tenancies	Market Value 31 December 2015
Gosforth Shopping Centre, Newcastle upon Tyne, NE3 1JZ	<p>The property comprises a neighbourhood shopping centre predominantly constructed over two levels and extending to 73,367 sq ft (6,815.96 sq m).</p> <p>Host to 18 retail units, the scheme is anchored by a 33,000 sq ft (3,065.77 sq m) Sainsbury's superstore which has significant profile to High Street.</p> <p>The roof level car parking deck is accessed via an additional ramp from the service yard. Providing 114 car parking spaces, the parking area is serviced by two passenger lifts together with a number of stairwells which provide access to the mall at street level.</p> <p>The majority of the property is held Freehold, however, a small outdoor seating area is held under a long lease at peppercorn rent.</p>	1979	<p>Gosforth Shopping Centre is let under 17 occupational leases and derives a gross contracted rent of £949,154per annum.</p> <p>The property is anchored by Sainsbury's Supermarkets Limited with other key tenants including Boots, Lloyds, Costa and WH Smith. The lease to Sainsbury's Supermarkets Limited incorporates five yearly upwards only rent reviews to the higher of Market Rent and 2% per annum compounded.</p> <p>Leases are drafted on effective Full Repairing and Insuring basis, with the cost of repairs to common areas recoverable from the tenants through the service charge regime.</p> <p>The weighted average unexpired lease term certain is 9.76 years based on the gross contracted rent. This increases to 10.97 years excluding tenant break options.</p> <p>The property is host to two vacant units (Units 17 and 30/31) representing 6.72% of the total floor area. At the valuation date, both of these units are under offer. In addition to this, the terms for a lease renewal have been agreed with Boots.</p> <p>The estimated net passing rental income after deducting non recoverable landlord costs is £852,751per annum.</p>	£12,500,000
			Freehold/Heritable Sub Total	£12,500,000

SCHEDULE C:
LONG LEASEHOLD PROPERTY IN THE UK HELD FOR INVESTMENT

Address	Description	Approx Age	Head Lease	Tenancies	Market Value 31 December 2015
Mayflower House, Team Valley Trading Estate, Fifth Avenue, Gateshead, NE11 0SD	<p>Mayflower House comprises a detached three storey office building, extending to 27,978 sq ft (2,599.22 sq m).</p> <p>The property provides flexible open plan office accommodation situated within one of Europe's largest industrial complexes.</p>	Early 1990s	125 years from 28 December 1989 expiring 27 December 2114 at peppercorn rent.	<p>The property is fully let to three tenants under five separate occupational leases. The contracted gross rent is £257,059.50 per annum.</p> <p>All tenancies are subject to outstanding rental incentives. As a result, the current gross passing rent is £49,361 per annum. The passing rent will revert to £211,161 per annum in April 2016 upon expiry of World Pay Limited's rent free period.</p> <p>Based on the contracted income, 62% of the passing rent is secured to Worldpay Limited with the remaining 38% derived from Datawright Computer Services and Addison Motors. All leases, save for the lease granted to Addison Motors, are subject to Schedules of Condition.</p> <p>The weighted average unexpired lease term certain is 3.74 years based on the gross contracted rent. This increases to 8.31 years excluding tenant break options.</p> <p>There are no landlord shortfalls, save for the peppercorn ground rent, which we regard de minimis in the context of the lot size. As a result, the net passing rent reflects the gross passing rent of £49,361 per annum.</p>	£2,625,000

Address	Description	Approx Age	Head Lease	Tenancies	Market Value 31 December 2015
Lakeside 5500, Cheadle Royal Business Park, Cheadle, SK8 3GR	<p>The property comprises a self-contained modern office building, which was constructed in circa 1998 and is of steel framed construction with brick elevations beneath a pitched tiled roof.</p> <p>Extending to 26,292 sq ft (2,442.59 sq m), Lakeside 5500 is configured over three levels and provides well specified open plan office accommodation across two wings, set around a central core.</p>	1998	215 years (less three days) from 29 September 1995 at peppercorn rent	<p>The property is let to two tenants under two separate occupational leases. The contracted gross rent is £452,848 per annum.</p> <p>The ground and first floor levels are let to Agilent Technologies LDA UK Limited for a ten year term expiring 24 March 2022. The rent at lease commencement was agreed at £299,390 per annum, however, the tenant benefitted from an incentive which was amortised over the first five years of the term. As a result, the current passing rent is £219,375 per annum. The rent is subject to review in year five to the greater of £299,390 per annum and Market Rent. The rent due after the review date is then subject to a £25,000 per annum deduction. The tenant's service charge is capped at £10 per sq ft.</p> <p>The second floor is let to Micron Europe Limited for a five year term commencing 25 March 2012 and expiring 24 March 2017. The current passing rent is £153,458 per annum. This lease is contracted outside The Landlord & Tenant Act 1954.</p> <p>The weighted average unexpired lease term certain is 4.54 years based on the contracted rent.</p> <p>The current passing rent generated from the property is £372,833 per annum.</p>	£5,250,000
				Long Leasehold Sub Total	£7,875,000
				Grand Total	£40,362,500

PART 7

FINANCIAL INFORMATION ON THE COMPANY

1. Auditor

Deloitte LLP of 2 New Street Square, London EC4A 3BZ which is registered to carry out audit work by the Institute of Chartered Accountants of England and Wales has been the only auditor of the Company since its incorporation. The reports and accounts of the Company are prepared in £s sterling according to IFRS and the AIC SORP. The Company's accounting period terminates on 30 September of each year and the first full annual reports and accounts will be published in respect of the period from 1 April 2015 to 30 September 2016.

2. Operating and financial review

The Company was admitted to the Official List and commenced trading on the Main Market of the London Stock Exchange on 29 May 2015 and raised gross proceeds of £31.9 million. It has, subsequent to its launch, entered into the REIT regime for the purposes of UK taxation.

The Company's net asset value as at 30 September 2015 was 96.40 pence per Ordinary Share. This represented a decrease in NAV of 3.6 per cent. since launch, of which 2.0 per cent. is accounted for by costs incurred in respect of the launch. As at 30 September 2015 the share price was 105 pence, an increase of 5 per cent. from the 100 pence at the launch of the Company. This represents a premium of 9 per cent. to the NAV at 30 September 2015. During the period since the Company's incorporation, the Company incurred a total loss of £502,000. The revenue loss of £120,000 represents the early stages of the Company's development where the rental income generated has been outweighed by day-to-day expenses. The capital revaluation loss of £382,000 in the period reflects the fact that the fair value of the Company's property portfolio at 30 September 2015 is impaired by the extent of the initial acquisition costs.

As at 30 September 2015 the Company had acquired two properties, one an office complex in Gateshead and the other a retail park in Dunfermline. The cost of these properties was £7.1 million. Since 30 September 2015 the Company has acquired a further five properties, in Gosforth Newcastle, Monteith House, Glasgow, Cheadle, Manchester, Arthur House, Manchester and Gloucester. The aggregate market value for all seven properties was approximately £40.36 million (as at 31 December 2015 and 9 February 2016 in respect of the Arthur Property and the Gloucester Property). On 22 January 2016 the Property Subsidiary entered into the Facility Agreement in relation to the £20 million, 18 month, revolving facility with the Bank of which £11.1 million has been drawn down to part fund the acquisition of the Cheadle Property and to acquire the Arthur Property and the Gloucester Property. As at 24 February 2016 (the latest practicable date prior to the publication of this document) the Company's LTV was 27.5 per cent. When considering assets for the Property Portfolio the Asset Manager targets an initial yield in excess of 6.5 per cent. All the properties that have been acquired since the Company's launch have an initial yield in excess of 6.5 per cent.

The Company's principal expenditure is the fees that are payable to the AIFM, the Administrator, the Valuer and the Directors. The total expenditure for the period from the Company's incorporation to 30 September 2015 was £210,000.

On 18 November 2015 the Court confirmed the cancellation of the Company's share premium account and the special reserve of approximately £28 million created as a result of the cancellation can be applied in any manner in which the Company's profits available for distribution are to be applied.

The Company has declared a dividend of 1.3125 pence per Ordinary Share for the period from the Company's launch to 31 December 2015 which is payable on 26 February 2016 to Shareholders on the Company's register at close of business on 5 February 2016.

3. Selected financial information

The key figures which summarise the Company's financial condition for the period from the Company's incorporation on 26 March 2015 to 30 September 2015 are set out below:

	<i>Period from incorporation to 30 September 2015</i>
Net asset value	
Net assets (£'000)	30,716
Equity shareholders' funds (£'000)	30,716
Net asset value per Share (p)	96.40
Consolidated income statement	
Total revenue (£'000)	53
Loss for the period (£'000)	(502)
Loss per Share (p)	(2.39)

4. Significant change

Since 30 September 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: (i) Group has acquired five properties (situated at Gosforth Newcastle, Monteith House, Glasgow, Cheadle, Manchester, Arthur House, Manchester and Gloucester) for an aggregate consideration of approximately £33.0 million; (ii) Company has cancelled its share premium account creating a special reserve of approximately £28 million which is available for distribution; and (iii) the Property Subsidiary has entered into the Bank Facility and has drawn down £11.1 million.

5. 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.

6. Net asset value

The unaudited Net Asset Value per Ordinary Share was 95.42 pence as at 31 December 2015 (the latest practicable date prior to the publication of this document).

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 31 December 2015 and takes into account the costs of acquiring the properties at Gosforth Newcastle and Monteith House Glasgow.

<i>Period from 30 September 2015 to 31 December 2015</i>	<i>Pence per Ordinary Share</i>	<i>£'000</i>
NAV as at 30 September 2015 (unaudited)	96.40	30,716
Valuation uplift in Property Portfolio	1.01	323
Acquisition costs for the Properties at Gosforth, Newcastle and Monteith House, Glasgow	(3.27)	(1,043)
Income earned for the period	1.41	451
Expenses for the period	(0.13)	(42)
NAV as at 31 December 2015 (unaudited)	95.42	30,405

For the avoidance of doubt, the unaudited NAV per Ordinary Share of 95.42 pence does not include provision for the dividend of 1.3125 pence per Ordinary Share which has been declared in respect of the period from launch to 31 December 2015 and which will be paid on 26 February 2016 to Shareholders on the register on the record date of 5 February 2016.

Additionally, since 31 December 2015 the Company has incurred further costs in respect of: (i) the acquisition of the three properties situated at Cheadle, Manchester, Arthur House, Manchester and Eastern Avenue Retail Park, Gloucester; (ii) the Bank Facility; and (iii) the publication of this document.

7. Capital resources

The Company currently has 31,864,000 Ordinary Shares in issue and, if the Placing Programme is fully subscribed and becomes unconditional the Company will have 131,864,000 Ordinary Shares in issue. As at 31 March 2015 (the date to which the Company's first financial information was published), the Company had not started trading. It had received no income and incurred no expenditure.

On its launch in May 2015 the Company raised gross proceeds of approximately £31.9 million. On 18 November 2015 the High Court of England and Wales 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. As at 31 December 2015 the special reserve was approximately £28 million. As at 31 December 2015 the Company had cash, held in sterling, available of approximately £5.5 million.

No dividends were paid in the period between the Company's launch and 30 September 2015. The Company has announced that it will pay its first dividend of 1.3125 pence per Ordinary Share in respect of the period from its launch in May 2015 to 31 December 2015 on 26 February 2016. The Company has the authority to buy back up to approximately 4.77 million Ordinary Shares. However, the Company has not bought back any Shares and it is unlikely that it will do so until the proceeds of the Placings are fully invested.

The Company's source of funds is its quarterly rental income which was approximately £53,000 for the period from the Company's incorporation to 30 September 2015. The Company's principal expenditure is the fees payable to the AIFM, the Administrator, the Valuer and the Directors. Its total expenditure for the period from the Company's incorporation to 30 September 2015 was £210,000.

On 22 January 2016, the Property Subsidiary entered into a £20 million revolving facility agreement with the Bank of which £11.1 million has been drawn down to complete the acquisitions of the Cheadle Property, the Arthur Property and the Gloucester Property. As at 24 February 2016 (the latest practicable date prior to the publication of this document) the Company's LTV was 27.5 per cent. Pursuant to the terms of the Facility Agreement, the Bank has the ability to restrict the payment of dividends from the Property Subsidiary to the Company if an event of default, which are typical for a facility of this nature, is occurring.

