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This document comprises (i) a circular prepared in accordance with Chapter 13 of the Listing Rules for the purposes of the Extraordinary General Meeting convened pursuant to the Notice of Extraordinary General Meeting set out in Part 20 of this document and (ii) a prospectus relating to Regional REIT Limited (the “**Company**”) prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the “**FCA**”) made under s.73A of FSMA (“**Prospectus Rules**”). A copy of this document has been filed with, and approved by, the FCA pursuant to section 87A of FSMA and will be made available to the public in accordance with paragraph 3.2 of the Prospectus Rules.

The Directors, whose names are set out under the heading “Directors, Registered Office, Secretary and Advisers” in Part 4 of this document, and the Company accept responsibility for this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended (“**POI Law**”), and the Guernsey Registered Collective Investment Schemes Rules 2015 (“**RCIS Rules**”) issued by the Guernsey Financial Services Commission (the “**GFSC**”). The GFSC, in granting registration, has not reviewed this document and has relied solely upon specific warranties provided by Jupiter Fund Services Limited, the Company’s designated administrator for the purposes of the RCIS Rules. Neither the GFSC nor the States of Guernsey Policy Council accepts any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

If you have sold or otherwise transferred all of your Ordinary Shares prior to the date that your Ordinary Shares are marked ex-entitlement to the Open Offer by London Stock Exchange plc, you should send this document and, if relevant, the enclosed Form of Proxy (and reply-paid envelope) at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you have sold or transferred any part of your registered holding of Ordinary Shares, please contact your bank, stockbroker or other agent through whom the sale or transfer was effected immediately. **The distribution of this document and the accompanying documents in or into jurisdictions other than the UK, including in or into the United States or any Restricted Jurisdictions, may be restricted by law and may constitute a violation of local securities laws. Please refer to the section entitled ‘Important Information’ in Part 2 of this document if you propose to send this document and the accompanying documents into any jurisdiction other than the United Kingdom.** Persons into whose possession this document and any accompanying documents come should inform themselves about, and observe, all such restrictions. This document and the accompanying documents should not be treated as an offer or invitation to subscribe for any Ordinary Shares by or to any person resident or located in a Restricted Jurisdiction.

REGIONAL REIT LIMITED

(Incorporated under Guernsey law and registered in Guernsey, Channel Islands with registered number 60527)

Proposed Firm Placing of 49,504,950 New Ordinary Shares at an Issue Price of 101 pence per New Ordinary Share and proposed Placing, Open Offer and Offer for Subscription of up to 49,504,950 New Ordinary Shares at an Issue Price of 101 pence per New Ordinary Share

Acquisition of the New Property Portfolios

and

Notice of Extraordinary General Meeting

Sole Sponsor and Sole Bookrunner

PEEL HUNT LLP

Joint Placing Agent

CENKOS SECURITIES PLC

Notice of the Extraordinary General Meeting, to be held at 11.00 a.m. on 19 December 2017 at 20 Cursitor Street, London EC4A 1LT, is set out at the end of this document. A Form of Proxy is enclosed for use by Shareholders in connection with the meeting. To be valid, Forms of Proxy, completed in accordance with the instructions thereon, must be received at the Company’s registrars, Link Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF as soon as possible but in any event by no later than 11.00 a.m. on 15 December 2017 (or, if the Extraordinary General Meeting is adjourned, 48 hours before the time fixed for the adjourned meeting). Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting should they so wish.

Shareholders who hold their Ordinary Shares in uncertificated form in CREST may alternatively use the CREST Proxy Voting Service in accordance with the procedures set out in the CREST Manual as explained in the notes accompanying the Notice of Extraordinary General Meeting. Proxies submitted via CREST must be received by Link Asset Services (ID RA10) by no later than 11.00 a.m. on 15 December 2017 (or, if the Extraordinary General Meeting is adjourned, 48 hours before the time fixed for the adjourned meeting). The appointment of a proxy using the CREST Proxy Voting Service will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting should they so wish.

The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 19 December 2017. The procedures for acceptance and payment are set out in Appendix A of this document and, where relevant, in the Open Offer Application Form. Qualifying Non-CREST Shareholders will be sent an Open Offer Application Form. Qualifying CREST Shareholders (who will not receive an Open Offer Application Form) will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements and Excess Open Offer Entitlements which is expected to be enabled for settlement on 6 December 2017.

Applications under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim arising out of a sale or transfer of Existing Ordinary Shares prior to the date on which the Existing Ordinary Shares were marked “ex” the entitlement by the London Stock Exchange. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer. The Open Offer Application Form is personal to Qualifying Shareholders and cannot be transferred, sold, or assigned except to satisfy bona fide market claims. Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

Investors are advised to examine all the risks that might be relevant in connection with the value of an investment in the Company. Prospective investors should read the entire document and any documents incorporated herein by reference. In particular, your attention is drawn to the sections entitled ‘Risk Factors’ on pages 35 to 50 of this document and the ‘Letter from the Chairman’ on pages 62 to 76 of this document, which recommends that Shareholders vote in favour of the Capital Raising Resolution and the Disapplication Resolution to be proposed at the Extraordinary General Meeting. Prospective investors should be aware that an investment in the Company involves a degree of risk and that, if certain of the risks described in this document occur, investors may find their investment materially adversely affected. Accordingly, an investment in the Company is only suitable for investors who are particularly knowledgeable in investment matters and who are able to bear the loss of the whole or part of their investment.

The Existing Ordinary Shares are listed on the premium listing segment of the Official List of the FCA (the “**Official List**”) and are traded on London Stock Exchange plc’s (the “**London Stock Exchange**”) main market for listed securities. Application will be made to the FCA for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and for the New Ordinary Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities (“**Admission**”). It is expected that Admission will become effective and that unconditional dealings in the New Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. on 21 December 2017. No application has been, or is currently intended to be, made for the New Ordinary Shares or the Existing Ordinary Shares to be admitted to listing or dealt with on any other exchange.

Peel Hunt LLP (“**Peel Hunt**”) which, in the United Kingdom, is authorised and regulated by the FCA, is acting for the Company and no one else in connection with the Capital Raising and Admission and will not regard any other person (whether or not as a recipient of this document) as its client in relation to the issue of the New Ordinary Shares and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Capital Raising or Admission or the contents of this document or any transaction, or arrangement referred to in this document.

Centos Securities plc (“**Centos**”) which, in the United Kingdom, is authorised and regulated by the FCA, is acting for the Company and no one else in connection with the Capital Raising and Admission and will not regard any other person (whether or not as a recipient of this document) as its client in relation to the issue of the New Ordinary Shares and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Capital Raising or Admission or the contents of this document or any transaction, or arrangement referred to in this document.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. Subject to certain exceptions, neither this document nor any advertisement nor any other offering material may be distributed or published in any Restricted Jurisdiction (including the United States).

The offer and sale of the New Ordinary Shares will not be and have not been registered under the US Securities Act or state securities laws, and accordingly the New Ordinary Shares may not be offered, sold, transferred or delivered, directly or indirectly within the United States, or to or for the benefit of any US Person, except pursuant to applicable exemptions from such registration. There will be no public offer of the New Ordinary Shares in the United States. The New Ordinary Shares are being offered or sold only (i) outside the United States to non-US Persons in offshore transactions in reliance on the exemption from the registration requirements of the US Securities Act provided by Regulation S thereunder and (ii) in the United States, or to US Person, to persons reasonably believed to be (a) “accredited investors” as defined in Regulation D under the US Securities Act, who are “qualified purchasers” as defined in the US Investment Company Act and who are existing shareholders of the Company or (b) “qualified institutional buyers” as defined in Rule 144A under the US Securities Act. The Company has not been and will not be registered under the US Investment Company Act and investors will not be entitled to the benefits of the US Investment Company Act. The Company will require the provision of a representation letter by any investors who are US Persons containing representations as to their status under the US Securities Act and the US Investment Company Act.

Neither this document nor the New Ordinary Shares have been or will be approved by the Securities and Exchange Commission or any other state authorities. Any representation to the contrary is a criminal offence.

If you are in any doubt about the contents of this document you should consult your accountant, legal or professional adviser or financial adviser.

The date of this document is 5 December 2017.

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SUMMARY INFORMATION

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 issuer and its securities. 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 in 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 this summary together with an appropriate “**Not applicable**” statement.

Section A – Introduction and warnings		
Element	Disclosure Requirement	Disclosure
A.1	Introduction and warnings	<p>This summary should be read as an introduction to this document. Any decision to invest in the securities should be based on consideration of this document as a whole by the investor.</p> <p>Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of a Member State, have to bear the costs of translating this document before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	Comment for intermediaries	Not applicable. The Company is not engaging any financial intermediaries for any resale or final placement of securities after publication of this document.

Section B – Issuer		
Element	Disclosure Requirement	Disclosure
B.1	Legal and commercial name	Regional REIT Limited.
B.2	Domicile, legal form, legislation, country of incorporation	The Company is a limited liability company, incorporated in Guernsey, Channel Islands under the Companies Law on 22 June 2015 with registered number 60527 with its registered office situated in Guernsey. The principal legislation under which the Company operates is the Companies Law.

B.3	Current operations/principal activities and markets	<p>The Company became a UK REIT on 7 November 2015 and, since 2015 Admission, has built a diversified property portfolio of UK office and light industrial properties located predominantly in the regional centres of the UK outside of the M25 motorway. As at 30 June 2017, it owned 150 properties across seven regions in the UK with a net rental income of £47.1 million.</p>
B.4a	Significant recent trends affecting the Company	<p>Background</p> <p>The Company operates a diversified portfolio of regional offices and industrial properties which are located predominately in the regional centres of the UK outside the M25 motorway.</p> <p>The Directors, the Asset Manager and Investment Manager believe that a significant opportunity exists in the UK regional office and industrial sector owing to strong tenant demand in high growth areas of the economy in conjunction with limited supply of suitable properties.</p> <p>Trends in capital value and yields</p> <p>The Directors believe that it is difficult to be precise about the current prospects for capital value, yield growth, and transaction volumes in the current economic environment given the uncertainty surrounding the UK's planned exit from the European Union. Notwithstanding this, the Directors continue to see attractive acquisition and asset management opportunities in the market. The Company continues to target regional office and industrial sector acquisitions for value in excess of £5 million with net initial yields in excess of seven per cent.</p> <p>Following 2015 Admission, the Company has acquired a number of regional office and industrial investment properties at net initial yields of between seven to ten per cent. This has enabled the Company to build a significant and highly cash generative portfolio.</p> <p>The Company continues to focus on buying investment properties at attractive net initial yields and actively managing the portfolio to generate income uplift opportunities, which are a strong feature of the Company's portfolio and thus giving the potential for improved capital values over the longer term.</p> <p>The UK regional office and industrial sectors are also affected by the impact of macro-economic conditions.</p> <p>Macro-economic factors</p> <p>Despite the result of the UK's referendum on its membership of the EU on 23 June 2016, and the subsequent outcome of the UK's general election on 8 June 2017, the UK economy has continued to expand. Further, while the pace of GDP growth slowed in the first half of 2017, the rate of</p>

unemployment continued to decline, reaching 4.6 per cent. in May 2017, compared to 4.7 per cent. in December 2016.

In relation to the different regions in the UK, the largest compression in unemployment rates during 2017 was recorded in the North East of England, with unemployment rates currently at 5.4 per cent., down from 6.8 per cent. in December 2016. Unemployment rates in the North West of England are currently 4.2 per cent., down from 4.8 per cent. in December 2016. Across the midlands of England, job markets in 2017 continued to show the robustness they had exhibited the year before. With their concentration of export-facing manufacturing industries, a more competitive pound has been a major contributor to improved labour market fortunes in the midlands and the north of England. With labour market conditions a significant influence on occupational demand across the commercial real estate sector, the unemployment and job market data for 2017 suggests a positive outlook.

If economic conditions across continental Europe improve, and competitiveness increases due to the fall in Sterling, the UK's trade-facing regions should experience a positive impact.

The Directors anticipate that consumer price index inflation will begin to slow through the second half of 2017 and that by doing so, should result in continued low interest rates across the UK.

Current trading and prospects of the Group

In the six months ended 30 June 2017, the Group reported a 12.2 per cent. increase in net rental income to £19,484 million when compared to the six months ended 30 June 2016, reflecting the acquisitions made during the period and the Group's active asset management programme.

As at 30 June 2017, the Group's Net Asset Value stood at £321,998 million, with an EPRA NAV per Ordinary Share of 107.3 pence and a Group net loan to value ratio of 47.3 per cent. The weighted average effective interest rate of bank borrowings was 3.3 per cent., including hedging, with a weighted average maturity of 2.4 years.

Operationally, the Group performed strongly for the six months ended 30 June 2017 with occupancy (by area) increasing by 1.3 per cent to 83.1 per cent, and tenants increasing from 719 to 823. In addition, the weighted average unexpired lease term to expiry increased from 5.2 years as at 30 June 2016 to 5.3 years in the 12 months ended 30 June 2017.

In the third quarter of 2017 the Group maintained a strong pace of lettings and continued to see a good level of interest in both its office and industrial properties, which is expected

		<p>to improve occupancy rates across the portfolio in the near term.</p> <p>Whilst the Directors are aware of general economic caution in light of uncertainty over negotiations in respect of the UK's decision to exit the European Union and the potential for rises in inflation and interest rates, they believe the Company is well placed to meet the challenges that could arise in this environment. The Company owns a large highly diversified cash generative portfolio, geographically spread across the UK regions, with a large number of tenants. The Board therefore remains optimistic in its outlook for the Company.</p>
B.5	Group description	The Company owns the entire issued share capital of Midco which indirectly owns the interests in the Existing Property Portfolio.
B.6	Major Shareholders	<p>As at the close of business on the Latest Practicable Date, so far as is known to the Company by virtue of notifications to it pursuant to the Disclosure Guidance and Transparency Rules, the following persons are directly or indirectly interested in five per cent. or more of the Company's issued share capital:</p> <ul style="list-style-type: none"> • Martin Hughes (27,154,198 Ordinary Shares)¹ • The Conygar Investment Company plc (26,326,644 Ordinary Shares) <p>There are no different voting rights for any Shareholder.</p>
B.7	Selected historical key financial information	The tables below set out the Group's summary financial information for the periods indicated. The consolidated financial information for the Group for the financial period ended 31 December 2015 has been extracted without material adjustment from the 2015 Financial Statements. The consolidated financial information for the Group for the year ended 31 December 2016 has been extracted without material adjustment from the 2016 Financial Statements. The consolidated financial information for the Group as at and for the six months ended 30 June 2017 is unaudited and has been extracted without material adjustment from the 2017 Unaudited Interim Financial Statements.

¹ By virtue of Martin Hughes' voting rights control of Toscafund Investments Limited.

Summarised Consolidated Income Statement

	<i>Six months to 30 June 2017 £'000s</i>	<i>Six months to 30 June 2016 £'000s</i>	<i>Year ended 31 Dec 2016 £'000s</i>	<i>Year ended 31 Dec 2015 £'000s</i>
Net rental income	19,484	17,371	38,128	4,608
Administration costs	(5,166)	(3,935)	(8,217)	(1,353)
Operating profit	14,318	13,436	29,911	3,255
Gain on the disposal of properties	(41)	(75)	518	86
Change in the fair value of properties	7,504	(1,254)	(6,751)	23,784
Profit before exceptional items	21,781	12,107	23,678	27,125
Exceptional items	0	0	0	(5,296)
Operating profit after exceptional items	21,781	12,107	23,678	21,829
Net finance expense	(5,765)	(4,136)	(8,629)	(820)
Impairment of goodwill	(279)	0	(557)	–
Revaluation of derivatives	447	(2,024)	(1,097)	115
Profit before tax	16,184	5,947	13,395	21,124
Taxation	(11)	0	23	–
Total comprehensive income	16,173	5,947	13,418	21,124
Per Share				
Eps – basic	5.6p	2.2p	4.9p	7.7p
Eps – diluted	5.6p	2.2p	4.9p	7.7p
EPRA Eps – basic	2.9p	3.3p	7.7p	(1.1)p
EPRA Eps – diluted	2.9p	3.3p	7.7p	(1.1)p

Summarised Consolidated Statement of Financial Position

	<i>As at 30 June 2017 £'000s</i>	<i>As at 30 June 2016 £'000s</i>	<i>As at 31 Dec 2016 £'000s</i>	<i>As at 31 Dec 2015 £'000s</i>
Assets				
Non-current assets	643,872	504,651	506,401	407,492
Current assets	46,871	35,584	27,574	35,803
Total Assets	690,743	540,235	533,975	443,295
Liabilities				
Current liabilities	(36,271)	(29,277)	(23,285)	(21,069)
Non-current liabilities	(332,474)	(217,211)	(218,955)	(126,885)
Total Liabilities	(368,745)	(246,488)	(242,240)	(147,954)
Net Assets	321,998	293,747	291,735	295,341
Equity				
Stated capital	299,880	274,217	274,217	274,217
Retained earnings	22,118	19,530	17,518	21,124
Total equity attributable to owners of the parent	321,998	293,747	291,735	295,341
Per Share				
NAV – basic	107.1p	107.1p	106.4p	107.7p
NAV – diluted	107.0p	107.1p	106.3p	107.7p
EPRA NAV – basic	107.5p	108.0p	106.9p	107.8p
EPRA NAV – diluted	107.3p	108.0p	106.9p	107.8p

Certain significant changes in the financial condition or operating results of the Group occurred during the period covered by the financial reports and accounts of the Group

for the financial years ended 31 December 2015, 31 December 2016 and for the six months to 30 June 2017. These are described below.

Review of significant changes in the financial performance and significant operating events for the financial years ended 31 December 2015, 31 December 2016, and for the six months to 30 June 2017 and the period from 1 July 2017 to the date of publication of this document.

Equity issuance

Over the period from 6 November 2015 to the date of this document, the Company has issued 26,326,644 ordinary shares, which led to an increase in the scale of its operations. The capital was issued on 24 March 2017 and represented 9.6% of the Company's share base (being a total issued share capital of 274,217,264 Ordinary Shares) and 8.8% of the enlarged share base.

The issue of the 26,326,644 ordinary shares was part of the consideration for a transaction with The Conygar Investment Company plc in which the Group acquired 31 mixed-use UK regional property assets: 16 offices, 4 industrial sites, 7 retail properties, and 1 leisure asset, which in aggregate were valued at c.£129 million. As part of the transaction, the Group also assumed two banking facilities (totalling £69.5m), and Regional Commercial Bidco Limited acquired Conygar ZDP plc and assumed the obligation to fund the liabilities of Conygar ZDP plc (being approximately £35.7 million in relation to zero dividend preference shares issued by Conygar ZDP plc). Conygar ZDP plc has subsequently been renamed Regional REIT ZDP plc.

Borrowings

In addition to the equity issuance noted above, the borrowings from 6 November 2015 to the date of this document have changed as detailed in the tables below:

As at 2015 Admission:

<i>Debt Provider</i>	<i>Borrower</i>	<i>Maturity</i>	<i>Total Facility Amount (£m)</i>	<i>Total Amount Outstanding</i>	<i>Annual Interest Rate</i>
Santander UK	Toscafund Glasgow Ltd	Dec 2018	£35.0	£32.2	Libor + 2.70%
Santander UK	TCP Channel Ltd	Dec 2018	£13.5	£10.5	Libor + 2.70%
Royal Bank of Scotland	TCP Arbos	June 2019	£15.6	£15.6	Libor + 2.75%
ICG Longbow Ltd	Tosca UK CP Ltd	August 2019	£65.0	£65.0	Fixed 5.00%
Santander UK	Tosca Chandlers Ford Ltd	February 2018	£7.0	£7.0	Libor + 2.00%

As at 4 December 2017:

<i>Debt Provider</i>	<i>Borrower</i>	<i>Maturity</i>	<i>Total Facility Amount (£m)</i>	<i>Total Amount Outstanding (£m)</i>	<i>Annual Interest Rate</i>
Santander UK	Toscafund Glasgow Ltd	Nov 2022	£52.4	£52.4	LIBOR + 2.15%
Santander UK*	TCP Channel Ltd	Dec 2018	£25.3	£20.8	LIBOR + 2.09%
Santander UK*	RR Wing Portfolio	Jan 2021	£31.0	£31.0	LIBOR + 2.15%
Royal Bank of Scotland*	TCP Arbos Ltd	June 2019	£25.0	£24.4	LIBOR + 2.15%
ICG Longbow Ltd	Tosca UK CP Ltd	August 2019	£65.0	£65.0	Fixed 5.00%
Royal Bank of Scotland	RR Rainbow Portfolio	March 2021	£40.0	£39.8	LIBOR + 2.40%
Lloyds Banking Group*	Lamont and Tapp portfolio	April 2019	£48.1	£48.1	LIBOR + 2.15%
HSBC	Sea Portfolio	December 2021	£21.0	£21.0	LIBOR + 2.15%
Regional REIT ZDP PLC	Midco	January 2019	£39.2	£37.2	Fixed 6.50%

The equity capital issuance and borrowings noted above have been deployed across a number of acquisitions which meet the target investment criteria. These acquisitions include:

- December 2015: announced acquisition of a £37.5 million regional office and industrial unit property portfolio;
- February 2016: announced acquisition of an £80 million regional office and industrial unit property portfolio (this completed in March 2016);
- September 2016: acquired the Wallace office portfolio for £5.5 million; and
- March 2017: acquired a portfolio from The Conygar Investment Company plc consisting of 31 mixed-use UK regional property assets for approximately £129 million, comprising: 16 offices; four industrial sites; seven retail properties; and one leisure asset.

The Group is in advanced discussions to replace five existing secured debt facilities of approximately £164 million from The Royal Bank of Scotland Plc, Santander UK and Lloyds Banking Group (identified above as *) with a new 10 year secured single facility with two UK lenders, for which terms have been agreed and credit approval has been obtained.

In relation to the remaining borrowings set out in the table above, being the Zero Dividend Preference Shares (due to mature in January 2019) and the ICG Longbow Ltd facility (due to mature in August 2019), the Group intends, in due course, to refinance the Zero Dividend Preference Shares or alternatively to repay them using existing resources available at the time in the ordinary course of the Group's business, and to refinance the ICG Longbow Ltd facility.

Other significant changes up to 30 June 2017 are listed below.

		<ul style="list-style-type: none"> • Net rental income has increased from £4.6 million for the 56 day period to the financial year ended 31 December 2015, to £38.1 million for the financial year ended 31 December 2016, and amounted to £19.5 million for the six months to 30 June 2017. The reason for the uplift in net rental income across these periods is due to a the receipt of a full period rent roll and the increased rent roll received from the enlarged property portfolio. • Operating profit before gains and losses on property assets and other investments increased from £3.3 million for the 56 day period to the financial year ended 31 December 2015 to £29.9 million for the financial year ended 31 December 2016, and amounted to £14.3 million for the six months ended 30 June 2017. The increase across the periods was due to the receipt of a full period rent roll, and rent roll received from the enlarged property portfolio. • Profit after tax decreased from £21.1 million for the 56 day period for the financial year ended 31 December 2015 to £13.4 million for the financial year ended 31 December 2016, and amounted to £16.2 million for the six month period ended 30 June 2017. The decrease in profit after tax between the financial years ended 31 December 2015 and 31 December 2016 was largely the result of a change in fair value of investment properties held by the Group. The increase in profit after tax, between the financial year ended 31 December 2016 to the six months ended 30 June 2017, was predominantly due to the increased rent roll received and an increase in the change in fair value of investment properties. • Net asset value decreased from £295.3 million at 31 December 2015 to £291.7 million at 31 December 2016, before increasing to £322 million at 30 June 2017. The decrease from 31 December 2015 to 31 December 2016 was largely a result of the change in the fair value of investment properties. The increase in net asset value between 31 December 2016 and 30 June 2017 was largely due to the Group issuance of equity and the change in fair value of investment properties. • EPRA net asset value: the diluted per share EPRA net asset value decreased from 107.8 pence at 31 December 2015 to 106.9 pence at 31 December 2016, before increasing to 107.3 pence at 30 June 2017. The movements are primarily derived from the change in fair value of investment properties between the respective accounting period ends, and the accretive impact of the equity issuance.
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		<p>The following significant events have occurred since 30 June 2017:</p> <ul style="list-style-type: none"> • The Group completed the acquisition of Woodlands Court, Bristol, for £6.55m, a development of four single-storey offices buildings totalling 37,952 sq. ft., providing a rental income of £595,000 pa. The property is located proximate to the Group's existing properties in the north Bristol area. • The Group disposed of St James House, Bath, a fully-let modern office development over the ground and three upper floors, totalling 14,507 sq. ft. with 30 parking spaces, situated to the south of Bath city centre, producing a rental income of £297,662 pa. The property was sold for £4.6m, a net initial yield of 6.1% including costs, well ahead of its 31 December 2016 valuation. • The Group has secured a number of additional lettings and regears. Most notably, the Group agreed a letting with SCS of Unit 1A, a 65,503 sq. ft. industrial warehouse, the largest void at Juniper Park, Basildon, effective September 2017. The lease will be for 10-years, with a break at year 5, at an initial average rent of some £328,000 pa. In addition, industrial occupancy will also be improved following a lease agreement and the imminent completion of landlord works at Unit 131B Heathhall Industrial Estate, Dumfries (50,661 sq.ft.). • On 10 November 2017, the Group exchanged contracts to sell a development site in Leeds for £10.5m on a subject-to-planning basis to Unite Students, the UK's leading manager and developer of student accommodation. The 21,000 sq ft site currently provides leisure accommodation over two levels. It was acquired by the Group in March 2016 as part of the Wing Portfolio together with the adjacent 19 storey Arena Point office tower. The sale sees the Group retaining the 77,000 sq ft 19 storey landmark Arena Point office tower. The Group continues to invest in the refurbishment of the remaining floors, having recently let the 6th and 7th floors to Interserve. • On 23 November 2017, the Group agreed a new £52.4 million secured facility with Santander UK with a 5-year term maturing in November 2022, replacing, at a competitive rate, the current three-year debt facility with Santander UK of £47.8 million, which was due to mature in December 2018. <p>Save as set out above, there has been no significant change in the financial or trading position of the Group from 1 July 2017 to the date of this document.</p>
B.8	Selected pro forma financial information	<p>The unaudited pro forma balance sheet set out below has been prepared for the purpose of illustrating the effect of the Acquisitions on the net assets of the Company as at 30 June 2017 as if the Acquisitions had taken place on that</p>

date. The unaudited pro forma balance sheet has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results.

The pro forma balance sheet has been prepared on the basis set out in the notes below and has been prepared in a manner consistent with the accounting policies adopted by the Group as at and for the year ended 31 December 2016 and in accordance with the requirements of item 20.2 of Annex I and items 1 to 6 of Annex II to the Prospectus Rules.

The unaudited pro forma balance sheet does not constitute accounts within the meaning of section 245 of the Companies Law.

	<i>The Group</i>	<i>First New</i>	<i>Second</i>	<i>Unaudited</i>	<i>Unaudited</i>
	<i>30 June</i>	<i>Portfolio</i>	<i>New</i>	<i>Capital</i>	<i>30 June</i>
	<i>2017</i>	<i>Portfolio</i>	<i>Portfolio</i>	<i>Raising</i>	<i>2017</i>
	<i>Unaudited</i>	<i>Acquisition</i>	<i>Acquisition</i>	<i>Unaudited</i>	<i>Unaudited</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Assets					
Non-current assets					
Investment properties	640,405	43,475	44,775	–	728,655
Goodwill	1,950	–	–	–	1,950
Derivative financial instruments	72	–	–	–	72
Non-current receivables on tenant loans	1,445	–	–	–	1,445
	<u>643,872</u>	<u>43,475</u>	<u>44,775</u>	<u>–</u>	<u>732,122</u>
Current assets					
Trade and other receivables	14,642	–	–	–	14,642
Cash and cash equivalents	32,229	(26,085)	(44,775)	97,164	58,533
	<u>46,871</u>	<u>(26,085)</u>	<u>(44,775)</u>	<u>97,164</u>	<u>73,175</u>
Total assets	<u>690,743</u>	<u>17,390</u>	<u>–</u>	<u>97,164</u>	<u>805,297</u>
Liabilities					
Current liabilities					
Trade and other payables	(24,529)	–	–	–	(24,529)
Deferred income	(10,244)	–	–	–	(10,244)
Taxation	(1,098)	–	–	–	(1,098)
Bank and loan borrowings	(400)	–	–	–	(400)
	<u>(36,271)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(36,271)</u>
Non-current liabilities					
Bank and loan borrowings	(295,429)	(17,390)	–	–	(312,819)
Zero dividend preference shares	(36,010)	–	–	–	(36,010)
Derivative financial instruments	(1,035)	–	–	–	(1,035)
	<u>(332,474)</u>	<u>(17,390)</u>	<u>–</u>	<u>–</u>	<u>(349,864)</u>
Total liabilities	<u>(368,745)</u>	<u>(17,390)</u>	<u>–</u>	<u>–</u>	<u>(386,135)</u>
Net assets	<u>321,998</u>	<u>–</u>	<u>–</u>	<u>97,164</u>	<u>419,162</u>

B.9	Profit forecast/estimate	Not applicable.
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable.
B.11	Working capital – qualifications	Not applicable. The Company is of the opinion that, taking into account available bank and other facilities, the working capital available to the Group is sufficient for the Group's present requirements and, in particular, is sufficient for at least the 12 month period from the date of this document.
B.34	Investment Policy	<p>The Group will continue to pursue its investment objective by investing in, managing and disposing of a diversified portfolio of UK office and light industrial properties, which are located predominantly in the regional centres of the UK outside of the M25 motorway, in accordance with its investment strategy and financing strategy, as detailed below. In addition, the Group may, from time to time, acquire, manage and dispose of debt portfolios whose receivables are secured principally against real property that conform to the investment policy criteria. For the avoidance of doubt, the Group may make an investment through any type of entity it considers appropriate, including, without limitation, any member of the Group, and references in this Investment Policy to the Company making investments, acquiring or holding assets should be construed accordingly.</p> <p>The intention of the Directors is that the Company will continue to invest predominantly in income producing investments capable of delivering an attractive total return to Shareholders, with a strong focus on income. 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.</p> <p>The Directors intend to continue to conduct the affairs of the Company at all times so as to enable the Company to remain qualified as a REIT.</p> <p>Investment strategy</p> <p>The Company intends to be opportunistic in its approach and exploit what the Asset Manager and Investment Manager, working jointly and subject to oversight by the Directors, believe to be pricing inefficiencies and mismatches in the available yields between those available on regional commercial prime properties and those available on regional commercial secondary properties in regional centres outside of the M25 motorway.</p>

		<p>Some of these opportunities result from the upsizing of minimum lot sizes in institutional portfolios or by cash-constrained owners being unable to fulfil debt requirements or undertake any meaningful asset management of their properties. The Company intends to exploit these opportunities by acquiring, holding and selling real estate that it believes to be mispriced and/or which it believes has good capital and income growth prospects.</p> <p>The Company intends to enhance the capital and income growth prospects of its properties through the services of the Asset Manager, who will do so, inter alia, by way of lease restructuring, improvement of the tenant mix, letting vacant space, minimizing void costs, making physical improvements by way of refurbishment, increasing the size of properties and effecting changes of use.</p> <p>Investment restrictions</p> <p>The Group will continue to acquire Portfolio Interests that together offer Shareholders diversification of investment risk by investing in a range of geographical areas and sectors across a number of assets and tenants, and through letting properties, where possible, to low risk tenants. The Group will only invest in office and light industrial properties that are situated in the United Kingdom and outside of the M25 motorway. However, the Group may invest in property portfolios in which up to 50 per cent. of the properties (by market value) are situated inside the M25 motorway.</p> <p>No single property, in the ordinary course, is expected to exceed 10 per cent. of Gross Investment Properties Value at the time of investment; however, the Board may, in exceptional circumstances, consider a property having a value of up to 20 per cent. of Gross Investment Properties Value at the time of investment. The minimum market value of any single asset at the time of acquisition shall be £5 million, except where such asset is acquired within a portfolio of properties, in which case there shall be no such minimum.</p> <p>No more than 20 per cent. of the Gross Investment Properties Value shall be exposed to any single tenant or Group Undertaking of that tenant.</p> <p>Speculative development (i.e. properties under construction, but excluding any refurbishment works, which have not been pre-let) is prohibited. Development, other than such speculative development, is restricted to an aggregate maximum of 15 per cent. of Gross Investment Properties Value at the time of investment or commencement of the development. The Company will invest in commercial properties or portfolios of commercial property assets in the office and industrial sectors but which, in addition, may include ancillary or secondary utilisations such as retail, leisure and residential elements.</p>
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		<p>The Company does not expect to acquire Portfolio Interests by way of joint ventures, nor does it expect to acquire less than 100 per cent. ownership in any single property. However, the Company is permitted to make investments through these types of investment structures provided (i) that the Company is able to exert a level of control over the underlying investment that the Board and the Investment Manager consider reasonable in the circumstances; and (ii) no more than 25 per cent. of Gross Investment Properties Value at the time of acquisition is attributable to investments where the Company (or its wholly-owned subsidiaries) does not have 100 per cent. ownership.</p> <p>These investment restrictions shall not require the Group to dispose of Portfolio Interests and/or to rebalance its Property Portfolio as a result of a change in the respective valuations of the Portfolio Interests, except to the extent required by the Listing Rules or for the Group to continue to qualify as a REIT.</p>
B.35	Borrowing limits	<p>The Group will continue to use gearing and make use of borrowed funds and other forms of leverage to execute its investment strategy and enhance equity returns, provided that the Board considers it to be in the best interests of Shareholders to do so. Such leverage will vary significantly depending on prevailing market conditions. The Board expects that the Group will continue to predominantly look to traditional lending sources such as banks for gearing, but is permitted to utilise leverage from other commercial providers and market counterparties. Based on current market conditions, the Board will target Group net borrowings of 40 per cent. of Gross Investment Properties Value at any time. However the Board may modify the Company's gearing policy (including the level of gearing) from time to time in light of then-current economic conditions, relative costs of debt and equity capital, fair value of the Company's assets, growth and acquisition opportunities or other factors the Board deems appropriate. The level of gearing will be monitored carefully by the Board in light of the cost of borrowing and the Company will seek to use hedging where considered appropriate to mitigate interest rate risk. The Group's net borrowings may not exceed 50 per cent. of the Gross Investment Properties Value at any time. The Group will be under no obligation to reduce borrowings to the extent that this target is exceeded for reasons outside of its control, for instance as a result of changes in property values. The Group's borrowings are expected to be secured on one or more Portfolio Interests.</p> <p>The Group may borrow for any purpose, including, but not limited to, increasing investment capacity, paying operating expenses, paying repurchase or distribution proceeds or for clearance of transactions. Other than described above, no restrictions have been imposed on the circumstances in which the Company may employ leverage. The Company has</p>

		no intention to make use of collateral and asset reuse arrangements in connection with any leverage.
B.36	Regulatory status	<p>The Company is registered with the GFSC as a closed-ended collective investment scheme under the POI Law and the RCIS Rules.</p> <p>The Company is an AIF and the Investment Manager has been appointed as its AIFM. The Company is subject to the Listing Rules, the Prospectus Rules, the Disclosure Guidance and Transparency Rules, and MAR.</p> <p>The Company became a REIT on 2015 Admission and the Group will need to comply with certain ongoing regulations and conditions (including minimum distribution requirements) in order to retain its REIT status.</p>
B.37	Profile of typical investor	<p>The typical investors in the Company are expected to be institutional and sophisticated investors, and/or all types of private investors acting on the advice of their stockbroker or financial advisor, who are looking to allocate part of their investment portfolio to the UK regional commercial real estate market.</p> <p>An investment in the Company is suitable only for investors who are capable of evaluating the risks and merits of such investment, who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company and in the Ordinary Shares, for whom an investment in the Ordinary Shares constitutes part of a diversified investment portfolio, who fully understand and are willing to assume the risks involved in investing in the Company and who have sufficient resources to bear any loss (which may be equal to the whole amount invested) which might result from such investment. Investors may wish to consult their stockbroker, bank manager, solicitor, accountant or other independent financial advisor before making an investment in the Company.</p>
B.38	Investment of more than 20 per cent. in single underlying asset or investment company	Not applicable. The Company may not, pursuant to the Investment Policy, invest more than 20 per cent. of the Gross Asset Value at the time of investment in a single underlying issuer or investment company.
B.39	Investment of 40 per cent. or more in single underlying asset or investment company	Not applicable. The Company may not, pursuant to the Investment Policy, invest more than 40 per cent. of the Gross Asset Value at the time of investment in a single underlying issuer or investment company.
B.40	A description of the applicant's service providers including the maximum fees payable.	<p>Asset Manager</p> <p>London & Scottish Investments Limited (the "Asset Manager") was appointed to provide property management services to the Group with effect from 2015 Admission. Under the Asset Management Agreement, the Asset Manager is responsible for the day to day management of the Property Portfolio, subject to the investment objective of the Company and its Investment Policy and the overall supervision of the boards of the entity to which the particular property</p>

	<p>management services are provided, and advises the Company on the acquisition, management and disposal of the real estate assets of the Group.</p> <p>Investment Manager</p> <p>Toscafund Asset Management LLP (the “Investment Manager”) was appointed as the investment manager of the Company (and to provide certain related services to Midco and the Jersey limited companies which hold property directly) pursuant to the Investment Management Agreement which was entered into on 2015 Admission. Under the terms of the Investment Management Agreement, the Investment Manager is responsible for the day to day management of the Company’s investments, subject to the investment objective and the investment policy of the Company and the overall supervision of the Directors and provides such services that are required to be carried out by an AIFM under the AIFM Directive.</p> <p>Administrator and Sub-Administrator</p> <p>The Administrator has been appointed as the administrator pursuant to the Administration Agreement which was entered into on 2015 Admission. Under the terms of the Administration Agreement, the Administrator is responsible for the Company’s general administrative functions.</p> <p>An annual fee of £35,880 is payable by the Company to the Administrator. An annual fee of £113,160 is payable by the Company to the Sub-Administrator.</p> <p>Company secretary</p> <p>The Company Secretary has been appointed as the company secretary pursuant to the Company Secretary Agreement.</p> <p>A fee of £5,000 in respect of support at each quarterly board meeting, and £7,500 in respect of support at each annual general meeting, will be payable by the Company to the Company Secretary. Advice in respect of AIC Code of Corporate Governance, the Listing Rules and the Disclosure Guidance and Transparency Rules compliance is charged at £25,000 per annum.</p> <p>Depositary</p> <p>The Depositary has been appointed to perform the depositary functions pursuant to Articles 21(7), (8) and (9) of the AIFM Directive pursuant to the Depositary Agreement. Under the terms of the Depositary Agreement, the Depositary is responsible for setting up and maintaining securities records and cash accounts, cash flow monitoring, safekeeping and verification of the Company’s assets and performing the oversight function in accordance with Articles 21(7), (8) and (9) of the AIFM Directive.</p> <p>The Depositary is entitled to a fee of £42,500 per annum. If additional SPVs are added to the Group, there will be a</p>
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		<p>one-off fee of £500 and the annual fee will also increase by £250 per annum.</p> <p>Registrar</p> <p>The Registrar has been appointed registrar of the Company pursuant to the Registrar Agreement. An annual fee of £2.05 per holder of Ordinary Shares appearing on the Company's register during the fee year (subject to a minimum charge per annum of £7,000 shall be payable by the Company to the Registrar. In addition, the Registrar will charge the Company (i) a £0.26 fee for each CREST transfer; a £5.13 fee for each non-CREST transfer; and (iii) £1,500 fee for each dividend declared and paid.</p>
B.41	Regulatory status of manager and depositary	<p>The Investment Manager is authorised and regulated by the FCA (firm number: 454907).</p> <p>The Depositary is authorised and regulated by the FCA (firm number 606784).</p>
B.42	Calculation of net asset value	<p>The Net Asset Value (and Net Asset Value per Share) is calculated half-yearly by the Administrator on behalf of the Company. Calculations are at fair value as determined by the Administrator on the basis of market value in accordance with the internationally accepted RICS Appraisal and Valuation Standards. Consistent with other listed European real estate investment companies, the Directors follow the guidance published by EPRA and disclosure adjusted measures of Net Asset Value (and Net Asset Value per Share) which are designed by EPRA to reflect better the core long term operations of the business. Details of each half-yearly valuation, and of any suspension in the making of such valuations are announced by the Company through an RIS as soon as practicable after the end of the relevant six month period. The half-yearly valuations of the Net Asset Value (and Net Asset Value per Share) are calculated on the basis of the most recent annual independent valuation of the Group's properties and any other assets or most recent half-yearly desktop valuation.</p> <p>The calculation of the Net Asset Value (and Net Asset Value per Share) will only be suspended in circumstances where the underlying data necessary to value the investments of the Group cannot readily, or without undue expenditure, be obtained or in other circumstances (such as a systems failure of the Administrator) which prevents the Company from making such calculations. Details of any suspension in making such calculations will be announced through an RIS as soon as practicable after any such suspension occurs.</p>
B.43	Cross-liability	<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.45

Portfolio

As at the date of this document, the Existing Property Portfolio comprises the following assets:

Property portfolio by business segment (as at 30 June 2017)

<i>Business segment</i>	<i>Pro- perties (no.)</i>	<i>Market values (£m)</i>	<i>Occu- pancy Lettable by area value (million sq. ft.)</i>		<i>Annual- ised gross rental income (£m)</i>	<i>Net rental income (£m)</i>	<i>Net initial yield (%)</i>
			<i>(%)</i>	<i>(%)</i>			
Office	75	402.0	81.6	3.25	34.4	29.4	6.7
Industrial	40	166.6	84.1	4.44	14.0	12.5	6.4
Retail	33	62.0	91.7	0.59	5.5	4.5	6.8
Other	2	9.9	94.8	0.12	0.7	0.7	6.5
Total	150	640.4	83.3	8.40	54.6	47.1	6.7

Property portfolio by geography (as at 30 June 2017)

<i>Regional segment</i>	<i>Pro- perties (no.)</i>	<i>Market values (£m)</i>	<i>Occu- pancy Lettable by area value (million sq. ft.)</i>		<i>Annual- ised gross rental income (£m)</i>	<i>Net rental income (£m)</i>	<i>Net initial yield (%)</i>
			<i>(%)</i>	<i>(%)</i>			
Scotland	46	159.4	86.6	2.64	15.2	13.8	8.1
South East	26	154.9	88.9	1.33	12.8	11.3	6.6
North East	19	83.8	79.2	1.36	6.8	6.1	6.9
Midlands	31	109.9	83.7	1.32	9.4	8.2	6.8
North West	17	75.1	83.0	1.10	6.1	5.5	6.8
South West	8	31.6	54.7	0.26	2.2	0.6	1.6
Wales	3	25.7	87.1	0.39	2.2	1.5	5.5
Total	150	640.4	83.3	8.40	54.6	47.1	6.7

Gross rental income by business segment (as at 30 June 2017)

<i>Business segment</i>	<i>Annual- ised gross rental income (£m)</i>	<i>Average rent per sq. ft.</i>	<i>WAULT (to break) (years)</i>	<i>Occu- pancy by lettable area (%)</i>	<i>Index- ation and fixed increases (%)</i>	<i>ERV (£m)</i>
Office	34.4	12.98	3.1	81.6	0.7	42.0
Industrial	14.0	3.74	3.8	84.0	0.0	16.6
Retail	5.5	10.54	4.2	89.5	1.0	5.8
Other	0.7	9.54	10.1	61.1	0.0	0.8
Total	54.6	7.82	3.5	83.1	0.5	65.1

Gross rental income by geography (as at 30 June 2017)

<i>Regional segment</i>	<i>Annual- ised gross rental income (£m)</i>	<i>Average rent per sq. ft.</i>	<i>WAULT (to break) (years)</i>	<i>Occu- pancy by lettable area (%)</i>	<i>Index- ation and fixed in- creases (%)</i>	<i>ERV (£m)</i>	<i>Equi- valent yield (%)</i>
Scotland	15.2	6.90	3.5	83.7	0.0	17.6	9.2
South East	12.8	11.13	2.8	85.9	0.0	14.2	7.3
North East	6.8	5.97	2.3	83.6	0.0	8.5	8.5
Midlands	9.4	8.75	3.3	81.5	2.9	10.6	8.1
North West	6.1	6.46	5.3	86.4	0.0	7.8	8.9
South West	2.2	13.59	3.5	60.5	0.0	4.0	8.2
Wales	2.2	7.00	6.4	80.0	0.0	2.4	7.9
Total	54.6	7.82	3.5	83.1	0.5	65.1	8.3

B.46	An indication of the most recent net asset value per security (if applicable).	The fully diluted EPRA NAV as at 30 June 2017 is £323 million and based on the number of Existing Ordinary Shares, equates to a fully diluted EPRA NAV per Ordinary Share at Admission of 107.3 pence.
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Section C – Securities		
Element	Disclosure Requirement	Disclosure
C.1	Type and class of the securities	<p>The Company will issue up to 99,009,900 New Ordinary Shares pursuant to the Capital Raising.</p> <p>When admitted to trading, the New Ordinary Shares will be registered with ISIN GG00BYV2ZQ34 and SEDOL BYV2ZQ3 and ticker RGL.</p> <p>The ISIN for the Open Offer Entitlements is GG00BF41RT19 and the ISIN for the Excess Open Offer Entitlements is GG00BF41RV31.</p>
C.2	Currency	The Existing Ordinary Shares are denominated in Sterling and the New Ordinary Shares will also be denominated in Sterling.
C.3	Number of securities in issue and par value	<p>The issued ordinary share capital of the Company as at the Latest Practicable Date was £300,543,908 divided into 300,543,908 Existing Ordinary Shares, each of which was issued fully paid.</p> <p>As at the Latest Practicable Date, the Company held no Existing Ordinary Shares in treasury.</p>
C.4	Description of the rights attached to the securities	<p>Voting Rights</p> <p>Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares, the Shareholders shall 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 of the Company shall upon a show of hands have one vote and upon a poll all Shareholders shall have one vote for every Ordinary Share held.</p> <p>Dividend rights</p> <p>Shareholders will be entitled to receive such dividends as the Directors may resolve to pay to them out of the assets of the Company attributable to their Ordinary Shares.</p> <p>Return of capital</p> <p>Shareholders are entitled to participate (in accordance with the rights specified in the Articles) in the assets of the Company attributable to their Ordinary Shares in a winding up of the Company or a winding up of the business of the Company.</p>

C.5	Restrictions on the free transferability of the securities	<p>Restrictions on the free transferability of the securities</p> <p>The Board may, in its absolute discretion, and without giving a reason, refuse to register a transfer of any share which is not fully paid up or on which the Company has a lien, provided that this would not prevent dealings in the share from taking place on an open and proper basis. In addition, the Directors may also refuse to register a transfer of shares (to the extent permitted by the Regulations and the RCIS Rules) (i) if it is in respect of more than one class of shares; (ii) if it is in favour of more than four joint transferees; (iii) if applicable, if it is delivered for registration to the Company's registered office or such other place as the Board may decide, not accompanied by the certificate for the shares to which it relates and such evidence as the Board may reasonably require; (iv) if the transfer is in favour of any Non-Qualified Holder; or (v) if the transfer would make the Company a close company.</p> <p>In addition, if it comes to the notice of the Company that any Ordinary Shares are owned directly or indirectly or beneficially by any Non-Qualified Holder, the Board may serve a notice upon such Non-Qualified Holder to transfer the Ordinary Shares to an eligible transferee within 30 days of such notice and, if the obligation to transfer is not satisfied, the Company may exercise other discretions set forth in the Articles.</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, transfer and sale of Ordinary Shares by persons who are located in the United States.</p>
C.6	Admission to trading on a regulated market	<p>Applications will be made to the UK Listing Authority and to the London Stock Exchange for all of the New Ordinary Shares to be admitted to, respectively, the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities, which is a regulated market. It is expected that Admission will become effective, and that dealings in the New Ordinary Shares will commence, at 8.00 a.m. on 21 December 2017.</p>
C.7	Dividend policy	<p>At the time of 2015 Admission, the Company stated that it would assemble a property portfolio supporting a target dividend between seven to eight pence per Ordinary Share per annum.</p> <p>As a REIT, the Company is required to distribute at least 90 per cent. of the profits from its property rental business as dividends.</p> <p>Currently, the Company pays dividends on a quarterly basis with dividends declared in February, May, August and November in each year and paid as soon as practicable thereafter.</p>

		<p>With the exception of the dividend declared on 14 November 2017, which is expected to be paid on 22 December 2017, the Board has declared and paid the following dividends totalling 14.05 pence per Ordinary Share in respect of the period from 2015 Admission to the Latest Practicable Date:</p> <table border="1"> <thead> <tr> <th><i>Year</i></th> <th><i>Declaration Date</i></th> <th><i>Amount</i></th> </tr> </thead> <tbody> <tr> <td colspan="3">2015</td> </tr> <tr> <td>Q4 (pursuant to 2015 Admission on 6 November 2015)</td> <td>7 March 2016</td> <td>1.00 pence per share</td> </tr> <tr> <td colspan="3">2016</td> </tr> <tr> <td>Q1</td> <td>27 May 2016</td> <td>1.75 pence per share</td> </tr> <tr> <td>Q2</td> <td>1 September 2016</td> <td>1.75 pence per share</td> </tr> <tr> <td>Q3</td> <td>17 November 2016</td> <td>1.75 pence per share</td> </tr> <tr> <td>Q4</td> <td>23 February 2017</td> <td>2.40 pence per share</td> </tr> <tr> <td colspan="3">2017</td> </tr> <tr> <td>Q1</td> <td>25 May 2017</td> <td>1.80 pence per share</td> </tr> <tr> <td>Q2</td> <td>31 August 2017</td> <td>1.80 pence per share</td> </tr> <tr> <td>Q3</td> <td>14 November 2017</td> <td>1.80 pence per share</td> </tr> </tbody> </table> <p>The next dividend is expected to be declared in March 2018 and paid in April 2018 (the “Q4 Top Up Dividend”). The Board’s current intention is to pay an amount of approximately 2.45 pence per share in relation to the Q4 Top Up Dividend.</p> <p>The New Ordinary Shares issued in connection with the Capital Raising will rank, from Admission, pari passu in all respects with the Existing Ordinary Shares and will have the right to receive all dividends and distributions declared in respect of issued Ordinary Share capital of the Company after Admission, including the Q4 Top Up Dividend.</p> <p>The Company intends to pursue a progressive dividend policy and its quarterly dividends provide a source of regular income for Shareholders, thus improving their cashflow return profile.</p> <p>The level of future dividends will be determined by the Board having regard to, among other things, the financial position and performance of the Group at the relevant time, UK REIT requirements and the interests of Shareholders, as a whole.</p>	<i>Year</i>	<i>Declaration Date</i>	<i>Amount</i>	2015			Q4 (pursuant to 2015 Admission on 6 November 2015)	7 March 2016	1.00 pence per share	2016			Q1	27 May 2016	1.75 pence per share	Q2	1 September 2016	1.75 pence per share	Q3	17 November 2016	1.75 pence per share	Q4	23 February 2017	2.40 pence per share	2017			Q1	25 May 2017	1.80 pence per share	Q2	31 August 2017	1.80 pence per share	Q3	14 November 2017	1.80 pence per share
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Section D – Risks		
Element	Disclosure Requirement	Disclosure
D.1/D.2/ D.3	Key information on key risks specific to the issuer or its industry	<p>Risks relating to the Group and the market in which it operates</p> <p>The Group’s financial performance will be affected by variations in the macro-economic environment, as well as general conditions affecting the office and light industrial property real estate market as a whole and/or events specific to the Group’s investments, such as a decrease in capital values and weakening of rental yields. While UK real estate markets have, in general, recovered in recent years following the global economic recession and credit crisis, there nevertheless remain certain downward pressures that the</p>

		<p>market may need to contend with, such as a potential rise in interest rates, political uncertainty relating to the tax regime and the availability of third party funding (which, while more available than at the height of the recession, is still scarce for certain types of investment). This may be impacted further by increases in banking regulation and by political uncertainty following the triggering of Article 50 of the Lisbon Treaty and the negotiation of the UK's exit from the European Union.</p> <p>The Group's ability to generate revenues from its portfolio is linked to occupancy levels, rental payments (including the timeliness thereof) and the scope for rental increases. These factors are themselves determined to varying degrees by a number of other macro-economic factors outside of the Group's control, including, but not limited to: the underlying performance of the tenants that rent space in those properties, which is influenced by consumer spending and fluctuations in disposable income, the solvency of retailers, the availability of lending and consumer credit, the level of consumer indebtedness, consumer and business confidence, gross domestic product growth, infrastructure quality, financial performance and productivity of industry, levels of employment, interest rates, tax rates, business rates, government policies on spending and/or fiscal stimulus, trends in house prices, fluctuations in weather and other seasonal cycles, taxation, changes in laws and governmental regulations in relation to property (including those governing permitted and planning usage, taxes and governmental charges, health and safety and environmental compliance) and oil prices. The Group manages its properties with a focus on net income, but is also mindful of protecting values and tenant mix strategies for medium and long term value creation.</p> <p>The UK held a referendum on its continued membership of the European Union on 23 June 2016, the result of which was a majority vote in favour of the UK's exit from the European Union. Following this vote, on 29 March 2017, the UK Government issued a withdrawal notice pursuant to Article 50 of the Lisbon Treaty, commencing the process for the UK to leave the European Union. The political, economic, legal and social consequences, the exact timing of the UK's exit from the European Union and the ultimate agreement to be reached between the UK and the European Union regarding the UK's exit remain uncertain as at the date of this document. The longer-term potential for there to be another referendum on Scottish independence has also grown in the wake of the UK's triggering of Article 50, with the Scottish Parliament voting on 28 March 2017 in favour of holding a second independence referendum. This increases the uncertainty arising from the UK's planned exit from the European Union.</p> <p>Returns achieved by the Company will be reliant primarily upon the performance of the Property Portfolio. No</p>
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		<p>assurance is given, express or implied, that Shareholders will be able to realise the amount of their original investment in New Ordinary Shares.</p> <p>The Company may experience fluctuations in its operating results due to a number of factors, including changes in the values of properties in the Property Portfolio from time to time, changes in the Group's rental income, operating expenses, occupancy rates, the degree to which the Group encounters competition and general economic and market conditions. Such variability may be reflected in dividends, may lead to volatility in the trading price of Ordinary Shares and may cause the Company's results for a particular period not to be indicative of its performance in a future period</p> <p>Real estate risks</p> <p>The valuation of the Group's properties is inherently uncertain due to, amongst other things, the individual nature of each property, its location and the expected future rental revenues from that particular property and the fact that the valuation of property is inherently a subjective exercise based on a range of assumptions and estimations which require professional judgment.</p> <p>In determining Market Value, valuers are required to make certain assumptions. Such assumptions may prove to be inaccurate. Incorrect assumptions or flawed assessments underlying a valuation report could negatively affect the Group's financial condition and potentially inhibit the Group's ability to realise a sale price that reflects the stated valuation. This is particularly so in periods of volatility or when there has been limited transactional evidence against which property valuations can be benchmarked. Further, if the Group acquires properties based on inaccurate valuations, the Group's net assets and results of operations may be materially adversely affected. There can be no assurance that the valuations of the Group's current and prospective properties will be reflected in actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and estimated annual rental income will prove to be attainable.</p> <p>The successful completion of any acquisition (including each of the Acquisitions) may be impacted by various factors, including the inability to satisfy any condition(s) precedent to such acquisition. The Group may also be exposed to substantial undisclosed or unascertained liabilities embedded in properties that were incurred or arose prior to the acquisition of the properties. These liabilities may include, in cases where the Group has acquired the entity which owned the property, tax liabilities, liabilities to state entities and liabilities to existing tenants, to creditors or to other persons involved with the properties prior to the acquisition. Furthermore, there can be no assurance that the title to the properties in any acquisition will not be subject to challenge. It can be difficult in certain cases to establish beyond doubt</p>
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	<p>that such title is incapable of challenge. Any successful challenge to the validity of the Group's title to a property may have adverse consequences for its title and the Group may not be able to obtain compensation from the seller in such case.</p> <p>The Group's properties, and those in which the Group may invest in the future, are relatively illiquid in the sense that there may not be ready buyers with financing and who are willing to pay fair value at the time the Group desires to sell. In addition, in the case of leasehold properties, consents are often required from landlords to transfer such properties. Such illiquidity and/or consent requirements may affect the Group's ability to dispose of, or liquidate part of, its portfolio in a timely fashion and at satisfactory prices (or at all) in response to changes in economic, real estate market or other conditions or to finance its risk-controlled development activity.</p> <p>In the case of an accelerated sale, or a sale required for compliance with covenants contained in the Group's financing, or in the event of enforcement of security by a lender under one of the Group's borrowing facilities, there may be a significant shortfall between the carrying value of the property on the Group's consolidated balance sheet and the price achieved on the disposal of such property, and there can be no assurance that the price obtained from such a sale would cover the book value of the property sold.</p> <p>The Group may be exposed to future liabilities and/or obligations with respect to the disposal of its property investments. The Group may be required, or may consider it prudent, to set aside provisions for warranty claims or contingent liabilities in respect of property disposals. The Group may be required to pay damages (including, but not limited to, litigation costs) to a purchaser to the extent that any representations and/or warranties that it has given to a purchaser prove to be inaccurate or to the extent that it has breached any of its covenants or obligations contained in the disposal documentation.</p> <p>Risks of leverage</p> <p>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.</p>
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Risks relating to the Capital Raising and the Ordinary Shares

The issue of the New Ordinary Shares pursuant to the Capital Raising is conditional, among other things, upon the approval of the Capital Raising Resolution proposed for consideration at the Extraordinary General Meeting. In the event that Shareholders do not approve the Capital Raising Resolution, the Capital Raising will not complete. In such circumstances, the conditionally committed funds under the Placing (pursuant to the Placing and Open Offer Agreement) will not then be available to the Company and the Group may not be able to take advantage of some or all of the acquisition and development opportunities in its pipeline. As a result, the Company may not be able to deliver returns to Shareholders which it might have been able to had the Capital Raising proceeded and/or the Group may become more reliant on debt facilities which may have a material adverse effect on the Group's financial condition, business, prospects and results of operations and may delay or limit distributions to Shareholders and the Group's ability to take advantage of investment and/or refurbishment opportunities.

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

Risk relating to service providers

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

Risks relating to taxation and regulation

The Group is, at the date of this document, a UK REIT group (the "REIT Group"). The basis of taxation of any Shareholder's shareholding in the Company will differ or change fundamentally if the Group fails to maintain its REIT status.

If a member of the Group disposes of a property in the course of a trade, any gain will generally be subject to corporation tax (currently at 20 per cent). For example, acquiring a

		<p>property with a view to sale followed by a disposal of the asset would indicate a trading activity, whereas disposal of a property as part of a normal variation of a property rental portfolio would not indicate a trading activity. Whilst the Group does not intend to dispose of property in the course of a trade, there can be no assurance that HMRC will not scrutinise any disposals and successfully contend that any or some of them have been in the course of a trade, with the consequence that corporation tax may be payable in respect of any profits from the disposal of such property.</p> <p>A REIT may become subject to an additional tax charge if it pays a dividend to, or in respect of, a holder of excessive rights (as defined in section 553 CTA 2010). This additional tax charge will not be incurred if the REIT has taken reasonable steps to avoid paying dividends to, or in respect of, a holder of excessive rights. Therefore, the Articles contain provisions designed to avoid the situation where dividends may become payable to a holder of excessive rights. These provisions provide the Directors with powers to identify holders of excessive rights and to prohibit the payment of dividends on Ordinary Shares that form part of a holding of excessive rights, unless certain conditions are met. The Articles also allow the Board to require the disposal of Ordinary Shares forming part of a holding of excessive rights in certain circumstances where the holder of excessive rights has failed to comply with the above provisions.</p>
D.3	Key information on key risks specific to the securities	<p>There is no guarantee that the Group will continue to maintain its REIT status (whether by reason of failure to satisfy the conditions for REIT status or otherwise). If the Group fails to remain qualified as a REIT, members of the Group may be subject to UK corporation or income tax on some or all of their property rental income and chargeable gains on the sale of properties which would reduce the amounts available to distribute to investors. If the Group were to be required to leave the REIT regime, HMRC has wide powers to direct how it would be taxed (both before and after it leaves the REIT regime), including in relation to the date on which the Group would be treated as exiting the REIT regime which could have a material impact on the financial condition of the Group and, as a result, Shareholder returns. In addition, incurring a tax liability might require the Group to borrow funds, liquidate some of its assets or take other steps that could negatively affect its operating results. A Shareholder's returns may differ or change fundamentally if the Group fails or ceases to maintain its REIT status.</p>

		<p>The Group's capital expenditure and development activities require substantial capital outlays, which the Group finances primarily through a combination of cash flow from operations and external borrowings. Such capital expenditure and development activity is at the discretion of the Company up to the point it is contractually committed. Without prejudice to the working capital statement at B.11 above, if the Group has insufficient cash from operations or if debt funding were unobtainable, restricted or accessible solely on unfavourable terms, then the Group may either restrict such capital expenditure and development activities or seek additional equity funding. Raising new equity could adversely impact the Company's earnings per share and dividends per share and, if the Group were to raise equity capital, there is no guarantee it would be able to do so at the most opportune time and share price. The market price of the Ordinary Shares (including the New Ordinary Shares) may fluctuate significantly due to a change in sentiment in the market regarding the Group's business, financial condition or results of operations (including the level of dividend payments). Such fluctuations may be influenced by a number of factors beyond the Group's control, including, but not limited to, actual or anticipated changes in the Group's performance or that of its competitors, the expectations and recommendations of analysts who cover the Group's business and industry, changes in the regulatory or legal environment in which the Group operates adversely affecting its business and increasing compliance costs, large sales or purchases of Ordinary Shares (or the perception that such transactions may occur), the general supply and demand of Ordinary Shares and general market and economic conditions. Additionally, there is no guarantee that the market price of the Ordinary Shares will reflect fully the underlying value of the assets held by the Group.</p>
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Section E – Offer		
Element	Disclosure Requirement	Disclosure
E.1	Net proceeds/estimate of expenses	<p>The Net Capital Raising Proceeds will depend on the number of New Ordinary Shares issued. On the assumption that Gross Capital Raising Proceeds amount to £100 million, the costs and expenses of the Capital Raising payable by the Company will be approximately £2,835,606, resulting in Net Capital Raising Proceeds of £97,164,394.</p> <p>No commission, fees or expenses will be charged by the Company to Shareholders who acquire New Ordinary Shares through the Capital Raising.</p>
E.2a	Reasons for the issue/use of proceeds/estimated net amount of proceeds	<p>The Group continues to see opportunities to purchase assets at attractive yields and with the potential to secure good quality income streams which can be distributed to Shareholders through the Company's quarterly dividend programme. The Group's portfolio also offers continued potential for capital growth, which has the potential to</p>

		<p>supplement the income returns generated from the Group’s assets.</p> <p>The Directors continue to see a wide range of acquisition and refurbishment opportunities which meet the Group’s investment criteria, giving rise to a strong pipeline of capital deployment opportunities. These opportunities include the purchase of the New Property Portfolios.</p> <p>Accordingly, the Group is seeking to raise additional finance through the Capital Raising which it will seek to deploy, together with debt finance where relevant and appropriate, in line with its investment strategy, including, if sufficient proceeds are raised, in connection with the Acquisitions and put the Group in a position of strength when seeking to capitalise on this pipeline of investment and risk-controlled refurbishment opportunities.</p> <p>The Directors believe that the Capital Raising also provides the Group with the opportunity to capitalise on further economies of scale that an enhanced capital base may bring, including through debt refinancing. Moreover, an increase in the asset base of the business without a commensurate increase in the cost base would improve operational efficiency.</p> <p>Use of proceeds and acquisition-related debt financing</p> <p>The Company is seeking to raise up to £100 million in Gross Capital Raising Proceeds from the Capital Raising, and Peel Hunt and the Joint Placing Agent have conditionally placed 49,504,950 Firm Placing Shares with institutional investors.</p> <p>The Board has the ability to increase the size of the Capital Raising by up to 25 per cent., should there be sufficient demand under the Placing, Open Offer and Offer for Subscription.</p> <p>The Directors intend to use the proceeds of the Capital Raising in the following order of priority:</p> <ul style="list-style-type: none"> • up to £45.8 million of the Net Capital Raising Proceeds to finance the First New Portfolio Acquisition; • approximately £4 million of the Net Capital Raising Proceeds in respect of the costs of refinancing certain of the Group’s debt facilities; • up to £47.6 million of the net proceeds of the Capital Raising to finance the Second New Portfolio Acquisition; • up to £4.9 million of the net proceeds of the Capital Raising to finance a pipeline investment (the “Pipeline Investment”) which is in advanced negotiations and which the Company expects to complete in March 2018; and
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		<ul style="list-style-type: none"> the remaining net proceeds to capitalise on the pipeline of other investment and risk-controlled refurbishment opportunities. <p>Debt financing</p> <p><i>First New Portfolio Facility</i></p> <ul style="list-style-type: none"> The Company intends to put in place a new debt facility as to £19.4 million as soon as possible following completion of the First New Portfolio Acquisition in order to finance the First New Portfolio Acquisition (the “First New Portfolio Facility”). The Directors intend to use approximately £17.4 million of the First New Portfolio Facility to refinance the First New Portfolio Acquisition and approximately £2 million to part finance the Pipeline Investment. The First New Portfolio Facility will be provided by Royal Bank of Scotland Plc to the First Portfolio Target Companies, and will be provided at an interest rate equal to the aggregate of (i) two per cent. per annum and (ii) LIBOR for sterling for the relevant interest period. <p><i>Second New Portfolio Facility</i></p> <ul style="list-style-type: none"> As part of the Company’s refinancing of the Second New Portfolio Acquisition, the Company and Santander UK have agreed indicative terms and conditions in relation to a new debt facility (the “Second New Portfolio Facility”). The Directors intend for the agreement in relation to the Second New Portfolio Facility (the “Second New Portfolio Facility Agreement”) to be signed on or shortly following completion of the Second New Portfolio Acquisition. The Second New Portfolio Facility will be provided at an interest rate of 2.15 per cent. per annum. The availability of the Second New Portfolio Facility is conditional upon completion of the Refinancing.
E.3	Terms and conditions of the Capital Raising	<p>Firm Placing</p> <p>Peel Hunt in conjunction with the Joint Placing Agent, as placing agents of the Company, have made arrangements conditionally to place the Firm Placing Shares at the Issue Price pursuant to the Placing and Open Offer Agreement. The Firm Placing Shares are not subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer and are not part of the Placing, Open Offer or Offer for Subscription.</p> <p>The Board has the ability to increase the size of the Capital Raising by up to 25 per cent., should there be sufficient demand under the Placing, Open Offer and Offer for Subscription.</p>

		<p>Placing</p> <p>Peel Hunt and the Joint Placing Agent, as placing agents of the Company, will use reasonable endeavours to place all of the Placing Shares with institutional investors on behalf of the Company at the Issue Price. The Placing may be scaled back in order to satisfy valid applications under the Open Offer and/or the Offer for Subscription and the Offer for Subscription may be scaled back in favour of the Placing and Open Offer. The Open Offer is being made on a pre-emptive basis to Qualifying Shareholders and is not subject to scaling back in favour of either the Placing or the Offer for Subscription.</p> <p>Open Offer</p> <p>Qualifying Shareholders are being given the opportunity to subscribe for New Ordinary Shares pro rata to their existing shareholdings at the Issue Price on the basis of:</p> <p>1 New Ordinary Share for every 8 Existing Ordinary Shares</p> <p>held and registered in their name at the Record Time. Qualifying Shareholders may apply for any whole number of New Ordinary Shares. Excess applications will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their pro rata entitlements.</p> <p>If there is an over-subscription resulting from excess applications, allocations in respect of such excess applications will be scaled-back at the absolute discretion of Peel Hunt, in consultation with the Board. The last time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 19 December 2017.</p> <p>Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded.</p> <p>Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST, and be enabled for settlement, the Open Offer Entitlements and Excess Open Offer Entitlements will not be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim.</p> <p>New Ordinary Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer.</p>
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E.4	Interest material to the issue/conflicting interests	So far as the Directors are aware, there are no interests of the Directors that are material to the issue of the New Ordinary Shares.
E.5	Selling shareholders	There are no selling shareholders.

E.6	Dilution	<p>Following the issue of New Ordinary Shares to be allotted pursuant to the Capital Raising, Qualifying Shareholders who take up their full Open Offer Entitlements will suffer a dilution of 12.4 per cent. to their interests in the Company (assuming Gross Capital Raising Proceeds of £100 million).</p> <p>Qualifying Shareholders who do not take up any of their Open Offer Entitlements will suffer a dilution of 24.8 per cent. to their interests in the Company (again, assuming Gross Capital Raising Proceeds of £100 million).</p>
E.7	Estimated expenses charged to the investor	Not applicable. No expenses will be charged directly to any investor by the Company.