As at 24 February 2016 the Company has approximately £8.9 million available for investment purposes.

8. 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 30 September 2015 and 24 February 2016, the latest practicable date prior to the publication of this document:

	<i>As at 30 September 2015 £'000</i>	<i>As at 24 February 2016 £'000</i>
Current Debt	—	—
Guaranteed	—	—
Secured	—	—
Unguaranteed/Unsecured	—	—
Total non-current debt		
Guaranteed	—	—
Secured	—	11,100
Unguaranteed/Unsecured	—	—
Shareholders' equity funds		
Share capital	3,186	3,186
Share premium	28,032	28,032
Capital redemption reserve	—	—
Other reserves*	(502)	(2,019)
TOTAL	30,716	29,199

* Includes the Company's revenue and capital reserves.

The information in the table above is derived from the unaudited financial information on the Company as at 30 September 2015 (as set out in Part 8 of this document) and from internal management accounting records as at 24 February 2016.

The following table shows the Company's net indebtedness as at 24 February 2016.

	<i>£'000</i>
A. Cash	438
B. Cash equivalent	—
C. Trading securities	—
D. Liquidity (A + B + C)	438
E. Current financial receivable	—
F. Current bank debt	—
G. Current portion of non-current debt	—
H. Other current financial debt	—
I. Current financial indebtedness (F + G + H)	438
J. Net current financial indebtedness (I – E – D)	—
K. Non-current bank loans	(11,100)
L. Bonds issued	—
M. Other non-current loans	—
N. Non-current financial indebtedness (K + L + M)	(11,100)
O. Net financial indebtedness (J + N)	(10,662)
Indirect indebtedness	—
Contingent indebtedness	—

The information in the table above is unaudited financial information of the Company and has been extracted from internal management accounting records as at 24 February 2016 and has not been reported on by an accountant.

PART 8
FINANCIAL INFORMATION

SECTION 8A
ACCOUNTANTS REPORT



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Dickson Minto W.S. (the “**Sponsor**”)
Broadgate Tower
20 Primrose Street
London
EC2A 2EW

26 February 2016

Dear Sirs

Drum Income Plus REIT plc

We report on the financial information for the period from incorporation on 26 March 2015 to 30 September 2015 set out in Part 8B (the “Historical Financial Information”) of the Prospectus dated 26 February 2016 of Drum Income Plus REIT plc (the “**Company**”) (the “**Prospectus**”). This financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in note 2 to the Historical Financial Information. This report is required by Annex I item 20.1 of the Commission Regulation (EC) No 809/2004 (the “**Prospectus Directive Regulation**”) and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the Historical Financial Information on the basis of preparation set out in Note 2 to the Historical Financial Information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I, item 23.1 to the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom.

Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited (“DTTL”), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Company as at 30 September 2015 and of its profits, cash flows and changes in equity for the period to 30 September 2015 in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I, item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

Deloitte LLP

Chartered Accountants

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

SECTION 8B

HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

Historical Financial Information relating to Drum Income Plus REIT plc

Consolidated Statement of Comprehensive Income

For the period from incorporation on 26 March 2015 to 30 September 2015

		<i>For the period from incorporation on 26 March 2015 to 30 September 2015</i>		
	<i>Notes</i>	<i>Revenue £'000</i>	<i>Capital £'000</i>	<i>Total £'000</i>
Revenue				
Rental income		53	—	53
Total revenue		53	—	53
Unrealised losses on investment properties held at fair value		—	(382)	(382)
Total income/expense		53	(382)	(329)
Expenditure				
Asset Manager's fee	3	(48)	—	(48)
Other expenses	4	(162)	—	(162)
Total expenditure		(210)	—	(210)
Loss before finance costs and taxation		(157)	(382)	(539)
Net finance costs				
Interest receivable		37	—	37
Loss before taxation		(120)	(382)	(502)
Taxation		—	—	—
Loss for the period		(120)	(382)	(502)
Total comprehensive loss for the period		(120)	(382)	(502)
Basic and diluted loss per share (pence)	3	(0.57)	(1.82)	(2.39)

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement are derived from continuing operations.

No operations were discontinued in the period.

The accompanying notes are an integral part of this historical financial information.

Consolidated Statement of Financial Position
As at 30 September 2015

		<i>As at 30 September 2015 £'000</i>
Non-current assets		
Investment properties	7	7,132
		7,132
Current assets		
Trade and other receivables		166
Cash and cash equivalents		23,810
		23,976
Total assets		31,108
Current liabilities		
Trade and other payables		(392)
Total liabilities		(392)
Net assets		30,716
Equity		
Share capital	9	3,186
Share premium	10	28,032
Capital reserve	10	(382)
Revenue reserve	10	(120)
Total equity		30,716
Net asset value per ordinary share (pence)	8	96.40

Statement of Changes in Equity

For the period from incorporation on 26 March 2015 to 30 September 2015

	<i>Share capital account £'000</i>	<i>Share premium £'000</i>	<i>Capital reserve £'000</i>	<i>Revenue reserve £'000</i>	<i>Total equity £'000</i>
As at 26 March 2015	—	—	—	—	—
Loss and total comprehensive loss for the period:	—	—	(382)	(120)	(502)
Transactions with owners recognised in equity:					
Issue of ordinary share capital	3,186	28,678	—	—	31,864
Issue costs	—	(646)	—	—	(646)
As at 30 September 2015	<u>3,186</u>	<u>28,032</u>	<u>(382)</u>	<u>(120)</u>	<u>30,716</u>

Cash Flow Statement

For the period from incorporation on 26 March 2015 to 30 September 2015

*For the period from
incorporation on
26 March 2015 to
30 September
2015
£'000*

Cash flows from operating activities

Loss before finance costs and taxation	(539)
Adjustments for:	
Revaluation loss on property portfolio	382
Increase in trade and other receivables	(166)
Increase in trade and other payables	392

Net cash outflow from operating activities before interest and taxation

Interest received	69
	37

Net cash outflow from operating activities

Investing activities

Purchase of investment properties	(7,514)
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Net cash outflow from investing activities

Cash flows from financing activities

Issue of ordinary share capital	31,864
Issue costs	(646)

Net cash inflow from financing activities

Net increase in cash

Opening cash	—
--------------	---

Closing cash

Notes to the historical financial information

1. Principal Activities and Statues

Drum Income Plus REIT plc was incorporated in the UK on 26 March 2015 and is registered as a public limited company in terms of the Companies Act 2006 (number: 09090446). It is an investment company as defined by Section 833 of the Companies Act 2006.

The Company is a closedended property investment group which was launched in May 2015. The Company has a single class of ordinary shares in issue, which are listed on the premium segment of the Official List and traded on the London Stock Exchange's Main Market. The Company has, subsequent to its launch, entered the Real Estate Investment Trust ("REIT") regime for the purposes of UK taxation.

The Company is a member of the Association of Investment Companies ("AIC").

The Company's investment objective is to seek to provide investors with a regular dividend income plus the prospect of income and capital growth over the longer term.

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

For the period from incorporation until 29 May 2015, when the Company listed on the London Stock Exchange, the ultimate parent company and the smallest and largest group in which the results of this Company are consolidated was Drum Property Group Limited, a company registered in Scotland. The group accounts may be obtained from the registered office, 12 Rubislaw Terrace Lane, Aberdeen, AB10 1XF.

2. Accounting policies

2.1. Trading period

The historical financial information is presented for the period from incorporation to 30 September 2015.

2.2. Going concern

The Company raised £31.9 million, excluding issue costs, from an equity placement on its launch in May 2015 and began to deploy these funds through the purchase of two properties in the period. As at 30 September 2015 the Company held £23.8 million in cash that had not been invested in property. Subsequent to 30 September 2015 the Company completed five further acquisitions. The assets are considered to have stable income streams and have potential for capital appreciation.

Based on financial projections which extend beyond twelve months from the date of this historical finance information, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors have concluded that they should prepare the historical financial information on a going concern basis.

2.3. Basis of preparation

The historical information has been prepared in accordance with the requirements of the Prospectus Directive and the UK Listing Rules. The financial information has been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, applicable legal and regulatory requirements of the Companies Act 2006 and the Disclosure Rules and Transparency Rules and Article 4 of the IAS Regulation. The financial information has been prepared on a historical cost basis, except for investment property valuations that have been measured at fair value.

Where presentational guidance set out in the Statement of Recommended Practice ('SORP') for investment trust companies issued by the Association of Investment Companies ('AIC') in January 2009 is consistent with the requirements of IFRS, the Directors have sought to prepare the historical financial information on a basis compliant with the recommendations of the SORP. The AIC has issued an updated SORP which is applicable for accounting periods commencing on or after 1 January 2015. The recommendations of the revised SORP have not been adopted early.

The notes and historical financial information are presented in pounds sterling (being the functional currency and presentational currency for the Company) and are rounded to the nearest thousand except where otherwise indicated.

Standards not affecting the reported results and financial position

At the date of authorisation of this historical financial information, the following standards and interpretations, which have not been applied in this historical financial information were in issue but not yet effective.

- IFRS 15 – Revenue from Contracts with Customers
- amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception
- IAS 1 (amendments) Disclosure Initiative
- Annual Improvements to IFRSs: 2012-2014 Cycle
- amendments to IFRS 10 and IFRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IAS 27 (amendments) Equity Method in Separate Financial Statements
- IFRS 9 Financial Instruments
- IAS 16 and IAS 41 (amendments) Agriculture: Bearer Plants
- IFRS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
- IFRS 11 (amendments) Accounting for Acquisitions of Interests in Joint Operations
- IFRS 14 Regulatory Deferral Accounts
- IFRS 16 Leases

The Board is of the view that adoption will not materially change financial performance or the reported position within the historical financial information, although the Board will fully assess the impact on revenue recognition and related disclosures in subsequent periods.

2.4. Significant accounting judgements, estimates and assumptions

The preparation of the Company's historical financial information requires the Board to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Company's accounting policies, the Board has made the following judgements, which have the most significant effect on the amounts recognised in the financial information:

(a) Operating lease contracts – the Company as lessor

The Company has acquired investment properties which are subject to commercial property leases with tenants. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

(b) Fair value of investment property

The market value of investment property would normally be determined, by a real estate valuation expert, to be the estimated amount for which a property should exchange on the date of the valuation in an arm's length transaction. Properties would be valued on an individual basis. The valuation expert would use recognised valuation techniques and the principles of IFRS 13.

Due to the proximity of the purchase dates of the properties (19 August 2015 and 7 September 2015) to the period end date of 30 September 2015, the fair value is deemed not to have changed between these dates and therefore the fair value is deemed to be equal to the purchase price for both properties. No valuation has been performed by an independent value for 30 September 2015. Subsequent valuations for accounts purposes will be completed by Savills (UK) Limited in their capacity as external valuers (as defined in the Red Book).

2.5. Summary of significant accounting policies

Segmental information

The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the view that the Group is engaged in a single unified business, being property investment, and in one geographical area, the United Kingdom, and that therefore the Group has one segment. The Board of Directors, as a whole, has been identified as constituting the chief operating decision maker of the Group.

Investment property

Investment property comprises property that is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is measured initially at cost including transaction costs and is included in the historical financial information upon unconditional exchange. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the Statement of Comprehensive Income in the period in which they arise.

Investment property is no longer recognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. The investment property is de-recognised upon unconditional exchange. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses at the retirement or disposal of investment property. Any gains or losses are recognised in the Statement of Comprehensive Income in the period of retirement or disposal.

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous period's financial information.

Fair value hierarchy

The fair value measurement for the assets and liabilities are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability. Value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instrument. As explained in more detail in note 7, all investment properties are included in Level 3.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred.

Rent and other receivables

Rental income arising on investment properties is recognised as revenue in the Statement of Comprehensive Income on an accruals basis.

Specifically:

- any rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the shorter of the term to lease expiry or to the first tenant break option;
- lease incentives are spread evenly over the lease term, even if payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option.

Where income is recognised in advance of the related cash flows, an adjustment is made to ensure that the carrying value of the relevant property including accrued rent does not exceed the external valuation.

A provision is made when there is objective evidence that the Company will not be able to recover balances in full. No provision has been made at 30 September 2015.

The carrying amount of the amounts receivable and amounts payable approximate to their fair value.