PART 1

RISK FACTORS

Any investment in the Company or the New Ordinary Shares is subject to a number of risks. Prior to acquiring any New Ordinary Shares, prospective investors should consider carefully the factors and risks associated with any investment in the Company, the Group's business and the industry in which it operates, together with all other information contained in this document including, in particular, the risk factors described below.

*Prospective investors should note that the risks relating to the Group, its industry and the Ordinary Shares summarised in the section of this document headed "**Summary**" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Company. However, as the risks which the Group 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 section D of the summary of this document ("**Summary Information**") but also, among other things, the risks and uncertainties described below.*

The risks and uncertainties described below represent those the Directors consider to be material as at the date of this document. The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Company and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, prospects, results of operations and financial position and, if any such risk should occur, the price of the Ordinary Shares may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Company is suitable for them in the light of the information in this document and their personal circumstances.

The order in which the following risk factors are presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on the Company or the Group's business, operating results, financial condition and/or prospects, or on the market price for the Ordinary Shares.

*Except as required by law or regulation, the information set out below will not be updated. Any forward-looking statements are made subject to the reservations specified under the section headed "**No profit forecast and forward-looking statements**" in paragraph 11 of Part 2 of this document.*

1. Risks Relating to the Group and the market in which it operates

1.1 The Group's performance will depend on the general economic environment and general property and investment market conditions

The Group's financial performance will be affected by variations in the macro-economic environment, as well as general conditions affecting the office and light industrial property real estate market as a whole and/or events specific to the Group's investments, such as a decrease in capital values and weakening of rental yields. While UK real estate markets have, in general, recovered in recent years following the global economic recession and credit crisis, there nevertheless remain certain downward pressures that the market may need to contend with, such as a potential rise in interest rates, political uncertainty relating to the tax regime and the availability of third party funding (which, while more available than at the height of the recession, is still scarce for certain types of investment and may be impacted further by increases in banking regulation and political uncertainty following the triggering of Article 50 of the Lisbon Treaty and the negotiation of the UK's exit from the European Union (as referred to below)).

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

The Group's ability to generate revenues from its portfolio is linked to occupancy levels, rental payments (including the timeliness thereof) and the scope for rental increases. These factors are themselves determined to varying degrees by a number of other general economic factors outside of the Group's control, including, but not limited to: the underlying performance of the tenants that rent space in those properties, which is influenced by consumer spending and fluctuations in disposable income, the solvency of retailers, the availability of lending and consumer credit, the level of consumer indebtedness, consumer and business confidence, gross domestic product growth, infrastructure quality, financial performance and productivity of industry, levels of employment, interest rates, tax rates, business rates, government policies on spending and/or fiscal stimulus, trends in house prices, fluctuations in weather and other seasonal cycles, taxation, changes in laws and governmental regulations in relation to property (including those governing permitted and planning usage, taxes and governmental charges, health and safety and environmental compliance) and oil prices. The Group manages its properties with a focus on net income but is also mindful of protecting values and tenant mix strategies for medium and long term value creation.

Negative changes in a significant number of the Group's tenants, including actual tenant failure, could result in a substantial decrease in the Group's rental income, which would have an adverse impact on the Group's business, financial condition and/or results of operations.

Both rental income and the value of properties may also be affected by other factors specific to the real estate market, such as competition from other property owners, the perception by prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rent because of the bankruptcy or insolvency of tenants or otherwise, the periodic need to renovate, repair and release space and the costs thereof, the costs of maintenance and insurance, and increased operating costs.

Any significant decline in the valuation of the Group's property portfolio would have an adverse impact on the Group's business, financial condition and/or results of operations.

1.2 *Risks relating to the outcome of the UK's planned exit from the European Union*

The UK held a referendum on its continued membership of the European Union on 23 June 2016, the result of which was a majority vote in favour of the UK's exit from the European Union. Following this vote, on 29 March 2017, the UK Government issued a withdrawal notice pursuant to Article 50 of the Lisbon Treaty, commencing the process for the UK to leave the European Union. The political, economic, legal and social consequences, the exact timing of the UK's exit from the European Union and the ultimate agreement to be reached between the UK and the European Union regarding the UK's exit remain uncertain as at the date of this document. The longer-term potential for there to be another referendum on Scottish independence has also grown in the wake of the UK's triggering of Article 50, with the Scottish Parliament voting on 28 March 2017 in favour of requesting a second independence referendum from the UK government on or around the time the UK exits the European Union. This increases the uncertainty arising from the UK's planned exit from the European Union.

Such potentially prolonged uncertainty and the potential negative economic trends that may follow, for example, a fall in GDP and a significant and prolonged devaluation of Sterling, could have a material adverse effect on the Group's business, financial position and/or results of operations, including the availability and cost of finance for investment and development activity, tenants' ability to service rental costs, tenants' willingness to enter into long-term commitments, an increase in construction and other development costs potentially impacting on the viability of development activities, investment flows into real estate and the valuation of real estate in the United Kingdom.

1.3 *Market conditions will affect the Group's ability to adjust its portfolio strategically*

While the Company is not a limited life company and is under no obligation to sell its assets within a fixed time frame, there can be no assurance that, at the time it seeks to dispose of its assets, conditions in the relevant market will be favourable or that the Group will be able to maximise the returns on such disposed assets. As property assets are relatively illiquid (see the risk factor below headed

“The market for the Group’s real estate investments is relatively illiquid and may result in low disposal prices or an inability to sell certain properties” for further information), such illiquidity may affect the Group’s ability to adjust, dispose of, or liquidate its portfolio in a timely fashion and at satisfactory prices. To the extent that market conditions are not favourable, the Group may not be able to dispose of property assets at a gain or at all. If the Group was required to dispose of or liquidate an investment on unsatisfactory terms, it may realise less than the value at which the investment was previously recorded in its accounts, which could result in a decrease in net asset value and which would, in turn, have a negative impact on the Group’s financial condition and/or results of operations as well as potentially having a negative impact on its wider business. As a result of the foregoing, there can be no assurance that the Group’s property portfolio can generate attractive returns for Shareholders.

Further, in acquiring a particular property, the Group may agree to restrictions that prohibit the sale of that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. In addition, in circumstances where the Group purchases properties when capitalisation rates are low and purchase prices are high, the value of properties may not increase over time. This may restrict the Group’s ability to sell its properties or, in the event that it is able to sell such a property, may lead to losses on the sale.

1.4 *The Group’s business is dependent on its ability to identify and manage investments which offer satisfactory returns*

When the Group raises cash by way of equity issuances or through the disposal of assets, the Group may need to make further acquisitions in order to increase rental income and earnings and to maintain its earnings and dividends on a per share basis. The Group’s strategy is therefore founded upon the basis that suitable properties will be available for investment at prices and upon terms and conditions (including financing) that the Board considers favourable. There can be no assurance that the Group will find suitable properties in which to invest. The longer the period before investment, the greater the likelihood that having uninvested cash may adversely affect earnings and/or dividends per share.

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

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

The Company will not be 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.

1.6 *The Group’s success depends on attracting and retaining key personnel*

The Group’s success depends, to a significant extent, on the continued services of the Asset Manager’s management team, which has substantial experience in the property industry. In addition, the Group’s ability to continue to identify, manage and develop properties depends on the Asset Manager’s management team’s knowledge of, and expertise in, the property market. The sudden and/or unanticipated loss of the services of one or more members of that management team could have an adverse effect on the Group’s business, financial condition and/or results of operations.

1.7 ***The Group is exposed to the effects of material business disruption or other detrimental events***

Natural disasters, terrorist attacks, power outages or other detrimental events, whether man-made or natural in origin, that prevent the Group from using all or a significant part of its offices or computer systems, or that otherwise disrupt operations, may make it difficult and, in some cases, impossible for the Group to continue to operate its business for a substantial period of time which could materially and adversely affect the Group's business, results of operations and financial performance. Whilst the Group has in place disaster recovery plans and procedures which the Directors consider to be appropriate, there can be no assurance that these will be adequate to ensure that any disruption is minimized.

2. Real Estate risks

2.1 ***The valuation of the Group's property is inherently subjective and uncertain and is based on assumptions which may prove to be inaccurate***

The valuation of the Group's properties is inherently uncertain due to, amongst other things, the individual nature of each property, its location and the expected future rental revenues from that particular property and the fact that the valuation of property is inherently a subjective exercise based on a range of assumptions and estimations which require professional judgment. The Group's property portfolio has been valued by external valuers half-yearly on a fair value basis in accordance with the RICS Valuation – Professional Standards (Incorporating the International Valuation Standards) January 2014 prepared by the Royal Institution of Chartered Surveyors (the “**Red Book**”). In determining Market Value, the valuers are required to make certain assumptions. Such assumptions may prove to be inaccurate. Incorrect assumptions or flawed assessments underlying a valuation report could negatively affect the Group's financial condition and potentially inhibit the Group's ability to realise a sale price that reflects the stated valuation. This is particularly so in periods of volatility or when there has been limited transactional evidence against which property valuations can be benchmarked. Further, if the Group acquires properties based on inaccurate valuations, the Group's net assets and results of operations may be materially adversely affected. There can be no assurance that the valuations of the Group's current and prospective properties will be reflected in actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and estimated annual rental income will prove to be attainable. In addition, property valuations are dependent on the level of rental income receivable and anticipated to be receivable on that property in the future and, as such, declines in rental income could have an adverse impact on revenue and the value of the Group's properties.

2.2 ***Due diligence may not identify all risks and liabilities in respect of an acquisition***

Prior to entering into an agreement to acquire any property, the Group will perform due diligence on the proposed investment. In doing so, it would typically rely, in part, on third parties to conduct a significant portion of this due diligence (including legal reports on title and property valuations). To the extent that the Group or other third parties underestimate or fail to identify risks and liabilities associated with the investment in question, the investment may be subject to defects in title; to environmental, structural or operational defects requiring investigation, removal or remediation; or the Group may be unable to obtain necessary permits.

If there is a due diligence failure, there may be a risk that properties are acquired that are not consistent with the Company's investment strategy, that properties are purchased for a price which exceeds their realistic value or that properties are acquired that fail to perform in accordance with projections.

2.3 ***The Group may fail to complete acquisitions successfully (including the Acquisitions) and may incur additional liabilities as part of such acquisitions***

The successful completion of any acquisition (including the Acquisitions) may be impacted by various factors, including the inability to satisfy any condition(s) precedent to such acquisition. The Group may also be exposed to substantial undisclosed or unascertained liabilities embedded in

properties that were incurred or arose prior to the acquisition of the properties. These liabilities may include, in cases where the Group has acquired the entity which owned the property, tax liabilities, liabilities to state entities and liabilities to existing tenants, to creditors or to other persons involved with the properties prior to the acquisition. Furthermore, there can be no assurance that the title to the properties in any acquisition will not be subject to challenge. It can be difficult in certain cases to establish beyond doubt that any such title is incapable of challenge. Any successful challenge to the validity of the Group's title to a property may have adverse consequences for its title and the Group may not be able to obtain compensation from the seller in such case.

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

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

2.5 *The market for the Group's real estate investments is relatively illiquid and may result in low disposal prices or an inability to sell certain properties*

The Group's properties, and those in which the Group may invest in the future, are relatively illiquid in the sense that there may not be ready buyers with financing and who are willing to pay fair value at the time the Group desires to sell. In addition, in the case of leasehold properties, consents are often required from landlords to transfer such properties. Such illiquidity and/or consent requirements may affect the Group's ability to dispose of, or liquidate part of, its portfolio in a timely fashion and at satisfactory prices (or at all) in response to changes in economic, real estate market or other conditions or to finance its risk-controlled development activity. In the case of an accelerated sale, or a sale required for compliance with covenants contained in the Group's financing, or in the event of enforcement of security by a lender under one of the Group's borrowing facilities, there may be a significant shortfall between the carrying value of the property on the Group's consolidated balance sheet and the price achieved on the disposal of such property, and there can be no assurance that the price obtained from such a sale would cover the book value of the property sold.

Periods of reduced liquidity in the capital markets may also mean that it may be difficult to achieve the sale of property assets at prices reflecting the Group's property valuations. In addition, the lack of relevant transactional evidence increases the possibility of being unable to achieve successful sales of properties at acceptable prices. Failure to achieve successful sales of properties in the future at acceptable prices could have an adverse impact on the Group's business, financial condition and/or results of operations.

2.6 *The Group may be exposed to future liabilities and/or obligations with respect to the disposal of property investments*

The Group may be exposed to future liabilities and/or obligations with respect to the disposal of its property investments. The Group may be required, or may consider it prudent, to set aside provisions for warranty claims or contingent liabilities in respect of property disposals. The Group may be required to pay damages (including, but not limited to, litigation costs) to a purchaser to the extent that any representations and/or warranties that it has given to a purchaser prove to be inaccurate or to the extent that it has breached any of its covenants or obligations contained in the disposal documentation. In certain circumstances, it is possible that any representations and/or warranties incorrectly given could give rise to a right by the purchaser to rescind the contract in addition to the

payment of damages. Further, the Group may become involved in disputes or litigation in connection with such disposed investments. Certain obligations and liabilities associated with the ownership of investments (such as certain environmental liabilities) can also continue to exist notwithstanding any disposal. Any such claims, litigation or obligations, and any steps which the Group is required to take to meet such costs, such as sales of assets or increased borrowings, may have a material adverse effect on the Group's business, financial condition and/or results of operations.

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

Returns from investment in property depend largely upon the amount of rental income generated from the property and the expenses incurred in the repair, maintenance and management of the property, as well as upon changes in its market value. Development or redevelopment expenditure may be necessary in the future to preserve the rental income generated from and/or the value of properties, and this may affect the Group's profits and/or cashflows.

2.8 *Redevelopment, refurbishment and/or expansion potential may be adversely affected by a number of factors*

The potential for the redevelopment, refurbishment and/or expansion of properties may be adversely affected by a number of factors, including constraints on location, planning legislation and the need to obtain other licences, consents and approvals and the existence of restrictive covenants affecting the title to such property. Consequently, on some of its assets, there may not be an opportunity for the Group to carry out redevelopment or expansion or refurbishment or enhancement work, which, in each case, may have an adverse effect on the Group's business, financial condition and/or results of operations.

2.9 *The quality of tenants and occupancy levels at the Group's properties may decline over time as leases expire, having an adverse effect on the Group's business, financial condition and results of operations*

There can be no assurance that existing tenants of the Group will renew their respective leases on expiry of their existing leases and, if they do not, that new tenants of equivalent standing (or at all) will be found to take up replacement leases. This is particularly the case where a property requires refurbishment or redevelopment following the expiry of the tenancy. Tenants with the benefit of contractual break rights may also exercise these to bring the lease to an end before the contractual termination date. Furthermore, even if renewals are effected or replacement leases granted, there can be no assurance that such renewals or replacement leases will be on terms (including as to rental levels) as favourable as those which exist now or before such termination, nor that the financial strength of tenants who renew their leases or new tenants who replace them will be the same as, or equivalent to, those now existing or existing before such termination. In addition, there can be no assurance that a significant number of existing and/or future leases will not expire at the same time or within a short period of each other, either with respect to any particular property or across all or a large number of properties, thereby concentrating any such occupancy risk within a limited time period. During void periods, the Group will suffer a rental shortfall and incur additional expenses until the property is re-let. Any prolonged period of reduced occupancy could have an adverse effect on the Group's business, financial condition and/or results of operations.

2.10 *The Group's consolidated balance sheet and income statement may be significantly affected by fluctuations in the fair market value of the Group's properties as a result of revaluations*

In accordance with IAS 40, as adopted by the European Union, the Group's properties are independently revalued on a biannual basis and any increase or decrease in the value of its properties is recorded in the Group's income statement in the period during which the revaluation occurs. As a result, the Group can have significant non-cash gains and losses from period to period depending on the change in the fair value of its properties, whether or not such properties are sold, and could have difficulty maintaining its internal target balance sheet gearing ratio and other financial measures.

Any such fluctuations could have an adverse impact on the Group's business, financial condition and/or results of operations.

2.11 *The Group may be subject to environmental liabilities*

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

3. Risks of leverage

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

It is intended that the Company will incur gearing to fund acquisitions in the future. There is no certainty that such borrowings will be made available to the Company either at all or on acceptable terms. In particular the cost of any such debt to the Company will be adversely impacted by increases in interest rates from current levels. This may adversely affect the ability of the Company to grow in the future and acquire further properties and/or may increase the cost of the debt to the Company which could, as a consequence, have a material adverse impact on the financial position of the Company and the level of returns and dividends paid to Shareholders.

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.

Under the REIT legislation, a UK tax charge will arise in the Company if the ratio of the Group's income profits (before capital allowances) in respect of its Property Business to the financing costs incurred in respect of the Property Business is less than 1.25:1 for an accounting period.

3.2 *Interest rate risk*

Where the Group has borrowed on a variable rate basis it has entered into derivative instruments to mitigate the risk of movements in interest rates. The Group's policy is that any future variable rate borrowings may also be appropriately hedged. To the extent that the relevant members of the Group do not enter into hedging arrangements, or if such arrangements are no longer available or are only available on unacceptable terms, the Group may be exposed to interest rate risk. It is the Group's target to hedge at least 90% of the total debt portfolio using interest rate derivatives and fixed rate facilities.

4. Risks relating to the Capital Raising and the Ordinary Shares

4.1 *The Capital Raising may not be approved by Shareholders*

The issue of the New Ordinary Shares pursuant to the Capital Raising is conditional, among other things, upon the approval of the Capital Raising Resolution proposed for consideration at the Extraordinary General Meeting. In the event that Shareholders do not approve the Capital Raising Resolution, the Capital Raising will not complete. In such circumstances, the conditionally committed funds under the Placing (pursuant to the Placing and Open Offer Agreement) will not then be available to the Company and the Group may not be able to take advantage of some or all of the acquisition and refurbishment opportunities in its pipeline. As a result, the Company may not be able to deliver returns

to Shareholders which it might have been able to had the Capital Raising proceeded and/or the Group may become more reliant on debt facilities which may have a material adverse effect on the Group's financial condition, business, prospects and results of operations and may delay or limit distributions to Shareholders and the Group's ability to take advantage of investment and/or development opportunities.

4.2 ***The Ordinary Shares may trade at a discount to Net Asset Value per Share and Shareholders may be unable to realise their investments through the secondary market at Net Asset Value per Share***

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

4.3 ***There may not continue to be an active and liquid trading market for the Ordinary Shares on the London Stock Exchange***

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

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

4.4 ***There can be no assurance that the Company will be able to pay dividends in the future***

Notwithstanding the Company's quarterly dividend programme, the Company may not pay dividends if the Directors believe that this would cause the Company to be less than adequately capitalised or if for any other reason the Directors determine, in the exercise of their statutory duties as directors, that it would not promote the success of the Company or be in its best interests to do so. Future dividends will depend on, amongst other things, the Group's future profits, financial position, working capital requirements, macro-economic conditions and other factors that the Directors deem significant from time to time.

4.5 ***Dilution risk***

Following Admission, the Company may seek to issue new equity in the future. Pursuant to the Disapplication Resolution, the Company will have authority to issue such number of Ordinary Shares on a non-pre-emptive basis following Admission as is equal to, in aggregate, 10 per cent. of the Enlarged Issued Share Capital. In addition to the Capital Raising, any additional equity financing will be dilutive to those Shareholders who cannot, or who choose not to, participate in such financing. Further issues of new equity could have a material adverse effect on the market price of Ordinary Shares as a whole.

4.6 ***Exchange rate fluctuations may impact the price of Ordinary Shares***

The Ordinary Shares are quoted in Pounds Sterling. An investment in Ordinary Shares by an investor in a jurisdiction whose principal currency is not Pounds Sterling exposes the investor to foreign currency rate risk. Any depreciation of Pounds Sterling in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares in foreign currency terms.

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

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

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

The price of the Ordinary Shares and the income derived from them can go down as well as up. If the Company's assets do not grow at a rate sufficient to cover the costs of operating the Group, Shareholders may not recover the amount initially invested.

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 per Share and prospective Net Asset Value per Share, 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 per Share 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 Group or factors or events that may directly or indirectly affect its investments.

5. Risks relating to service providers

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

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

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

5.2 ***The Company is dependent on the expertise of the Asset Manager and the Investment Manager and their respective key personnel to evaluate investment opportunities and to assist in the implementation of the Company's investment objective and Investment Policy***

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

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

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

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

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

5.3 ***The Asset Manager or its associates may have conflicts of interest***

The services of the Asset Manager, its associates and their respective officers and employees, are not exclusive to the Company. Although the Asset Manager has in place a conflicts of interest policy (which complies with the Investment Policy), in fulfilling its responsibilities to the Company, it will 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.

5.4 ***The Investment Manager or its associates may have conflicts of interest***

The services of the Investment Manager, its associates and their respective officers and employees, are not exclusive to the Company. Although the Investment Manager has in place a conflicts of interest policy (which complies with the Investment Policy), in fulfilling its responsibilities to the Company,

it will 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.

5.5 *Failure of the Investment Manager to comply with US regulatory requirements could prevent the Investment Manager from providing services to the Company*

The Investment Manager is registered as an investment adviser under the US Advisers Act. Accordingly, the Investment Manager will be required to comply with all of the provisions of the Advisers Act and the rules thereunder that apply to registered investment advisers. If the Investment Manager fails to comply with its obligations under the Advisers Act, the Investment Manager may be prohibited from engaging in activities relating to securities, including the fulfilment of its obligations under the Investment Management Agreement. Any interruption to the provision of investment management services to the Company could adversely impact the value of the Company's investments and compromise its ability to make new investments.

6. Risks relating to taxation and regulation

6.1 *Risks relating to the REIT status of the Group*

The Group is, at the date of this document, a group UK REIT. The basis of taxation of any Shareholder's shareholding in the Company will differ or change fundamentally if the Group fails to maintain its REIT status.

The requirements for maintaining REIT status are complex. While minor breaches of the REIT regime conditions and requirements may result only in specific additional amounts of tax being payable or will not be punished if remedied within a given period of time (provided that the regime is not breached more than a certain number of times), the Company cannot guarantee that the Group will maintain continued compliance with all of the REIT conditions. There is a risk that the REIT regime may cease to apply in some circumstances. HMRC may require the Group to exit the REIT regime if:

- it regards a breach of the conditions relating to the REIT regime (including in relation to its property business) or an attempt to obtain a tax advantage as sufficiently serious;
- the Group has committed a certain number of breaches in a specified period; or
- HMRC has given the Group at least two notices in relation to the obtaining of a tax advantage 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 certain prohibited loans are breached or the Company ceases to be UK tax resident, becomes dual tax resident or becomes an open-ended investment company, or (in certain circumstances) ceases to satisfy the close company conditions or ceases to be listed or traded, the Group will automatically lose REIT status.

The Group 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 (and which does not qualify as an institutional investor under Section 528(4A) CTA 2010) or due to a breach of the close company condition if it is unable to remedy the breach within a specified timeframe. If the Group 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. This could have a material impact on the financial condition of the Company and, as a result, Shareholder returns. In addition, incurring a tax liability might require the Group to borrow funds, liquidate some of its assets or take other steps that could negatively affect its operating results.

If the Group fails to remain qualified as a REIT, its rental income (and any capital gains within the scope of UK taxation) will be subject to UK tax.

6.2 *Tax charges in respect of distributions to holders of excessive rights*

A REIT may become subject to an additional tax charge if it pays a dividend to, or in respect of, a holder of excessive rights (as defined in section 553 CTA 2010). This additional tax charge will not be incurred if the REIT has taken reasonable steps to avoid paying dividends to, or in respect of, a holder of excessive rights. Therefore, the Articles contain provisions designed to avoid the situation where dividends may become payable to a holder of excessive rights. These provisions provide the Directors with powers to identify holders of excessive rights and to prohibit the payment of dividends on Ordinary Shares that form part of a holding of excessive rights, unless certain conditions are met. The Articles also allow the Board to require the disposal of Ordinary Shares forming part of a holding of excessive rights in certain circumstances where the holder of excessive rights has failed to comply with the above provisions.

6.3 *Tax charges associated with borrowings*

Under the UK REIT legislation, a UK tax charge will arise in the Company if, in respect of an accounting period, the Group's ratio of income profits to financing costs (in respect of its qualifying property rental business) is less than 1.25:1.

6.4 *Changes in taxation rules*

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 or Group's tax status or in taxation legislation in the UK 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 or alter the post-tax returns to Shareholders. Changes to tax legislation could include the imposition of new taxes or increases in tax rates. 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. **If you are in any doubt as to your tax position, you should consult your own professional adviser without delay.**

6.5 *Any changes under Guernsey law could affect the Company's ability to be a REIT*

The Company is incorporated in Guernsey although it is managed, controlled and taxed in the UK. In order to qualify as a REIT, the Company must be tax resident in the UK and in no other jurisdiction. Failure to satisfy this condition would result in immediate expulsion from the REIT regime. An exemption has been obtained, with the effect that the Company is not tax resident in Guernsey. Any changes under Guernsey law or failure to obtain or renew its status as an exempt company for Guernsey tax purposes such that the Company is also considered tax resident in Guernsey could impact the Company's ability to satisfy the REIT conditions and consequently to remain within the REIT regime.

6.6 *Disposals of property*

If a member of the Group disposes of a property in the course of a trade, any gain will generally be subject to corporation tax (currently at 20 per cent). For example, acquiring a property with a view to sale followed by a disposal of the asset would indicate a trading activity, whereas disposal of a property as part of a normal variation of a property rental portfolio would not indicate a trading activity. Whilst the Group does not intend to dispose of property in the course of a trade, there can be no assurance that HMRC will not scrutinise any disposals and successfully contend that any or some of them have been in the course of a trade, with the consequence that corporation tax may be payable in respect of any profits from the disposal of such property.

6.7 *Risks relating to US Tax withholding, PFIC status and reporting under FATCA*

FATCA is aimed at reducing tax evasion by US citizens.

The FATCA provisions of the US Tax Code may impose a 30 per cent. withholding tax on payments of: certain US source interest, dividends and other types of income, and (from 1 January 2019) payments of gross proceeds from the sale or disposition of certain US assets which produce US source interest or dividends, and (from the later of 1 January 2019 or the date of publication of certain final regulations) a portion of non-US source payments from certain non-US financial institutions to the extent attributable to US source payments, in all cases to a foreign financial institution (or “**FFI**”), unless that FFI complies with certain reporting and other related obligations under FATCA. The UK has concluded an intergovernmental agreement with the US (“**US-UK IGA**”), pursuant to which parts of FATCA have been effectively enacted into UK law. Guernsey has also concluded an intergovernmental agreement with the US (“**US-Guernsey IGA**”), pursuant to which parts of FATCA have been effectively enacted into Guernsey law.

Under the UK-US IGA, an FFI that is resident in the UK (a “**UK Reporting FI**”) is not subject to withholding under FATCA provided it complies with the terms of the US-UK IGA, including requirements to register with the IRS and requirements to identify, and report certain information on, accounts held by US Persons owning, directly or indirectly, an equity or debt interest in the UK Reporting FI (other than equity and debt interests that are regularly traded on an established securities market, for which see below), and report on accounts held by certain other persons or entities to HMRC for onward reporting to the IRS. An FFI that fails to comply with the US-UK IGA will be treated as a “**non-Participating FFI**” and may be subject to a 30 per cent. withholding tax on certain payments to it.

The Company expects that it will be treated as a UK Reporting FI pursuant to the US-UK IGA. The Company also expects that its Ordinary Shares may, in accordance with current HMRC practice, comply with the conditions set out in the US-UK IGA to be “regularly traded on an established securities market” meaning that the Company should not have to report specific information on its Shareholders and their investments to HMRC for FATCA purposes (although such reporting may be required for CRS purposes, as to which see below). However, there can be no assurance that the Company will be treated as a UK Reporting FI, that its Ordinary Shares will be considered to be “regularly traded on an established securities market” or that it would not in the future be subject to withholding tax under FATCA or the US-UK IGA. If the Company becomes subject to a withholding tax as a result of FATCA or the US-UK IGA, the return on investment of some or all Shareholders may be materially adversely affected.

Under the US-Guernsey IGA, an FFI that is resident in Guernsey (a “**Guernsey Reporting FI**”) is not subject to withholding under FATCA provided it complies with the terms of the US-Guernsey IGA, including requirements to register with the IRS and requirements to identify, and report certain information on, accounts held by US Persons owning, directly or indirectly, an equity or debt interest in the Guernsey Reporting FI (other than equity and debt interests that are regularly traded on an established securities market, for which see below), and report on accounts held by certain other persons or entities to the Director of Income Tax in Guernsey for onward reporting to the IRS. An FFI that fails to comply with the US-Guernsey IGA will be treated as a “non-Participating FFI” and may be subject to a 30 per cent. withholding tax on certain payments to it.

Although the Company is not tax resident in Guernsey, the Company expects that it will be treated as a Guernsey Reporting FI pursuant to the US-Guernsey IGA, although it may not be subject to FATCA reporting obligations in Guernsey if and to the extent that it has actual knowledge that FATCA reports are made to HMRC in the UK. Under the US-Guernsey IGA and Guernsey’s implementation of that agreement, securities that are “regularly traded on an established securities market”, such as the main market of the London Stock Exchange, are not considered financial accounts and are not subject to reporting. For these purposes, the Ordinary Shares will be considered “regularly traded” if there is a meaningful volume of trading with respect to the Ordinary Shares on an ongoing basis. Notwithstanding the foregoing, an Ordinary Share will not be considered “regularly traded” and will be considered a financial account if the holder of the Ordinary Share (other than a financial institution acting as an intermediary) is registered as the holder of the Ordinary Share on the Company’s share register. Such Shareholders will be required to provide information to the Company to allow the

Company to satisfy its obligations under FATCA, although it is expected that whilst an Ordinary Share is held in uncertificated form through CREST, the holder of that Ordinary Share will likely be a financial institution acting as an intermediary. Additionally, even if the Ordinary Shares are considered regularly traded on an established securities market, Shareholders that own their Ordinary Shares through financial intermediaries may be required to provide information to such financial intermediaries in order to allow the financial intermediaries to satisfy their obligations under FATCA. Notwithstanding the foregoing, the relevant rules under FATCA may change and, even if the Ordinary Shares are considered regularly traded on an established securities market, Shareholders may, in the future, be required to provide information to the Company in order to allow the Company to satisfy its obligations under FATCA. There can be no assurance that the Company will be treated as a Guernsey Reporting FI, that its Ordinary Shares will be considered to be “regularly traded on an established securities market” or that it would not in the future be subject to withholding tax under FATCA or the US-Guernsey IGA. If the Company becomes subject to a withholding tax as a result of FATCA or the US-Guernsey IGA, the return on investment of some or all Shareholders may be materially adversely affected.

The Company believes that it is, and expects that it will continue to be, a passive foreign investment company (a “**PFIC**”) for US federal income tax purposes, which could result in materially adverse consequences for US investors, including additional tax liability and tax filing obligations for shareholders that are US taxpayers. US investors may also be affected by the rules applicable to a “controlled foreign corporation” (a “**CFC**”) for US federal income tax purposes. The CFC and PFIC rules may operate to disallow the benefits of tax deferral and to recharacterise as ordinary income certain income derived from an investment in a non-US corporation, such as the Company, that otherwise might have been characterized as capital gain for US federal income tax purposes, if any. Prospective US investors should consult their own tax advisors regarding the US federal income tax treatment of the Shares, including the potential application to them of the PFIC and CFC rules.

6.8 *Automatic exchange of information (“AEOI”)*

The UK and Guernsey has implemented the OECD’s Common Reporting Standard or ‘CRS’. Under the CRS and legislation to implement the CRS, certain disclosure requirements will be imposed in respect of certain investors who are, or are entities that are controlled by one or more natural persons who are, residents of any of the jurisdictions that have also adopted the CRS, unless a relevant exemption applies. Where applicable, information to be disclosed will include certain information about investors, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company.

To the extent that the Company may be a reporting financial institution under FATCA and/or CRS (a “**Financial Institution**”), it may require Shareholders to provide it with certain information in order to comply with its AEOI obligations which information may be provided to the UK or Guernsey tax authorities who may in turn exchange that information with certain other jurisdictions.

Whilst the Company will seek to satisfy its AEOI obligations, the ability of the Company to satisfy such obligations will depend on receiving relevant information and/or documentation about each investor and where appropriate the direct and indirect beneficial owners of the interests held in the Company. There can be no assurance that the Company will be able to satisfy such obligations.

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

The REIT distribution requirements may limit the Company’s ability to fund acquisitions and capital expenditures through retained income earnings. To maintain REIT status (and therefore full exemption from UK corporation tax and UK income tax on the profits of the Group’s Property Business), the Company is required to distribute annually to Shareholders an amount sufficient to meet the 90 per cent. distribution test by way of property income distributions. As a result of this condition, the Company’s ability to grow through acquisition of new assets and development of existing assets could be limited if the Company was unable to obtain debt or issue shares.

6.10 *Investors will not be afforded the protections of registration under certain US regimes*

Because the Company will not be registered as an investment company in the US, the Company will not be subject to the provisions of the US Investment Company Act designed to protect shareholders of registered investment companies, including: restrictions on or requirements relating to capital structure; composition of the board of directors or a similar managing board; approval of investment advisory and distribution arrangements and certain other matters by independent members of the managing board; restrictions on affiliated transactions; custody of assets; investment policies and procedures for making changes therein; valuation and pricing of investments; bonding; and certain other matters. If the Company were required to register under the US Investment Company Act, it would impose substantial costs and burdens of compliance on the Company, and it may not be able to register as an investment company at all.

Furthermore, if the Company is to invest in any such instruments which could be deemed to be commodity interests, including swaps as defined in the US Commodity Futures Trading Commission (“CFTC”) regulations, such as interest rate swaps and currency futures, the Company intends to first claim an exemption from registration with the CFTC and the National Futures Association as a commodity pool operator pursuant to CFTC Rule 4.13(a)(3), with a corresponding exemption for the Investment Manager from registration as a commodity trading adviser. This exemption requires that either: (i) the aggregate initial margin, premiums, and required minimum security deposit for retail forex transactions required to establish commodity interest positions, determined at the time the most recent position was established, will not exceed five per cent of the liquidation value of the Company’s portfolio; or (ii) the aggregate net notional value of the Company’s commodity interest positions, determined at the time the most recent position was established, does not exceed one hundred per cent of the liquidation value of this pool’s portfolio, in each case after taking into account unrealized profits and unrealized losses on any such positions the Company has entered into. This exemption also requires, among other things, that each US investor meets certain sophistication criteria such as being an “**accredited investor**” within the meaning of Regulation D promulgated under the US Securities Act or a knowledgeable employee or qualified eligible person as specified in the CFTC Regulations. Therefore, unlike a registered commodity pool operator, the Company will not be required to deliver a disclosure document and a certified annual report to investors in the Company, and investors in the Company will not be subject to the other protections and disclosure provisions of the CFTC’s rules and regulations.