Three tenants of the Mayflower House property, individually, contributed more than 10% of the Company's total income for the period. The total amount of rent charged to these tenants amounted to £22,000.

Taxation

Taxation on any profit or loss for the period not exempt under UK-REIT regulations comprises current and deferred tax. Taxation is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised as direct movements in equity, in which case it is also recognised as a direct movement in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. In determining the expected manner of realisation of an asset the Directors consider that the Company will recover the value of investment property through sale. Deferred income tax relating to items recognised directly in equity is recognised in equity enacted or substantively enacted at the balance sheet date.

Entry to UK-REIT Regime

The Company's conversion to UK-REIT status was effective from 20 August 2015. Entry to the regime results in, subject to continuing relevant UK-REIT criteria being met, the profits of the Company's rental business, comprising both income and capital gains, being exempt from UK taxation.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and short-term deposits in banks with an original maturity of three months or less.

Capital management

The Group's capital is represented by the Ordinary Shares, Share Premium, Capital Reserve and Revenue Reserve. The Group is not subject to any externally-imposed capital requirements.

The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objective. Capital management activities may include the allotment of new shares, the buyback or re-issuance of shares from treasury, the management of the Company's discount to net asset value and consideration of the Company's net gearing level.

There have been no changes in the capital management objectives and policies or the nature of the capital managed during the year.

Reserves

Capital Reserve

The following are accounted for in the capital reserve:

- gains and losses on the disposal of investment properties; and
- increases and decreases in the fair value of investment properties held at the period end.

Revenue Reserve

The net profit/(loss) arising in the revenue column of the statement of comprehensive income is added to or deducted from this reserve which is available for paying dividends.

3. Asset Manager's Fee

The net profit/(loss) arising in the revenue column of the statement of comprehensive income is added to or deducted from this reserve which is available for paying dividends.

	<i>Period from incorporation to 30 September 2015 £'000</i>
Asset manager's fee	48
Total	48

The Company's Alternative Investment Fund Manager ("AIFM") and Investment Manager, R&H Fund Services (Jersey) Limited was appointed on 28 April 2015. The property management arrangements of the Company were delegated by R&H Fund Services (Jersey) Limited, with the approval of the Company, to Drum Real Estate Investment Management Limited ("the Asset Manager") on 28 April 2015. The Asset Manager is responsible for the day to day management of the portfolio.

4. Other Expenses

	<i>Period from incorporation to 30 September 2015 £'000</i>
Investment advisor fee (see note 11)	47
Administration fee	29
Directors' fee	25
Auditor's remuneration for:	
– statutory audit	—
– audit – related services	22
Other	39
Total	162

5. Earnings per Share

The Company's basic and diluted revenue loss per ordinary share of (0.57) pence per share is based on the net revenue loss for the period of £120,000 and 21,000,723 ordinary shares, being the weighted average number of shares in issue during the period.

The Company's basic and diluted capital loss per ordinary share of (1.82) pence per share is based on the capital loss for the period of £382,000 and on 21,000,723 ordinary shares, being the weighted average number of shares in issue during the period.

The Company's basic and diluted total loss per ordinary share of (2.39) pence per share is based on the loss for the period of £502,000 and on 21,000,723 ordinary shares, being the weighted average number of shares in issue during the period.

6. Other Expenses

	<i>Period from incorporation to 30 September 2015 £'000</i>
Total tax charge	—

A reconciliation of the corporation tax charge applicable to the results at the statutory corporation tax rate to the charge for the period is as follows:

	<i>Period from incorporation to 30 September 2015 £'000</i>
Loss before taxation	(502)
UK tax at a rate of 20.0%	(103)
Effects of:	
REIT exemption	25
Unrealised losses on investment	78
Total tax charge	—

Deferred tax is not recognised on potential losses on investments in subsidiaries or properties as such losses are not expected to be available to offset taxable profits.

The Company served notice to HM Revenue & Customs that the Company, and its group subsidiaries, qualified as a Real Estate Investment Trust with effect from 20 August 2015. The Group did not have any taxable profits arising prior to this date.

Subject to continuing relevant UK-REIT criteria being met, the profits from the Group's property rental business, arising from both income and capital gains, are exempt from corporation tax.

7. Investment properties

	<i>As at 30 September 2015 £'000</i>
Opening market value at beginning of the period	—
Purchases	7,132
Acquisition costs	382
Revaluation movement	(382)
Closing market value	7,132

The revaluation movement in the period reflects that the cost proxy for fair value excludes initial acquisition costs.

Changes in the valuation of investment properties

	<i>As at 30 September 2015 £'000</i>
Revaluation movement	(382)
Loss on revaluation of investment properties	(382)

Due to the proximity of the purchase dates of the properties (19 August 2015 and 7 September 2015) to the period end date of 30 September 2015, the fair value is deemed not to have changed between these dates and therefore the fair value is deemed to be equal to the purchase price for both properties. No valuation has been performed by an independent valuer for 30 September 2015. Subsequent valuations for accounts purposes will be completed by Savills (UK) Limited in their capacity as external valuers (as defined in the Red Book).

The Company is required to classify fair value measurements of its investment properties using a fair value hierarchy, in accordance with IFRS 13 'Fair Value Measurement'. In determining what level of the fair value hierarchy to classify the Group's investments within, the Directors have considered the content and conclusion of the position paper on IFRS 13 prepared by the European Public Real Estate Association ('EPRA'), the representative body of the publicly listed real estate industry in Europe. This paper concludes that, even in the most transparent and liquid markets, it is likely that valuers of investment property will use one or more significant unobservable inputs or make at least one significant adjustment to an observable input, resulting in the vast majority of investment properties being classified as level 3.

Observable market data is considered to be that which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. In arriving at the valuation Savills will have to make adjustments to observable data of similar properties and transactions to determine the fair value of a property and this will involve the use of considerable judgement.

Considering the Group's specific valuation process, industry guidance, and the level of judgement required in the valuation process, the Directors believe it appropriate to classify the Group's assets within level 3 of the fair value hierarchy.

The Company's investment properties, which are all commercial properties, are considered to be a single class of assets. There have been no changes to the valuation technique used through the period, as cost is approximated as fair value, nor have there been any transfers between levels.

8. Net Asset Value

The Company's net asset value per ordinary share of 96.40 pence is based on total equity of £30,716,000 and on 31,864,000 ordinary shares, being the number of shares in issue at the period end.

9. Share Capital

	<i>30 September 2015 Shares</i>	<i>30 September 2015 £'000</i>
Issued and fully paid		
Opening total issued ordinary shares of 10p each	—	—
Issued during the period	31,864,000	3,186
Closing total issued ordinary shares	31,864,000*	3,186

* Fully paid.

On incorporation 50,000 ordinary 10p shares were issued to Drum Property Group for a consideration of £50,000.

On 29 May 2015 31,814,000 ordinary 10p shares were issued for a consideration of £1 per share. There is one class of share.

10. Reserves

	Share premium £'000	Capital reserve £'000	Revenue reserve £'000
As at 26 March 2015	—	—	—
Shares issued in the period	28,678	—	—
Issue costs	(646)	—	—
Revaluation movement	—	(382)	—
Net revenue loss	—	—	(120)
As at 30 September 2015	28,032	(382)	(120)

11. Related Party Transactions and fees paid to Drum Real Estate Investment Management Limited

The Directors are considered to be related parties to the Company, as the key management personnel of the Company. No Director had an interest in any transactions which are, or were, unusual in their nature or significant to the nature of the Company.

The Directors of the Company received fees for their services. Total fees for the period were £25,000 of which £5,000 remained payable at the period end.

Drum Real Estate Investment Management Limited, as Asset Manager, earned £48,000 during the period. £48,000 was payable at the period end. Under the terms of Asset Management Agreement, the Asset Manager is responsible for the day to day management of the portfolio at an annual fee of 0.80 per cent. of the Company's net assets.

Tcam Asset Management Limited, was during the period an investment advisor to the Company in relation to macro economic conditions, earned £47,000 during the period. £47,000 was payable at the period end. Under the terms of the Investment Advisor Agreement, the Investment Advisor was responsible for providing certain advisory services to the Company at an annual fee of 0.4 per cent. of the Company's net assets. This Agreement was terminated with effect from 1 January 2016.

R&H Fund Services (Jersey) Limited, as AIFM and investment manager, earned and therefore retained £5,000 during the period. £5,000 was payable at the period end.

R&H Fund Services (Jersey) Limited is a majority shareholder in R&H Fund Services Limited, and therefore this entity is also a related party of Drum Income Plus REIT plc. R&H Fund Services Limited, as Company Secretary and Administrator, earned £25,000 during the period. £18,000 was payable at the period end.

As per the prospectus published in April 2015 share issue costs were capped at 2% of the gross issue proceeds. Share issue costs above this amount were incurred by Drum Real Estate Investment Management Limited.

12. Group as a Lessor

The Company leases out its investment properties under operating leases. These properties are measured under the fair value model as the properties are held to earn rentals. All leases are non-cancellable with a weighted average unexpired lease term (including rental guarantees) of 6.1 years.

The minimum lease payments based on the unexpired lessor lease length at the period end were as follows (based on actual rentals):

	As at 30 September 2015 £'000
Less than one year	611
Between two and five years	2,370
Over five years	683
Total	3,664

The largest single tenant at the period end accounted for 14.5 per cent. of the passing rental income.

13. Post Balance Sheet Events

On 8 October 2015, the Company acquired Gosforth Shopping Centre, a retail centre in Newcastle upon Tyne, for a consideration of approximately £12.2 million.

On 16 November 2015, the Company acquired Monteith House, a multi-let office building in Glasgow for a consideration of approximately £5.8 million.

On 18 November 2015, an application to the Court was successfully made for the cancellation of the share premium account which allowed the transfer of monies of £28.0 million to the special distributable reserve.

On 25 November 2015 Hugh Little was appointed to the Board of Tcam Asset Management Group Limited which advised the Company in relation to macro economic conditions until the Company terminated this appointment with effect from 1 January 2016.

With effect from 1 January 2016, the total management fee of 1.25% per annum of the Company's net assets was reduced to 1.15% of the Company's net assets up to £150 million and 1% of net assets over £150 million.

On 19 January 2016, the Company transferred its property portfolio to its wholly owned subsidiary, Drum Income Plus Limited, for an equivalent equity consideration.

On 19 January 2016, the Property Subsidiary entered into a £20 million 18-month revolving credit facility with the Royal Bank of Scotland. The interest rate on the facility is LIBOR plus 1.1%.

On 22 January 2016, Drum Income Plus Limited acquired Lakeside 5500, a multi-let office development in Cheadle, Manchester for a consideration of £5.2 million.

On 25 January 2016 the Company announced an interim dividend of 1.3125p per Share for the period from the launch of the Company to 31 December 2015, all of which will be designated as an interim property income distribution. This dividend will be paid on 26 February 2016 to Shareholders on the Company's register of members at the close of business on 5 February 2016.

On 24 February 2016, Drum Income Plus Limited acquired Arthur House, a multi-let office development in Manchester for a consideration of £4.4m.

On 24 February 2016, Drum Income Limited acquired Eastern Avenue Retail Park, a modern purpose-built retail warehouse in Gloucester for a consideration of £5.3m.

14. Financial Instruments

Consistent with its objective, the Company holds UK commercial property investments. In addition, the Company's financial instruments comprise cash and receivables and payables that arise directly from its operations. The Company does not have exposure to any derivative instruments.

The Company is exposed to various types of risk that are associated with financial instruments. The most important types are credit risk, liquidity risk, interest rate risk and market price risk. There is no foreign currency risk as all assets and liabilities of the Company are maintained in pounds sterling.

The Board reviews and agrees policies for managing the Company's risk exposure. These policies are summarised below and have remained unchanged for the period under review. These disclosures include, where appropriate, consideration of the Company's investment properties which, whilst not constituting financial instruments as defined by IFRS, are considered by the Board to be integral to the Company's overall risk exposure.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company. At the reporting date, the Company's financial assets exposed to credit risk amounted to £23,831,000, consisting of cash of £23,810,000 and rent receivable of £21,000.

In the event of default by a tenant if it is in financial difficulty or otherwise unable to meet its obligations under the lease, the Company will suffer a rental shortfall and incur additional expenses until the property is relet. These expenses could include legal and surveyor's costs in reletting, maintenance costs, insurances, rates and marketing costs and may have a material adverse impact on the financial condition and performance of the Company and/or the level of dividend cover. The Board receives regular reports on concentrations of risk and any tenants in arrears. The Asset Manager monitors such reports in order to anticipate, and minimise the impact of, defaults by occupational tenants.