In addition, neither the Company nor the Investment Manager is registered or intends to register with the SEC as a municipal advisor under the US Exchange Act. The Company also intends to maintain an exemption from the registration requirements of the US Exchange Act by virtue of Rule 12g3-2(b) thereunder.

6.11 *The Company may be, or might become, a “covered fund” under the Volcker Rule*

Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with its implementing legislation and the rulemaking thereunder, the “**Volcker Rule**”) generally prohibits banking entities from engaging in proprietary trading, acquiring or retaining an ownership interest in a “covered fund” and entering into certain other relationships or transactions with a “covered fund.” A “covered fund” under the Volcker Rule includes entities that would be an investment company under the US Investment Company Act but for the exemptions under Sections 3(c)(1) or 3(c)(7) thereof. While the Company believes that it is outside of the definition of an investment company or may be able to rely upon other exemptions and exclusions from being an investment company, the Company has offered and sold its shares in a manner intended to qualify for one or both of these exemptions. If no other exemption is available, or if other exemptions and exclusions cease to be available due to the nature of the Company’s investments, then the Company would likely be a covered fund for purposes of the Volcker Rule. Prospective investors that are banking entities under the Volcker Rule should consult their legal advisers regarding the potential impact of the Volcker Rule on its investments and other activities prior to making any investment in the Company or the Shares.

6.12 ***The Company may be adversely affected by change of law, regulation and/or practice guidance in relation to AIFM Directive***

Changes to laws, regulations and practice guidance (including any ESMA guidance or recommendations) could adversely affect the Company or the Investment Manager. Regulation of, and practice guidance relating to, entities such as the Company, and their investment managers and depositaries, is evolving and subject to change. In addition, many governmental agencies, self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. Changes to the legal and regulatory regime applicable to the Investment Manager could adversely affect the Company because of the Company's reliance upon the continuing availability to it of the expertise of Investment Manager and the likelihood that such changes would increase the on-going costs borne, directly or indirectly, by the Company by virtue of the contractual arrangements agreed between the Company and the Investment Manager. The effect of any future legal or regulatory change (including changes in practice guidance) on the Company or on the Investment Manager is not possible to predict, but could be substantial and adverse.

Changes to the AIFM Directive regime or its interpretation, or the Investment Manager becoming unable to act as the Company's AIFM, may have a material adverse effect on the Company

As the AIFM for the Company, the Investment Manager is required to comply with on-going capital, reporting and transparency obligations and a range of organisational requirements and conduct of business rules. The Investment Manager must also, as the AIFM for the Company, adopt a range of policies and procedures addressing areas such as risk management, liquidity management, conflicts of interest, valuations, compliance, internal audit and remuneration. If the Investment Manager were to fail to comply with the legal and other regulatory requirements applicable to an authorised AIFM or otherwise cease to hold authorisation as an AIFM, the Investment Manager would not be permitted to continue to manage the Company and a successor investment manager duly authorised as an AIFM would need to be appointed to perform this function. The Company is reliant upon the investment expertise of the Investment Manager and there is no guarantee that a suitably qualified successor investment manager could be found or could be engaged on terms comparable to those applicable to the Investment Manager. Any transition to a successor investment manager could result in significant costs being incurred by the Company and material disruptions to its investment activities and operations and to the marketing of interests in the Company.

Changes to the AIFM Directive regime or new recommendations and guidance as to its implementation may impose new operating requirements and result in a change in the operating procedures of the Investment Manager and its relationship with the Company and service providers and may impose restrictions on the investment activities that the Investment Manager (and in turn the Company) may engage in. Such changes may increase the on-going costs borne, directly or indirectly, by the Company by virtue of the contractual arrangements agreed between the Company and the Investment Manager, between the Company/Investment Manager and service providers and between the Company and the Depositary.

These factors may have a material adverse effect on the Company's financial condition, business, prospects and results of operations.

PART 2

IMPORTANT INFORMATION

1. General

Prospective investors must rely only on the information contained in this document and the documents (or parts thereof) incorporated into it by reference and any supplementary prospectus produced to supplement the information contained in this document. Where only parts of a document are incorporated by reference, the parts of any such document which are not incorporated by reference are either not relevant to prospective investors, or the information contained therein is covered elsewhere in this document. No person has been authorised to issue any advertisements or to give any information or to make any representations in connection with the issue of the New Ordinary Shares, other than those contained in this document and the documents (or parts thereof) incorporated into it by reference and, if issued, given or made, such advertisement, information or representation may not be relied upon as having been authorised by or on behalf of the Company, the Directors, the officers or employees of the Company or any other person.

This document describes the Company and the Group and provides general information about the issue of the New Ordinary Shares pursuant to the Capital Raising and the Acquisitions. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and paragraph 3.4 of the Prospectus Rules, neither the delivery of this document at any time nor any purchase or sale made under this document shall, under any circumstances, create any implication that there has not been a change in the business or affairs of the Company or of the Group taken as a whole since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Apart from the responsibilities and liabilities, if any, which may be imposed on Peel Hunt and the Lead Manager by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regime would be illegal, void or unenforceable, neither Peel Hunt, the Joint Placing Agent, nor their affiliates or representatives accept any responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the issue of New Ordinary Shares. Accordingly, Peel Hunt, the Joint Placing Agent and their affiliates and representatives disclaim, to the fullest extent permitted by applicable law, all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of such document or any such statement. No representation or warranty, express or implied, is made by any of Peel Hunt, the Joint Placing Agent, or their affiliates or representatives as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by Peel Hunt or the Joint Placing Agent as to the past, present or future.

Peel Hunt, the Joint Placing Agent and their affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company, for which they may have received fees. Peel Hunt, the Joint Placing Agent and their affiliates may provide such services to the Company or members of the Group in the future.

None of the Company, the Directors, Peel Hunt or the Joint Placing Agent or any of their respective affiliates or representatives, is making any representation to any prospective investor regarding the legality of an investment in the Company by any such prospective investor under the laws applicable to any such prospective investor.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, Peel Hunt or the Joint Placing Agent or any of their respective affiliates and representatives that any recipient of this document should subscribe for or purchase Ordinary Shares. Prior to making any decision as to whether to subscribe for or purchase the Ordinary Shares, prospective investors should read this document. Prospective investors should ensure that they read the whole of this document carefully and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this document, including the risks involved.

Investors who subscribe for Ordinary Shares will be deemed to have acknowledged that (i) they have not relied on Peel Hunt or the Joint Placing Agent or any of their affiliates or representatives in connection with any investigation of the accuracy of any information contained in this document or their investment decision and (ii) they have relied on the information contained in this document, and no person has been authorised to issue any advertisement, give any information or make any representation concerning the Group or the Ordinary Shares (other than as contained in this document) and, if issued, given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Directors or Peel Hunt or any of their respective affiliates or representatives.

2. Interpretation

Certain terms used in this document, including certain capitalised terms and certain technical and other terms are defined and explained in Part 17 (“**Glossary of Terms and Definitions**”) of this document.

3. AIFM Directive

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

4. No incorporation of website

The content of any of the websites of the Group does not form part of this document and prospective investors should not rely on it.

5. Presentation of financial information

The Group has prepared the following historical financial information in relation to the Group which is incorporated by reference into this document:

- audited historical financial information for the financial period ended 31 December 2015;
- audited historical financial information for the year ended 31 December 2016; and
- unaudited financial information for the six months ended 30 June 2017,

in each case, prepared in accordance with IFRS. Unless otherwise indicated, the financial information presented in this document has been prepared in accordance with IFRS.

Save for the audited historical financial information for the Group for the financial period ended 31 December 2015 and the year ended 31 December 2016, none of the information in this document or incorporated by reference has been audited.

Unless otherwise indicated, all unaudited financial information contained in this document relating to the Group has been sourced, without material adjustment, from the internal accounting records of the Group, on a basis consistent with the Company’s accounting policies.

The Company prepares its financial statements in accordance with IFRS.

The Group also presents key performance indicators. These include certain ratios and other measures that are derived from a combination of the Group’s principal non-IFRS measures and IFRS measures. Where such amounts have been presented, a description of the amount and the measures from which it has been derived has been included. These measures may not be comparable to similarly titled measures presented by other companies in the Group’s industry or otherwise. Such measures are not intended to be substitutes for any IFRS measures of performance.

6. Trade names, logos, trademarks and service marks

Any trade names, logos, trademarks and service marks of third parties appearing in this document are the property of their respective holders. Use or display by the Group of third parties’ trade names, logos,

trademarks or service marks is not intended to and does not imply a relationship with, or endorsement or sponsorship by the Group of, such third parties.

7. Market, economic and industry data

This document contains information regarding the Group's business and the markets in which it operates and competes, which the Company has obtained from various third party sources. Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this document, the source of such information has been identified.

Certain information on market sizes, projected growth rates and market positions set out in this document is not based on published statistical data or information obtained from independent third parties. Rather, it represents the Directors' estimates based on information available to them at the date of this document, including information obtained from trade and business organisations and other contacts within the Company's industry, as well as information published by its competitors and which, in each case, has not been independently verified. The reliance by the Directors on estimates reflects the fact that there is no single, recognised definition of the scope of the industry, the absence of publicly available information for certain participants in the industry and the absence of detailed breakdowns of information for certain participants. Trends described as industry trends may not apply across the industry due to the diversity of participants and, as such, may have a greater or lesser impact on the Group than on other participants. Please also refer to Part 1 ("**Risk Factors**") of this document and paragraph 11 ("**No profit forecast and forward-looking statements**") of this Part 2 ("**Important information**").

8. Currency presentation

All references in this document to "**Pounds Sterling**", "**Pounds**", "**£**", "**pence**" or "**p**" are to the lawful currency of the United Kingdom. Unless otherwise indicated, the financial information in this document has been expressed in Pounds Sterling. The functional currency of all members of the Group is Pounds Sterling and the Group presents its financial statements in Pounds Sterling.

9. Roundings

Certain data in this document, including financial, statistical and operating information has been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. In certain instances, the sum of the numbers in a column or a row in tables contained in this document may not conform exactly to the total figure given for that column or row. Percentages in tables have been rounded and accordingly may not add up to 100 per cent.

10. Enforceability of judgments

The Company is a limited liability company registered in Guernsey, Channel Islands. All of the Directors of the Company are citizens or residents of countries other than the United States. All of the assets of such persons and the assets of the Company are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or the Company, or to enforce against them judgments of US courts, including judgments predicated upon civil liabilities under the securities laws of the United States or any state or territory within the United States. There is substantial doubt as to the enforceability in the United Kingdom in original actions or in actions for enforcement of judgments of US courts, based on the civil liability provisions of US federal securities laws.

Under the Judgments (Reciprocal Enforcement) (Guernsey) Law, 1957 as amended (the "**Judgments Law**") a judgment of a superior court can be reciprocally enforced in Guernsey by way of registration subject to certain qualifications to registration outlined in the Judgments Law. The scope of the Judgments Law is limited to a small number of jurisdictions including the UK, Israel, Netherlands and Italy. The Royal Court may (in its discretion) recognise as a valid judgment any final and conclusive judgment obtained in a court

of a country other than those listed under the Judgments Law provided certain conditions are met. Legal advice needs to be taken before attempting to enforce a foreign judgment in the Guernsey courts.

11. No profit forecast and forward-looking statements

No statement in this document or incorporated by reference into this document is intended as a profit forecast or profit estimate for any period and no statement in this document or incorporated by reference into this document should be interpreted to mean that the earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial periods for the Company.

This document includes statements that are, or may be deemed to be, “**forward looking statements**”. These forward looking statements can be identified by the use of forward looking terminology, including the terms “**believes**”, “**projected**”, “**estimates**”, “**forecasts**”, “**plans**”, “**potential**”, “**prepares**”, “**anticipates**”, “**expects**”, “**intends**”, “**may**”, “**will**”, “**could**” or “**should**” or, in each case, their negative or other variations or comparable terminology. These forward looking statements include all matters about future events and developments and with respect to future financial results as well as other statements that do not relate to historical facts and events. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Group and the Directors concerning, amongst other things, financing strategies, results of operations, financial condition, prospects and dividend policy of the Group and the markets in which it operates.

By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Forward looking statements are not guarantees of future performance and no assurance can be or is given that such future results will be achieved. The Group’s actual results of operations, financial condition, dividend policy and the development of its financing strategies may differ materially from the impression created by the forward looking statements contained in this document. Prospective investors must determine for themselves what reliance (if any) they should place on such statements, views, projections or forecasts, and no responsibility is accepted by the Company, the Asset Manager, the Investment Manager or any of their respective officers, directors, employees or Affiliates in respect thereof. In addition, even if the results of operations, financial condition and dividend policy of the Group, and the development of its financing strategies, are consistent with the forward looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to, those factors set out in Part 1 (“**Risk Factors**”) of this document.

Prospective investors are advised to read this document in its entirety for a further discussion of the factors that could affect the Group’s future performance. In light of these risks, uncertainties and assumptions, the events described in the forward looking statements in this document may not occur.

Consequently, neither the Company nor the Directors can give any assurances regarding the accuracy of the opinions set out in this document or the actual occurrence of any predicted developments.

Nothing in this paragraph 11 of Part 2 should be taken as limiting the working capital statement in paragraph 16 of Part 16 of this document.

Subject to their legal and regulatory obligations (including under the Listing Rules, Prospectus Rules, the Disclosure Guidance and Transparency Rules and MAR), the Company, Peel Hunt and the Joint Placing Agent expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based. All subsequent forward-looking statements that can be attributed either to the Company or to individuals acting on its behalf (including the Directors) are expressly qualified in their entirety by this paragraph.

12. Notice to overseas Shareholders and investors

The offer of the New Ordinary Shares will not be and has not been registered under the US Securities Act or state securities laws, and accordingly the New Ordinary Shares may not be offered, sold, transferred or delivered, directly or indirectly within the United States, or to or for the benefit of any US Person, except pursuant to applicable exemptions from such registration. There will be no public offer of the New Ordinary Shares in the United States. The New Ordinary Shares are being offered or sold pursuant to this document only outside the United States to non-US Persons in offshore transactions in reliance on the exemption from the registration requirements of the US Securities Act provided by Regulation S thereunder. New Ordinary Shares will be offered in the United States only (i) pursuant to the exemption set forth in Rule 506(b) under the US Securities Act to persons reasonably believed to be “accredited investors” as defined in Regulation D under the US Securities Act, who are “qualified purchasers” as defined in the US Investment Company Act and who are existing shareholders of the Company and (ii) to certain qualified institutional buyers (“**QIBs**”) as defined in Rule 144A under the US Securities Act (“**Rule 144A**”). The Company has not been and will not be registered under the US Investment Company Act and investors will not be entitled to the benefits of the US Investment Company Act.

None of the existing Ordinary Shares or the New Ordinary Shares have been, nor will they be, registered under the applicable securities laws of any Restricted Jurisdiction, and this document is not being made available to Shareholders with registered addresses in a Restricted Jurisdiction and may not be treated as an offer or invitation to subscribe for any New Ordinary Shares by any person resident or located in any such jurisdiction. None of the existing Ordinary Shares or the New Ordinary Shares may be offered in or into any Restricted Jurisdiction or to or for the account or benefit of any national, resident or citizen of a Restricted Jurisdiction. Any persons (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this document or any accompanying document into a Restricted Jurisdiction should seek appropriate advice before taking any such action. Accordingly, neither this document nor any advertisement nor any other offering material may be distributed or published in any Restricted Jurisdiction (including the United States) except under circumstances that will result in compliance with any applicable laws and regulations. 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. To the fullest extent permitted by applicable law, the companies and persons involved in the Capital Raising and Admission disclaim any responsibility or liability for the violation of such requirements by any person. This document has been prepared to comply with the requirements of English law, Guernsey law, the Listing Rules, the Prospectus Rules and the rules of the London Stock Exchange and information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside England.

13. London time

All references to time in this document are to London time, unless otherwise stated.

14. Advice

Prospective investors should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, taxation, investment or any other related matters concerning the Company and an investment therein. Statements made in this document are based on the law and practice currently in force in England and Wales, Guernsey and the United States and are subject to changes therein.

PART 3

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change.

2017

Record Time for entitlements under the Open Offer	6.00 p.m. on 1 December
Ex-Entitlements date for the Open Offer	8.00 a.m. on 5 December
Publication and despatch of Prospectus, Form of Proxy, Subscription Forms and, to Qualifying non-CREST Shareholders, Open Offer Application Form	5 December
Open Offer Entitlements and Excess Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	as soon as possible on 6 December
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess Open Offer Entitlements from CREST (i.e. if your Open Offer Entitlements and Excess Open Offer Entitlements are in CREST and you wish to convert them to certificated form)	4.30 p.m. on 13 December
Latest time and date for depositing Open Offer Entitlements into CREST	3.00 p.m. on 14 December
Latest time and date for receipt of Forms of Proxy and receipt of electronic proxy appointments via CREST	11.00 a.m. on 15 December
Latest time and date for splitting of Open Offer Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 15 December
Latest time and date for receipt of completed Open Offer Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate). Open Offer Entitlements and Excess Open Offer Entitlements disabled in CREST	11.00 a.m. on 19 December
Latest time and date for receipt of Placing commitments	11.00 a.m. on 19 December
Latest time and date for receipt of completed Subscription Forms in respect of the Offer for Subscription	11.00 a.m. on 19 December
Extraordinary General Meeting	11.00 a.m. on 19 December
Announcement of results of Extraordinary General Meeting	by 7.00 a.m. on 20 December
Results of the Placing and Capital Raising announced through a Regulatory Information Service	by 7.00 a.m. on 20 December
Admission and commencement of dealings in New Ordinary Shares	8.00 a.m. on 21 December
Expected date of despatch of definitive share certificates for Open Offer Shares (to Qualifying non-CREST Shareholders) and new Ordinary Shares under the Offer for Subscription	within 5 Business Days

Notes:

- (i) CREST Shareholders should inform themselves of CREST's requirements in relation to electronic proxy appointments.
- (ii) Subject to certain restrictions relating to Shareholders with a registered address outside the United Kingdom, details of which are set out in paragraph 12 of Part 2 of this document.

The times and dates set out in the expected timetable of principal events above and mentioned throughout this document are indicative only and subject to change. If any of the times and/or dates

change, the revised time and/or date will be notified to the London Stock Exchange, the UKLA and through a Regulatory Information Service.

Different deadlines and procedures may apply in certain cases. For example, Shareholders who hold their Existing Ordinary Shares through a CREST member or other nominee may be set earlier deadlines by the CREST member or other nominee than the times and dates noted above.

STATISTICS RELATING TO THE CAPITAL RAISING*

Issue Price	101 pence per New Ordinary Share
Basic entitlement under the Open Offer	1 Open Offer Share for every 8 Existing Ordinary Shares
Number of Existing Ordinary Shares in issue at the Latest Practicable Date	300,543,908
Number of Firm Placing Shares	49,504,950
Number of Placing Shares ²	Up to 11,936,962
Number of Open Offer Shares	Up to 37,567,988
Number of Offer for Subscription Shares ³	Up to 11,936,962
Number of Ordinary Shares in issue upon Admission ⁴	399,553,808
Open Offer Shares as a percentage of the enlarged issued share capital of the Company upon Admission ⁵	9.4%
Gross Capital Raising Proceeds	£100,000,000
Estimated net proceeds of the Capital Raising receivable by the Company after expenses ⁶	£97,164,394
Estimated expenses of the Capital Raising ⁷	£2,835,606
ISIN of the Existing Ordinary Shares (and the New Ordinary Shares to be admitted to trading following the Capital Raising)	GG00BYV2ZQ34
ISIN of the Open Offer Entitlement	GG00BF41RT19
ISIN of the Excess Open Offer Entitlement	GG00BF41RV31
SEDOL – Open Offer Entitlement	BF41RT1
SEDOL – Excess Open Offer Entitlement	BF41RV3

* Should the Directors make use of their ability to increase the size of the Capital Raising, the Company will announce the total number of shares by which the Capital Raising has been increased via a RIS Announcement prior to Admission.

² Number of Placing Shares is subject to scaling back to satisfy demand under the Open Offer and the Offer for Subscription.

³ Number of Offer for Subscription Shares is subject to scaling back to satisfy demand under the Open Offer and the Placing.

⁴ On the assumption that no further Ordinary Shares are issued from the Last Practicable Date until Admission (other than the New Ordinary Shares). The actual number of New Ordinary Shares to be issued under the Capital Raising will be subject to rounding to eliminate fractions.

⁵ Assumes Gross Capital Raising Proceeds of £100 million and take-up in full under the Open Offer.

⁶ Assumes Gross Capital Raising Proceeds of £100 million.

⁷ Assumes Gross Capital Raising Proceeds of £100 million.

PART 4

DIRECTORS, REGISTERED OFFICE, SECRETARY AND ADVISERS

Directors	Kevin McGrath William Eason Stephen Inglis Tim Bee Daniel Taylor
Administrator and Designated Administrator	Jupiter Fund Services Limited Mont Crevelt House Bulwer Avenue St. Sampson Guernsey GY2 4LH
Sub-Administrator	Capita Sinclair Henderson Limited Beaufort House 51 New North Road Exeter Devon EX4 4EP
Company Secretary	Link Company Matters Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Registered Office	Mont Crevelt House Bulwer Avenue St. Sampson Guernsey GY2 4LH
Asset Manager	London & Scottish Investments Limited Venlaw 349 Bath Street Glasgow G2 4AA
Investment Manager	Toscafund Asset Management LLP 7th Floor 90 Long Acre London WC2E 9RA
Sole Sponsor and Sole Bookrunner	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET

Joint Placing Agent	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Legal advisers to the Company as to English law	Macfarlanes LLP 20 Cursitor Street London EC4A 1LT
Legal advisers to the Company as to Guernsey law	Carey Olsen Carey House Les Banques St Peter Port Guernsey GY1 4BZ
Legal advisers to Peel Hunt and the Joint Placing Agent	Eversheds Sutherland 1 Wood Street London EC2V 7WS
Auditor	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB
Reporting Accountant	RSM Corporate Finance LLP 25 Farringdon Street London EC4A 4AB
Registrar	Link Market Services (Guernsey) Limited Mont Crevelt House Bulwer Avenue St Sampson Guernsey GY2 4LH
Receiving Agent	Link Asset Services, Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Depositary	Heritage Depositary Company (UK) Limited Innovation Centre Northern Ireland Science Park Queens Road Belfast County Antrim BT3 9DT

Principal Banker	The Royal Bank of Scotland International 1 Glatigny Esplanade St Peter Port Guernsey GY1 4BQ
Valuers of the Existing Property Portfolio	DTZ Debenham Tie Leung Limited (trading as Cushman & Wakefield) 125 Old Broad Street London EC2N 1AR Jones Lang LaSalle Limited City Gate East Tollhouse Hill Nottingham NG1 5FS
Valuer of the First New Portfolio and the Second New Portfolio	DTZ Debenham Tie Leung Limited (trading as Cushman & Wakefield) 125 Old Broad Street London EC2N 1AR
PR Adviser to the Company	Headland PR Consultancy LLP Eldon House 2-3 Eldon Street London EC2M 7LS

PART 5

LETTER FROM THE CHAIRMAN

REGIONAL REIT LIMITED

Directors:

Kevin McGrath
William Eason
Stephen Inglis
Tim Bee
Daniel Taylor

Registered office:

Mont Crevelt House
Bulwer Avenue
St. Sampson
Guernsey
GY2 4LH

5 December 2017

Dear Shareholder,

Proposed Capital Raising

1. Introduction to the Capital Raising

The Board of Regional REIT Limited announced on 4 December 2017 that it intends to raise approximately £100 million (before expenses) by way of the Capital Raising. Pursuant to the Firm Placing, Peel Hunt and the Joint Placing Agent have conditionally placed 49,504,950 Firm Placing Shares with institutional investors at the Issue Price, raising £50 million to date. The Board has the ability to increase the size of the Capital Raising by up to 25 per cent. should there be sufficient demand in the Placing, Open Offer and Offer for Subscription.

The Capital Raising is not underwritten. The Placing may be scaled back in order to satisfy valid applications under the Open Offer and/or the Offer for Subscription, and the Offer for Subscription may be scaled back in favour of the Placing and Open Offer.

I am writing to give you further details of the Capital Raising, to explain why the Board considers the Capital Raising to be in the best interests of the Company and the Shareholders as a whole, to explain the related party elements of the transaction and to seek your approval of the Capital Raising Resolution and the Disapplication Resolution to be proposed at the Extraordinary General Meeting.

2. Background to, and reasons for, the Capital Raising

2.1 Background and summary information on Group

The Company is an established UK real estate investor, asset manager and developer which is listed on the premium listing segment of the Official List of the UKLA and is admitted to trading on the main market of the London Stock Exchange. The Company is managed by the Asset Manager and the Investment Manager and was formed from the combination of property funds previously created by the Managers. The Company's commercial property portfolio is located wholly in the UK and comprises, predominantly, quality offices and industrial units located in the regional centres of the UK outside of the M25 motorway. The portfolio is highly diversified, with 150 properties, 1,093 individual units and 823 tenants as at 30 June 2017, with a valuation of £640.4 million.

The Company pursues its investment objective by investing in, actively managing and disposing of regional property assets. The Group offers investors a highly differentiated play on the recovery prospects of UK regional property. The Company aims to deliver an attractive return to its Shareholders, targeting 10-15 per cent. per annum, with a strong focus on income and good capital growth prospects.

2.2 *Reasons for the Capital Raising*

The Group continues to see opportunities to purchase assets at attractive yields and with the potential to secure good quality income streams which can be distributed to Shareholders through the Company's quarterly dividend programme. The Group's portfolio also offers continued potential for capital growth, which has the potential to supplement the income returns generated from the Group's assets.

The Directors continue to see a wide range of acquisition and refurbishment opportunities which meet the Group's acquisition and investment criteria, giving rise to a strong pipeline of capital deployment opportunities. These opportunities include the Acquisitions described in further detail in paragraph 3.3 below.

Accordingly, the Group is seeking to raise additional finance through the Capital Raising which it will seek to deploy, together with debt finance where relevant and appropriate, in line with its investment strategy, including, if sufficient proceeds are raised, in connection with the Acquisitions and put the Group in a position of strength when seeking to capitalise on this pipeline of investment and risk-controlled refurbishment opportunities.

The Directors believe that the Capital Raising also provides the Group with the opportunity to capitalise on further economies of scale that an enhanced capital base may bring, including through debt refinancing. Moreover, an increase in the asset base of the business without a commensurate increase in the cost base would improve operational efficiency.

3. Use of proceeds and acquisition-related debt financing

If the Minimum Proceeds are not raised, the Capital Raising and the Acquisition will not proceed.

3.1 *Use of proceeds*

The Company is seeking to raise Gross Capital Raising Proceeds of up to £100 million from the Capital Raising, and Peel Hunt and the Joint Placing Agent, have conditionally placed 49,504,950 Firm Placing Shares with institutional investors.

The Directors intend to use the proceeds of the Capital Raising in the following order of priority:

- up to £45.8 million of the Net Capital Raising Proceeds to finance the First New Portfolio Acquisition (described below);
- approximately £4 million of the Net Capital Raising Proceeds in respect of the costs of refinancing certain of the Group's debt facilities (as further described in paragraph 6 below) (the "**Refinancing**");
- up to £47.6 million of the net proceeds of the Capital Raising to finance the Second New Portfolio Acquisition (described below);
- up to £4.9 million of the net proceeds of the Capital Raising to finance a pipeline investment (the "**Pipeline Investment**") which is in advanced negotiations and which the Company expects to complete by March 2018; and
- the remaining net proceeds to capitalise on the pipeline of other investment and risk-controlled refurbishment opportunities.

3.2 *Debt financing*

First New Portfolio Facility

3.2.1 The Company intends to put in place a new debt facility of £19.4 million as soon as possible following completion of the First New Portfolio Acquisition in order to refinance the First New Portfolio Acquisition (the "**First New Portfolio Facility**"). The First New Portfolio Facility is fully committed.

- 3.2.2 The Directors intend to use approximately £17.4 million of the First New Portfolio Facility to refinance the First New Portfolio Acquisition and approximately £2 million to part finance the Pipeline Investment.
- 3.2.3 The First New Portfolio Facility will be provided by Royal Bank of Scotland Plc to the First Portfolio Target Companies (as defined in paragraph 3.1 of Part 10 of this document), and will be provided at an interest rate equal to the aggregate of (i) two per cent. per annum and (ii) LIBOR for sterling for the relevant interest period. Further details of the terms of the First New Portfolio Facility Agreement are set out at paragraph 11.15 of Part 16 of this document.

Second New Portfolio Facility

- 3.2.4 As part of the Company's proposed refinancing of the Second New Portfolio Acquisition, the Company and Santander Limited have agreed indicative terms and conditions in relation to a new debt facility (the "**Second New Portfolio Facility**").
- 3.2.5 The Directors intend for the agreement in relation to the Second New Portfolio Facility (the "**Second New Portfolio Facility Agreement**") to be signed on or shortly following completion of the Second New Portfolio Acquisition.
- 3.2.6 The Second New Portfolio Facility will be provided at an interest rate of 2.15 per cent. per annum. Further details of the anticipated terms of the Second New Portfolio Facility are set out at paragraph 11.16 of Part 16 of this document. The availability of the Second New Portfolio Facility is conditional upon completion of the Refinancing.

3.3 *The Acquisitions and the Pipeline Investment*

The First New Portfolio

The Company (through its wholly owned subsidiary Midco) has conditionally agreed to acquire a portfolio of three real estate properties from NW UK III Limited for an aggregate cash consideration expected to be approximately £43.44 million after any relevant completion account adjustments (the "**First New Portfolio Acquisition**").

The First New Portfolio comprises office properties in Woking, Cheshunt and Edinburgh with 25 lettable units with a total of 18 individual tenants and a high level of occupancy (88 per cent. by lettable area). The First New Portfolio was valued at £43.5 million as at 8 November 2017, with a combined contracted rent roll of £3.6 million per annum reflecting a yield of 8 per cent. on a weighted average unexpired lease term of 6.4 years (3.3 years to first break).

The aggregate cash consideration payable for the first New Portfolio is expected to be equal to the aggregate market value of the First New Portfolio, which takes into account the costs of the First New Portfolio Acquisition, and therefore the Directors expect there to be little or no diminution in the Company's Net Asset Value as a result of the First New Portfolio Acquisition.

The First New Portfolio Acquisition is conditional upon the Company raising and being in receipt of gross proceeds of at least £55 million pursuant to the Capital Raising.

The Company estimates that the First New Portfolio Acquisition will be immediately earnings enhancing.

Further details of the First New Portfolio Acquisition, including the principal terms of the First New Portfolio Acquisition Agreement, are set out in Part 10 of this document.

The Second New Portfolio

The Company (through its wholly owned subsidiary Midco) has conditionally agreed to acquire a portfolio of 17 office properties from Archimedes Real Estate LP (a fund managed by M7 Real Estate Limited) for an aggregate cash consideration expected to be approximately £44.9 million after any relevant completion accounts adjustments (the "**Second New Portfolio Acquisition**").

The Second New Portfolio comprises office properties with 210 lettable units with a total of 136 individual tenants and 75 per cent. occupancy by lettable area. The portfolio was valued at £44.8 million as at 8 November 2017, with a combined contracted rent roll of £4.2 million per annum reflecting a yield of 9.2 per cent. on a weighted average unexpired lease term of 3.1 years (2.1 years to first break).

The Second New Portfolio Acquisition is conditional upon the Company raising and being in receipt of net proceeds of at least £75 million pursuant to the Capital Raising (the “**Second New Portfolio Capital Raising Condition**”). After the refinancing of the First New Portfolio Acquisition, and assuming minimum net proceeds pursuant to the Capital Raising of at least £75 million, the consideration for the Second New Portfolio Acquisition is expected to be funded using the proceeds of the Capital Raising.

The Company expects to be able to waive the Second New Portfolio Capital Raising Condition if the Minimum Proceeds are raised and the Second New Portfolio Facility is available.

The Company estimates the Second New Portfolio Acquisition will be immediately earnings-enhancing.

The Second New Portfolio Acquisition is structured as a share acquisition of a Luxembourg corporate vehicle. Further details of the Second Portfolio Acquisition, including the principal terms of the Second Portfolio Acquisition Agreement, are set out in Part 10 of this document.

The Pipeline Investment

The Pipeline Investment comprises an office property in Portsmouth and, combined with the First New Portfolio, would result in a portfolio of 26 lettable units with a total of 19 individual tenants and occupancy of 90 per cent. by lettable area. The combined portfolio is estimated to have a total contracted rent roll of £4 million per annum reflecting a yield of 8.1 per cent. on a weighted average unexpired lease term of 6.6 years (3.4 years to first break).

4. Effects of the Capital Raising

4.1 *Financial effects*

Upon Admission, assuming Gross Capital Raising Proceeds of £100 million, the Enlarged Share Capital of the Company will be 399,553,808 Ordinary Shares. This includes 300,543,908 Existing Ordinary Shares, and up to 99,009,900 New Ordinary Shares to be issued pursuant to the Firm Placing, Placing, Open Offer and Offer for Subscription. On this basis, the Open Offer Shares will represent approximately 9.40 per cent. of the Enlarged Issued Share Capital (assuming full take-up of the Open Offer).

Following the issue of New Ordinary Shares to be allotted and issued pursuant to the Capital Raising, Qualifying Shareholders who take up their full Open Offer Entitlements will suffer a dilution of 15.4 per cent. to their interests in the Company (assuming Gross Capital Raising Proceeds of £100 million).

Qualifying Shareholders who do not take up any offer of their Open Offer Entitlements will suffer a dilution of 24.8 per cent. to their interests in the Company (again, assuming Gross Capital Raising Proceeds of £100 million).

The percentage of the Company’s issued share capital that the Existing Ordinary Shares represent will be reduced by 24.8 per cent. to 75.2 per cent. as a result of the Capital Raising (again, assuming Gross Capital Raising Proceeds of £100 million).

4.2 *Effects of the Acquisitions*

The Company estimates that the First New Portfolio Acquisition and the Second New Portfolio Acquisition will generate a net initial yield of 8.6 per cent. (based on acquisition costs of 2.6 per cent.) and a reversionary yield of 10.2 per cent.

5. Key terms of the Capital Raising

The Company is proposing to raise Gross Capital Raising Proceeds of up to £100 million (Net Capital Raising Proceeds of up to £97,164,394) by way of the Firm Placing, Placing, Open Offer and Offer for Subscription of up to 99,009,900 New Ordinary Shares, representing, in aggregate, 24.8 per cent. of the Enlarged Issued Share Capital, at an Issue Price, in each case, of 101 pence per New Ordinary Share.

The Issue Price of 101 pence per New Ordinary Share represents a discount of 2.415 per cent. to the Closing Price of 103.5 pence. The Issue Price has been set by the Directors following their assessment of market conditions and following discussion with a number of institutional investors. The Directors are in agreement that the level of discount and method of issue are appropriate to secure the investment sought.

Should the Directors make use of the ability to increase the size of the Capital Raising, the Company will announce the total number of shares by which the Capital Raising has been increased in a RIS Announcement prior to Admission.

The Capital Raising is not underwritten. Peel Hunt, in conjunction with the Joint Placing Agent, has conditionally placed all of the Firm Placing Shares with institutional investors at the Issue Price. The Placing may be scaled back in order to satisfy valid applications under the Open Offer and/or the Offer for Subscription, and the Offer for Subscription may be scaled back in favour of the Placing and Open Offer. The Directors have the discretion to scale back the Placing and/or the Offer for Subscription in favour of the Open Offer by reallocating New Ordinary Shares that would otherwise be available under the Placing and/or the Offer for Subscription to be available to Qualifying Shareholders through the Excess Application Facility under the Open Offer. Any New Ordinary Shares that are available under the Open Offer and are not taken up by Qualifying Shareholders pursuant to their Basic Entitlements and under the Excess Application Facility will be reallocated to the Placing and/or the Offer for Subscription and be available thereunder.

The Directors have the discretion to determine the basis of allotment between Qualifying Shareholders under the Excess Application Facility and any scaling back of or reallocation of Open Offer Shares to the Placing and/or the Offer for Subscription. In exercising this discretion, the Directors generally intend to give priority to existing Shareholders over prospective new Shareholders, although the Directors will seek to balance the benefits to the Company of allowing existing Shareholders to maintain or increase the size of their relative shareholdings with expanding the Shareholder base of the Company.

The principal terms of the Placing and Open Offer Agreement are summarised in paragraph 11.2 (“**Material Contracts**”) of Part 16 (“**Additional Information**”) of this document.

The Capital Raising is conditional (*inter alia*) upon the following:

- the Minimum Proceeds having been raised pursuant to the Capital Raising;
- the Capital Raising Resolution being passed by the Shareholders at the Extraordinary General Meeting (without material amendment);
- the Placing and Open Offer Agreement becoming unconditional in all respects (save the condition relating to Admission) and not having been terminated in accordance with its terms before Admission; and
- Admission becoming effective by not later than 8.00 a.m. on 21 December 2017 (or such later time and/or date as the parties to the Placing and Open Offer Agreement may agree, being not later than 31 December 2017).

Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Capital Raising and therefore the Acquisitions will not proceed and any Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will thereafter be disabled and application monies will be returned (at the applicants’ risk) without interest as soon as possible.

Application will be made for the New Ordinary Shares to be admitted to listing on the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities. It is expected that Admission will become effective and dealings in the New Ordinary Shares will commence

by 8.00 a.m. on 21 December 2017 (whereupon an announcement will be made by the Company to a Regulatory Information Service).

The New Ordinary Shares (assuming Gross Capital Raising Proceeds of £100 million) will, in aggregate, represent approximately 24.8 per cent. of the Company's issued Ordinary Shares following Admission.

The Placing and Offer for Subscription may be scaled back at the Company's discretion in consultation with Peel Hunt and Cenkos. Priority will be given to the Open Offer but there will be no priority given to applications under the Placing or the Offer for Subscription.

5.1 *The Firm Placing*

Peel Hunt and the Joint Placing Agent, as placing agents of the Company, have conditionally placed the Firm Placing Shares at the Issue Price pursuant to the Placing and Open Offer Agreement. The Firm Placing Shares, which represent approximately 50 per cent. of the New Ordinary Shares and approximately 12.4 per cent. of the Enlarged Issued Share Capital, have been placed with certain institutional investors (the "**Firm Placees**"). The Firm Placing is subject to the same conditions as the Placing and Open Offer. The Firm Placing Shares are not subject to clawback to satisfy the valid applications by Qualifying Shareholders under the Open Offer and do not form part of the Placing, Open Offer or Offer for Subscription.

For further details of the Placing and Open Offer Agreement, please see paragraph 11.2 of Part 16 of this document.

Firm Placing Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares, including for voting purposes, and in full for all dividends or other distributions declared in respect of the ordinary share capital of the Company declared, made or paid after their issue. The Firm Placing Shares will rank *pari passu* for any distributions made on a winding up of the Company.

5.2 *The Placing and Open Offer*

Peel Hunt and the Joint Placing Agent, as placing agents of the Company, will use reasonable endeavours to place the Placing Shares with institutional investors at the Issue Price. The Placing Shares represent approximately 12 per cent. of the New Ordinary Shares and approximately 3 per cent. of the Enlarged Issued Share Capital. The number of Placing Shares issued may be scaled back to satisfy valid applications by Qualifying Shareholders under the Open Offer. Subject to the satisfaction or, where applicable, waiver of the conditions and the Placing and Open Offer Agreement not having been terminated in accordance with its terms, any Open Offer Shares not subscribed for under the Open Offer may be allocated to Placees or anyone subscribing for Offer for Subscription Shares under the Offer for Subscription, with the net proceeds of the Placing being retained by the Company.

The Placing may be scaled back at the Directors' discretion (in consultation with Peel Hunt and the Joint Placing Agent) in order to satisfy valid applications under the Open Offer by allocating New Ordinary Shares that could otherwise be available under the Placing to be available to Qualifying Shareholders through the Excess Application Facility.

5.3 *Open Offer Entitlements*

Qualifying Shareholders have the opportunity under the Open Offer to subscribe for New Ordinary Shares at the Issue Price, payable in full on application and free of expenses, pro rata to their existing shareholdings, on the following basis:

1 New Ordinary Share for every 8 Existing Ordinary Shares

held by them and registered in their names at the Record Time. Fractions of Ordinary Shares will not be allotted and each Qualifying Shareholder's entitlement under the Open Offer will be rounded down to the nearest whole number. Fractional entitlements to New Ordinary Shares will be aggregated and will ultimately accrue for the benefit of the Company.

The Directors fully recognise the importance of pre-emption rights to shareholders and consequently 37,567,988 New Ordinary Shares are being offered to existing shareholders by way of the Open Offer. The Directors consider this appropriate and in the best interests of Shareholders, having regard to the ease of execution of the Acquisition.

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their maximum entitlement which, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown in Box 7 on their Open Offer Application Form, or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST. Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements on 6 December 2017. Qualifying Shareholders are also being offered the opportunity to subscribe for Excess Shares in excess of their Open Offer Entitlements pursuant to the Excess Application Facility as described below.

Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their entitlements under the Open Offer, as will Qualifying Shareholders with holdings under different designations or in different accounts.

5.4 *Excess Application Facility*

Qualifying Shareholders may apply to subscribe for Excess Shares using the Excess Application Facility, should they wish. Qualifying Non-CREST Shareholders wishing to apply to subscribe for Excess Shares may do so by completing the relevant sections on the Open Offer Application Form. Qualifying CREST Shareholders who wish to apply to subscribe for more than their Open Offer Entitlements will have Excess Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 2.5 of Appendix A of this document for information on how to apply for Excess Shares pursuant to the Excess Application Facility.

The Excess Application Facility will comprise Open Offer Shares that are not taken up by Qualifying Shareholders under the Open Offer pursuant to their Open Offer Entitlements. Qualifying Shareholders' applications for Excess Shares will, therefore, be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are made for less than their pro rata Open Offer Entitlements. If there is an over-subscription resulting from excess applications, allocations in respect of such excess applications will be scaled-back at the absolute discretion of Peel Hunt in consultation with the Board, who will have regard to the pro rata number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. No assurances can therefore be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

Application has been made for the Open Offer Entitlements (in respect of Qualifying CREST Shareholders) to be admitted to CREST. It is expected that such Open Offer Entitlements will be admitted to CREST as soon as possible on 6 December 2017. The Open Offer Entitlements will also be enabled for settlement in CREST as soon as possible on 6 December 2017. Applications through the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim.

The last time and date for application under the Open Offer is 11.00 a.m. on 19 December 2017. After that time, Open Offer Entitlements admitted to CREST will be disabled.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Appendix A of this document and, where relevant, in the Open Offer Application Form.

If Admission does not take place on or before 31 December 2017 (being the long-stop date for the Open Offer), the Open Offer will lapse and application monies under the Open Offer will be refunded to the applicants, by cheque (at the applicant's risk) in the case of Qualifying Non-CREST Shareholders and by way of a CREST payment in the case of Qualifying CREST Shareholders, without interest as soon as practicable thereafter.

Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Open Offer Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, the Open Offer Entitlements and Excess Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim. New Ordinary Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. Any New Ordinary Shares which are not applied for under the Open Offer Entitlements and Excess Open Offer Entitlements may be allocated to Places or anyone subscribing for Offer for Subscription Shares under the Offer for Subscription.

5.5 Offer for Subscription

New Ordinary Shares are also available under the Offer for Subscription at the Issue Price. Further information on the Offer for Subscription and the terms and conditions of the Offer for Subscription, including the procedure for application and payment, are set out in Appendix C of this document and, where relevant, in the Subscription Form. The number of Offer for Subscription Shares issued may be scaled back to satisfy valid applications by Qualifying Shareholders under the Open Offer.

The Offer for Subscription may be scaled back at the Directors' discretion (in consultation with Peel Hunt) to increase the size of the Open Offer by allocating New Ordinary Shares that could otherwise be available under the Offer for Subscription to be available to Qualifying Shareholders through the Excess Application Facility.

6. Debt refinancing

The Asset Manager is in the process of arranging a new 10 year long term debt facility (the "**Long-term Facility**"), in relation to which terms have been agreed and credit approval has been obtained with two lenders (the "**New Lenders**"). The Long-term Facility will replace the following five of the Group's existing bank facilities with Santander UK, The Royal Bank of Scotland Plc and Lloyds Banking Group, which in aggregate amounts to approximately £164 million:

<i>Borrower</i>	<i>Provider</i>	<i>Amount outstanding as at 30 June 2017, £'000</i>
TCP Channel Ltd	Santander UK	20,840
TCP Arbos Ltd	Royal Bank of Scotland	24,450
RR Wing Portfolio Limited	Santander UK	30,990
RR Rainbow Portfolio	Royal Bank of Scotland	39,848
Lamont and Tapp Portfolio	Lloyds Banking Group	48,100

The total interest cost of the Refinancing is anticipated to be 3.3 per cent. to 3.4 per cent. fixed for the duration of the Long-term Facilities. It is anticipated that the Long-term Facilities will contain customary undertakings and events of default, along with financial covenants, including in relation to historic interest, projected interest cover and loan to value ratio. Completion of the Long-term Facilities is expected to be announced in December 2017.

The Group's remaining borrowings consist of the Zero Dividend Preference Shares (comprising a total amount of approximately £37 million due to mature in January 2019) and the ICG Longbow Ltd facility of £65 million (due to mature in August 2019). The Group intends, in due course, to refinance the Zero Dividend Preference Shares or alternatively to repay them using existing resources raised at the time in the ordinary course of the Group's business and to refinance the ICG Longbow Ltd facility.

7. Current trading and prospects

On 14 September 2017, the Company released its interim financial results to 30 June 2017. A summary of the key financial and operational highlights from those results is set out below:

7.1 Summary of key financial and operational highlights

7.1.1 Financial highlights

In the period to 30 June 2017, the gross investment property portfolio was £640.4 million. This represents a like-for-like valuation increase of £7.5 million.

In a 'NAV-for-NAV' transaction, the Group acquired a mixed portfolio of office, industrial, retail and leisure properties for approximately £129 million from The Conygar Investment Company plc (further details of which are set out at paragraph 2.2 of Part 7) (the "**Conygar Acquisition**").

Gross bank borrowings rose from £220.1 million for the year ended 31 December 2016, to £298.7 million for the six months ended 30 June 2017, with the increase part funding the Conygar Acquisition. The overall cost of bank debt declined in the period to 3.3 per cent. per annum. As part of the Conygar Acquisition, the Group also acquired zero dividend preference shares, and as at the Latest Practicable Date approximately £37 million is outstanding on these shares.

Following the Conygar Acquisition, net LTV reduced from 49 per cent. to 47.3 per cent. Operating profit increased to £21.8 million, up from £12.1 million for the year ending 31 December 2016.

The fully diluted EPRA NAV was 107.3 pence per share, up from 106.9 pence per share for the year ended 31 December 2016. Dividends declared for the period ended 30 June 2017 amounted to 3.60 pence per share, which represented an increase of 2.9 per cent. from the period ended 30 June 2016.

7.1.2 Operational highlights

In the period to 30 June 2017, occupancy (by value) was 83.3 per cent., up from 82.7 per cent. for the year ended 31 December 2016. Occupancy by area was at 83.1 per cent., down from 83.8 per cent. for the year ended 31 December 2016.

Office real estate amounted to 62.8 per cent. (by value) of the Existing Property Portfolio for the period ended 30 June 2017, while industrial real estate amounted to 26 per cent. of the Existing Property Portfolio. Retail and other real estate sectors remain non-core to the Group, amounting to 11.2 per cent. of the Existing Property Portfolio.

As at 30 June 2017, the largest single tenant represented 3 per cent. of gross rental income, while the largest property represented 5 per cent. of the Existing Property Portfolio.

Since 2015 Admission, the Company has achieved total shareholder return of 17.8 per cent., at an annualised rate of 10.7 per cent.

7.2 The following events have occurred since 30 June 2017:

7.2.1 The Group completed the acquisition of Woodlands Court, Bristol, for £6.55 million, a development of four single-storey offices buildings totalling 37,952 sq. ft., providing a rental

income of £595,000 pa. The property is located proximate to the Group's existing properties in the north Bristol area.

- 7.2.2 The Group disposed of St James House, Bath, a fully-let modern office development over the ground and three upper floors, totalling 14,507 sq. ft. with 30 parking spaces, situated to the south of Bath city centre, producing a rental income of £297,662 pa. The property was sold for £4.6 million, a net initial yield of 6.1 per cent. including costs, well ahead of its 31 December 2016 valuation.
- 7.2.3 The Group has secured a number of additional lettings and re-gears. Most notably, the Group agreed a letting with SCS of Unit 1A, a 65,503 sq. ft. industrial warehouse, the largest void at Juniper Park, Basildon, effective September 2017. The lease will be for 10 years, with a break at year five, at an initial average rent of some £328,000 pa. In addition, industrial occupancy will also be improved following a lease agreement and the imminent completion of landlord works at Unit 131B Heathhall Industrial Estate, Dumfries (50,661 sq.ft.).
- 7.2.4 On 10 November 2017, the Group exchanged contracts to sell a development site in Leeds for £10.5 million on a subject-to-planning basis to Unite Students, the UK's leading manager and developer of student accommodation. The 21,000 sq ft site currently provides leisure accommodation over two levels. It was acquired by the Group in March 2016 as part of the Wing Portfolio together with the adjacent 19 storey Arena Point office tower. The sale sees the Group retaining the 77,000 sq ft 19 storey landmark Arena Point office tower. The Group continues to invest in the refurbishment of the remaining floors, having recently let the 6th and 7th floors to Interserve.
- 7.2.5 On 23 November 2017, the Group agreed a new £52.4 million secured facility with Santander UK with a 5-year term maturing in November 2022, replacing, at a competitive rate, the current three-year debt facility with Santander UK of £47.8 million, which was due to mature in December 2018.

7.3 *Future prospects*

While the Board is aware of general economic caution in light of uncertainty over the recent UK general election result and negotiations in respect of the UK's decision to exit the European Union and the potential for rises in inflation and interest rates, it believes that the Group is well placed to meet the challenges that could arise in this environment. The Group owns a sizeable portfolio with critical mass. It is cash generative with an occupier base representing some of the strongest covenants in the UK office and light industrial sectors. The Board therefore remains optimistic in its outlook for the Company.

8. **Dividend entitlement**

At the time of 2015 Admission, the Company stated that it would assemble a property portfolio supporting a target dividend between seven to eight pence per annum at 100 pence per Existing Ordinary Share.

As a REIT, the Company is required to distribute at least 90 per cent. of the profits from its property rental business as dividends.

Currently, the Company pays dividends on a quarterly basis with dividends declared in or around February, May, August and November in each year and paid as soon as practicable thereafter.

Other than the dividend declared on 14 November 2017, which is expected to be paid on 22 December 2017, the Board has declared and paid the following dividends totalling 14.05 pence per Ordinary Share in respect of the period from 2015 Admission to the Latest Practicable Date:

<i>Year</i>	<i>Declaration Date</i>	<i>Amount</i>
2015		
Q4 (pursuant to 2015 Admission on 6 November 2015)	7 March 2016	1.00 pence per share
2016		
Q1	27 May 2016	1.75 pence per share
Q2	1 September 2016	1.75 pence per share
Q3	17 November 2016	1.75 pence per share
Q4	23 February 2017	2.40 pence per share
2017		
Q1	25 May 2017	1.80 pence per share
Q2	31 August 2017	1.80 pence per share
Q3	14 November 2017	1.80 pence per share

The next dividend is expected to be declared in March 2018 and paid in April 2018 (the “**Q4 Top Up Dividend**”). The Board’s current intention is to pay an amount of approximately 2.45 pence per share in relation to the Q4 Top Up Dividend.

The New Ordinary Shares issued in connection with the Capital Raising will rank, from Admission, *pari passu* in all respects with the Existing Ordinary Shares and will have the right to receive all dividends and distributions declared in respect of issued Ordinary Share capital of the Company after Admission, including the Q4 Top Up Dividend.

The Company intends to pursue a progressive dividend policy and its quarterly dividends provide a source of regular income for Shareholders, thus improving their cashflow return profile.

The level of future dividends will be determined by the Board having regard to, among other things, the financial position and performance of the Group at the relevant time, UK REIT requirements and the interests of Shareholders, as a whole.

9. Overseas Shareholders

9.1 *The United States*

This document and accompanying documents are not being made available to US Persons or persons located inside the US except for certain accredited investors (as defined under Regulation D) who are existing shareholders of the Company and whose investment would not result in the Company being required to register under the US Investment Company Act and who are not ERISA investors. US Persons who receive this document are prohibited from redistributing this document to any person other than their advisors subject to an obligation of confidentiality in connection with such US private placement. The offer and sale of the Shares will not be and have not been registered under the US Securities Act or state securities laws, and accordingly the Shares may not be offered, sold, transferred or delivered, directly or indirectly within the United States, or to or for the benefit of any US Person, except pursuant to applicable exemptions from such registration. There will be no public offer of the Shares in the United States. The Shares are being offered or sold only outside the United States to non-US Persons in offshore transactions in reliance on the exemption from the registration requirements of the US Securities Act provided by Regulation S thereunder. The Company has not been and will not be registered under the US Investment Company Act and investors will not be entitled to the benefits of the US Investment Company Act.

9.2 *Other jurisdictions*

This document and any accompanying documents are not being made available to Overseas Shareholders with registered addresses in any Restricted Jurisdiction and may not be treated as an invitation to subscribe for any New Ordinary Shares by any person resident or located in such jurisdictions or any other Restricted Jurisdiction.

The New Ordinary Shares have not been, and will not be, registered under the applicable securities laws of any Restricted Jurisdiction. Accordingly, the New Ordinary Shares may not be offered, sold, delivered or transferred, directly or indirectly, in or into any Restricted Jurisdiction to or for the account or benefit of any national, resident or citizen of any Restricted Jurisdiction.

This document has been prepared to comply with English law, Guernsey law, the Prospectus Rules, the Listing Rules and MAR, and the information disclosed may not be the same as that which could have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

NONE OF THE SECURITIES REFERRED TO IN THIS DOCUMENT SHALL BE SOLD, ISSUED OR TRANSFERRED IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

10. Settlement and listing of, and dealings in, the New Ordinary Shares

The result of the Firm Placing, Placing, Open Offer and the Offer for Subscription is expected to be announced on 20 December 2017. The New Ordinary Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares. The New Ordinary Shares will be created under the Companies Law and the legislation made thereunder, will be issued in registered form and will be capable of being held in both certificated and uncertificated form.

Applications will be made to the UK Listing Authority for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market for Listed Securities. It is expected that Admission will become effective and that dealings for normal settlement in the New Ordinary Shares will commence on the London Stock Exchange by 8.00 a.m. on 21 December 2017.

The Existing Ordinary Shares are already admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities and to CREST. It is expected that all of the New Ordinary Shares, when issued and fully paid, will be capable of being held and transferred by means of CREST. The New Ordinary Shares will trade under ISIN GG00BYV2ZQ34. The ISIN for the Open Offer Entitlements is GG00BF41RT19 and the ISIN for the Excess Open Offer Entitlements is GG00BF41RV31.

11. Further information and risk factors

Your attention is drawn to the further information set out in this document. In particular, your attention is drawn to the section entitled "**Risk Factors**". You are advised to read the whole of this document and the documents incorporated by reference and not to rely solely on the information contained in this letter, before deciding the action to take in respect of the Extraordinary General Meeting.

12. Extraordinary General Meeting

The Capital Raising is subject to a number of conditions, including Shareholders' approval to disapply pre-emption rights pursuant to the Capital Raising Resolution, as such rights are set out in the Articles.

If the Capital Raising Resolution is not approved at the Extraordinary General Meeting, the Company will be unable to complete the Capital Raising or the Acquisitions. A notice convening the Extraordinary General Meeting to be held at 11.00 a.m. on 19 December 2017 is set out in Part 18 of this document.

12.1 Capital Raising Resolution

The Capital Raising Resolution grants the Directors authority to allot equity securities for cash, at a price below the Net Asset Value per Share for the purposes of Listing Rule 15.4.11, pursuant to the authority conferred on them pursuant to Article 4.1 of the Articles, as if Article 5.2 of the Articles did not apply.

While Article 5 of the Articles confers on Shareholders rights of pre-emption on the allotment of equity securities for cash, the Capital Raising Resolution seeks to disapply this right for the purpose of the Capital Raising. The authority and power to disapply pre-emption rights in relation to the Placing and Open Offer and Offer For Subscription is being sought to allow the Directors to issue the New Ordinary Shares on a non-pre-emptive basis pursuant to the Capital Raising.

The Capital Raising Resolution will be proposed as an Extraordinary Resolution requiring the approval of not less than 75 per cent. of the votes cast. The authority granted under the Capital Raising Resolution is in addition to the authority which was granted to the Directors at the Company's annual general meeting on 25 May 2017 and will (unless previously revoked or varied by the Company in general meeting) expire at the conclusion of the next annual general meeting of the Company to be held in May 2018 or on 18 March 2019, whichever is the later.

Your attention is again drawn to the fact that the Capital Raising is conditional and dependent upon the Capital Raising Resolution being passed (there are also additional conditions which must be satisfied before the Capital Raising can be completed).

For further information in relation to the Capital Raising Resolution to be proposed at the Extraordinary General Meeting, see the Notice of Extraordinary General Meeting at the end of this document.

12.2 *Disapplication Resolution*

The Disapplication Resolution will be proposed, as an extraordinary resolution, to give the Directors power to issue equity securities without the application of pre-emption rights: first, in relation to the issue, allotment and/or sale of equity securities for cash of up to an aggregate number of the lower of: (i) 21,215,314 equity securities; and (ii) five per cent. of the Enlarged Issued Share Capital; and further, in relation to an acquisition or other capital investment as defined by the Pre-Emption Group's Statement of Principles, up to an additional maximum number of the lower of: (i) 21,215,314 equity securities; and (ii) an additional five per cent. of the Enlarged Issued Share Capital.

These limits are in accordance with the guidelines issued by the Pre-Emption Group, the Investment Association and market practice. The Directors intend to adhere to the most recent provisions in the Pre-Emption Group's Statement of Principles and not to allot, issue and/or sell equity securities for cash on a non-pre-emptive basis pursuant to the authority in the Disapplication Resolution:

- (i) in excess of an amount equal to five per cent. of the total issued ordinary share capital of the Company excluding treasury shares; or
- (ii) in excess of an amount equal to 7.5 per cent. of the total issued ordinary share capital of the Company excluding treasury shares within a rolling three-year period, without prior consultation with shareholders,

in each case other than in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment, issue and/or sale or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment, issue and/or sale.

The Directors confirm that any equity securities issued pursuant to the authority in the Disapplication Resolution will be issued either at or at a premium to the prevailing net asset value per share at the time of issue.

The authority sought and limits set by the Disapplication Resolution will also apply to a sale by the Company of any equity securities it holds as treasury shares. The Companies Law permits shares purchased by the Company to be held as treasury shares, which may then be cancelled, or sold for cash.

The authority conferred by the Disapplication Resolution will expire at the end of the Company's next annual general meeting or, if sooner, on 18 March 2019.

13. Directors' participation

The Directors are interested in an aggregate of 1,352,549 Existing Ordinary Shares (representing approximately 0.45 per cent. of the Existing Ordinary Shares). Kevin McGrath intends to participate in the Capital Raising and subscribe for 297,029 New Ordinary Shares respectively.

Further information in relation to the Directors' participation in the Capital Raising, their holdings of Existing Ordinary Shares as at the date of this document and their anticipated shareholdings at Admission are set out in paragraph 8 of Part 16 of this document.

14. Related Party transaction

Martin Hughes is a related party of the Company for the purposes of Chapter 11 of the Listing Rules as a result of him having been being entitled, during the 12 month period prior to the date of this document, to exercise, or to control the exercise of over, 10 per cent. of the votes able to be cast at an extraordinary general meeting of the Company. Martin Hughes, through Toscafund Investments Limited, a private company controlled by Martin Hughes, has agreed to subscribe for up to 6,435,643 New Ordinary Shares under, and on the terms and conditions of, the Firm Placing, which is classified as a smaller related party transaction for the purposes of Chapter 11.1.10R of the Listing Rules.

15. Taxation

A general guide to certain aspects of current UK tax law and HM Revenue & Customs ("HMRC") published practice as at the date of this document which applies only to certain Shareholders and prospective investors in the New Ordinary Shares pursuant to the Capital Raising resident for tax purposes in the UK is set out in Part 14 of this document. The summary does not purport to be a complete analysis or listing of all the potential tax consequences of holding Ordinary Shares or acquiring New Ordinary Shares pursuant to the Capital Raising. Shareholders and prospective investors in New Ordinary Shares pursuant to the Capital Raising are advised to consult their own independent tax advisers concerning the consequences under UK tax law of the acquisition, ownership and disposition of Ordinary Shares.

16. Action to be taken

16.1 *The Open Offer*

If you are a Qualifying Non-CREST Shareholder and you wish to take up your Open Offer Entitlements in whole or in part and any Excess Shares, you should complete and return the enclosed Open Offer Application Form, together with your remittance for the full amount of the subscription monies for the New Ordinary Shares being taken up in accordance with the instructions printed thereon and in Appendix A of this document, by post or by hand, (during normal business hours only) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive as early as possible but in any event by no later than 11.00 a.m. on 19 December 2017 being the latest time for acceptance and payment in full. If you do not wish to apply for any Open Offer Shares nor any Excess Shares under the Open Offer you should not complete or return the Open Offer Application Form. If you are a Qualifying CREST Shareholder, no Open Offer Application Form is enclosed and you will receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements representing your basic entitlement under the Open Offer and a credit in respect of the Excess Open Offer Entitlements for use in connection with the Excess Application Facility.

The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Open Offer Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements and Excess Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement. The latest time for applications under the Open Offer to be received is 11.00 a.m. on 19 December 2017.

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares prior to the date the shares were marked ex-entitlement to the Open Offer you should send this document (but not any personalised Form of Proxy or Open Offer Application Form) at once to the purchaser or transferee

or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or the transferee.

Full details of the terms and conditions of the Open Offer and the procedure for application and payment are contained in Appendix A of this document.

16.2 *In respect of the Offer for Subscription*

The Directors are also proposing to offer New Ordinary Shares under the Offer for Subscription, subject to the terms of and conditions to the Offer for Subscription set out in Appendix C to this document. Applications under the Offer for Subscription must be for New Ordinary Shares at the Issue Price. The aggregate subscription price is payable in full on application. Individual applications must be for a minimum subscription of 1,000 New Ordinary Shares and then in multiples of 1,000 New Ordinary Shares thereafter, although the Board may accept applications below these minimum amounts in its absolute discretion.

Full details of the terms and conditions of the Offer for Subscription and the procedure for application and payment are contained in Appendix C of this document.

16.3 *In respect of the Extraordinary General Meeting*

You will find in Part 18 of this document a notice convening a General Meeting to be held at 11.00 a.m. on 19 December 2017 at 20 Cursitor Street, London EC4A 1LT. A Form of Proxy for use at the Extraordinary General Meeting or at any adjournments thereof accompanies this document. Whether or not you intend to be present in person at the Extraordinary General Meeting, you are requested to complete and sign the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible, but in any event so as to be received no later than 11.00 a.m. on 15 December 2017 by the Company's registrars, Link Asset Services PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF. The lodging of the Form of Proxy (or the electronic appointment of a proxy) will not preclude you from attending and voting at the Extraordinary General Meeting in person if you so wish. You may also submit your proxies electronically at www.signalshares.com and logging into your share portal account or registering for the share portal if you have not already done so. To register for the share portal you will need your investor code set out on the form of proxy. Once registered, you will be able to vote immediately. If you hold shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the issuer's agent, ID RA10, so that it is received no later than 11.00 a.m. on 15 December 2017.

The results of the votes cast at the Extraordinary General Meeting will be announced as soon as possible once known through a Regulatory Information Service and on the Company's website (www.regionalreit.com). It is expected that this will be on 20 December 2017.

16.4 *General*

If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under FSMA if you are in the United Kingdom or, if you are not, from another appropriately authorised independent financial adviser.

17. *Recommendation and voting intentions*

The Board believes that the Capital Raising, the Capital Raising Resolution and the Disapplication Resolution are in the best interests of the Company and Shareholders as a whole. Accordingly, the Board unanimously recommends that you vote in favour of the Capital Raising Resolution and the Disapplication Resolution, as the Directors intend to do in respect of their own beneficial holdings.

Yours faithfully

Kevin McGrath
Chairman

PART 6

QUESTIONS AND ANSWERS ABOUT THE CAPITAL RAISING

*The questions and answers set out in this Part 6 are intended to be generic guidance only and, as such, you should read the whole of this document and, in particular, Appendix A (“**Terms of and Conditions to the Open Offer**”), Appendix B (“**Terms of and Conditions to the Firm Placing and the Placing**”), and Appendix C (“**Terms of and Conditions to the Offer for Subscription**”) of this document for full details of what action you should take. The attention of Overseas Shareholders is drawn to paragraph 6 (“**Overseas Shareholders**”) of Appendix A (“**Terms of and Conditions to the Open Offer**”) of this document.*

*This Part 6 deals with general questions relating to the Capital Raising, as well as more specific questions relating to Qualifying Non-CREST Shareholders. If you hold your Ordinary Shares in uncertificated form (that is, through CREST) your attention is drawn to Appendix A (“**Terms and Conditions of the Open Offer**”) and Appendix B (“**Terms and Conditions of the Firm Placing and the Placing**”) of this document which contains full details of what action you should take. If you are a CREST sponsored member, you should consult your CREST sponsor.*

If you do not know whether your Ordinary Shares are held in certificated or uncertificated form, please contact Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m. Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

The contents of this document should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.

1. What is the Firm Placing, Placing and Open Offer, and Offer for Subscription?

A firm placing and placing and open offer are ways for companies to raise money. They usually do this by giving their existing shareholders a right to subscribe for further shares at a fixed price in proportion to their existing shareholdings (an open offer) and providing for existing and new investors to subscribe for new shares in the Company (a placing).

An offer for subscription is an offer to members of the public to subscribe for shares in a company.

2. What is the Company’s Open Offer?

The Open Offer is an invitation by the Company to Qualifying Shareholders to apply to subscribe for an aggregate of 37,567,988 Open Offer Shares at a price of 101 pence per Open Offer Share. If you hold Ordinary Shares at the Record Time or have a *bona fide* market claim and are not a Shareholder who is a US Person or who is located in the United States or any other Restricted Jurisdiction (for further information on Overseas Shareholders, see paragraph 6 of Appendix A of this document), you will be entitled to subscribe for New Ordinary Shares under the Open Offer.

The Open Offer is being made on the basis of 1 New Ordinary Share for every 8 Existing Ordinary Shares held by Qualifying Shareholders (other than Restricted Shareholders) at the Record Time. Applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements. In addition, and subject to availability, the Excess Application Facility will enable Qualifying Shareholders to apply for any whole number of Excess Shares in excess of their Open Offer Entitlements. If there is an over-subscription resulting from excess applications, allocations in respect of such Excess Shares will be scaled-back at the absolute discretion of Peel Hunt in consultation with the Board, who will have regard to the pro rata number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. No assurances can

therefore be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

If your entitlement to New Ordinary Shares is not a whole number, your fractional entitlement will be rounded down to the nearest whole number in calculating your actual Open Offer Entitlement. If you hold fewer than 8 Existing Ordinary Shares, you will not receive an Open Offer Entitlement. Fractional entitlements to New Ordinary Shares will be aggregated and will ultimately accrue for the benefit of the Company. New Ordinary Shares are being offered to Qualifying Shareholders at a discount of 2.415 per cent. to the Closing Price of 103.5 pence.

Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Open Offer Application Form is not a negotiable document and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST, and be enabled for settlement, the Open Offer Entitlements and Excess Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim raised by Euroclear's Claims Processing Unit.

Following the issue of New Ordinary Shares to be allotted pursuant to the Capital Raising, Qualifying Shareholders who take up their full Open Offer Entitlements will suffer a dilution of 15.4 per cent. to their interests in the Company (assuming Gross Capital Raising Proceeds of £100 million).

Qualifying Shareholders who do not take up any of their Open Offer Entitlements will suffer a dilution of 24.8 per cent. to their interests in the Company (assuming Gross Capital Raising Proceeds of £100 million).

Open Offer Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. Any New Ordinary Shares which are not applied for under the Open Offer Entitlements and Excess Open Offer Entitlements will be issued to the Firm Placees and the Placing Placees with the proceeds ultimately accruing for the benefit of the Company.

However, Shareholders should note that the Capital Raising is conditional upon: (i) the Capital Raising Resolution being passed by Shareholders at the Extraordinary General Meeting (without material amendment); (ii) the Placing and Open Offer Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms before Admission; and (iii) Admission becoming effective by not later than 8.00 a.m. on 21 December 2017 (or such later time and/or date as Peel Hunt and the Board may agree, being not later than 8.00 a.m. on 31 December 2017).