Where there are concerns over the recoverability of rental income, the amounts outstanding will be fully provided for. There was no such provision recognised as there were no financial assets which were either past due or considered impaired at 30 September 2015.

All of the Company's cash was placed with The Royal Bank of Scotland plc ('RBS') as at 30 September 2015. Bankruptcy or insolvency of the bank holding cash balances may cause the Company's ability to access cash placed with them to be delayed, limited or lost. RBS is rated by all the main rating agencies. Should the credit quality or the financial position of the banks currently employed significantly deteriorate, cash holdings would be moved to another bank. As at 30 September 2015, Standard & Poor's credit rating for RBS was A-2 and Moody's was P-2. There has been no change in the fair values of cash or receivables as a result of changes in credit risk in the current or prior periods.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments. The Company's investments comprise commercial properties.

Property and property-related assets in which the Company invests are not traded in an organised public market and may be illiquid. As a result, the Company may not be able to liquidate quickly its investments in these properties at an amount close to their fair value in order to meet its liquidity requirements.

The Company's liquidity risk is managed on an ongoing basis by the AIFM and monitored on a quarterly basis by the Board. In order to mitigate liquidity risk the Company has a comprehensive five year cashflow forecast that aims to have sufficient cash balances, taking into account projected receipts for rental income and property sales, to meet its obligations for a period of at least twelve months.

At the reporting date, the maturity of the financial assets was:

Financial assets as at 30 September 2015

	<i>Three months or less £'000</i>	<i>More than three months but less than three years £'000</i>	<i>More than three years £'000</i>	<i>Total £'000</i>
Cash	23,810	—	—	23,810
Rent receivable	21	—	—	21
Total	23,831	—	—	23,831

Interest rate risk

Some of the Company's financial instruments will be interest-bearing. As a consequence, the Company will be exposed to interest rate risk due to fluctuations in the prevailing market rate.

The fair value of financial assets and liabilities is not materially different from their carrying value in the historical financial information.

When the Company retains cash balances, they will ordinarily be held on interest-bearing deposit accounts. The Company's policy is to hold cash in variable rate or short term fixed rate bank accounts. Exposure varies throughout the year as a consequence of changes in the composition of the net assets of the Company arising out of the investment and risk management policies.

The following table sets out the carrying amount of the Company's financial instruments that are exposed to interest rate risk:

	<i>As at 30 September 2015</i>	
	<i>Fixed rate £'000</i>	<i>Variable rate £'000</i>
Cash and cash equivalents	—	23,810

An increase of 0.50 per cent. in interest rates would have increased the reported profit for the period and the net assets at the period-end by £119,000, a decrease in interest rates would have an equal and opposite effect. These movements are calculated as at 30 September 2015 and may not be reflective of actual future conditions.

Market price risk

The management of market price risk is part of the investment management process and is typical of a property investment company. The portfolio is managed with an awareness of the effects of adverse valuation movements through detailed and continuing analysis, with an objective of maximising overall returns to shareholders. Investments in property and property-related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date. Such risk is minimised through the appointment of external property valuers. The basis of valuation of the property portfolio is set out in detail in the accounting policies.

Any changes in market conditions will directly affect the profit and loss reported through the Statement of Comprehensive Income. Details of the Company's investment property portfolio held at the balance sheet date are disclosed in note 7. A 10 per cent. increase in the value of the investment properties held as at 30 September would have increased net assets available to shareholders and increased the net income for the year by £713,000; an equal and opposite movement would have decreased net assets and decreased the net income by an equivalent amount.

The calculations are based on the investment property valuations at the respective balance sheet date and are not representative of the period as a whole, nor reflective of future market conditions.

PART 9

TAXATION

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 advisors 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.

2. UK Tax treatment of the Company and the REIT regime

Unless and until REIT status is obtained, the Company will be subject to UK corporation tax on its profits and gains. The summary of the REIT Regime applicable in the UK (the "REIT Regime") below is intended to be a general guide only and constitute a high-level summary of the Company's understanding of certain aspects of current UK law and HMRC practice relating to the UK REIT Regime, each of which is subject to change, possibly with retrospective effect. It is not an exhaustive summary of all applicable legislation in relation to the REIT Regime. The UK REIT Regime was introduced by the UK Finance Act 2006 and subsequently re-written into Part 12 of CTA 2010.

Investing in property through a UK taxable corporate investment vehicle has the disadvantage that, in comparison to a direct investment in property assets, some categories of shareholder may effectively bear tax twice on the same income: first, indirectly, when the corporate investment vehicle pays direct tax on its profits, and secondly, directly (subject to any available exemption or with the benefit of a tax credit) when the shareholder receives a dividend. UK non-tax paying entities, such as UK pension funds, bear tax indirectly when investing through a taxable closed-ended corporate vehicle, that is not a REIT which they would not suffer if they were to invest directly in the property assets.

As part of a group UK REIT, UK resident REIT Group members would no longer pay UK direct taxes on income and capital gains from their "Qualifying Property Rental Businesses" (being businesses within the meaning of section 205 of CTA 2009 or an overseas property business within the meaning of section 206 of CTA 2009, but in each case, excluding certain specified types of business (as per section 519(3) of CTA 2010)) in the UK and elsewhere and non-UK resident REIT Group members with a UK Qualifying Property Rental Business would no longer pay UK direct taxes on income from their UK Qualifying Property Rental Businesses, provided that certain conditions are satisfied. Instead, distributions in respect of the tax-exempt Qualifying Property Rental Businesses will be treated for UK tax purposes as UK property income in the hands of shareholders. The section below entitled "UK tax treatment of Shareholders" contains further detail on the UK tax treatment of shareholders in a REIT.

Gains arising in UK resident companies on the disposal of shares in property owning companies may, however, be subject to UK corporation tax. In addition, REIT Group members will remain subject to overseas direct taxes in respect of any property rental business carried on outside the UK and UK and overseas direct taxes are still payable in respect of any income and gains from the REIT Group's businesses (generally including any property trading business) not included in the Qualifying Property Rental Business (the "Residual Business").

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

A dividend paid by the Company relating to profits or gains of the Qualifying Property Rental Business of the members of the Group (other than gains arising to non-UK resident members of the Group) is referred to as a “PID” or a “Property Income Distribution”. Other normal dividends paid by the Company (including dividends relating to the Residual Business) are referred to as “Non-PID Dividends”. Under the REIT Regime, both PIDs and Non-PID Dividends are capable of being satisfied by stock dividends. Section 3 below contains further details on the UK tax treatment of shareholders in a REIT.

The tax treatment of a dividend paid by the Company in the first accounting period after it achieves REIT status would depend on whether it is deemed to be paid out of profits that arose before or after the Company became a REIT. In addition, where on an on-going basis after the Company enters the REIT regime it makes distributions to Shareholders in excess of the amount required to satisfy the “distribution condition” for each accounting period (see below), 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.

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

Qualification as a REIT

A group becomes a group UK REIT by the principal company serving notice on HMRC before the beginning of the first accounting period for which it wishes the group members to become a REIT. In order to qualify as a REIT, the REIT Group must satisfy certain conditions set out in CTA 2010. A non-exhaustive summary of the material conditions is set out below. Broadly, the principal company in the REIT Group (which for the purposes of this Part 4 of the Prospectus will be the Company) must satisfy the conditions set out in paragraphs (A) to (C), (E) and (F) below and the REIT Group as a whole must satisfy the conditions set out in paragraph (D).

(A) *Company conditions*

The principal company of a REIT Group must be solely UK resident for tax purposes, admitted to trading on a recognised stock exchange and it must not be an open-ended investment company. The principal company's shares must either be listed on a recognised stock exchange throughout each accounting period or traded on a recognised stock exchange in each accounting period. This listing/traded requirement is relaxed in the REIT Group's first three accounting periods but the REIT Group can benefit from this relaxation only once. The principal company must also not (apart from in circumstances where it is only a close company because it has as a participator an Institutional Investor as defined in section 528(4A) of CTA 2010) be a “close company” (as defined in section 439 of CTA 2010 as amended by section 528(5) of CTA 2010) (the “close company condition”). In summary, the close company condition amounts to a requirement that the company cannot be under the control of 5 or fewer participators, or of participators who are directors (and participators for these purposes is defined in section 454 of CTA 2010), subject to certain exceptions. The close company condition is relaxed for the REIT Group's first three years.

(B) *Share capital restrictions*

The principal company of the REIT Group must have only one class of ordinary share in issue. The only other shares it may issue are non-voting restricted preference shares, including shares which would be restricted preference shares but for the fact that they carry a right of conversion into shares or securities in the Company.

(C) *Borrowing restrictions*

The principal 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 any of its business or on the value of any of its assets (subject to exceptions). In addition, the amount repayable must either not exceed the

amount lent or must be reasonably comparable with the amount generally repayable (in respect of an equal amount lent) under the terms of issue of securities listed on a recognised stock exchange.

(D) Qualifying Property Rental Business Conditions (including the Balance of Business conditions)

The REIT Group must satisfy, amongst other things, the following conditions in respect of each accounting period during which the REIT Group is to be treated as a REIT:

- (a) the Qualifying Property Rental Business must throughout the accounting period involve at least three properties;
- (b) throughout the accounting period no one property may represent more than 40 per cent. of the total value of the properties involved in the Qualifying Property Rental Business. Assets must be valued in accordance with international accounting standards and at fair value when international accounting standards offers a choice between a cost basis and a fair value basis;
- (c) the income profits arising from the Qualifying Property Rental Business must represent at least 75 per cent. of the REIT Group's total income profits for the accounting period (the "75 per cent. profits condition"). Profits for this purpose means profits calculated in accordance with IAS, before deduction of tax and excluding, broadly, gains and losses on the disposal of property and gains and losses on the revaluation of properties, and certain items outside the ordinary course of business;
- (d) at the beginning of the accounting period the value of the assets in the Qualifying Property Rental Business must represent at least 75 per cent. of the total value of assets held by the REIT Group (the "75 per cent. assets condition"). Cash held on deposit and gilts or relevant UK REIT Shares are included in the value of the assets relating to the Qualifying Property Rental Business for the purpose of meeting this condition.

In addition, the Qualifying Property Rental Business does not include any property which is classified as owner-occupied in accordance with generally accepted accounting practice (subject to certain exceptions).

(E) Distribution condition

The principal company of the REIT (which, for the purposes of this Part, will be the Company) will be required (to the extent permitted by law) to distribute to shareholders (by way of cash or stock dividend), on or before the filing date for the principal company's tax return for the accounting period in question, at least 90 per cent. of the Group's property rental business profits as calculated for tax purposes (broadly, calculated using normal UK corporation tax rules) of the UK resident members of the REIT Group in respect of their Qualifying Property Rental Business and of the non-UK resident members of the REIT Group insofar as they are derived from their UK Qualifying Property Rental Business arising in each accounting period (the "90 per cent. distribution condition"). Failure to meet this requirement will result in a tax charge calculated by reference to the extent of the failure, although in certain circumstances where the profits of the period are increased from the amount originally shown in the Financial Statements delivered to HMRC (see below), this charge can be mitigated if an additional dividend is paid within a specified period which brings the amount of profits distributed up to the required level. For the purpose of satisfying the distribution condition, any dividend withheld in order to comply with the 10 per cent. rule (as described below) will be treated as having been paid.

(F) Financial Statements

The principal company must prepare financial statements (the "Financial Statements") in accordance with statutory requirements set out in Sections 532 and 533 of CTA 2010 and submit these to HMRC. In particular, the Financial Statements must contain the information about the Qualifying Property Rental Business and the Residual Business separately.

3. Investment in other REITs

Finance Act 2013 enacted changes to Part 12 of CTA 2010 in order to facilitate investments by REITs in other REITs. The legislation exempts a distribution of profits or gains of the Qualifying Property Rental Business of one REIT to another REIT. The investing REIT is required to distribute 100 per cent. of the distributions to its shareholders. The investment by one REIT in another REIT will effectively be treated as a Qualifying Property Rental Business asset for the purposes of the 75 per cent. assets condition.