3. When will the Capital Raising take place?

The Capital Raising is subject to Admission becoming effective by not later than 8.00 a.m. on 21 December 2017 (or such later time and/or date as Peel Hunt and the Directors may agree, being not later than 8.00 a.m. on 31 December 2017).

4. What is an Open Offer Application Form?

The Open Offer Application Form is a form sent to those Qualifying Shareholders who hold their Ordinary Shares in certificated form. It sets out your Open Offer Entitlement to subscribe for the Open Offer Shares and Excess Open Offer Entitlement to subscribe for any Excess Shares and is a form which you should complete if you want to participate in the Open Offer.

5. What if I have not received an Open Offer Application Form or I have lost my Open Offer Application Form?

If you have not received an Open Offer Application Form and you do not hold your Existing Ordinary Shares in CREST, this probably means that you are not eligible to participate in the Open Offer. Some Qualifying Shareholders, however, will not receive an Open Offer Application Form but may still be able to participate in the Open Offer, including:

- Qualifying CREST Shareholders;
- Qualifying Non-CREST Shareholders who bought Ordinary Shares before the Ex-Entitlements Date but were not registered as the holders of those Ordinary Shares at the Record Time (see question 6 below); and
- certain Overseas Shareholders.

If you have not received an Open Offer Application Form but think that you should have received one or would like to receive one, or you have lost your Open Offer Application Form, please contact Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

6. If I bought my Existing Ordinary Shares before 8.00 a.m. on 5 December 2017 (the Ex-Entitlements Date) will I be eligible to participate in the Open Offer?

If you bought Ordinary Shares before the Ex-Entitlements Date but you were not registered as the holder of those Ordinary Shares at the Record Time you may still be eligible to participate in the Open Offer. If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement. You will not be entitled to the New Ordinary Shares in respect of any Ordinary Shares acquired on or after the Ex-Entitlements Date.

7. I hold my Existing Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?

CREST members should follow the instructions set out in Appendix A of this document. Persons who hold Existing Ordinary Shares through a CREST member should be informed by the CREST member through which they hold their Existing Ordinary Shares of the New Ordinary Shares which they are entitled to take up under the Open Offer and should contact them if they do not receive this information.

8. I hold my Existing Ordinary Shares in certificated form. How do I know I am eligible to participate in the Open Offer?

If you receive an Open Offer Application Form, are not a Shareholder with a registered address in a Restricted Jurisdiction (subject to certain exemptions) and are not physically located in any Restricted Jurisdiction, then you should be eligible to participate in the Open Offer as long as you have not sold all of your Existing Ordinary Shares on or after the Ex-Entitlements Date.

Shareholders located in, or who are citizens of, or who have an address in, a jurisdiction other than the United Kingdom will be subject to the laws of that jurisdiction and their ability to participate in the Open Offer may be affected accordingly. Shareholders who are located in, or who are citizens of, or who have an address in a jurisdiction outside of, the United Kingdom should read paragraph 6 of Appendix A of this document and should take professional advice as to whether they are eligible and/or need to observe any formalities to enable them to take up their Open Offer Entitlement.

9. I hold my Existing Ordinary Shares in certificated form. How do I know how many New Ordinary Shares I am entitled to take up?

If you hold your Existing Ordinary Shares in certificated form and, subject to certain limited exceptions, are not a US Person and do not have a registered address in the United States or any other Restricted Jurisdiction, you will be sent an Open Offer Application Form that shows:

- in Box 6, how many Existing Ordinary Shares you held at the Record Time;
- in Box 7, how many New Ordinary Shares are comprised in your Open Offer Entitlement; and
- in Box 8, how much you need to pay in Sterling if you want to take up your right to subscribe for all of your Open Offer Entitlement.

If you would like to apply for any or all of the New Ordinary Shares comprised in your Open Offer Entitlement, you should complete the Open Offer Application Form in accordance with the instructions printed on it and the information provided in this document. Completed Open Offer Application Forms should be posted, along with a cheque or banker's draft drawn in the appropriate form, in the accompanying prepaid envelope to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received by no later than 11.00 a.m. on 15 December 2017, after which time Open Offer Application Forms will not be valid.

If you would like to apply for any Excess Shares (i.e. New Ordinary Shares in excess of your Open Offer Entitlement which have not been applied for by other Qualifying Shareholders) pursuant to the Excess Application Facility, you should complete the Open Offer Application Form in accordance with the instructions printed on it and the information provided in this document.

10. I hold my Existing Ordinary Shares in certificated form and am eligible to receive an Open Offer Application Form. What are my choices in relation to the Open Offer?

10.1 *If you do not want to take up your Open Offer Entitlement*

If you do not want to take up your Open Offer Entitlement you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will also not receive any money when the Open Offer Shares you could have taken up are sold, as would happen under a rights issue provided the price at which they are sold exceeds the costs and expenses of effecting the sale. You cannot sell your Open Offer Entitlement or Excess Open Offer Entitlement to anyone else. If you do not return your Open Offer Application Form subscribing for the New Ordinary Shares to which you are entitled by 11.00 a.m. on 19 December 2017, such New Ordinary Shares will be made available for subscription under the Excess Application Facility. Failing that, we have made arrangements under which we have agreed to issue the New Ordinary Shares comprising your Open Offer Entitlement and the balance of Excess Shares which are not taken up by Qualifying Shareholders to the Firm Places. Shareholders are, however, encouraged to vote at the Extraordinary General Meeting by attending in person or completing and returning the Form of Proxy enclosed with this document.

If you do not take up your Open Offer Entitlement, then, following the issue of the New Ordinary Shares pursuant to the Capital Raising, your interest in the Company will be diluted by approximately 24.8 per cent.

10.2 *If you want to take up some but not all of the New Ordinary Shares under your Open Offer Entitlement*

If you want to take up some but not all of the New Ordinary Shares under your Open Offer Entitlement, you should write the number of New Ordinary Shares you want to take up in Box 2 and Box 4 of your Open Offer Application Form; for example, if you have an Open Offer Entitlement for 50 New Ordinary Shares but you only want to apply for 25 New Ordinary Shares, then you should write "25" in Box 2 and Box 4. To work out how much you need to pay for the New Ordinary Shares, you need to multiply the number of New Ordinary Shares you want (in this example, "25") by £1.01 (the Issue Price) giving you an amount of £25.25 in this example.

You should write this total sum in Box 5, rounding up to the nearest whole penny, and this should be the amount your cheque or banker's draft is made out for. You should then return the completed Open Offer Application Form, together with a cheque or banker's draft for that amount, in the accompanying pre-paid envelope by post to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received by no later than 11.00 a.m. on 19 December 2017, after which time Open Offer Application Forms will not be valid. If you post your Open Offer Application Form by first class post, it is recommended that you allow at least four Business Days for delivery.

All payments should be in pounds sterling and made by cheque or banker's draft made payable to "**Link Market Services Limited re Regional REIT Limited Open Offer A/C**" and crossed "**A/C payee only**". Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which is in the UK, the Channel Islands or the Isle of Man and which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner and must be for the full amount payable on application. Post-dated cheques will not be accepted.

Cheques drawn on a non-UK bank will be rejected. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the name of the account holder and the number of an account held in the applicant's name and the building society cheque or banker's draft has been stamped on the back of the cheque or banker's draft with the building society or bank branch's stamp. The account name should be the same as that shown on the application. Cheques or banker's drafts will be presented for payment upon receipt. Payments via CHAPS, BACS or electronic transfer will not be accepted. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender.

A definitive share certificate will then be sent to you for the New Ordinary Shares that you take up. Your definitive share certificate for New Ordinary Shares is expected to be despatched to you within 14 Business Days of Admission.

10.3 *If you want to take up all of your Open Offer Entitlement*

If you want to take up all of the New Ordinary Shares available to you through your Open Offer Entitlement, all you need to do is sign page 1 of the Open Offer Application Form (ensuring that all joint holders sign (if applicable)) and send the Open Offer Application Form, together with your cheque or banker's draft for the amount (as indicated in Box 8 of your Open Offer Application Form), payable to "**Link Market Services Limited re Regional REIT Open Offer A/C**" and crossed "**A/C payee only**", in the accompanying prepaid envelope by post to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham Kent BR3 4TU so as to be received by no later than 11.00 a.m. on 19 December 2017, after which time Open Offer Application Forms will not be valid. If you post your Open Offer Application Form by first class post, it is recommended that you allow at least four Business Days for delivery.

10.4 *If you want to take up Excess Shares pursuant to the Excess Application Facility*

If you want to apply for Excess Shares you may do so by completing Boxes 2, 3, 4 and 5 of the Open Offer Application Form. However, the total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Applications Facility. Applications under the Excess Application Facility will therefore only be satisfied to the extent that other Qualifying

Shareholders do not apply for their Open Offer Entitlements in full or where fractional entitlements have been aggregated and made available for sale for the benefit of the Company.

If there is an over-subscription resulting from excess applications, allocations in respect of such excess applications will be scaled-back at the absolute discretion of Peel Hunt in consultation with the Board, who will have regard to the pro rata number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. No assurances can therefore be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

10.5 *If I buy Existing Ordinary Shares after the Record Date, will I be eligible to participate in the Open Offer?*

If you bought your Existing Ordinary Shares after the Record Date but before the Ex-Entitlements Date, you are likely to be able to participate in the Open Offer in respect of such Existing Ordinary Shares. If you are in any doubt, please consult your stockbroker, bank manager or other appropriate financial adviser, or whoever arranged your share purchase. If you buy Existing Ordinary Shares on or after the Ex-Entitlements Date, you will not be able to participate in the Open Offer in respect of such Existing Ordinary Shares.

11. I am a Qualifying Shareholder, do I have to apply for all the New Ordinary Shares I am entitled to apply for under my Open Offer Entitlement?

You can take up any number of the New Ordinary Shares allocated to you under your Open Offer Entitlement. Your maximum Open Offer Entitlement is shown on your Open Offer Application Form in Box 7, however, if you take up your maximum Open Offer Entitlement in full you can also, if you wish, apply for Excess Shares pursuant to the Excess Application Facility.

Any applications by a Qualifying Shareholder for a number of New Ordinary Shares which is equal to or less than that person's Open Offer Entitlement will be satisfied, subject to the Open Offer becoming unconditional. Excess applications will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their pro rata entitlements. If there is an over-subscription resulting from excess applications, allocations in respect of such Excess Applications will be scaled-back at the absolute discretion of Peel Hunt in consultation with the Board, who will have regard to the pro rata number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. No assurances can therefore be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all. If you decide not to take up all of the New Ordinary Shares comprised in your Open Offer Entitlement, then your proportion of the ownership and voting interest in the Company will be reduced to a greater extent than if you had decided to take up your full entitlement. Please refer to the answers to questions 10.1, 10.2, 10.3, 10.4 and 10.5 for further information.

12. Will I have to pay any fees for taking up my Open Offer Entitlement?

There will be no fee payable by you for taking up your Open Offer Entitlement (the only payment required is payment of an amount equal to the number of New Ordinary Shares taken up by you, multiplied by the Issue Price).

13. Will I be taxed if I take up my entitlements?

If you are resident in the UK for UK tax purposes, you will not have to pay UK tax when you take up your right to receive New Ordinary Shares, although the Capital Raising may affect the amount of UK tax you pay when you sell your Ordinary Shares.

Further information for Qualifying Shareholders who are resident in the UK for UK tax purposes is contained in Part 14 ("UK Taxation") of this document. Shareholders who are in any doubt as to their tax

position or who are subject to tax in any jurisdiction other than the United Kingdom should consult their professional advisers immediately. Residents and taxpayers of other jurisdictions should consult their own tax advisers.

14. What should I do if I live outside the United Kingdom?

Your ability to apply to subscribe for New Ordinary Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement and/or an Excess Open Offer Entitlement. Your attention is drawn to the information in paragraph 5 (“**Withdrawal Rights**”) of Appendix A (“**Terms and Conditions of the Open Offer**”) of this document.

15. Will the Capital Raising affect my dividends on the Existing Ordinary Shares?

The New Ordinary Shares issued in connection with the Capital Raising will rank, from Admission, *pari passu* in all other respects with the Existing Ordinary Shares and will have the right to receive all dividends and distributions declared in respect of issued Ordinary Share capital of the Company after Admission. The next quarterly dividend to be announced is expected to be for the quarter ending 31 December 2017.

As a REIT, the Company is required to distribute at least 90 per cent. of the income from its property rental business as dividends. It is committed to a growing, progressive dividend and its policy of paying quarterly dividends provides a source of regular income for Shareholders, thus improving their cashflow return profile.

The level of future dividends will be determined by the Board having regard to, inter alia, the financial position and performance of the Group at the relevant time, UK REIT requirements and the interests of Shareholders, as a whole.

16. What if I change my mind?

If you are a Qualifying Non-CREST Shareholder, in relation to the Open Offer, once you have sent your Open Offer Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of New Ordinary Shares for which you have applied, except in very limited circumstances which are set out in paragraph 5 (“**Withdrawal Rights**”) of Appendix A of this document.

17. What should I do if I need further assistance?

If you have any other questions, please contact Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Capita Asset Services staff can explain the options available to you, which forms you need to fill in and how to fill them in correctly.

Your attention is drawn to the further terms and conditions of the Capital Raising set out in Appendix A, Appendix B and Appendix C of this document.

The contents of this document or any subsequent communication from the Company, Peel Hunt, the Lead Manager or any of their respective affiliates, officers, directors, employees or agents are not to be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own solicitor, independent financial adviser or tax adviser for legal, financial or tax advice.

PART 7

BUSINESS OVERVIEW

1. Introduction

The Company is an established UK real estate investor, asset manager and developer which is listed on the premium listing segment of the Official List of the UKLA, has its Ordinary Shares admitted to trading on the Main Market of the London Stock Exchange and is a constituent member of the FTSE All-Share and FTSE EPRA NAREIT Developed Europe Indices. The Company's commercial property portfolio is wholly in the UK and comprises, predominantly, quality offices and industrial units located in the regional centres of the UK outside of the M25 motorway. The Company is an active real estate investor and asset manager, producing a tailored business and asset development/management plan for each of the assets it acquires in order to be able to maximise returns.

The Company owns a portfolio of commercial property interests in the principal regional locations of the UK outside of the M25 motorway, which were originally acquired from the Funds. These interests are comprised primarily of offices, with a smaller percentage of multi-let light industrial properties. As of 30 June 2017, the Group's investment portfolio was spread across 150 properties consisting of 1,093 individual units with a total of 823 tenants, which were valued at 30 June 2017 at £640.4 million in aggregate, with a combined contracted rent roll of £54.6 million per annum reflecting a yield of 6.7 per cent. on a weighted average unexpired lease term of 5.3 years (3.5 years to first break). Further information on the Existing Property Portfolio is set out in Part 9 (the "**Existing Property Portfolio**") of this document.

The Company (through Midco) and: (1) the First Portfolio Seller have entered into the First Portfolio Acquisition Agreement pursuant to which (and subject, among other things, to completion of the Capital Raising) the Company (through Midco) and the First Portfolio Seller agreed to the First Portfolio Acquisition; and (2) the Second Portfolio Seller have entered into the Second Portfolio Acquisition Agreement pursuant to which (and subject, among other things, to completion of the Capital Raising) the Company (through Midco) and the Second Portfolio Seller agreed to the Second Portfolio Acquisition. Following Admission and the completion of the Acquisitions, the Company will own a portfolio of commercial property interests (in addition to the Existing Property Portfolio), all of which are located in the principal regions of the UK outside of the M25 motorway (the "**New Property Portfolio**"). Further information on the New Property Portfolios is set out in Part 10 ("**The New Property Portfolio**") of this document.

The Company is managed by the Managers and has an investment objective to deliver an attractive total return to Shareholders, with a strong focus on income, from investing in UK commercial property, predominantly in the office and industrial sectors in major regional centres and urban areas outside of the M25 motorway. It intends to pursue this investment objective by following an investment strategy involving active property management and prudent use of debt finance, as detailed below. The Company is a limited company incorporated in Guernsey and tax resident in the United Kingdom.

2. Background

2.1 History

The Company and the general partners of the Funds entered into the Fund Acquisition Agreement on 3 November 2015, pursuant to which the Company indirectly acquired the Initial Property Portfolio from the Funds and agreed to issue a total of 274,217,260 Ordinary Shares to the general partners of the Funds in consideration, which, along with the four subscriber shares, were admitted to trading on the London Stock Exchange's main market for listed securities on 2015 Admission.

On 7 November 2015, the Company converted to REIT status bringing it into line with the structure of many of the more mainstream listed UK property businesses. As described in Part 5 of this document, REITs are required to distribute at least 90 per cent. of the profits from their property rental businesses as dividends and this is a structure which sits well alongside the Company's focus on income-producing assets and the importance of income returns as a key component of total returns.

2.2 *Details of material acquisitions since 2015 Admission*

On 30 December 2015, the Company announced the acquisition of five regional assets from a retained client of La Salle Investment Management for a total consideration of £37.5 million, totalling 703,000 square feet.

On 9 February 2016, the Company announced the acquisition of the Rainbow Portfolio for £80 million from Northwood Investors. The portfolio comprised 12 assets, five offices and seven industrial sites totalling 1.15 million square feet.

On 23 February 2017, the Company announced the conditional acquisition of approximately £129 million of property assets from The Conygar Investment Company plc in which the Group acquired 31 mixed-use UK regional property assets, which in aggregate were valued at c.£129 million. As part of the transaction, the Group also assumed two banking facilities (totalling £69.5m), and Regional Commercial Midco Limited acquired Conygar ZDP plc and assumed the obligation to fund the liabilities of Conygar ZDP plc (being approximately £37 million in relation to zero dividend preference shares issued by Conygar ZDP plc). Conygar ZDP plc has subsequently been renamed Regional REIT ZDP plc.

2.3 *Debt financing*

Debt financing has been sourced from a number of providers and is constituted and hedged in a variety of ways to suit each circumstance. Further details of the debt financing structure are set out at paragraph 11.14 of Part 16 (“**Additional Information**”) of this document.

2.4 *Performance of the Company*

The Company’s Ordinary Shares were admitted to trading on the London Stock Exchange’s main market for listed securities on 6 November 2015 with an EPRA NAV per Ordinary Share of £1.00 before transaction costs of the 2015 Admission (98.1p after such transaction costs). Since the 2015 Admission, the Company’s EPRA NAV per Ordinary Share has risen by 7.3 per cent. to a diluted EPRA NAV per Ordinary Share of 107.3 pence (unaudited EPRA NAV per Ordinary Share as at 30 June 2017).

2.5 *Pipeline of Further Investment Opportunities*

The Asset Manager has a strong pipeline of prospective investment opportunities that have been identified. Please see paragraphs 2 and 3 of Part 5 of this document.

3. **The real estate market**

3.1 An overview of the market, including investment activity in UK commercial property and rental growth in the Group’s specific sectors can be found on pages five to nine of the 2017 Unaudited Interim Financial Statements which are incorporated by reference in this document pursuant to paragraph 1 of section A to Part 13.

3.2 *UK real estate debt market*

UK commercial real estate (“**CRE**”) bank borrowing contracted significantly in the aftermath of the financial crisis, but since 2014 it has remained broadly stable. As at the end of 2016 UK banks’ exposure to CRE was estimated at around £77 billion. Notably, there has been an increase in participants in the market for whom more than half of their UK CRE lending is now provided by international banks, insurance companies and other types of lenders. Total bank lending to UK CRE and related business was estimated to be approximately £176 billion at the end of 2016.

The period around the UK’s referendum on its membership of the EU on 23 June 2016, and the remainder of 2016 more generally, experienced a period of weaker CRE lending activity: deal origination levels were down approximately 17 per cent. However, since then there has been evidence of a recovery, with some property sub-sectors seeing demand improving by over 10 per cent. The Directors believe this improvement may continue, with 81 per cent. of lenders expressing a desire to

increase their loan book in 2017 and a further 14 per cent. wanting to maintain existing levels of lending.

Savills have noted that the overall lending market has been broadly stable and with average stock LTV ratios below 60 per cent. Competition amongst lenders has been high in the prime markets of London and the South East of England, which has led to a number of lenders providing finance to borrowers in other regions of the UK, as well as increasing the available supply for borrowers operating outside these prime markets. However, the Bank of England has sounded a note of caution and, whilst reporting signs of improved demand from UK CRE in the first half of 2017, it is concerned about the potential for stretched valuations of UK CRE and particularly for London properties.

The Company maintains close relationships with a number of current and potential lenders and is confident that there continues to be a strong market for lending to experienced property managers with income-producing assets. Recent discussions have confirmed this, with new participants eager to establish a relationship with the Company, offering flexible funding arrangements at competitive margins and longer maturity profiles.

4. Business strengths

4.1 Management of the Group

The Company has a highly experienced Board with Kevin McGrath as chairman, Stephen Inglis and Tim Bee as non-executive directors, together with two other independent non-executive directors being Daniel Taylor and William Eason. Board members have considerable experience in the property or financing industries. For more information on the Directors, see paragraph 1 of Part 8 (“**Directors, Managers and Corporate Governance**”) of this document.

The Company has appointed London & Scottish Investments Limited as the Company’s property manager. The Asset Manager’s relationships have enabled it to access both off-market and more widely marketed real estate transactions and to access debt financing packages in the various phases of the economic cycle. The Directors believe that the Asset Manager’s relationships and experience will continue to provide the Company with the access and ability to cultivate appropriate investment opportunities to meet the Company’s investment criteria. Furthermore, the Directors believe that the Asset Manager’s distinct knowledge of, and competence within, the UK commercial property market will keep the Company well placed to capitalise on the opportunities presented by current and expected market conditions. For more information on the Asset Manager and the track record of its management team, see paragraph 3 of Part 8 (“**Directors, Managers and Corporate Governance**”) of this document.

The Directors believe that the Asset Manager’s close relationships with existing and future tenants and its detailed due diligence and depth of knowledge in its chosen markets will continue to be relied on for the acquisition of properties where the market has mispriced the strength of the covenant or which offer value enhancing property management opportunities relating to lease re-gearing or upcoming rent reviews.

The Company has appointed Toscafund Asset Management LLP as the Company’s investment manager which, in addition to providing the extensive experience of its management team in creating value for shareholders, also procures access to significant property, finance and corporate experience. For more information on the Investment Manager and the track record of its management team, see paragraph 4 of Part 8 (“**Directors, Managers and Corporate Governance**”) of this document.

There are no fees or amounts payable to the Asset Manager or the Investment Manager by the Company other than the fees described in paragraphs 11.4 and 11.5 of Part 16 (“**Additional Information**”) of this document.

4.2 Quality of the Existing Property Portfolio

The Asset Manager has developed excellent relationships with a number of key property agencies throughout the UK, together with close relationships with banks, insolvency practitioners and the

major funds who are acquirers of distressed debt and property. This has led to the opportunity to identify and seek to acquire property against a generally more limited group of competitors.

The Existing Property Portfolio has therefore been assembled through the various industry contacts developed by the Asset Manager, targeting the required returns and ensuring that the appropriate target sectors are covered both in property type and in geographic spread. In a number of instances, the acquisition cost has been significantly lower than the pricing sought by the vendors due to the Group's ability to acquire for cash and applying gearing at a later date, leading both to certainty for the vendor and speed of completion.

The Asset Manager has developed modelling to ensure that no increase in rental values is assumed, an improvement in void rates is assumed only where appropriate, no improvement in the macro economy is assumed and that properties are sold into the same market conditions as that in which they were acquired, thus taking no account of improvement in yields. This conservative modelling ensures that each property has the maximum potential upside if any, or all, of the ignored criteria arises. Each potential property acquisition must meet the modeling criteria, irrespective of any other considerations as to its suitability.

The Asset Manager has targeted, on behalf of the Group, real estate located in Birmingham, Edinburgh, Glasgow, Newcastle, Manchester, Leeds, Bristol and the south west, areas to the south and west of the M25 motorway and in the Midlands. In the opinion of the Asset Manager, this distribution, and the often multi-tenanted nature, of the assets, has the effect of minimising risk while offering greater opportunities for enhancing both income and capital value.

5. Investment objective

The investment objective of the Company is to deliver an attractive total return to Shareholders, with a strong focus on income, from investing in UK commercial property, predominantly in the office and industrial sectors in major regional centres and urban areas outside of the M25 motorway.

6. The opportunity

The Directors believe that the UK regional property market continues to be experiencing an upswing, with conditions favourable to focusing on sustainable income and capital growth. The Company intends to focus on creating both sustainable income and strong capital returns for the Company, with a current target dividend yield of seven to eight per cent. per annum, and a target Total Shareholder Return of 10 to 15 per cent per annum.⁸

The Board believes that there is opportunity to build up a high quality portfolio of commercial real estate assets with strong income and added value characteristics, which will commence with the Acquisitions.

7. Investment Policy

The Group will continue to pursue its investment objective by investing in, managing and disposing of a diversified portfolio of UK office and light industrial properties, which are located predominantly in the regional centres of the UK outside of the M25 motorway, in accordance with its investment strategy and financing strategy, as detailed below. The Company may and will typically make investments in property via a number of methods, which include (but are not limited to) (i) direct investment in or acquisition of the real estate asset or portfolio of assets; (ii) direct investment in or acquisition of the holding company of the real estate asset or portfolio of assets; and (iii) direct investment in or acquisition of a joint venture vehicle, which has a direct investment in or holds the real estate assets or the holding company of the real estate asset or portfolio of assets. In addition, the Company may, from time to time, acquire, manage and dispose of debt portfolios whose receivables are secured principally against real property that conform to the investment

⁸ This is a target only and not a profit forecast. There can be no assurance that this targets can or will be met and it should not be seen as an indication of the Company's expected or actual results or returns. Accordingly, investors should not place any reliance on this targets in deciding whether to invest in the Ordinary Shares. In addition, as noted previously prior to making any investment decision, prospective investors should carefully consider the risk factors described in Part 1 ("Risk Factors") of this document.

policy criteria and where each secured property complies with the investment restrictions below. For the avoidance of doubt, the Company may make an investment through any type of entity it considers appropriate, taking into account the requirement to have an appropriately diversified portfolio of assets, including, without limitation, any member of the Group, and references in this Investment Policy to the Company making investments, acquiring or holding assets should be construed accordingly.

The intention of the Directors is that the Company will continue to invest predominantly in income producing investments, capable of delivering an attractive total return to Shareholders, with a strong focus on income. Investment decisions will continue to be based on analysis of, among other things, 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 Directors intend to continue to conduct the affairs of the Company at all times so as to enable the Company to qualify as a REIT.

7.1 *Investment strategy*

The Company intends to continue to be opportunistic in its approach and exploit what the Asset Manager and Investment Manager (working jointly and subject to oversight by the Directors) believe to be pricing inefficiencies and mismatches in the available yields between those available on regional commercial prime properties and those available on regional commercial secondary properties in regional centres outside the M25 motorway. Some of these opportunities result from the distressed state of markets following the financial dislocations of 2008 and 2011, the upsizing of minimum lot sizes in institutional portfolios or by cash-constrained owners being unable to fulfil debt requirements or undertake any meaningful asset management of their properties.

The Company intends to supplement this core strategy with property management initiatives to be undertaken by the Asset Manager with a view to enhancing the quality and quantity of income streams. Such property management initiatives are likely to include:

- increasing rental income across the Property Portfolio by aggressive marketing of vacant space;
- increasing the level of lease renewals by tenants and managing rent review policies so as to increase rental income across the Property Portfolio;
- minimising void costs;
- selling assets where premium prices can be achieved and subsequently re-investing the proceeds of sale in new real estate acquisition opportunities;
- enhancing the tenant mix and improving overall covenant strength across the Property Portfolio;
- re-gearing leases and lengthening the weighted average unexpired lease term across the Property Portfolio;
- making physical improvements to the fabric of buildings by way of refurbishment, increasing the size of the properties and exploiting development potential as appropriate, and procuring changes of use in respect of the properties; and
- making judicious use of gearing.

The Company intends to make investments with a view to continue to hold the Portfolio Interests for the long term. However, the Asset Manager will keep opportunities for disposals of Portfolio Interests under review and, subject to oversight by the Board, may make recommendations to the special purpose vehicles in respect of any disposals.

7.2 *Investment restrictions*

The Group will continue to acquire Portfolio Interests that together offer Shareholders diversification of investment risk by investing in a range of geographical areas and sectors across a number of assets and tenants, and through letting properties, where possible, to low risk tenants. The Group will only invest in office and light industrial properties that are situated in the United Kingdom and outside of the M25 motorway. However, the Group may invest in property portfolios in which up to 50 per cent. of the properties (by market value) are situated inside the boundaries of the M25 motorway.

No single property, in the ordinary course, is expected to exceed 10 per cent. of Gross Investment Properties Value at the time of investment; however, the Board may, in exceptional circumstances, consider a property having a value of up to 20 per cent. of Gross Investment Properties Value at the time of investment. The minimum market value of any single asset at the time of acquisition shall be £5,000,000, except where such asset is acquired within a portfolio of properties, in which case there shall be no such minimum.

No more than 20 per cent. of the Gross Investment Properties Value shall be exposed to any single tenant or Group Undertaking of that tenant.

Speculative development (i.e. properties under construction, but excluding any refurbishment works, which have not been pre-let) is prohibited. Development, other than such speculative development, is restricted to an aggregate maximum of 15 per cent. of Gross Investment Properties Value at the time of investment or commencement of the development. The Company will invest in commercial properties or portfolios of commercial property assets in the office and industrial sectors but which, in addition, may include ancillary or secondary utilisations such as retail, leisure and residential elements.

The Company does not expect to acquire Portfolio Interests by way of joint ventures, nor does it expect to acquire less than 100 per cent. ownership in any single property. However, the Company is permitted to make investments through these types of investment structures provided (i) that the Company is able to exert a level of control over the underlying investment that the Board and the Investment Manager consider reasonable in the circumstances; and (ii) no more than 25 per cent. of Gross Investment Properties Value at the time of acquisition is attributable to investments where the Company (or its wholly-owned subsidiaries) does not have 100 per cent. ownership.

These investment restrictions shall not require the Group to dispose of Portfolio Interests and/or to rebalance its Property Portfolio as a result of a change in the respective valuations of the Portfolio Interests, except to the extent required by the Listing Rules or for the Group to continue to qualify as a REIT.

7.3 *Financing strategy*

The Group will continue to use gearing and make use of borrowed funds and other forms of leverage to execute its investment strategy and enhance equity returns, provided that the Board considers it to be in the best interests of Shareholders to do so. Such leverage will vary significantly depending on prevailing market conditions. The Board expects that the Group will continue to predominantly look to traditional lending sources such as banks for gearing, but is permitted to utilise leverage from other commercial providers and market counterparties. Based on current market conditions, the Board will target Group net borrowings of 40 per cent. of Gross Investment Properties Value at any time. However the Board may modify the Company's gearing policy (including the level of gearing) from time to time in light of then-current economic conditions, relative costs of debt and equity capital, fair value of the Company's assets, growth and acquisition opportunities or other factors the Board deems appropriate. The level of gearing will be monitored carefully by the Board in light of the cost of borrowing and the Company will seek to use hedging where considered appropriate to mitigate interest rate risk. The Group's net borrowings may not exceed 50 per cent. of the Gross Investment Properties Value at any time. The Group will be under no obligation to reduce borrowings to the extent that this target is exceeded for reasons outside of its control, for instance as a result in changes in property values. The Group's borrowings are expected to be secured on one or more Portfolio Interests.

The Group may borrow for any purpose, including, but not limited to, increasing investment capacity, paying operating expenses, paying repurchase or distribution proceeds or for clearance of transactions. Other than described above, no restrictions have been imposed on the circumstances in which the Company may employ leverage. The Company has no intention to make use of collateral and asset reuse arrangements in connection with any leverage.

7.4 *Amendments to and compliance with the Investment Policy and investment objective*

No material change will be made to the Investment Policy or the investment objective without the approval of Shareholders by Ordinary Resolution and in accordance with the Listing Rules, which will also be notified to the market through an RIS. Minor changes to this Investment Policy or the investment objective must be approved by the Board and will be notified to the market through an RIS.

In the event of a breach of this Investment Policy (which for the avoidance of doubt excludes any restrictions which are described above as target limits only), the Asset Manager and the Investment Manager shall jointly inform the Directors upon becoming aware of the same and, if the Directors consider the breach to be material, notification will be made to an RIS of details of the breach and of actions it may or may not have taken.

8. Treasury policy

The Company is permitted to invest cash held for working capital purposes and awaiting investment in accordance with the following provisions.

The Company intends that cash not yet invested will be managed by the Investment Manager.

The Company has appointed the Investment Manager as discretionary investment manager of cash not yet invested by the Company in property assets or otherwise applied in respect of the Company's operating expenses entrusted from time to time by the Company for management by the Investment Manager pursuant to the terms and conditions of the Investment Management Agreement with the aim of preserving the capital value of such assets. Subject to the Company providing the Investment Manager reasonable notice when it requires the liquidation and/or transfer of a part of the entrusted assets in order to pursue the Investment Policy, the Company has given the Investment Manager full discretionary authority to invest in various types of financial instruments in Sterling including cash deposits, term deposits, depositary bonds, fixed rate depositary bonds, commercial paper, treasuries, bonds with short term to maturity and government securities as well as floating rate notes and other money market instruments. See paragraph 11.5 of Part 16 ("**Additional Information**") for a summary of the Investment Management Agreement.

The Company hedges its interest rate exposure through the use of forward contracts, options, swaps or other forms of derivative instruments.

The hedging policy of the Company is reviewed by the Board and the Investment Manager on a regular basis to ensure that the risks associated with the Group's investments are being appropriately managed. Any transactions carried out will only be undertaken for the purpose of efficient portfolio management and will not be carried out for speculative reasons.

9. Valuation policy

The Net Asset Value (and Net Asset Value per Share) will continue to be calculated half yearly by the Administrator on behalf of the Company. Calculations will be at fair value as determined by the Administrator on the basis of market value in accordance with the internationally accepted RICS Appraisal and Valuation Standards. Consistent with other listed European real estate investment companies, the Directors expect to follow the guidance published by EPRA and to disclose adjusted measures of Net Asset Value (and Net Asset Value per Share) which are designed by EPRA to reflect better the core long term operations of the business. Details of each semi-annual valuation, and of any suspension in the making of such valuations, will be announced by the Company through an RIS as soon as practicable after the end of the relevant six month period. The semi-annual valuations of the Net Asset Value (and Net Asset Value per Share) will be calculated on the basis of the most recent annual independent valuation of the Group's

properties and any other assets or most recent semi-annual desktop valuation. In addition, such valuations and calculations may also be carried out in case of an increase or decrease of the capital by the Company.

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

The last valuation was conducted as at 30 June 2017.

10. Dividend policy

The Directors maintain a dividend policy which has due regard to sustainable levels of dividend cover and reflects the Directors' view on the outlook for sustainable recurring earnings, subject to compliance with REIT status requirements. The Directors intend to reinvest proceeds from disposals of assets in accordance with the Investment Policy.

Currently, the Company pays dividends on a quarterly basis with dividends declared in February, May, August and November in each year and paid as soon as practicable thereafter. The Company intends to pursue a progressive dividend policy and its quarterly dividends provide a source of regular income for Shareholders, thus improving their cashflow return profile.

At 2015 Admission, while not forming part of the Company's investment objective or the Investment Policy, the Company stated that it would target a dividend yield of between 7 and 8 per cent. per annum at 100 pence per Ordinary Share, being the pro forma EPRA NAV per Ordinary Share as at 30 June 2015 (before costs and expenses of 2015 Admission).

For the purposes of determining the profits available for a dividend distribution, the Company will choose to treat all of its net income from the Property Business as qualifying property income, notwithstanding that the Company accounts for both property income and interest income.

The payment and level of dividends will always remain subject to the Company's performance, its financial position, the business outlook and to market conditions.

It is the Company's intention to continue to declare and pay dividends on a quarterly basis. The dividends for the first, second and third quarters of any specific financial year are expected to be declared at or near the same level on a pence per share basis (if necessary, as adjusted for any capital raising, consolidation or split). The fourth-quarter dividend in relation to that same financial year will be declared to at least manage compliance with the REIT distribution.

The Company has the ability, by ordinary resolution, to offer Shareholders the right to elect to receive further Ordinary Shares, credited as fully paid, instead of cash in respect of all or any part of any dividend (a scrip dividend).

The Directors believe that the ability for Shareholders to elect to receive future dividends from the Company wholly or partly in the form of new Ordinary Shares rather than cash is likely to benefit both the Company and certain Shareholders. The Company will benefit from the ability to retain cash which would otherwise be paid as dividends. To the extent that a scrip dividend alternative is offered in respect of any future dividend, Shareholders will be able to increase their Shareholdings without incurring dealing costs. The decision whether to offer such a scrip dividend alternative in respect of any dividend will be made by the Directors at the time the relevant dividend is declared and must be authorised by an Ordinary Resolution of the Company.

In order to maintain REIT status, the Company will be required to meet a minimum distribution test for each accounting period that it is a REIT. This minimum distribution test requires the Company to distribute at least 90 per cent. of the income profits of the Property Business for each accounting period, as adjusted for tax

purposes. Further details of the tax treatment of an investment in the Company are set out in Parts 14 (“**UK Taxation**”) and 15 (“**Guernsey Taxation**”) of this document.

Investors should note that the figures in relation to dividends and yields set out above and elsewhere in this document are for illustrative purposes only, are based on current market conditions and are not intended to be, and should not be taken as, a profit forecast or estimate. Actual returns cannot be predicted and may differ materially from these illustrative figures. There can be no assurance that they will be met or that any dividend or yield will be achieved.

11. Structure as a United Kingdom Real Estate Investment Trust

As a REIT, the Group has a tax efficient corporate structure with the consequences for Shareholders described in Part 14 (“**UK Taxation**”) of this document. Provided certain conditions and tests are satisfied, as a REIT, the Group will not pay United Kingdom corporation taxes on its profits or gains derived from its property rental business. These conditions and tests are discussed in Part 14 (“**UK Taxation**”) of this document.

PART 8

DIRECTORS, MANAGERS AND CORPORATE GOVERNANCE

1. Directors

The Board currently comprises five non-executive Directors. The Directors are as follows:

<i>Name</i>	<i>Position</i>	<i>Date appointed to the Board</i>
Kevin McGrath	Chairman	16 October 2015
William Eason	Senior Independent Non-executive Director	16 October 2015
Stephen Inglis	Non-executive Director	16 October 2015
Tim Bee	Non-executive Director	7 July 2017
Daniel Taylor	Independent Non-executive Director	16 October 2015

The business address of the Directors is 7th Floor, 90 Long Acre, London WC2E 9RA. The management expertise and experience of each of the Directors is set out below.

Kevin McGrath DL OBE

Kevin McGrath DL OBE is Chairman of M&M Property Asset Management having previously been Managing Director and Senior Adviser of F&C REIT Asset Management. He is also Chairman of INTCAS which is an independent technology and support service company that assist education institutions from across the world to attract, recruit and manage international students in a safe, compliant and cost efficient way. Prior to F&C REIT, Kevin was a founding equity partner in REIT Asset Management, a property investment, finance and asset management partnership, which managed a commercial property portfolio around the world and had offices in London, Munich, Tel Aviv, Stockholm and Mumbai.

Prior to REIT Asset Management, Kevin was a Senior Investment Surveyor with Hermes Investment Management, the fund manager for British Telecommunications and Post Office Pension Schemes. Before that he worked for various local authorities in a variety of property related positions and prior to that he worked in manufacturing and banking.

Kevin graduated from the Polytechnic of the South Bank with a BSc (Distinction) in Estate Management. He also obtained a post graduate diploma in Property Investment (Award Winner) from the College of Estate Management.

Kevin is a chartered surveyor who has worked in the property industry for 30 years, is a member of the Royal Institute of Chartered Surveyors, and the Worshipful Company of Chartered Surveyors and is a Freeman of the City of London. He is a trustee of a number of charities.

William Eason

William ("Bill") Eason was previously Head of Charities with Quilter Cheviot and, before that, with Laing & Cruickshank. He had managed diversified high net worth portfolios since 1973 and became a Member of the London Stock Exchange in 1976. Bill was Chief Investment Officer at Laing & Cruickshank Investment Management and is a former Chairman of Henderson High Income Trust plc. Bill is currently a Director of Henderson International Income Trust plc, The European Investment Trust plc and of Institutional Protection Services Ltd. He is an Associate of the Society of Investment Professionals and a Chartered Fellow of the Chartered Institute for Securities and Investment. Amongst his charitable roles Bill has acted as a Governor of Henley Management School and is currently a Trustee of Marshall's Charity, The Gordon Foundation, the John Hampden Fund and a Business Fellow of Gray's Inn.

Tim Bee

Please refer to Tim Bee's biography in paragraph 4.2 of this Part 8.

Stephen Inglis

Please refer to Stephen Inglis' biography in paragraph 3.3 of this Part 8.

Daniel Taylor

Daniel ("Dan") Taylor is the founder and CEO of Westchester Capital Limited, an investment and advisory firm specialising in real estate. He currently holds the role as Managing Partner of Bourne Office Space Limited, a privately held serviced office business based in London, in which Westchester Capital is a principal investor. From 2011 to 2015 Dan was Chairman and a principal shareholder of AIM-listed Avanta Serviced Office Group plc, the UK's second largest serviced office provider until the sale of the business to Regus plc. From 2000 to 2010 he was Managing Director of media financier Grosvenor Park. In 2005 he raised and managed a US\$400m investment joint venture with Fortress Investment Group LLC providing finance to the media industry. Prior to this he provided and raised seed capital financing for a number of private and AIM listed companies. From 1989 to 1999 Dan was President and founder of Victoria Asset Management Inc., a real estate investment company in Houston, Texas specialising in distressed assets. Before that he was a partner in Prana Investments, a New York based owner and manager of rent-controlled apartments. Between 1983 and 1989 Dan spent 6 years at First Boston Inc., as Vice President in charge of an institutional equity division based in London. Dan started his professional career as a financial analyst with Bank of America in San Francisco.

Over his career Dan has held both executive and non-executive directorships for various private and listed companies and has extensive experience in investment management, corporate finance and corporate governance. He currently holds active registered status with the FCA as an investment manager (CF30) and CF1-Director and has over the last 15 years held the following controlled functions at FCA (or its predecessors) authorised firms: CF10-Compliance Oversight; CF11-Money Laundering Reporting; CF21-Investment Advisor; and CF27-Investment Management. Dan graduated from Stanford University in 1980 with a Bachelor of Arts degree in International Relations & Economics.

2. Directors' interests

Conflicts

The Directors may be involved in other financial, investment or professional activities that may, on occasion, give rise to conflicts of interest with the Company. In particular, the Directors may provide advice or other services to, or be otherwise involved in, a number of funds or companies that may have similar investment policies to that of the Company. It is, therefore, possible that a Director may have potential conflicts of interest with the Company.

In cases where an actual or potential conflict does arise, the Director concerned must ensure that he discloses the interest in the existing or proposed transaction to the Company at the first possible board meeting and subsequently receives the approval of the Company.

The Directors shall at all times have regard in such event to their obligations to the Company (under their NED Appointment Letter as a director or otherwise) to act in the best interests of the Company, having regard to their obligations to other clients, when undertaking any activity where conflicts of interest may arise and the Director concerned will endeavour to resolve such conflicts fairly.

3. Asset Manager

3.1 Overview

London & Scottish Investments Limited (the "**Asset Manager**") is a privately-owned property investment management company established in 2012 and currently employs 56 people. It is managed by a multi-disciplinary team of executive directors, with the management team detailed below having over 100 years' experience in the real estate sector between them. Its executive directors have day to day involvement in all current and future projects of the Asset Manager and have a proven track record of adding value to property portfolios through intensive property management, focusing on income generation.

In its capacity as asset manager, the Asset Manager is responsible for the property management of the Property Portfolio, including identifying and evaluating investment opportunities in property for the Group, the collection of rent, negotiating longer leases and the removal of tenant break options, instructing agents to re-let the premises at lease expiry and, where appropriate, managing refurbishments to increase rental income or capital values, in each case, subject to the overall control and supervision of the Directors.

3.2 *The Management Team*

The key personnel of the Asset Manager who are responsible for managing the Property Portfolio are:

Barrie Clapham is the chairman and majority shareholder in the Asset Manager. After graduating with a degree in law, Mr Clapham began his career developing subsidiary businesses in property, finance and consultancy. After working as a sole trader, he established Credential Holdings Limited which he has developed into a substantial property group with interests across the UK. Mr. Clapham has also grown businesses in sectors other than property, as principal of the largest automotive waste group in the UK, Credential Environmental Limited, which he sold in 2005. He is presently non-executive chairman of Produce Investments plc, an AIM-listed company supplying some of the UK's major retailers.

Stephen Inglis is the chief executive officer of the Asset Manager. He has over 25 years' experience in the commercial property market, the majority of which has been working in the investment and development sector. His career to date has been split between London and Scotland giving him extensive knowledge of the UK property market. He is a chartered surveyor and became a member of RICS in 2001 and is also a member of the Investment Property Forum.

Mr Inglis has acted on behalf of a number of institutional, private property company and wealthy private investors and also works very closely with the banks in assisting them with restructuring and formulation of business plans of distressed loans and situations where covenants have been breached. As part of this role, he sat on the boards of several bank funded private property companies. In addition, he was also the representative of a foreign based major investor in a FTSE listed commercial property company providing advice in respect of the company and on maximising returns on the shareholding.

In his current role he has, since June 2013, acquired or sold approximately 200 assets in deals totalling in excess of approximately £750 million. He has responsibility for running all property functions within the Asset Manager's structure, from investment management, asset and property management, to residential and commercial development.

Derek McDonald is managing director of the Asset Manager, which he joined in June 2015 from REVCAP, which he joined as a partner in May 2014. Prior to that, Derek spent 27 years at Bank of Scotland/Lloyds Banking Group in a variety of senior roles in corporate banking, including time in the bank's corporate banking business in the US, the UK real estate joint ventures business, the European real estate business, the UK business support unit and the Irish business support unit, which both dealt with high value real estate lending. He has led a significant number of high value transactions at both REVCAP and Lloyds Banking Group and has also had line responsibility for large teams of professionals. He has significant experience in building and leading multi-jurisdictional businesses. Mr McDonald has been a Member of the Chartered Institute of Bankers in Scotland since 1990.

Andrew MacGilp is the director of commercial property at the Asset Manager. He has been involved in the field of commercial property and asset management since the early 1990s, having worked for British Rail, Glasgow City Council and McNeil Properties. These roles provided experience in property markets throughout the UK. Mr MacGilp joined Credential Group in 2003. Prior to that, he had worked at CBRE since 1994 where he was responsible for the management of a large number of clients, including Credential Group. He is responsible for the pro-active management of the Existing

Property Portfolio, overseeing an in-house team undertaking all property, financial and asset management roles in connection with the Existing Property Portfolio.

On 9 November 2017, the Asset Manager announced the appointment of Simon Marriott to the position of investment director. Simon has over 30 years' experience in the property industry, most recently at Cromwell Property Group where he was Head of Investments and UK Real Estate. Prior to Cromwell, Simon held a number of senior roles including Director Real Estate transactions at PwC, Senior Vice President Managing Director Investments at Oxford Properties and Head of Separate Accounts at Invista REIM, managing funds with assets under management of over £2.5 billion.

3.3 *Track Record*

The Asset Manager was established to manage existing assets and to launch a new investment and property management real estate business, including Credential Investment Holdings Limited, one of Scotland's largest private property companies. Since it launched the first of its funds, in joint venture with the Investment Manager, the Asset Manager has undertaken approximately 35 deals comprising the purchase of approximately 200 properties. All management and property management is undertaken in-house by the Asset Manager, together with all financial management relating to the running of the properties and portfolios. With the exception of Derek McDonald, the senior management team at the Asset Manager has worked together closely for in excess of 10 years, which provides stability and an excellent understanding within the team.

3.4 *Asset Management Agreement*

Pursuant to the terms of the Asset Management Agreement, the Asset Manager is responsible for the property management of the Property Portfolio, undertaking tasks such as identifying and evaluating investment opportunities in property for the Group, the collection of rent, negotiating longer leases and the removal of tenant break options, instructing agents to re-let the premises at lease expiry and, where appropriate, managing refurbishments to increase rental income or capital values, in each case, subject to the overall control and supervision of the Board or the boards of directors of Midco or the SPVs (as relevant). The Asset Manager also advises the Company, Midco and the SPVs on the acquisition, management and disposal of the real estate assets in the Property Portfolio.

Further details of the Asset Management Agreement are set out in paragraph 11.4 of Part 16 ("**Additional Information**").

3.5 *Conflicts of interest – Asset Manager and its management team*

The Asset Manager may from time to time act as distributor, promoter, manager, asset manager, registrar, transfer agent, administrator, external valuer, trustee, distributor; or director, or be otherwise involved in, other collective investment schemes which have similar investment objectives to that of the Company or may otherwise provide property management or ancillary administration or property advisory, services to investors with similar investment objectives to that of the Company. It is, therefore, possible that any of it may, in the course of its business, have potential conflicts of interests with the Company. The Asset Manager will at all times have regard in such event to its obligations to act in the best interests of the Shareholders so far as practicable, having regard to its obligations to other clients, when undertaking any investments where conflicts of interests may arise and it will endeavour to resolve such conflicts fairly.

The Asset Manager is required to offer all opportunities available to it to acquire property assets, which in the Asset Manager's good faith judgement (having consulted with the Investment Manager) fall within the Investment Policy, first to the Company. If any such opportunity is refused by the Board, the Asset Manager may allocate such opportunities as it deems appropriate.

The Asset Manager may recommend the purchase and sale of Portfolio Interests by or from the Asset Manager or any of its associates from or to one or more SPVs provided that the transaction is carried out on normal commercial terms, negotiated at arms' length, and is consistent with the best interests of the Company and the relevant SPV and provided the Asset Manager has disclosed to the Investment

Manager, the Board and the relevant SPV the nature of its or its associates' interest and such recommendation has been approved in advance by the Investment Manager.

The Asset Manager has assisted the Investment Manager in establishing the Company. However, the Directors believe that the fees, commissions and compensation payable to the Asset Manager are consistent with normal market rates for investment funds of a similar type to the Company.

The Directors will seek to ensure that any conflict of interest is resolved fairly and in the interests of the Company.

3.6 *Other directorships and partnerships*

Barrie Clapham, Stephen Inglis, Derek McDonald and Andrew MacGilp act as directors of other funds or entities managed by the Asset Manager.

4. **The Investment Manager**

4.1 *Overview*

The Investment Manager is part of a UK-based investment management group that was founded in 2000 by Martin Hughes, the Investment Manager's chief executive. The Investment Manager itself was incorporated in England and Wales on 13 June 2006 and was authorised by the Financial Services Authority, now the Financial Conduct Authority, to conduct investment business on 31 October 2006. The Investment Manager is currently authorised by the FCA for the purposes of the AIFM Directive and FCA rules as a "full-scope" UK AIFM with a Part 4A permission to manage AIFs such as the Company. The Investment Manager is also registered as an investment adviser with the U.S. Securities and Exchange Commission (the "SEC") under the US Advisers Act.

The Investment Manager was incorporated in England and Wales on 13 June 2006 under the name of Toscafund Asset Management LLP, with registered number OC320318 as a limited liability partnership under the Limited Liability Partnerships Act 2000. The principal legislation under which the Investment Manager operates is the Limited Liability Partnerships Act 2000 and the regulations made thereunder. The Investment Manager's registered office and its principal place of business is at 7th Floor, 90 Long Acre, London WC2E 9RA (telephone number: +44 (0) 20 7845 6100). The Investment Manager is domiciled in the United Kingdom.

In its capacity as the AIFM, the Investment Manager is responsible for the provision of certain AIFM services to the Company and also provides certain other management services to Midco and the SPVs. In relation to the Company, the Investment Manager is responsible for discretionary portfolio management (including taking investment decisions on behalf of the Company, identifying and evaluating and negotiating investment opportunities and realisations and, where applicable, participating in the management and control of the businesses or assets acquired), risk management (as required to identify, manage, measure and monitor, as appropriate, all risks to the Company's investment strategy and to which the Company may be exposed) and valuation services relating to the Company's Property Portfolio, in each case pursuant to the AIFM Directive. In relation to Midco and the SPVs, the Investment Manager is responsible for, amongst other things, the provision of treasury services (in relation to hedging, borrowing and cash management) and ensuring regulatory compliance.

4.2 *The Management Team*

Tim Bee is Toscafund's chief legal counsel. He joined Toscafund in May 2014 having previously been a corporate partner at two leading London based law firms where he advised on a wide range of transactions for public and private companies, financial institutions and fund managers. He qualified as a solicitor in 1988 and has extensive experience in mergers and acquisitions, equity capital markets and financial services.

Adam Dickinson joined Toscafund in September 2008 and is an executive in the Operations Team. He previously held a number of senior finance positions at two leading European investment banks,

and was the finance manager at Christie's Auction House, London, where he qualified as an accountant in 1998.

4.3 *Track Record*

The Investment Manager has an established track record in launching well timed, opportunistic products with high returns, including within various sectors of the UK property market. Strong attention is paid to bottom-up research and capital is deployed on investment merit with little or no concern for fashion. The result is a strong track record of risk-adjusted returns across a number of asset classes, including commercial property where the manager has been active since early 2013 in conjunction with its chosen partner, the Asset Manager.

4.4 *Investment Management Agreement*

Pursuant to the terms of the Investment Management Agreement, the Investment Manager provides such services to the Company as are required to be carried out by an AIFM under the AIFM Directive (subject to the investment objective of the Company, the Investment Policy and the overall supervision of the Board) and certain other services to Midco and the SPVs (subject to the overall supervision of the boards of the entity to which the particular services are provided).

Further details of the Investment Management Agreement are set out in paragraph 11.5 of Part 16 ("**Additional Information**") of this document.

4.5 *Professional liability*

The Investment Manager maintains an adequate level of capital to enable it to cover potential professional liability risks arising out of or resulting from the activities it may undertake in complying with its obligations as AIFM under the AIFM Directive.

4.6 *Conflicts of interest*

The Investment Manager may from time to time act as distributor, promoter, manager, investment manager, investment advisor to, or be otherwise involved in, other collective investment schemes which have a similar investment objective to that of the Company or may otherwise provide discretionary fund management or ancillary administration or advisory services to investors with a similar investment objective to that of the Company. It is, therefore, possible that it may, in the course of its business, have potential conflicts of interests with the Company. The Investment Manager will at all times have regard in such event to its obligations to act in the best interests of the Shareholders so far as practicable, having regard to its obligations to other clients, when undertaking any investments where conflicts of interests may arise and it will endeavour to resolve such conflicts fairly.

The Investment Manager is required to offer all opportunities available to it to acquire property assets, which in the Investment Manager's good faith judgement fall within the Investment Policy, first to the Company. If any such opportunity is refused by the Board, the Investment Manager may allocate such opportunities as it deems appropriate.

The Company has been established and promoted by the Directors and the Investment Manager. However, the Directors believe that the fees, commissions and compensation payable to the Investment Manager are consistent with normal market rates for investment funds of a similar type to the Company.

The Directors will seek to ensure that any conflict of interest is resolved fairly and in the interests of the Company.

5. **Administrator**

The Administrator has been appointed as administrator to the Company pursuant to the terms of the Administration Agreement (further details of which are set out in paragraph 11.9 of Part 16 ("**Additional**

Information) of this document). In such capacity the Administrator is responsible for the day to day administration of the Company. For the purposes of the RCIS Rules, the Administrator will be the designated administrator of the Company. The Administrator is licensed by the GFSC under the POI Law to provide administration services.

The Administrator has delegated certain of its services under the Administration Agreement to Capita Sinclair Henderson Limited.

6. Secretary

The Company Secretary has been appointed as company secretary to the Company pursuant to the terms of the Company Secretary Agreement (further details of which are set out in paragraph 11.10 of Part 16 (**“Additional Information”**) of this document) to provide general company secretarial services to the Company (including, but not limited to, maintenance of the Company’s statutory records).

7. Registrar

The Registrar has been appointed to provide registrar services to the Company pursuant to the terms of the Registrar Agreement (further details of which are set out in paragraph 11.11 of Part 16 (**“Additional Information”**) of this document). Under the Registrar Agreement the Registrar has responsibility for maintaining the register of Shareholders, receiving transfers of Ordinary Shares for certification and registration and receiving and registering Shareholders’ dividend payments together with related services.

8. Depositary

The Depositary has been appointed as Depositary to the Company pursuant to the terms of the Depositary Agreement (further details of which are set out in paragraph 11.13 of Part 16 (**“Additional Information”**) of this document).

9. Corporate governance

9.1 General

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

The GFSC’s **“Finance Sector Code of Corporate Governance”** (the **“GFSC Code”**) applies to all companies that hold a licence from the GFSC under the regulatory laws or which are registered or authorised as collective investment schemes, which includes the Company. Companies which report against the AIC Code are deemed to meet the requirements of the GFSC Code.

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

There is no chief executive. As an investment company, all the Directors are non-executive and the Company has no employees. The Chairman also chairs the Management Engagement and Remuneration Committee. There are no other instances of non-compliance with the AIC Code by the Company as at the date of this document.

9.2 *The Board*

The Board consists of five non-executive Directors. A majority, comprising Kevin McGrath, William Eason and Daniel Taylor, are considered by the Board to be independent of the Asset Manager and the Investment Manager. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Directors, including the Chairman, has been imposed. New Directors are provided with an induction from the Company Secretary on joining the Board. Directors receive other relevant information on ongoing obligations as necessary.

No individual or group of individuals dominates the Board's decision making process.

10. Committees

The Board has established the following committees:

10.1 *The Audit Committee*

The Audit Committee comprises the independent non-executive directors and is chaired by William Eason. The Audit Committee has responsibility for, amongst other things, the planning and review of the Group's annual report and accounts and half-yearly reports and the involvement of the Group's auditors in the process. The committee focuses in particular on compliance with legal requirements, accounting standards and the Listing Rules and on ensuring that an effective system of internal financial control is maintained. The Audit Committee also reviews the objectivity of the Group's auditors and the terms under which the Group's auditors are appointed to perform non-audit services.

The terms of reference of the Audit Committee cover such issues as committee membership, frequency of meetings (as mentioned below), quorum requirements and the right to attend meetings. The responsibilities of the Audit Committee covered in the terms of reference relate to the following: external audit, internal audit, financial reporting, internal controls and risk management. The terms of reference also set out reporting responsibilities and the authority of the committee to carry out its responsibilities.

The Audit Committee normally meets not less than twice a year and at the appropriate times in the reporting and audit cycle and at such other times as the Chairman shall require.

10.2 *The Management Engagement and Remuneration Committee*

The Management Engagement and Remuneration Committee comprises the independent non-executive directors. The Management Engagement and Remuneration Committee is chaired by Kevin McGrath who is responsible for reviewing the appropriateness of the continuing appointment of the Asset Manager and the Investment Manager together with the terms and conditions of the Investment Manager's and Asset Manager's continuing appointment on a regular basis. The Management Engagement and Remuneration Committee meets as necessary and otherwise at least once a year.

The terms of reference of the Management Engagement and Remuneration Committee cover such issues as committee membership, frequency of meetings (as mentioned above), quorum requirements and the right to attend meetings. The responsibilities of the Management Engagement and Remuneration Committee covered in its terms of reference relate to the following: monitoring the relationship with the Managers, determining and monitoring policy on and setting levels of remuneration, early termination, performance-related pay, authorising claims for expenses, reporting and disclosure and remuneration consultants. The terms of reference also set out reporting responsibilities and the authority of the committee to carry out its responsibilities.

The recommendations of the AIC Code under principle 5 state that the Chairman may be a member of, but not chair, the Management Engagement and Remuneration Committee. Having taken account of the size of the Board and the remit of the Management Engagement and Remuneration Committee, the Board believes that the Chairman remains the most suitable Director to chair the Management Engagement and Remuneration Committee. The remuneration of the Chairman will be considered by the Management Engagement and Remuneration Committee in his absence.

PART 9

THE EXISTING PROPERTY PORTFOLIO

1. Summary of the Existing Property Portfolio

The Company acquired the Initial Property Portfolio on 6 November 2015. The Initial Portfolio was valued at £386 million and was comprised of 128 tenants, 517 tenants and 713 units. Since that date, the Company has acquired a number of properties, principally by way of portfolio purchases in 2016 and 2017, and has also disposed of several of them.

As at 30 June 2017, the Existing Property Portfolio is spread across 150 properties consisting of 1,093 individual units with a total of 823 tenants, which were valued at 30 June 2017 at £640.4 million in aggregate, with a combined contracted rent roll of £54.6 million per annum reflecting a yield of 6.7 per cent. on a weighted average unexpired lease term of 5.3 years (3.5 years to first break).

2. Details of the Existing Property Portfolio

The financial information set out in this Part 9 has not been audited.

2.1 Property portfolio by business segment (as at 30 June 2017)

<i>Business segment</i>	<i>Properties (no.)</i>	<i>Market values (£m)</i>	<i>Occupancy by value (%)</i>	<i>Lettable area (million sq. ft.)</i>	<i>Annualised gross rental income (£m)</i>	<i>Net rental income** (£m)</i>	<i>Net initial yield* (%)</i>
Office	75	402.0	81.6	3.25	34.4	29.4	6.7
Industrial	40	166.6	84.1	4.44	14.0	12.5	6.4
Retail	33	62.0	91.7	0.59	5.5	4.5	6.8
Other	2	9.9	94.8	0.12	0.7	0.7	6.5
Total	150	640.4	83.3	8.40	54.6	47.1	6.7

2.2 Property portfolio by geography (as at 30 June 2017)

<i>Regional segment</i>	<i>Properties (no.)</i>	<i>Market values (£m)</i>	<i>Occupancy by value (%)</i>	<i>Lettable area (million sq. ft.)</i>	<i>Annualised gross rental income (£m)</i>	<i>Net rental income** (£m)</i>	<i>Net initial yield* (%)</i>
Scotland	46	159.4	86.6	2.64	15.2	13.8	8.1
South East	26	154.9	88.9	1.33	12.8	11.3	6.6
North East	19	83.8	79.2	1.36	6.8	6.1	6.9
Midlands	31	109.9	83.7	1.32	9.4	8.2	6.8
North West	17	75.1	83.0	1.10	6.1	5.5	6.8
South West	8	31.6	54.7	0.26	2.2	0.6	1.6
Wales	3	25.7	87.1	0.39	2.2	1.5	5.5
Total	150	640.4	83.3	8.40	54.6	47.1	6.7

* Net initial yield is stated after standard purchaser's costs of 6.8 per cent.

** Net rental income is gross rental income less voids and irrecoverable costs.

2.3 Gross rental income by business segment (as at 30 June 2017)

<i>Business segment</i>	<i>Annualised gross rental income (£m)</i>	<i>Average rent per sq. ft.</i>	<i>WAULT (to break) (years)</i>	<i>Occupancy by lettable area (%)</i>	<i>Indexation and fixed increases (%)</i>	<i>ERV (£m)</i>	<i>Equivalent yield (%)</i>
Office	34.4	12.98	3.1	81.6	0.7	42.0	8.3
Industrial	14.0	3.74	3.8	84.0	0.0	16.6	8.4
Retail	5.5	10.54	4.2	89.5	1.0	5.8	8.1
Other	0.7	9.54	10.1	61.1	0.0	0.8	7.8
Total	54.6	7.82	3.5	83.1	0.5	65.1	8.3

2.4 Gross rental income by geography (as at 30 June 2017)

<i>Regional segment</i>	<i>Annualised gross rental income (£m)</i>	<i>Average rent per sq. ft.</i>	<i>WAULT (to break) (years)</i>	<i>Occupancy by lettable area (%)</i>	<i>Indexation and fixed increases (%)</i>	<i>ERV (£m)</i>	<i>Equivalent yield (%)</i>
Scotland	15.2	6.90	3.5	83.7	0.0	17.6	9.2
South East	12.8	11.13	2.8	85.9	0.0	14.2	7.3
North East	6.8	5.97	2.3	83.6	0.0	8.5	8.5
Midlands	9.4	8.75	3.3	81.5	2.9	10.6	8.1
North West	6.1	6.46	5.3	86.4	0.0	7.8	8.9
South West	2.2	13.59	3.5	60.5	0.0	4.0	8.2
Wales	2.2	7.00	6.4	80.0	0.0	2.4	7.9
Total	54.6	7.82	3.5	83.1	0.5	65.1	8.3

2.5 Top 15 investments by market value (as at 30 June 2017)

<i>Property</i>	<i>Anchor tenants</i>	<i>Market value (£m)</i>	<i>Sector</i>	<i>Lettable area (sq. ft.)</i>	<i>Annualised gross rental income (£m)</i>	<i>Let by rental value (%)</i>	<i>WAULT (to first break) (years)</i>
Tay House, Glasgow, Scotland	Barclays Bank plc University of Glasgow	32.3	Office	157,525	2.2	85.6	4.0

Description and overview: Grade A city building offering column free floor plates of 20,000 – 30,000 sq. ft. in Glasgow city centre. The building underwent an extensive refurbishment in 2008-10 and, in 2016, the first and second floors were again comprehensively refurbished.

Business plan: to refurbish and then to seek to let the remaining first and second floor suites.

Action taken: Barclays' leases were re-gearred in December 2015, extending these leases to October 2025 and securing the income until at least October 2021. Second floor (30,000 sq. ft.) was let to Regus in October 2016 under a management contract – the first launch in the UK, outside of London, of their 'Spaces' concept. First floor – terms have been issued to a prospective tenant for the whole floor (19,300 sq. ft.). Eaton (10,262sq. ft.) have indicated that they are seeking to exit, however, their lease commitment is until February 2022. There are ongoing enquiries as to this space.

Future asset management initiatives: University of Glasgow (20,094 sq. ft.) has a break option in September 2019 and initial discussions have taken place.

<i>Property</i>	<i>Anchor tenants</i>	<i>Market value (£m)</i>	<i>Sector</i>	<i>Lettable area (sq. ft.)</i>	<i>Annualised gross rental income (£m)</i>	<i>Let by rental value (%)</i>	<i>WAULT (to first break) (years)</i>
Juniper Park, Basildon, England	Schenker Ltd Vanguard Logistics Services Ltd Telent Technology Services Ltd Tigers Global Logistics Ltd	22.5	Industrial	295,950	1.5	77.6	0.9

Description and overview: a multi-let industrial warehouse and office park acquired in March 2016 as part of the “Rainbow” portfolio. There are 10 tenants on 13 leases.

Business plan: seek to let Unit 1A, being the largest void (84,475 sq. ft.)

Action taken: a new lease has been put in place with SCS for 10 years with tenant break at year five. The area has been agreed as 65,503 sq. ft. following the removal of a mezzanine space that the tenant did not require. The average rent for years one to five will be £328,035 p.a.; thereafter, the rent will be £508,423 p.a. The tenant will pay £100,000 if its break option is exercised, which is intended to reflect the cost of the mezzanine removal.

Future asset management initiatives: terms have been agreed with Bosch and Johnson Controls for renewal of their leases. Discussions are ongoing with Schenker and Vanguard in relation to lease re-gears for other units on the park.

<i>Property</i>	<i>Anchor tenants</i>	<i>Market value (£m)</i>	<i>Sector</i>	<i>Lettable area (sq. ft.)</i>	<i>Annualised gross rental income (£m)</i>	<i>Let by rental value (%)</i>	<i>WAULT (to first break) (years)</i>
Buildings 2 & 3, HBOS Campus, Aylesbury, England	Scottish Widows Ltd The Equitable Life Assurance Society	22.3	Office	146,936	1.8	75.4	4.7

Description and overview: campus of two buildings, including the “Blue Leanie”, acquired in March 2016 as part of the “Rainbow” portfolio. In November 2016 (as was expected) Scottish Widows exercised its option to break the lease on Building 2. Subsequently, new 10-year leases were agreed with Equitable Life for the first and second floors of Building 2 from November 2016 with a refurbishment of all floors in the building underway. The assessment of dilapidations with Scottish Widows continues and is anticipated to be an improved settlement to that originally forecast on acquisition. The lease on Building 3, within which Scottish Widows have consolidated their operations, runs to November 2021.

Business plan: agree dilapidations with Scottish Widows and undertake refurbishment and let of all space.

Action taken: new leases secured with Equitable Life. Comprehensive refurbishment programme of Building 2 initiated, with completion scheduled for December 2017. Gross capital expenditure of approximately £3.3 million is aimed at providing Grade A office accommodation.

Future asset management initiatives: encouraging demand from prospective tenants for space in the Aylesbury area, abetted by a significant reduction in available space from a number of local PDR

developments that have been initiated. Terms have been agreed with Agria Pet Insurance for the first floor (13,823 sq. ft.) for 10 years at a headline rent of £235,000 per annum.