Effect of becoming a REIT

(A) Tax Exemption

- (a) As a REIT, the REIT Group will not pay UK corporation tax on profits and gains from the Qualifying Property Rental Business. Corporation tax will still apply in the normal way in respect of the Residual Business.
- (b) Corporation tax could also be payable were the shares in a member of the REIT Group to be sold (as opposed to property involved in the Qualifying Property Rental Business). The REIT Group will also continue to pay all other applicable taxes including VAT, stamp duty land tax, stamp duty, PAYE, rates and national insurance contributions in the normal way.

(B) Dividends

- (a) When the principal company of a REIT pays a dividend, that dividend will be a PID to the extent necessary to satisfy the 90 per cent. distribution condition (and where it relates to profits or gains of the Qualifying Property Rental Business of the members of the Group, other than gains arising to non-UK resident members of the Group). If the dividend exceeds the amount required to satisfy that test, the REIT may determine that all or part of the balance is a Non-PID Dividend to the extent there are any profits of the current or previous years which derive from activities of a kind in respect of which corporation tax is chargeable in relation to income (e.g. profits of the Residual Business). Any remaining balance of the dividend (or other distribution) will generally be deemed to be a PID, firstly in respect of the remaining income profits of the Qualifying Property Rental Business for the current year or previous years and secondly, in respect of capital gains which are exempt from tax by virtue of the REIT Regime (in either case distributed as a PID). Any remaining balance will be attributed to other Non-PID Dividends.
- (b) Subject to certain exceptions, PIDs will be subject to withholding tax at the basic rate of income tax (currently 20 per cent). Further details of the United Kingdom tax treatment of certain categories of shareholder while the Group is in the REIT Regime are contained in the section below entitled "UK tax treatment of Shareholders".
- (c) If the REIT Group ceases to be a REIT, dividends paid by the principal company may nevertheless be PIDs to the extent they are paid in respect of profits and gains of the Qualifying Property Rental Business that arose whilst the REIT Group was within the REIT Regime.

(C) Interest cover ratio

A tax charge will arise if, in respect of any accounting period, the REIT Group's ratio of income profits (before interest, capital allowances and losses brought forward) to financing costs (in both cases in respect of its Qualifying Property Rental Business) is less than 1.25:1. The amount (if any) by which the financing costs exceeds the amount of those costs which would cause that ratio to equal 1.25 (subject to a cap of 20 per cent. of the income profits) is chargeable to corporation tax.

(D) The "10 per cent. rule"

- (a) The principal company of a REIT Group may become subject to an additional tax charge if it pays a dividend to, or in respect of, a person beneficially entitled, directly or indirectly, to 10 per cent. or more of the principal company's dividends or share capital or that controls, directly or indirectly, 10 per cent. or more of the voting rights in the principal company. Shareholders should note that this tax charge only applies where a dividend is paid to persons that are companies or are treated as bodies corporate in accordance with the law

of an overseas jurisdiction with which the UK has a double taxation agreement, or in accordance with such a double taxation agreement. It does not apply where a nominee has such a 10 per cent. or greater holding unless the persons on whose behalf the nominee holds the shares meets the test in their own right.

- (b) This tax charge will not be incurred if the principal company has taken reasonable steps to avoid paying dividends to such a person. HMRC guidance describes certain actions that might be taken to show it has taken such “reasonable steps”. One of these actions is to include restrictive provisions in the principal company’s articles of association to address this requirement. The Articles (as summarised in paragraph 5 of Part 5 of this document) are consistent with the provisions described in the HMRC guidance.

(E) Property development and property trading by a REIT

- (a) A property development undertaken by a member of the REIT Group can be within the Qualifying Property Rental Business provided certain conditions are met. However, if the costs of the development exceed 30 per cent. of the fair value of the asset at the later of: (a) the date on which the relevant company becomes a member of a REIT, and (b) the date of the acquisition of the development property, and the REIT sells the development property within the three years beginning with the completion of the development, the property will be treated as never having been part of the Qualifying Property Rental Business for the purposes of calculating any gain arising on disposal of the property (and any tax exempt market value deemed disposal of the property on entry to the UK REIT Regime will be ignored). Any gain will be chargeable to corporation tax.
- (b) If a member of the REIT Group disposes of a property (whether or not a development property) in the course of a trade, the property will be treated as never having been within the Qualifying Property Rental Business for the purposes of calculating any profit arising on disposal of the property (and any tax exempt market value deemed disposal of the property on entry to the REIT Regime will be ignored). Any profit will be chargeable to corporation tax.

(F) Movement of assets in and out of Qualifying Property Rental Business

In general, where an asset owned by a UK resident member of the REIT Group and used for the Qualifying Property Rental Business begins to be used for the Residual Business, there will be a tax exempt market value disposal of the asset. Where an asset owned by a UK resident member of the REIT Group and used for the Residual Business begins to be used for the Qualifying Property Rental Business, this will generally constitute a taxable market value disposal of the asset for UK corporation tax purposes, except for capital allowances purposes.

(G) Joint Ventures

- (a) The REIT Regime also makes certain provisions for corporate joint ventures. If one or more members of the REIT Group are beneficially entitled, in aggregate, to at least 40 per cent. of the profits available for distribution to equity holders in a joint venture company and at least 40 per cent. of the assets of the joint venture company available to equity holders in the event of a winding up, that joint venture company (or its subsidiaries) is carrying on a Qualifying Property Rental Business which satisfies the 75 per cent. profits condition and the 75 per cent. assets condition (the “JV company”) and certain other conditions are satisfied, the principal company may, by giving notice to HMRC, elect for the joint venture company and its subsidiaries to be treated as a member of the REIT Group (on a proportionate basis). This will result in the assets and income of the JV company to be included in the Qualifying Property Rental Business for tax purposes (on a proportionate basis). In such circumstances, the income of the JV company will count towards the 90 per cent. distribution condition and the 75 per cent. profits condition, and its assets will count towards the 75 per cent. assets condition (on a proportionate basis).
- (b) The REIT Group’s share of the underlying income and gains arising from any interest in a tax transparent vehicle carrying on a Qualifying Property Rental Business, including offshore unit trusts or partnerships, should automatically fall within the REIT tax exemption, and will count towards the 75 per cent. profits and assets conditions, provided the REIT Group is

entitled to more than 20 per cent. of the profits and assets of the relevant tax transparent vehicle. The REIT Group's share of the Qualifying Property Rental Business profits arising will also count towards the 90 per cent. distribution condition.

(H) Acquisitions and takeovers

- (a) If a REIT is taken over by another REIT, the acquired REIT does not necessarily cease to be a REIT and will, provided the conditions are met, continue to enjoy tax exemptions in respect of the profits of its Qualifying Property Rental Business and capital gains on disposal of properties in the Qualifying Property Rental Business.
- (b) The position is different where a REIT is taken over by an acquirer which is not a REIT. In these circumstances, the acquired REIT is likely in most cases to fail to meet the requirements for being a REIT (unless the acquirer qualifies as an Institutional Investor and the REIT's shares continue to be admitted to trading on a recognised stock exchange and are either listed or traded) and will therefore be treated as leaving the REIT Regime at the end of its accounting period preceding the takeover and ceasing from the end of that accounting period to benefit from tax exemptions on the profits of its Qualifying Property Rental Business and capital gains on disposal of property forming part of its Qualifying Property Rental Business. The properties in the Qualifying Property Rental Business are treated as having been sold and reacquired at market value for the purposes of corporation tax on chargeable gains immediately before the end of the preceding accounting period. These disposals should be tax exempt as they are deemed to have been made at a time when the acquired REIT was still in the REIT Regime and future capital gains on the relevant assets will therefore be calculated by reference to a base cost equivalent to this market value. If the acquired REIT ends its accounting period immediately prior to the takeover becoming unconditional in all respects, dividends paid as PIDs before that date should not be recharacterised retrospectively as normal dividends.

(I) Certain tax avoidance arrangements

If HMRC thinks that a member of the REIT Group has been involved in certain tax avoidance arrangements, it may cancel the tax advantage obtained and, in addition, impose a tax charge equal to the amount of the tax advantage. These rules apply to both the Residual Business and the Qualifying Property Rental Business. In addition, if HMRC consider that the circumstances are sufficiently serious or if two or more notices in relation to the obtaining of a tax advantage are issued by HMRC in a ten year period, they may require the REIT Group to exit the REIT Regime.

Exit from the REIT Regime

The principal company of the REIT Group can give notice to HMRC that it wants to leave the REIT Regime at any time. The Board retains the right to decide that the REIT Group should exit the REIT Regime at any time in the future without shareholder consent if it considers this to be in the best interests of the REIT Group.

If the REIT Group (or a member of the REIT Group) voluntarily leaves the REIT Regime within ten years of joining and disposes of any property that was involved in its Qualifying Property Rental Business within two years of leaving, any uplift in base cost of the property as a result of the deemed disposals on entry into the REIT Regime that resulted in a gain or deemed disposal on exit from the REIT Regime (or as a movement from the Qualifying Property Rental Business to the Residual Business) is disregarded in calculating the gain or loss on the disposal.

It is important to note that it cannot be guaranteed that the Company or the REIT Group will comply with all of the REIT conditions and that the REIT Regime may cease to apply in some circumstances. HMRC may require the REIT Group to exit the REIT Regime if:

- (a) it regards a breach of certain conditions relating to the REIT Regime, or an attempt to obtain a tax advantage, as sufficiently serious; or
- (b) the Company or its REIT Group have committed a certain number of breaches of the conditions in a specified period; or

- (c) HMRC has given members of the REIT Group two or more notices in relation to the obtaining of a tax advantage within a ten year period of the first notice having been given.

In addition, if the conditions for REIT status relating to the share capital of the principal company and the prohibition on entering into loans with abnormal returns are breached or the principal company ceases to be UK resident, becomes dual resident or an open-ended company, it will automatically lose REIT status. Where the REIT Group automatically loses REIT status or is required by HMRC to leave the REIT Regime within ten years of joining, HMRC has wide powers to direct how it is to be taxed, including in relation to the date on which the REIT Group is treated as exiting the REIT Regime.

Shareholders should note that it is possible that the REIT Group could lose its status as a REIT as a result of actions by third parties (for example, in the event of a successful takeover by a company that is not a REIT, unless the acquirer qualifies as an Institutional Investor and the REIT's shares continue to be admitted to trading on a recognised stock exchange and are either listed or traded) or other circumstances outside the REIT Group's control.

3. UK tax treatment of Shareholders

The statements set out below are intended only as a general guide to certain aspects of current UK tax law and HMRC published practice as at the date of this document and apply only to certain Shareholders resident for tax purposes in the UK (save where express reference is made to non-UK resident persons). The summary does not purport to be a complete analysis or listing of all the potential tax consequences of holding Ordinary Shares. This section is divided into two parts. Section A describes the UK taxation of PIDs and Section B describes the UK taxation of Non-PID Dividends.

Prospective purchasers of Ordinary Shares are advised to consult their own independent tax advisors concerning the consequences under UK tax law of the acquisition, ownership and disposition of Ordinary Shares.

The statements are not applicable to all categories of Shareholders, and in particular are not addressed to (i) Shareholders who do not hold their Ordinary Shares as capital assets or investments or who are not the absolute beneficial owners of those shares or dividends in respect of those shares, (ii) some Shareholders who own (or are deemed to own) 10 per cent. or more of the share capital or of the voting power of the Company or are entitled to 10 per cent. or more of the Company's distributions, (iii) special classes of Shareholders such as dealers in securities, broker dealers, insurance companies, trustees of certain trusts and investment companies, (iv) Shareholders who hold Ordinary Shares as part of hedging or commercial transactions, (v) Shareholders who hold Ordinary Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or otherwise), (vi) Shareholders who hold Ordinary Shares acquired by reason of their employment, (vii) Shareholders who hold Ordinary Shares in a personal equity plan or an individual savings account or (viii) Shareholders who are subject to UK taxation on a remittance basis, or (ix) Shareholders who are not resident in the UK for tax purposes (save where express reference is made to non-UK resident Shareholders).

The following paragraphs relate only to certain limited aspects of the United Kingdom taxation treatment of PIDs and Non-PID Dividends paid by the Company, and to disposals of shares in the Company, in each case after the Company becomes a REIT. Distributions paid by the Company prior to entry into the REIT Regime will be paid as Non-PID Dividends (please refer to section B below).

Section A – UK taxation of PIDs

(A) UK taxation of Shareholders who are individuals

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 Part 3 of the Income Tax (Trading and Other Income) Act 2005). A PID is, together with any property income distribution from any other company to which Part 12 of CTA 2010 applies, treated as a separate UK property business. Income from any other UK property business (a "different UK property business") carried on by the relevant Shareholder must be accounted for separately. 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. A Shareholder who is subject to income tax at the basic rate will be liable to pay income tax at 20 per cent. on the PID. Higher rate taxpayers will be subject to tax at 40 per cent. and additional rate taxpayers

at 45 per cent. No dividend tax credit will be available in respect of PIDs. However, credit will be available in respect of the basic rate tax withheld by the Company (where required) on the PID.

Please see paragraph (D) below entitled “Withholding tax and PIDs” below.

(B) UK taxation of UK tax resident corporate Shareholders

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are within the charge to corporation tax as profit of a property business (as defined in Part 4 of CTA 2009) (“Part 4 property business”). A PID is, together with any property income distribution from any other company to which Part 12 of CTA 2010 applies, treated as a separate Part 4 property business. Income from any other Part 4 property business (a “different Part 4 property business”) carried on by the relevant Shareholder must be accounted for separately. 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 property business profits.

The main rate of UK corporation tax on such profit is currently 20 per cent.

Please see paragraph (D) below entitled “Withholding tax and PIDs” below.

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

Where a Shareholder who is not resident for tax purposes in 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 tax. Under Section 548(7) of CTA 2010, this income is expressly not non-resident landlord income for the purposes of regulations under section 971 of the Income Tax Act 2007.

Prospective non-UK tax resident Shareholders should consult their own professional advisors on the implications in the relevant jurisdictions of any non-UK implications of receiving PIDs.

Please see paragraph (D) below entitled “Withholding tax and PIDs” below.

(D) Withholding tax and PIDs

(a) 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 (whether paid in cash or in the form of a stock dividend). 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.

(b) Shareholders solely resident in the UK

Where tax has been withheld at source by the Company, Shareholders who are individuals may, depending on their particular circumstances, be liable to further tax on their PID at their applicable marginal rate, incur no further liability on their PID, or be entitled to claim repayment of some or all of the tax withheld on their PID. Shareholders who are corporate entities will generally be liable to pay corporation tax on their PID and if (exceptionally) income tax is withheld at source, the tax withheld can be set against their liability to corporation tax, or income tax which they are required to withhold, in the accounting period in which the PID is received.

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

It is not possible for a Shareholder to make a claim under a double taxation convention for a PID to be paid by the Company gross or at a reduced rate. The right of a Shareholder to claim repayment of any part of the 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. Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning tax liabilities on PIDs received from the Company.

(d) Exceptions to requirement to withhold income tax

Shareholders should note that in certain circumstances the Company is not required to withhold 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 company resident for tax purposes outside the UK carrying on trade through a permanent establishment in the UK which is required to bring the PID into account in computing its chargeable profits or certain charities. They also include 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, the plan manager of a personal equity plan, 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 scheme, account, plan or fund. In order to pay a PID without withholding tax, the Company will need to be satisfied that the Shareholder concerned is entitled to that treatment. For that purpose the Company will require such Shareholders to submit a valid claim form (copies of which may be obtained on request from the Registrar). Shareholders should note that the Company may seek recovery from Shareholders if the statements made in their claim form are incorrect and the Company suffers tax as a result. The Company will, in some circumstances, suffer tax if its reasonable belief as to the status of the Shareholder turns out to have been mistaken.

Section B – UK taxation of Non-PID Dividends

Non-PID Dividends are treated in exactly the same way as dividends received from UK companies that are not REITs. The Company is not required to withhold tax when paying a Non-PID Dividend (whether in cash or in the form of a stock dividend).

(A) UK taxation of Shareholders who are individuals

An individual Shareholder who is resident in the UK (for tax purposes) and who receives a Non-PID Dividend from the Company will generally be entitled to a tax credit which such Shareholder may set off against his total income tax liability on the dividend. The tax credit will be equal to 10 per cent. of the aggregate of the Non PID-Dividend (the “**cash dividend**”) and the tax credit (the “gross dividend”), which is also equal to one-ninth of the cash dividend received. A UK resident individual Shareholder who is liable to income tax at the basic rate will be subject to tax on the dividend at the rate of 10 per cent. of the gross dividend, so that the tax credit will satisfy in full such Shareholder’s liability to income tax on the cash dividend.

A UK resident individual Shareholder who is liable to income tax at the higher rate will be liable to tax on the gross dividend at the current rate of 32.5 per cent. A UK resident individual Shareholder who is liable to tax at the “additional” rate will be liable to tax on the gross dividend at the rate of 37.5 per cent. The gross dividend will generally be regarded as the top slice of the Shareholder’s income. After taking into account the 10 per cent. tax credit, a higher rate tax payer will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which is also equal to 25 per cent. of the cash dividend received). An individual paying “additional” rate income tax will have to account, after taking into account the 10 per cent. tax credit, for additional tax equal to 27.5 per cent. of the gross dividend (which is also equal to approximately 30.56 per cent. of the cash dividend received). It will not be possible for UK resident Shareholders to claim repayment of the tax credit in respect of Non-PID Dividends.

The Chancellor announced in his Summer Budget on 8 July 2015 that with effect from 6 April 2016 the 10% dividend tax credit will be abolished and individuals will be given a £5,000 dividend tax allowance.

Dividend income received in excess of this allowance will be taxed at 7.5 per cent. for basic rate tax payers, 32.5 per cent. for higher rate tax payers and 38.1 per cent. for “additional” rate tax payers.

(B) UK taxation of UK resident corporate Shareholders

Shareholders who are subject to UK corporation tax will be subject to corporation tax on Non-PID Dividends paid by the Company, unless the Non-PID Dividends fall within an exempt class and

certain other conditions are met. Whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular Shareholder, although it is expected that the Non-PID Dividends paid by the Company would normally be exempt. Shareholders subject to UK corporation tax will not be able to claim repayment of tax credits attaching to Non-PID Dividends.

(C) UK taxation of other UK tax resident Shareholders

Other UK resident Shareholders who are not liable to UK tax on Non-PID Dividends including pension funds and charities, are not entitled to claim repayment of the tax credit.

(D) Taxation of Shareholders who are not resident in the UK for tax purposes

Shareholders who are resident outside the UK for tax purposes will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to Non-PID Dividends received from the Company, although this will depend on the existence and terms of any double taxation convention between the UK and the country in which such Shareholder is resident. A Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under local law. Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning their tax position on Non-PID Dividends received from the Company.

UK taxation of chargeable gains in respect of Shares in the Company

For the purpose of UK tax on chargeable gains, the amount paid by a Shareholder for Ordinary Shares will constitute the base cost of his holding. If a Shareholder disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may arise. This will depend on the base cost and incidental costs of acquisition and disposal, which can be allocated against the proceeds, and also, the Shareholder's circumstances and any reliefs to which they are entitled. In the case of corporate Shareholders, indexation allowance will apply to the amount paid for the Ordinary Shares.

(A) UK taxation of Shareholders who are UK tax resident individuals

Subject to the availability of any exemptions, reliefs and/or allowable losses, a gain on disposal of Shares by individuals, trustees and personal representatives will generally be subject to capital gains tax at a rate of up to 28 per cent.

(B) UK taxation of UK tax resident corporate Shareholders

Subject to the availability of any exemptions, reliefs and/or allowable losses, a gain on disposal of Shares by a Shareholder within the charge to UK corporation tax will generally be subject to corporation tax at the current rate of 20 per cent. (due to reduce to 19 per cent. from 1 April 2017 and to 18 per cent. from 1 April 2020).

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

Shareholders who are not resident in the UK for tax purposes may not, depending on their personal circumstances, be liable to UK taxation on chargeable gains arising from the sale or other disposal of their Shares (unless they carry on a trade, profession or vocation in the UK through a branch or agency with which their Shares are connected or, in the case of a corporate Shareholder, through a permanent establishment in connection with which the Shares are held).

Individual Shareholders who are temporarily not UK resident and who dispose of all or part of their Shares during that period may be liable to UK capital gains tax on chargeable gains realised on their return to the UK, subject to any available exemptions or reliefs.

Shareholders who are resident for tax purposes outside the UK may be subject to foreign taxation on capital gains depending on their circumstances.

UK stamp duty and SDRT

No UK stamp duty or stamp duty reserve tax will generally be payable on the issue, allotment and registration of the Ordinary Shares. UK legislation provides for a 1.5 per cent. stamp duty or SDRT charge where Shares are transferred (in the case of stamp duty) or issued or transferred (in the case of SDRT)

(i) to, or to a nominee or agent for, a person whose business is or includes the provision of clearance services or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts. However, following litigation HMRC have confirmed that they will no longer seek to apply the 1.5 per cent. SDRT charge on an issue of shares or securities into a clearance service or depositary receipt arrangement on the basis that the charge is not compatible with EU law. The 1.5 per cent. SDRT or stamp duty charge will continue to apply to transfers of shares or securities into a clearance service or depositary receipt arrangement unless they are an integral part of an issue of share capital. Accordingly, it may be appropriate to seek specific professional advice before incurring a 1.5 per cent. stamp duty or SDRT charge.

Clearance services may opt, under certain conditions, for the normal rates of stamp duty or SDRT (being 0.5 per cent. of the amount or value of the consideration for the transfer rounded up in the case of stamp duty to the nearest £5.00) to apply to a transfer of shares into, and to transactions within, the service instead of the higher rate of 1.5 per cent. referred to above.

Transfers on sale of Ordinary Shares will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration given for the transfer rounded up to the next £5.00. The purchaser is liable for the stamp duty. An exemption from stamp duty will be available on an instrument transferring the Ordinary Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. An agreement to transfer Ordinary Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional), any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Agreements to transfer Ordinary Shares within the CREST system will generally be liable to SDRT (rather than stamp duty) at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of Ordinary Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration in money or money's worth.

ISAs, SSASs and SIPPs

With effect from 1 July 2014 the new ISA ("NISA") regime commenced in the UK which, amongst other things, removed the concept of stocks and shares and cash components of an ISA. For the 2015/16 tax year NISAs will have a subscription limit of £15,240 (from 6 April 2015), all of which can be invested in stocks and shares.

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.

In addition, 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 you should consult your professional advisor.

Prospective purchasers of Ordinary Shares should consult their own tax advisors with respect to the tax consequences to them of acquiring, holding and disposing of Ordinary Shares.

PART 10

ADDITIONAL INFORMATION ON THE COMPANY

1. General

- 1.1. The Company was incorporated and registered in England and Wales on 26 March 2015 and is a public company limited by shares, with registered number 9511797. The Company operates under the Act (and the regulations from time to time made thereunder). Its registered office is at Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW and its principal place of business is at 115 George Street, Edinburgh EH2 4JN (telephone number: 0131 225 9595). 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 registered number 09515513 on 28 March 2015. The Property Subsidiary operates under the Act (and the regulations from time to time made thereunder). Its registered office is Broadgate Tower, 20 Primrose Street, London EC2A 2EW and its principal place of business is at 115 George Street, Edinburgh EH2 4JN (telephone number: 0131 225 9595). 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 £1 divided into 1 ordinary share which is fully paid and beneficially held by the Company.
- 1.3. The AIFM is a private limited company and was incorporated in Jersey under the Companies (Jersey) Law, 1991 (the “Law”) on 29 November 1988 with the registered number 42576. The AIFM operates under the Law and has an indefinite life. Its registered office is at Ordinance House, 31 Pier Road, St Helier, Jersey JE4 8PW. The AIFM is authorised and regulated by the Jersey Financial Services Commission.
- 1.4. The Asset Manager is a private limited company and was incorporated and registered in Scotland with the registered number SC475927 on 23 April 2014. The Asset Manager operates under the Act (and the regulations from time to time made thereunder). Its registered office is at 12 Rubislaw Terrace Lane, Aberdeen AB10 1XF and its principal place of business is at 115 George Street, Edinburgh EH2 4JN (telephone number: 0131 225 9595). The Asset Manager is not an authorised or regulated entity, and accordingly is not subject to the same level or regulatory supervision as the AIFM.
- 1.5. The Administrator is a private limited company and was incorporated in England and Wales under the Act with the registered number 7777299 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 principal place of business is situated at 20 Forth Street, Edinburgh EH1 3HL (telephone number: 0131 550 3760).
- 1.6. The Valuer is a private limited company and was incorporated in England and Wales with the registered number 6215875 on 17 April 2007. The Valuer operates under the Act. Its registered office is at 33 Margaret Street, London W1G 0JD (telephone number: 020 7499 8644).
- 1.7. Savills (UK) Limited is a private limited company and was incorporated in England and Wales with the registered number 02605138 on 25 April 1991. Savills (UK) Limited operates under the Act. Its registered office is at 33 Margaret Street, London W1G 0JD (telephone number: 020 7499 8644).

2. Share Capital

- 2.1. The Company was incorporated with no authorised share capital. At incorporation, the issued share capital of the Company consisted of 50,000 Ordinary Shares of 10 pence each in the capital of the Company, which were issued to the subscribers to the Company’s memorandum of association and Articles.

- 2.2. The issued share capital of the Company (all of which will be fully paid-up) as at the date of this document is as follows:

	<i>Number of Shares</i>	<i>Nominal Value</i>
As at date of this document		
Ordinary Shares	31,864,000	£3,186,400

- 2.3. As at 24 February 2016 (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.
- 2.4. Save for the subscription of the Ordinary Shares by the subscribers to the Company's memorandum on 26 March 2015 referred to above and the issue of 31,814,000 Ordinary Shares on the launch of the Company on 29 May 2015, since the date of incorporation no share or loan capital of the Company has been issued or (other than pursuant to the Initial Placing) has been agreed to be issued or is 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 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 does not have in issue any securities not representing share capital. No convertible securities, exchangeable securities or securities with warrants have been issued by the Company.
- 2.7. No Ordinary Shares are currently in issue with a fixed date on which entitlement to a dividend arises or within a time limit after which entitlement to a dividend will lapse in accordance with the Articles and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 2.8. No person has voting rights that differ from those of other Shareholders.
- 2.9. It is expected that the New Shares relating to the Initial Placing will be issued pursuant to a resolution of the Board on or around 23 March 2016 conditional only upon 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 Ordinary Shares arising under the Initial Placing 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 FCA and any listing conditions having been satisfied and the London Stock Exchange having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the new Ordinary Shares will be admitted to trading.

3. Share capital authorities

By resolutions passed at the General Meeting of the Company held on 24 April 2015, it was resolved that:

- 3.1. the Directors were generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot Shares up to an aggregate nominal amount of £5 million, such authority will expire on the conclusion of the annual general meeting of the Company to be held in 2017, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of Shares in pursuance of such an offer or agreement as if such authority had not expired;
- 3.2. the Directors were generally empowered (pursuant to sections 570 and 573 of the Act) to allot Shares pursuant to the authority referred to in paragraph 3.1 above and to sell Shares from treasury for cash as if section 561 of the Act did not apply to any such allotment, such power will expire on the conclusion of the annual general meeting of the Company to be held in 2017, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the Shares to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired; and

- 3.3. 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. The minimum price which may be paid for a Share is 10 pence. The maximum price which may be paid for a Share must not be more than the higher of (i) 5 per cent. above the average of the mid-market value of the Shares for the five Business Days before the purchase is made or (ii) the higher of the last independent trade and the highest current independent bid for Shares. Such authority will expire on the conclusion of the annual general meeting of the Company to be held in 2017 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.

4. Related party transactions

Save as noted below, the Company has not been 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 since its incorporation on 26 March 2015:

- (a) the deeds of indemnity entered into by the Company with the Directors;
- (b) the fees of £208,000 paid to the AIFM pursuant to the AIFM Agreement;
- (c) the AIFM Agreement and the amendments made to the AIFM Agreement in relation to the reduction in the aggregate fees from 1.25 per cent. of Net Assets to 1.15 per cent. of Net Assets where such Net Assets are less than £150 million and 1 per cent. of Net Assets which are equal to or in excess of £150 million payable by the Company to the AIFM; and
- (d) the fees of £55,000 paid to the Directors.

5. Summary of the Articles

The Articles were adopted on 24 April 2015 by way of a special resolution of the Company 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 14 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 trust 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 offer 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 14 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, 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 Article 14 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 14 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

Subject to the Act and the Articles, the first general meeting (being an annual general meeting) of the Company shall be held within a period of not more than eighteen months from the date on which the Company was incorporated. 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 provided that, so long as the Company holds its first annual general meeting within eighteen months of its incorporation, the Company need not hold an annual general meeting in the year of its incorporation or in the following year.

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 five minutes (or such longer time not exceeding one hour as the chairman of the meeting may decide to wait) 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 such other day (being not less than ten nor more than twenty-eight clear days later) and at such other time or place as may have been specified for the purpose in the notice convening the meeting. Where no such arrangements have been so specified, the meeting shall stand adjourned to such other day (being not less than ten nor more than twenty-eight clear days later) and at such other time or place as the chairman of the meeting may decide and, in this case, the Company shall give not less than seven clear days' notice in writing of the adjourned meeting. At any adjourned meeting one member present in person or by proxy (whatever the number of shares held by him) shall be a quorum and any notice of an adjourned meeting shall state that one member present in person or by proxy (whatever the number of shares held by him) shall be a quorum.

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 members, 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 withdrawal.

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 withdrawal 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 nor more than 12. 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 general 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 1.0 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 been 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. Excessive Shareholders

The Articles contain provisions relating to Excessive Shareholders in line with HMRC guidance and recommendations. The Company will following Admission be a company to which Part 12 of CTA 2010 applies (a REIT). Under the REIT Regime a tax charge may be levied on the Company if it makes a distribution (whether in cash or by way of stock dividend) to a company (or certain bodies corporate) beneficially entitled (directly or indirectly) to 10 per cent. or more of the Ordinary Shares or dividends of the Company or which controls (directly or indirectly) 10 per cent. or more of the voting rights of the Company. If, however, the Company has taken "reasonable steps" to prevent the possibility of such a distribution being made, then this tax charge may not arise. The Articles:

- (a) provide the Directors with powers to identify Excessive Shareholders including giving notice to a Shareholder requiring him to provide such information as the Directors may require to establish whether or not he is an Excessive Shareholder;
- (b) provide the Directors with powers to prohibit the payment of dividends on Ordinary Shares that form part of an Excessive Shareholding, unless certain conditions are met;
- (c) allow dividends to be paid on Ordinary Shares that form part of an Excessive Shareholding where the Shareholder has disposed of its rights to dividends on its Ordinary Shares;
- (d) seek to ensure that if a dividend is paid on Ordinary Shares that form part of an Excessive Shareholding and arrangements of the kind referred to in (c) above are not met, the Excessive Shareholder concerned does not become beneficially entitled to that dividend; and
- (e) provide the Directors with powers if certain conditions are met, to require (A) an Excessive Shareholder, or (B) a Shareholder who has not complied with a notice served in accordance with the power referred to in (a); or (C) a Shareholder who has provided materially inaccurate or misleading information in relation to the Excessive Shareholder provisions of the Articles, to dispose of such number of their shares as the Directors may specify, or to take such other steps as will cause the Directors to believe the Shareholder is no longer an Excessive Shareholder.

6. Director's and other interests

- 6.1. It is estimated that the aggregate remuneration to be paid and benefits in kind granted to Directors by the Company in respect of the first financial period of the Company to 30 September 2016 will not exceed £75,000.
- 6.2. All of the Directors are non-executive directors. None of the Directors have service contracts with the Company nor are any such service contracts proposed. Each of John Evans, Hugh Little and Alan Robertson has entered into a letter of appointment with the Company dated 13 April 2015. The current period of service for each Director expires at the annual general meeting of the Company to be held in 2017, 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, 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 fees payable to the Directors pursuant to their letters of appointment in respect of the first financial year are £30,000 per annum to John Evans, the Chairman, £25,000 per annum to Hugh Little, the Chairman of the Audit Committee and £20,000 per annum to Alan Robertson. The fees will be reviewed annually and may be increased in line with usual market rates. The Company will also pay 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 or has had any interest in any transactions which are or were unusual in their nature or conditions or significant to the business of the Company and which were effected by the Company 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 Company 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. There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any Director was selected.
- 6.8. There are no restrictions agreed by any Director on the disposal within a certain period of time of their holdings in the Company's securities.
- 6.9. As at the date of this document and immediately following Admission, other than as disclosed in paragraph 6.10 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.
- 6.10. 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 Ordinary Shares</i>
John Evans	50,000	0.10%
Hugh Little	50,000	0.10%
Alan Robertson	25,000	0.05%

Alan Robertson has indicated that he proposes to subscribe for a further 25,000 New Shares under the Initial Placing.

John Evans has indicated that he proposes to subscribe for a further 50,000 New Shares under the Initial Placing.

- 6.11. Details of those companies (other than the Company) 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 are as follows:

	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
John Evans	Investors Capital Trust plc Securities Trust of Scotland plc	Aberforth Partners LLP
Hugh Little	AMJPEF Founder Partner Limited Tcam Asset Management Group Limited Majenta Logistics Limited Maven Capital (Llandudno) LLP	Aberdeen Football Club PLC Aberdeen Development Capital PLC ADC (Glasgow) Limited ADC Zeros 2010 PLC ADC Zeros 2012 PLC HIE Ventures Limited Murray Johnstone (General Partner) Limited Talltray Limited Aberdeen GP Limited MJ Founders Limited AFM Nominees Limited

	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
Alan Robertson	Creevy LLH Limited Jones Lang LaSalle UAE Limited Jones Lang LaSalle Misr LLC Jones Lang LaSalle KSA LLC Struan Property Limited	Jones Lang LaSalle Gayrimenkul Ticaret Hizmetleri A.S.

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

- (a) has 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 6.11 above;
- (b) has had any convictions in relation to fraudulent offences for at least the previous five years;
- (c) 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 6.11 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).

6.13. 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 AIFM and the Asset Manager and any other company in the same group of companies as the AIFM and the Asset Manager.

7. Substantial Share interests

7.1. As at 24 February 2016 (being the latest practicable date prior to the publication of this document) the Company is aware of the following persons who are directly or indirectly interested in 3 per cent. or more of the Company's issued share capital:

	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
Tcam Nominees*	27,268,000	85.58%
Drum REIT LLP*	2,000,000	6.28%

* These Shares are held by Tcam Nominees and its associates, on behalf of the underlying beneficial shareholders and managed by a number of independent investment managers whose decisions in relation to the Shares will be unfettered by Tcam.

Tcam Nominees is keen to see the Company grow and wish to support the Proposals. Tcam Nominees and its associates has indicated that it would like the ability to make further investments in the Company of up to £10 million.

Following the Placings, on the assumption that they are fully subscribed at the Initial Placing Price and on the assumption that 10 million New Shares are issued to Tcam Nominees and its associates they will own, in aggregate, approximately 28.26 per cent. of the enlarged issued share capital of the Company.

7.2. As at 24 February 2016 (being the latest practicable date prior to the publication of this document), the Directors are not aware of any person who could, directly or indirectly, jointly or severally, own or exercise control over the Company or of any arrangements, the operation of which may result in a change of control of the Company.

8. Material contracts

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by a member of the Group since the Company's incorporation and which are, or may be, material to the Group as at the date of this document:

- 8.1 A placing agreement dated 26 February 2016 between (1) the Company, (2) the Asset Manager and (3) Cantor Fitzgerald whereby Cantor Fitzgerald conditionally agrees to use its reasonable endeavours to procure places in the Initial Placing and Placing Programme of up to 100 million New Shares. In consideration for its services Cantor Fitzgerald will be paid commission of an amount equal to one per cent. of the gross proceeds that it raises under the Issues.

The Placing Agreement is conditional on Admission. The Placing Agreement contains certain warranties and indemnities given by the Company and the Asset Manager without time limit in favour of Cantor Fitzgerald. Such indemnities and warranties are customary in an agreement of this kind. The Placing Agreement may be terminated in certain circumstances prior to Admission including by reason of *force majeure*. Cantor Fitzgerald has agreed to rebate to the discretionary clients of Tcam one per cent. of the gross proceeds subscribed by them.

- 8.2. The Company and the AIFM have entered into an agreement dated 28 April 2015 and amended by the side letter dated 12 February 2016, pursuant to which the AIFM is appointed to act as the Company's Alternative Investment Fund Manager.

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

The AIFM has entered into the Asset Management Agreement with the Asset Manager. Pursuant to the terms of the Asset Management Agreement, the AIFM has delegated responsibility for sourcing acquisitions, identifying disposal opportunities and portfolio management services relating to the Company to the Asset Manager.

The AIFM's liability to the Company for all matters so delegated has not been affected thereby. The AIFM has, and shall maintain, the necessary expertise and resources to supervise effectively those tasks delegated to the Asset Manager.

Under the terms of the AIFM Agreement, the AIFM is also responsible for obtaining and maintaining from the FCA or the Jersey Financial Services Commission all approvals necessary for the AIFM to be appointed and continue to act as Alternative Investment Fund Manager 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 Company makes investments, (iii) ensuring that the risks associated with each investment position of the Company and their overall effect upon the Property 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 AIFM Agreement, the AIFM has agreed to act in good faith and with the reasonable skill and diligence expected of a competent and prudent investment manager and to act in the best interests of the Company. The AIFM Agreement contains an unlimited indemnity in favour of the AIFM against claims by third parties except to the extent that the claim is due to a breach by the AIFM of the AIFM Agreement or to the negligence, wilful default or fraud of the AIFM or any party to whom the AIFM has delegated any of its functions.

The AIFM Agreement may be terminated immediately if, among others, the AIFM is guilty of negligence, wilful default or fraud, is the subject of insolvency proceedings or both of the Key Men are no longer involved to a material extent in the management of the Group's assets and the Board

has not given its prior consent to the change. The AIFM Agreement is terminable by any party on 12 months' written notice, provided that such notice shall expire no earlier than being 29 May 2019 (the fourth anniversary of the Company's launch), unless the Asset Manager is appointed as Alternative Investment Fund Manager. The AIFM Agreement further provides that the Company will pay to the AIFM a fixed fee of £15,000 per annum plus an annual portfolio management fee of 1.15 per cent. per annum of the Net Assets of the Company where such Net Assets are less than £150 million. In the event that the Net Assets are equal to or in excess of £150 million the annual portfolio management fee will reduce to 1 per cent. of the Net Assets of the Company. The AIFM has agreed that the portfolio management fee will be paid to the Asset Manager. The Asset Manager has agreed to reduce its portfolio management fee under the AIFM Agreement, to the extent necessary to ensure that the annual expenses of the Company do not exceed 2.0 per cent. of the Net Assets.

The AIFM maintains a professional indemnity insurance policy. The policy provides cover against claims up to £5 million arising from professional negligence.

- 8.3. The Company, the AIFM and the Asset Manager have entered into an asset management agreement dated 28 April 2015 and amended by the side letter dated 12 February 2016 pursuant to which the AIFM has delegated portfolio management services relating to the Company to the Asset Manager on the same terms as the AIFM Agreement. The Asset Management Agreement is terminable by any party on 12 months' written notice, provided that such notice shall expire no earlier than 29 May 2019 (being the fourth anniversary of the Company's launch). The AIFM has the power to instruct the Asset Manager and terminate the Asset Management Agreement with immediate effect when this is in the interests of investors.

In its capacity as asset manager, the Asset Manager 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 AIFM has agreed that its portfolio management fee described above in paragraph 8.1 will be paid to the Asset Manager. During the refurbishment or development of properties it is customary to appoint a specialist third party advisor to manage such projects and pay to them project management fees in respect of such work. The Board may agree to appoint the Asset Manager as a project manager if it considers it to be in the best interests of the Company to do so. For such work the Asset Manager 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 Asset Manager would not be entitled to retain such commissions.

- 8.4. The Property Subsidiary and the Bank (in various capacities) have entered into the Facility Agreement dated 22 January 2016 whereby the Bank has agreed to make available a term loan facility of £20 million. Interest is payable by the Property Subsidiary at a rate equal to the aggregate of LIBOR, plus 1.1 per cent. per annum. The Bank Facility has a term of 18 months and is repayable on 22 July 2017. The Facility Agreement contains standard events of default and covenants for a bank facility of this nature. An Event of Default (as defined in the Facility Agreement) will be triggered if, *inter alia*, (i) the loan to value ratio exceeds 50 per cent. or (ii) if the net rental income in respect of all leases should fall below 2.5 times the amount of interest payable under the Facility Agreement over the period the net rental income is calculated. The Bank Facility is secured by way of fixed or floating charges over the assets of the Property Subsidiary.
- 8.5. The Company is a party to an administration and secretarial agreement with R&H Fund Services Limited dated 28 April 2015 pursuant to which the Administrator provides day-to-day administration of the Company and acts as secretary and administrator to the Company. In its capacity as administrator, the Administrator is responsible for the 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 Asset Manager.

A fixed fee of £75,000 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 £90,000 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.

- 8.6. The Company is a party to a Registrar Agreement with Computershare Investor Services PLC dated 28 April 2015 pursuant to which the Registrar provides share registrar services to the Company.
- 8.7. By a letter dated 28 April 2015, Tcam have irrevocably undertaken to the Company that, at any time or times when Tcam together with its associates (as defined in the Listing Rules), are entitled to exercise, or to control 30 per cent. or more of the rights to vote at general meetings of the Company, they will not, and will exercise such rights as they may have to procure that none of their associates will:
- (a) seek to nominate directors to the Board who are not independent of Tcam or its associates;
 - (b) take any action which would be detrimental to the general body of Shareholders;
 - (c) take any action which may result in the AIFM, the Asset Manager or any other asset manager of the Company or its subsidiaries from time to time, not being able to carry out its duties independently of Tcam or its associates; or
 - (d) take any action which may result in the Directors not being able to fulfil their duties as Directors independently of Tcam or its associates; or
 - (e) enter into any transaction or relationship with the Company or its subsidiaries other than at an arm's length and on a normal commercial basis.

9. Investment restrictions

In addition to those restrictions set out in Part 1 of this document and in accordance with the requirements of the Listing Rules, the Company will comply with the investment restrictions set out below and will continue to do so for so long as they remain requirements of the UK Listing Authority:

- neither the Company nor any of its subsidiaries will conduct any trading activity which is significant in the context of its group as a whole;
- the Company will avoid cross-financing between businesses forming part of its investment portfolio;
- the Company will avoid the operation of common treasury functions as between the Company and investee companies;
- not more than 10 per cent., in aggregate, of the value of the total assets of the Company will be invested in other listed closed-ended investment funds other than closed-ended investment funds which themselves have published investment policies to invest no more than 15 per cent. of their total assets in other listed closed-ended investment funds; and

- the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with the published investment policy.

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

10. General

- 10.1. There are no governmental, legal or arbitration proceedings (including in so far as the Company is aware any governmental, legal or arbitration proceedings which are pending or threatened) during the period covering at least the previous 12 months prior to the date of this document which may have, or have had in the recent past, a significant effect on the Company or the Company's financial position or profitability.
- 10.2. The Company does not have any employees, nor does it own any premises.
- 10.3. Dickson Minto W.S. has given and not withdrawn its written consent to the issue of this document and the inclusion herein of its name and the reference to it in the form and context in which they appear.
- 10.4. Cantor Fitzgerald has given and not withdrawn its written consent to the issue of this document and the inclusion herein of its name and the reference to it in the form and context in which they appear.
- 10.5. Deloitte LLP has given and has not withdrawn its written consent to the inclusion in this Prospectus of its report in Part 8 of this document and the references thereto in the form and context in which it appears and has authorised the contents of its report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.
- 10.6. The Asset Manager 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 Asset Manager accepts responsibility for, and authorises, and consents to the inclusion of, the statements attributed to it and contained in this document. To the best of the knowledge and belief of the Asset Manager (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.
- 10.7. Savills (UK) Ltd has given and has not withdrawn its consent to the inclusion of its name and the references to it in the "investment outlook" section in Part 1 of this document and the form and context in which they appear and has authorised the contents of such statements for the purposes of the Prospectus Rules. Savills (UK) Ltd accepts responsibility for, and authorises, and consents to the inclusion of, the statements attributed to it in "investment outlook" section in Part 1 of this document. To the best of the knowledge and belief of Savills (UK) Ltd (who has taken all reasonable care to ensure that such is the case) those statements attributed to in "investment outlook" section in Part 1 of this document are in accordance with the facts and do not omit anything likely to affect the import of those statements.
- 10.8. The information in this document sourced from the Office of National Statistics (ONS) on page 32, Oxford Economics on page 32 MSCI on pages 33 and 34, Savills (UK) Ltd on pages 34 and 35 has been accurately reproduced in this document and, as far as the Company is aware and is able to ascertain from information published by each of these sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 10.9. As at 24 February 2016 (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

As a company incorporated in England and Wales with shares admitted to trading on the London Stock Exchange, the Company is subject to the provisions of the Takeover Code. Under Rule 9 of the Takeover Code, any person or group of persons acting in concert with each other which, taken together with shares already held by that person or group of persons, acquires 30 per cent. or more of the voting rights of a public company which is subject to the Takeover Code or holds not less than 30 per cent. but not more than 50 per cent. of the voting rights exercisable at a general meeting and acquires additional shares which increase the percentage of their voting rights, would normally be required to make a general offer in cash at the highest price paid within the preceding 12 months for all the remaining equity share capital of the Company.

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. The buy back by the Company of Ordinary Shares could, therefore, have implications for Shareholders with significant shareholdings.

11.2. Squeeze-out and sell-out rules

Other than as provided by the 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, 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 3.0 per cent. and each 1.0 per cent. threshold thereafter; or
- 12.2. reaches, exceeds or falls below an applicable threshold in paragraph 13.1 of this Part 5 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 third 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 placing 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. 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 Initial Placing 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 Offer and the terms of the 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 until close of business on 25 February 2017:

- (i) the Company’s memorandum of association and Articles;
- (ii) the letters of appointment referred to in paragraph 6.2 of this Part 10;
- (iii) the written consents referred to in paragraphs 10.3 to 10.7 of this Part 10; and
- (iv) this document.

15. Availability of the Prospectus

In addition, copies of this document are available free of charge from the registered office of the Company. Copies of this document are also available for access via the National Storage Mechanism at <http://www.morningstar.co.uk/uk/NSM>.

PART 11

TERMS AND CONDITIONS OF THE INITIAL PLACING AND THE PLACING PROGRAMME

1. Introduction

Each Placee which confirms its agreement to the Bookrunner 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 Bookrunner 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 24 March 2016 (or such later time and/or date, not being later than 8.00 a.m. on 30 April 2016, as the Company and the Bookrunner 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 Bookrunner prior to the closing of each placing under the Placing Programme, not being later than 25 February 2017; (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 Bookrunner 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 Bookrunner at the Initial Placing Price under the Initial Placing 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 Bookrunner. 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 Bookrunner, 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 Bookrunner elects to accept that Placee's application, the Bookrunner 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 Bookrunner'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 Asset Manager, and the Bookrunner 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 Asset Manager, the Bookrunner 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 Asset Manager, the Bookrunner 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 11 and the Articles as in force at the date of Admission of the relevant New Shares;
- 4.4. it has not relied on the Bookrunner or any person affiliated with the Bookrunner 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 Bookrunner 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 Asset Manager or Cantor Fitzgerald, 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 Asset Manager or the Bookrunner;
- 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 Bookrunner 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 Bookrunner 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 Bookrunner and that the Bookrunner 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 Bookrunner. 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 Bookrunner 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 neither the Bookrunner nor the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;

- 4.21. 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 Bookrunner 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 Bookrunner and the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify the Bookrunner 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; and
 - 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 Bookrunner 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 Bookrunner 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 Bookrunner and the Company;

- 4.27. where it or any person acting on behalf of it is dealing with the Bookrunner, any money held in an account with the Bookrunner 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 Bookrunner to segregate such money, as that money will be held by the Bookrunner under a banking relationship and not as trustee;
- 4.28. any of its clients, whether or not identified to the Bookrunner, will remain its sole responsibility and will not become clients of the Bookrunner 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 Bookrunner in its absolute discretion but in consultation with the Company and that the Bookrunner 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 Asset Manager, the Registrar and the Bookrunner 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;
- 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:

"DRUM INCOME PLUS REIT 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 Asset Manager, the Bookrunner 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 Asset Manager, the Bookrunner 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 Bookrunner, 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 Asset Manager, the Bookrunner 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 Asset Manager, the Bookrunner 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 Bookrunner 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 10 of this document.