<i>Property</i>	<i>Anchor tenants</i>	<i>Market value (£m)</i>	<i>Sector</i>	<i>Lettable area (sq. ft.)</i>	<i>Annualised gross rental income (£m)</i>	<i>Let by rental value (%)</i>	<i>WAULT (to first break) (years)</i>
Wardpark Industrial Estate, Cumbernauld, Scotland*	Thomson Pettie Ltd Cummins Ltd Balfour Beatty, WorkSmart Ltd Bunzl UK Ltd	19.4	Industrial	707,775	2.3	88.6	2.1

Description and overview: multi-let industrial park acquired in November 2013 as part of a portfolio. It is a strategically located with direct access to central Scotland's motorway triangle. It is the most recognised industrial and business area on the M80 motorway with more than 2 million sq. ft. of total available space, of which approximately 0.7 million sq. ft. is owned by the Group. The asset was offered for sale in 2016 but the level of offers received did not meet the Group's estimate of its value.

Business plan: to let vacant space and re-gear existing leases in an improving market.

Action taken: the sale of two vacant blocks, totalling 18,863 sq. ft., adjacent to the Wardpark Film Studio, for the expansion of this high profile use (currently home to Sony Pictures Outlander franchise) completed in September 2017. There has also been a sale of two units at Wardpark South which does not form part of the main estate holding. Leases with Bunzl UK Ltd have been re-gearred to March 2030 subject to a tenant break option in 2025.

Future management initiatives: to retain the asset based on stronger rental growth prospects for the estate and the opportunity with the range of unit sizes on offer.

<i>Property</i>	<i>Anchor tenants</i>	<i>Market value (£m)</i>	<i>Sector</i>	<i>Lettable area (sq. ft.)</i>	<i>Annualised gross rental income (£m)</i>	<i>Let by rental value (%)</i>	<i>WAULT (to first break) (years)</i>
Hampshire Corporate Park, Chandler's Ford, England	Aviva Health UK Ltd Royal Bank of Scotland plc Daisy Wholesale Ltd Utilita Energy Ltd	16.4	Office	85,422	1.4	99.8	3.2

Description and overview: Hampshire Corporate Park was acquired in January 2015 and comprises Chilworth House and Hampshire House (latterly rebranded from NatWest House). Chilworth House is wholly let to Aviva Health until December 2018. Hampshire House combined lettings with the Royal Bank of Scotland, secured until 2021, and with Aviva, the latter exiting in December 2016. With the completion of the 20,000 sq. ft. first floor refurbishment the space has been let on 10 year leases (five years to first break) of 10,000 sq. ft. each, to Daisy Wholesale Ltd and to Utilita Energy Ltd.

Business plan: manage the Hampshire House property through lease termination, followed by an interior and exterior refurbishment capital expenditure programme totalling £1.5 million gross and to re-let setting a new level of rent. New lettings at £19.75 per square foot provides significant reversionary potential with Chilworth House.

Action taken: by advance programming and marketing the void period for the building was limited to only five months while the works were ongoing with lettings of the refurbished space agreed with Daisy Wholesale Ltd and Utilita Energy Ltd on a new 10 year lease, subject to tenant break options in May 2022.

Future asset management initiatives: the local letting market remains strong and the supply of similar suitable properties is limited. The immediate opportunity is to undertake a re-gear of Aviva's Chilworth House lease in December 2018 or, if Aviva exit, seek to capitalise on strong occupier demand. Potential also exists to agree a partial surrender with the Royal Bank of Scotland on half of their space, refurbish and re-let at in excess of £19.75 per square foot.

<i>Property</i>	<i>Anchor tenants</i>	<i>Market value (£m)</i>	<i>Sector</i>	<i>Lettable area (sq. ft.)</i>	<i>Annualised gross rental income (£m)</i>	<i>Let by rental value (%)</i>	<i>WAULT (to first break) (years)</i>
One & Two Newstead Court, Annesley, England	E.ON UK plc	15.4	Office	146,262	1.4	100.0	3.1

Description and overview: acquired in May 2014 out of receivership. Two modern, high quality large office pavilions let to E.ON (Building 2) and Babcock (Building 1 – sublet to E.ON), on an established business park. A 10 year lease (five years to first break) on the larger Building 2 was renegotiated from May 2015. E.ON completed a refurbishment programme for Building 1 with the lease then renegotiated for 10 years (five years first break) from March 2016 at a 10 per cent. improvement in the rental rate.

Business plan: re-gear leases on both buildings with E.ON with over-rented re-set to market rate.

Action taken: new leases agreed on both buildings until April 2025, with a review and tenant break options in May 2020.

Future asset management initiatives: seek to implement review and remove break options in 2020.

<i>Property</i>	<i>Anchor tenants</i>	<i>Market value (£m)</i>	<i>Sector</i>	<i>Lettable area (sq. ft.)</i>	<i>Annualised gross rental income (£m)</i>	<i>Let by rental value (%)</i>	<i>WAULT (to first break) (years)</i>
Columbus House, Coventry, England	TUI Northern Europe Ltd	14.6	Office	53,253	1.4	100.0	6.5

Description and overview: acquired in August 2014. A good quality building on a recognised office park with a background of improving tenant demand. TUI sublet the entire space to First Utility that provides an underpinning to the rent.

Business plan: let to TUI until 2024 on a geared lease with fixed annual uplifts.

Action taken: agreed sub-lease to First Utility.

Future asset management initiatives: potential to agree lease surrender with TUI, with benefits of existing sublets to First Utility.

<i>Property</i>	<i>Anchor tenants</i>	<i>Market value (£m)</i>	<i>Sector</i>	<i>Lettable area (sq. ft.)</i>	<i>Annualised gross rental income (£m)</i>	<i>Let by rental value (%)</i>	<i>WAULT (to first break) (years)</i>
Road 4 Winsford Industrial Estate, Winsford, England	Jiffy Packaging Ltd	13.7	Industrial	246,209	0.9	100.0	17.3

Description and overview: acquired in August 2014. Let to Jiffy Packaging until 2034.

Business plan: seek to sell geared low yielding long lease.

Action taken: investor interest has been received and is under consideration.

Future asset management initiatives: seek to sell site with an improvement in the Jiffy Packaging tenant covenant and resolution of the guarantee.

<i>Property</i>	<i>Anchor tenants</i>	<i>Market value (£m)</i>	<i>Sector</i>	<i>Lettable area (sq. ft.)</i>	<i>Annualised gross rental income (£m)</i>	<i>Let by rental value (%)</i>	<i>WAULT (to first break) (years)</i>
Ashby Park, Ashby-de-la-Zouche, England	Ceva Logistics Ltd Alstom UK Ltd Hill-Rom UK Ltd Jigsaw Solutions Ltd	13.5	Office	91,752	1.0	95.6	3.0

Description and overview: acquired in March 2017 from The Conygar Investment Company PLC as part of a portfolio.

Business plan: let vacant space in Ceva House vacated by Alstom.

Action taken: dilapidations on the vacated space agreed and paid for. Discussions are ongoing with Jigsaw Solutions Ltd for potential expansion to a vacant unit. Ceva Logistics Ltd have expressed an interest in re-gearing and Hill-Rom UK Ltd have also expressed an interest regarding a reversionary lease.

Future asset management initiatives: seek to re-let the space to be vacated by Jigsaw Solutions Ltd and re-gear the lease with Ceva.

<i>Property</i>	<i>Anchor tenants</i>	<i>Market value (£m)</i>	<i>Sector</i>	<i>Lettable area (sq. ft.)</i>	<i>Annualised gross rental income (£m)</i>	<i>Let by rental value (%)</i>	<i>WAULT (to first break) (years)</i>
9 Portland Street, Manchester, England	Mott MacDonald Ltd New College Manchester	12.5	Office	54,959	0.8	96.9	3.3

Description and overview: acquired from receivership in December 2013 for £3.705 million. The property consists of 55,000 sq. ft. of refurbished vacant modern offices behind a retained listed façade consisting of ground and six upper floors. Requirement to address shortcomings in previous refurbishment works, and resultant local market stigma, necessitated approximately £1 million spend on remedial works. These works have been successfully completed and the building has been re-launched into the letting market.

Business plan: let vacant space at low commencing rental base of £13.50 per square foot and progressively grow rental value.

Action taken: in late 2016 the final remaining space was let to an expanding tenant, Mott MacDonald. As part of the letting break options on their existing fourth floor space were removed, securing income until May 2025. Rental level now set at £19.50 per square foot.

Future asset management initiatives: the opportunity is to secure re-gears at increased rental levels. There has been strong investor demand. An offer to purchase the property for £13.15 million was rejected in May 2017.

<i>Property</i>	<i>Anchor tenants</i>	<i>Market value (£m)</i>	<i>Sector</i>	<i>Lettable area (sq. ft.)</i>	<i>Annualised gross rental income (£m)</i>	<i>Let by rental value (%)</i>	<i>WAULT (to first break) (years)</i>
Arena Point, Leeds, England	JD Wetherspoon Plc Expotel Hotel Reservations Ltd	12.3	Office	98,852	0.6	45.0	2.0

Description and overview: acquired in March 2016 as part of the “Wing” portfolio.

Business plan: rebranding of the site (formerly “Tower North Central”), with permission for new high-level illuminated signage and the launch of a marketing campaign that will highlight the property as a landmark location in the cityscape. Progressive three phase refurbishment and letting of blocks of floors to secure an ongoing uplift in rental rates.

Action taken: installation of signage. Refurbishment of the foyer is on-going, as is refurbishment in relation to the basement service area and the first to seventh floors. Total committed capital expenditure was approximately £1.1 million (phase 1 – foyer, basement and sixth/seventh floors) which was completed in July 2017. The sixth and seventh floors have been let to Interserve at £12.50 per square foot. Phase 2 refurbishment (fourth and fifth floors) is being advanced.

Future asset management initiatives: contracts have been exchanged with Unite Students for the sale of the podium site for £10.5 million subject to Unite securing planning permission. On completion, this will produce profit of approximately £9 million on this asset since it was purchased in March 2016. The deal will see the Company retain the office lower block.

<i>Property</i>	<i>Anchor tenants</i>	<i>Market value (£m)</i>	<i>Sector</i>	<i>Lettable area (sq. ft.)</i>	<i>Annualised gross rental income (£m)</i>	<i>Let by rental value (%)</i>	<i>WAULT (to first break) (years)</i>
The Point, Glasgow, Scotland*	SeeWoo Foods (Glasgow) Ltd The University Court of the University of Glasgow Euro Car Parts Ltd	12.0	Industrial	169,190	0.9	100.0	6.1

Description and overview: acquired in November 2013. Refurbished former industrial buildings to a retail warehouse and trade counter development, located one mile north of Glasgow city centre.

Business plan: opportunity is to increase rents in an improving market at time of rent reviews.

Action taken: in 2016 secured lease surrender on Unit 4 which was then split and refurbished and re-let to a more suitable trade counter user at £7 psf. Rent re-gear in January 2016 achieved a 26 per cent. uplift in rent. A 17 per cent. uplift achieved on See Woo review as of February 2016.

Future asset management initiatives: Re-gear of lease of Unit 8 with the University of Glasgow from January 2018 now agreed. Ongoing rent reviews against a background of improved rental growth on the site. Opportunity to improve rental tone of estate further, to £9 psf., by separation of unit 7 and letting to Crown Paint. Opportunity thereafter to sell into investor market.

<i>Property</i>	<i>Anchor tenants</i>	<i>Market value (£m)</i>	<i>Sector</i>	<i>Lettable area (sq. ft.)</i>	<i>Annualised gross rental income (£m)</i>	<i>Let by rental value (%)</i>	<i>WAULT (to first break) (years)</i>
1-4 Llansamlett Retail Park, Swansea, Wales	Wren Living Ltd Steinhoff UK Group Property Ltd A Share & Sons Ltd	11.9	Retail	71,615	1.1	100.0	5.6

Description and overview: acquired in August 2014. A modern retail warehouse park, comprising 6 units, adjacent to the M4 motorway and a large Tesco Extra, regarded as the prime bulky goods park in the city.

Business plan: in 2016 the Group's intention was to let all of the retail units and then to sell the park. While there was an encouraging level of interest from potential purchasers, bids were not at an acceptable level.

Action taken: last available unit was let to Tapi Carpets in early 2017. Planning consent has been obtained for a drive-thru unit and terms, including a 20 year lease, have been agreed with an international fast food operator. The Group is now developing the timeframe for planning process and determining final costs and specification.

Future asset management initiatives: retail property remains a non-core business for the Group. The asset will be retained for an interim period and the drive-thru unit completed, before again being offered for sale.

<i>Property</i>	<i>Anchor tenants</i>	<i>Market value (£m)</i>	<i>Sector</i>	<i>Lettable area (sq. ft.)</i>	<i>Annualised gross rental income (£m)</i>	<i>Let by rental value (%)</i>	<i>WAULT (to first break) (years)</i>
The Brunel Centre, Bletchley, England	Wilkinson Hardware Stores Ltd Poundland Ltd Boots The Chemist Ltd	11.7	Retail	98,351	1.0	95.8	2.5

Description and overview: acquired in March 2017 from The Conygar Investment Company PLC as part of a portfolio.

Business plan: seek to let vacant units and re-gear existing tenancies to maximise occupancy and net income.

Action taken: lease renewal agreed with Card Factory on Unit 20 for a five year lease. New lease agreed with Boots Opticians for a 10-year lease. New straight 10-year lease of Units 3 and 5 completed with Gems UK Ltd.

Future asset management initiatives: continue to advance re-gears on expiries whilst maintaining occupancy and net income. Undertake targeted capital expenditure, particularly to the public areas, and consider alternative and complimentary uses for available office space.

<i>Property</i>	<i>Anchor tenants</i>	<i>Market value (£m)</i>	<i>Sector</i>	<i>Lettable area (sq. ft.)</i>	<i>Annualised gross rental income (£m)</i>	<i>Let by rental value (%)</i>	<i>WAULT (to first break) (years)</i>
Oaklands House, Manchester, England	HSS Hire Services Group Ltd Rentsmart Ltd	10.4	Office	161,768	1.1	79.1	3.6

Description and overview: acquired in March 2016 as part of the “Wing” portfolio. Undertook rebranding and launched a new marketing campaign. Installed new service facilities and undertook upgrades of external areas. Opportunity to capitalise on competing buildings in the area being converted to residential use and limited alternative office space.

Business plan: to secure new lettings on the vacant space and regear existing space on longer lets and increased rents.

Action taken: management agreement completed with a serviced office provider for two floors, following an investment of a £0.3m. New letting of 8th floor (West) and parking to existing tenant CVS (Commercial Valuers & Surveyors) Ltd for 10 years with break and review at year 5 along with a re-gear of the same tenant space on 9th floor (whole) and parking with new 10-year lease with break and review at year 5. New letting of 14th floor (East) to existing tenant Please Hold (UK) Limited for 10 years with break at year 5.

Future asset management initiatives: securing new lettings and incrementally increase rental rates on the remaining vacant floors. Consideration of refurbishment of ground floor foyer and reception to create statement entrance and improve building visibility to include creation of drop down social areas and co-working environment.

* These properties are part of the portfolio of real estate assets belonging to the CIHL Group currently – see paragraph 2.9 of this Part 9 below for further details of arrangements relating to the CIHL Group

2.6 **Breakdown of the key sector exposures**

Office portfolio

The office portfolio consists of 567 units amounting to 3.25 million square feet of UK regional office property, with low average rents of £12.98 per square foot and a capital value of only £123.70 per square foot. Occupancy (by value) is 81.6 per cent. The portfolio is well located in the UK’s principal regional markets to benefit from the up-tick in UK regional office demand. The office portfolio generates a net initial yield after voids and irrevocable costs and including purchasers’ costs of 6.7 per cent. The largest single office asset is Tay House, Glasgow, valued at £32.3 million, 5 per cent. of the gross investment portfolio. Major tenants across the office portfolio: include: Barclays Bank, the University of Glasgow, Scottish Widows, Equitable Life Assurance, Aviva Health UK, Royal Bank of Scotland, E.ON UK, TUI, Ceva Logistics, Alstom UK, JD Wetherspoon, Expotel Hotel Reservations, Mott MacDonald and HSS Hire Services.

The principal regional office exposures are as follows:

<i>Location</i>	<i>% of office portfolio by value</i>
Birmingham	1.8%
Bristol	3.4%
Edinburgh	2.0%
Glasgow	15.4%
Leeds	9.8%
Manchester	5.7%
Total Big 6 regional office markets	38.0%
South East	24.7%
Other	75.3%

Industrial sites portfolio

The industrial portfolio consists of 348 units covering 4.4 million square feet of UK industrial property, with low average rents of £3.74 per square foot and a capital value of only £37.25 per square foot. Occupancy (by value) is 84 per cent. The industrial portfolio generates a net initial yield after voids and irrevocable costs and including purchasers' costs of 6.4 per cent. The largest single industrial asset is Juniper Park, Basildon, valued at £22.5 million, which represents 3.5 per cent. of the gross investment portfolio. Major tenants across the industrial portfolio include: Schenker, Vanguard Logistics Services, Thomson Pettie, Cummins, Balfour Beatty, Worksmart, Jiffy Packaging, SeeWoo Foods Ltd, the University of Glasgow and Screwfix Direct.

Retail portfolio

The retail portfolio consists of 33 properties valued at £62 million. Occupancy (by value) is 91.7 per cent. The retail portfolio was largely acquired through the purchase of property portfolios and, over the longer-term, is non-core for the Company. The retail portfolio generates a net initial yield after voids and irrevocable costs and including purchasers' costs of 6.8 per cent. Major tenants across the retail portfolio include: Wren Living, Steinhoff UK, A Share & Sons, Carpetwright, Halfords, Tapi Carpets & Floors, Wilkinson Hardware, Poundland, Boots the Chemist and WH Smith.

2.7 **Rental income security**

The WAULT on the portfolio is 5.3 years (30 June 2016: 5.0 years; 31 December 2016: 5.2 years); WAULT to first break is 3.5 years (30 June 2016: 3.6 years; 31 December 2016: 3.6 years). As at 30 June 2017, 18.6 per cent. (30 June 2016: 14.1 per cent.; 31 December 2016: 15.2 per cent.) of income was from leases which will expire within 1 year, 17.1 per cent. (30 June 2016: 29.2 per cent.; 31 December 2016: 22.5 per cent.) between 1 and 3 years, 21.2 per cent. (30 June 2016: 12.7 per cent.; 31 December 2016: 19.2 per cent.) between 3 and 5 years and 43.0 per cent. (30 June 2016: 44.0 per cent.; 31 December 2016: 43.1 per cent.) after 5 years.

No single tenant accounts for more than 3% in aggregate of the gross rental income other than Barclays Bank PLC, which occupies 78,044 sq. ft of space across the Existing Property Portfolio and accounts for 3.0% of the gross rental income on a WAULT of 8.3 years to expiry (4.4 years to first break) and E.ON UK Plc which occupies 146,262 sq. ft of space across the Existing Property Portfolio and accounts for 2.6% of the gross rental income on a WAULT of 8.1 years (3.1 years to first break). The top 15 tenants by income represent a total of 25.9% of the gross rental income of the Existing Property Portfolio.

2.8 *Loan receivables from CIHL Group*

On 28 November 2013, Toscafund Glasgow Limited acquired the CIHL Receivables in consideration for a payment of approximately £88 million. The CIHL Receivables are owed pursuant to a number of loan facilities and secured against a portfolio of real estate assets belonging to the CIHL Group.

The amount owed (including interest) by the CIHL Group pursuant to the CIHL Receivables as at 30 June 2017 was £94,974,053.37 principal, together with £22,823,030 interest.

The gross rental income received from the 17 properties within the CIHL Group in the year to 31 December 2016 was £6.26 million and £3.48 million for the six month period to 30 June 2017, which lead to cash contributions (after deducting voids and other non-recoverable costs, administrative expenses and an allowance for capital expenditure, VAT and service charge) of £4.25 million and £1.53 million for each respective period.

Toscafund Glasgow Limited also has the benefit of a call option pursuant to an agreement dated 28 November 2013 (as amended), pursuant to which it has the option to acquire properties of the CIHL Group at a price of £1.00 per property by giving one month's notice in writing (details of which are set out at paragraph 11.18 of Part 16 ("**Additional Information**") of this document). The properties within the CIHL Group that are included within the Existing Property Portfolio and the Valuation Reports, where they are valued at £72,365,000, are fully consolidated within the Group, for accounting purposes, whilst remaining within the CIHL Group.

3. **The Existing Portfolio Valuation Reports**

The Appendix to this Part 9 contains valuation reports on the Existing Property Portfolio prepared for the Company by the Valuers. The valuations in this Part 9 are extracted from the Valuation Reports, save for the fact that the Valuers value units within the same property or park individually while the Company treat them as one property which explains the difference between the properties set out in the Valuation Reports and the properties set out in this Part 9.

All of the details on the Existing Property Portfolio in this Part 9 are as at 30 June 2017.

No material changes have occurred since the date of valuation as set out in the Valuation Reports. The Valuers are DTZ Debenham Tie Leung Limited (trading as Cushman & Wakefield) ("**Cushman & Wakefield**") (a private limited company incorporated in England under the Companies Act 1985 with registered number 02757768 on 16 October 1992) and Jones Lang LaSalle Limited ("**JLL**") (a private limited company incorporated in England under the Companies Act 1948 with registered number 01188567 on 25 October 1974). The Valuers' registered offices and principal places of business are set out on page 61 of this document. Cushman & Wakefield and JLL have, respectively, 235 and 3,004 qualified surveyors and support staff in 10 and 27 offices across the UK. The Valuers offer services in full compliance with the RICS Valuation Standards or equivalent local standards where required.

The Valuers have given and not withdrawn their written consent to the issue of this document, the Valuation Reports and the inclusion herein of their name and the references to it in the form and context in which they appear.

APPENDIX TO PART 9
**VALUATION REPORTS RELATING TO THE EXISTING
PROPERTY PORTFOLIO**

SECTION A: VALUATION REPORT BY JONES LANG LASALLE



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Regional REIT Limited
Mont Crevelt House
Bulwer Avenue
St Sampson
Guernsey
GY2 4LH

Peel Hunt LLP
Moore House
120 London Wall
London EC2Y 5ET

5 December 2017

Dear Sirs

Regional REIT Ltd – Portfolio Valuation

1. Introduction

In accordance with our signed engagement letter with Regional REIT Limited (the “**Company**”), dated 24 November 2017, we, Jones Lang LaSalle Limited, Chartered Surveyors, have considered the properties referred to in the attached schedule (the “**Schedule**”), in order to advise you of our opinion of the Market Value (as defined below) as at 30 June 2017, of the Freehold (“**F/H**”), Leasehold (“**LLH**”) or Part Freehold, Part Leasehold (“**Part F/H, Part LLH**”) interests in each of these properties (the “**Properties**” and each a “**Property**”), as appropriate.

The effective valuation date is 30 June 2017.

2. Purpose of Valuation

We understand that this report (the “**Valuation Report**”) and the Schedule are required for inclusion in a shareholder circular and prospectus (the “**Prospectus**”) to be published in accordance with the Prospectus Rules in connection with the issue of ordinary shares for cash and that this Valuation Report and Schedule will be included within the Prospectus (the “**Purpose**”).

We can confirm that we have prepared our Valuation Report as independent External Valuers as defined in the RICS Valuation – Global Standards 2017.

3. Basis of Valuation and Assumptions

We set out below the basis and assumptions we have used in preparing our Valuation Report followed by a summary of the aggregate values of the Freehold and Leasehold and Part Freehold and Leasehold interests in the Properties described in the Schedule.

We confirm that the value of the Properties has been assessed on the basis of Market Value in accordance with the appropriate sections of both the current Practice Statements (“PS”), and United Kingdom Practice Statements (“UKPS”) contained within the RICS Valuation – Global Standards 2017 (the “Red Book”). This is an internationally accepted method of valuation.

Our valuation has also been undertaken in accordance with the relevant provisions of the Prospectus Directive (2003/71/EC) and related guidance and has been undertaken by us as External Valuers as defined in the RICS Valuation Standards. The Properties are held as investments and developments and we have therefore used the appropriate property investment and development valuation methodology to calculate the Market Values.

4. Material Change

We hereby confirm that as at the date of this Valuation Report:

- (i) we have not become aware of any material change since 30 June 2017 in any matter relating to any specific Properties covered by our Valuation Report which in our opinion would have a material effect on the value as at today’s date;
- (ii) in relation to market conditions and movements in the property markets in which the properties covered by our Valuation Report are located, we do not consider that the movement at portfolio level in respect of the Properties constitutes a material change since 30 June 2017.

5. Valuation approach

The income capitalisation method is based on capitalising the net income stream at an appropriate yield. In establishing the net income stream we have reflected the current rent (gross rent) payable to lease expiry, at which point the valuer has assumed that each unit of occupation will be let at their opinion of Market Rent. The valuer has made allowances for voids and rent free periods where appropriate, as well as deducting non-recoverable costs where applicable. The comparable method is used to select the appropriate yield, which has been adjusted for the location of the building, specification, tenant credit quality, lease terms and lot size amongst other factors.

6. Valuation

On the basis outlined in this Valuation Report, we are of the opinion that the aggregate of the individual Market Values, as at 30 June 2017, of the Freehold, Leasehold and Part Freehold, Part Leasehold interests, subject to and with the benefit of various occupational leases, as summarised in the Schedule, but subject to the Special Assumption stated in this report, is:

£129,710,000
(ONE HUNDRED AND TWENTY NINE MILLION, SEVEN HUNDRED AND TEN THOUSAND POUNDS)

Below we summarise the total aggregate values by Tenure:

<i>Tenure</i>	<i>Market Value</i>
F/H	£113,350,000
LLH	£16,360,000
Part F/H, Part LLH	£–
Total Aggregate Market Value	<u>£129,710,000</u>

There are no negative values to the report.

The individual property values are set out as an Appendix to this Valuation Report.

The difference between the valuation figure in this Valuation Report and that in Part 9 of this document is due to the fact that we value units within the same property or park individually, while the Company treats them as one property.

7. Realisation Costs

Our Valuation Report is exclusive of VAT and no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal of any Property.

8. Assumptions and Sources of Information

An assumption is stated in the Glossary to the Red Book to be a “supposition taken to be true” (“**assumption**”). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations in this Valuation Report, we have made a number of assumptions and have relied on certain sources of information. We believe that the assumptions we have made are reasonable, taking into account our knowledge of the Properties, and the contents of reports made available to us. However, in the event that any of these assumptions prove to be incorrect then our valuations should be reviewed. The assumptions we have made for the purposes of our valuations are referred to below.

We have made no Special Assumptions.

9. Inspections

We inspected the Properties between April 2016 and 30 June 2017.

10. Information

We have made an assumption that the information which the Company and its professional advisers have supplied to us in respect of the Properties is both full and correct.

It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

11. Title

We have not had sight of a Certificate of Title in preparing our Valuation Report.

12. Floor Areas

We have been provided with floor areas by the Company and have assumed that these are gross or net and have been prepared in accordance with the RICS’ Code of Measuring Practice. As agreed we have relied upon these floor areas for the purposes of this valuation exercise. For the avoidance of doubt we have not measured any part of the property or undertaken check measurements.

13. Plant and Machinery

Landlords’ fixtures such as lifts, escalators, air-conditioning and other normal service installations have been treated as an integral part of each Property and are included within our valuations. Plant and machinery, tenant’s fixtures and specialist trade fittings have been excluded from our valuations.

No specialist tests have been carried out on any of these service systems and for the purposes of our valuations we have assumed that all are in good working order and in compliance with any relevant statute bye-law or regulation.

14. Environmental Investigations and Ground Conditions

We were not instructed to carry out site surveys or environmental assessments nor have we investigated any historical records, to establish whether any land or premises are or have been, contaminated. Unless we have been provided with information to the contrary, we have assumed that the Properties are not, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect the present or future use of the Properties.

We were not instructed to carry out structural surveys of the Properties but we have reflected any apparent wants of repair in our opinion of the value as appropriate. Properties have been valued on the basis of the Company's advice save where we have been specifically advised to the contrary, no deleterious materials have been used in the construction of any of the subject buildings.

15. Planning

We have not had sight of a Certificate of Title. We have made the assumption that there are no adverse Town Planning, Highway or other schemes or proposals, which would materially impact our opinion of value.

We have assumed that all buildings comply with all statutory and Local Authority requirements including building, fire and health and safety regulations.

16. Tenure and Tenancies

We have not read copies of the leases and have relied on the tenancy summaries provided by the Company for the purposes of our valuation.

We have not conducted credit enquires into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

17. Responsibility

This Valuation Report and the Schedule are provided for the Purpose. This Valuation Report forms part of the Prospectus and may be referred to in supplementary offer documents.

For the purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this valuation report and schedule and will accept responsibility for the information contained in this valuation report and confirm to the best of our knowledge, having taken all reasonable care to ensure that such is the case), the information contained in this valuation report and summary is in accordance with the facts and contains no omissions likely to affect its import.

We have prepared this Valuation Report for inclusion in the Prospectus and, save as provided in this Valuation Report or as required under Prospectus Rule 5.5.3R(2)(8), we do not accept any liability in relation to the information contained in the Prospectus or any other information provided by the Company or any other party in connection with the placement, offer or listing. The Valuation Report may not be reproduced or used other than for the Purpose without our prior written consent.

Yours faithfully



Peter O'Brien BSc (Hons) MRICS
Director

For and on behalf of
Jones Lang La Salle Limited

APPENDIX TO JLL VALUATION REPORT

<i>Property Address</i>	<i>Tenure</i>
Brennan Ho, Farnborough Aerospace Centre Business Park, Farnborough	Leasehold
Integration House, Ancells Business Park, Fleet	Freehold
Waterfront Business Park, Fleet Road, Fleet	Freehold
Pagoda Park, Mead Way, Swindon	Freehold
The Links Business Park, Birchwood, Warrington	Freehold
Unit 3, Freebournes Drive, Witham	Leasehold
Unit 16 & 18, Freebournes Drive, Witham	Leasehold
Swan Development, Avenue Farm IE, Stratford-on-Avon	Leasehold
31 Foleshill Road, Coventry	Leasehold
Trident Retail Park, Birmingham	Freehold
Shrewsbury Arms Shopping Mall, Rugeley	Freehold
Kingscourt Leisure Complex, Dundee	Heritable
Witham Park House, Lincoln	Freehold
Charles House, 61-69 Derngate, Northampton	Freehold
Ashby Park, Ashby-de-la-Zouch	Freehold
5 Watt Place, Hamilton	Heritable
1-6, Silver Court, Watchmead, Welywn Garden City	Freehold
Advantage, Castle Hill, Reading	Freehold
1 Garbett Road, Livingstone	Heritable
3/3A Baird Road, Livingstone	Heritable
1/2 Linnell Way, Kettering	Freehold
156/160 High St, Ayr	Heritable
52-56 Newmarket St, Ayr	Heritable
96/102 Hamilton Road, Felixstowe	Freehold
6 Fleming Road, Livingston	Heritable
Kirkton Campus site, Livingston	Heritable
Craigievar House, Aberdeen	Heritable
Birchwood Park, Warrington	Freehold
Compass House, Dundee	Heritable
Brunel Centre, Bletchley	Freehold
Wilkinson, 1 Cotham Street, St Helens	Freehold
Network House, 26-46 School Street, Wolverhampton	Freehold
Mochdre Industrial Park, Colwyn Bay	Freehold

SECTION B: VALUATION REPORT BY CUSHMAN & WAKEFIELD



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VALUATION RECORD

To:	Regional REIT Limited Mont Crevelt House Bulwer Avenue St Sampson Guernsey GY2 4LH	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET
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(“you”, the “Client” or the “Addressee”)

Property: 138 properties previously valued on behalf of the Regional REIT Ltd as at 30 June 2017 - The address, tenure and property type of the property or each of the properties is included in Appendix B (the “Properties” or the “Portfolio”).

Two properties not previously valued - The address, tenure and property type of the property or each of the properties is included in Appendix C (the “New Properties”).

All of the above are known as the “Engagement Properties”

Report date: 5/12/2017

Valuation date: The Properties has been valued as at 30 June 2017
The New Properties has been valued as at 08 November 2017

Our reference: 170U6K00 / 170T5700 / 170U4H00

1. Instructions

1.1. Appointment

We are pleased to submit our report and valuation (the “Valuation Report”), which has been prepared in accordance with the engagement letter entered into between us dated 21 November 2017 (the “Engagement Letter”). This Engagement Letter and the terms set out therein, together with our Terms of Business, which were sent to you with our Engagement Letter, constitute the “**Engagement**”.

Included in the Engagement Letter is the Valuation Services Schedule ("VSS"), which are included in Appendix 1 ("VSS"). It is essential to understand that the contents of this Valuation Report are subject to the various matters we have assumed, which are referred to and confirmed as Assumptions in the Valuation Services Schedule. Unless otherwise defined, all capitalised terms herein shall be as defined in the Engagement.

In accordance with the Engagement we have provided the value of the Properties as at 30 June 2017 and then undertaken a review for material change, namely stripping out the values of the assets sold since the June 2017 valuation. In addition, we have been provided with an updated tenancy schedule from the Client dated 31/10/2017. We have reviewed this tenancy schedule against the 30 June 2017 valuation to assess if there has been any change sufficient to cause any material change on the value of the Properties.

We have valued the New Properties as at 08 November 2017.

A list of the addresses of each of the Properties and the New Properties together with a note of their tenure is included in the Appendices.

1.2. Compliance with RICS Valuation – Global Standards

We confirm that the valuation and Valuation Report have been prepared in accordance with the RICS Valuation – Global Standards which incorporate the international Valuation Standards ("IVS") and the RICS UK Valuation Standards (the "RICS Red Book") edition current at the Valuation Date. It follows that the valuations are compliant with "IVS".

1.3. Status of Valuer and Conflicts of Interest

We confirm that all valuers who have contributed to the valuation have complied with the requirements of PS 1 of the RICS Red Book. We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake the valuation competently. We confirm that Charles Smith has overall responsibility for the valuation and is in a position to provide an objective and unbiased valuation and is competent to undertake the valuation. Finally, we confirm that we have undertaken the valuation acting as an External Valuer as defined in the RICS Red Book.

We confirm that Cushman and Wakefield have current and previous recent involvement as follows:

- C&W have provided Regulated Purpose Valuations to the Client as at 31 December 2015, 30 June 2016, 31 December 2016 and 30 June 2017.
- C&W valued Woodlands Court, Bristol in 2012 and 2013 for annual accounts purposes for a previous owner not connected to the proposed transaction. In addition, C&W have acted on behalf of a bank who provided loan security services to the vendor of the Woodland Court, most recently in December 2016.
- C&W valued the Equinox office building in Almondsbury, Bristol and Woodlands Court in Bristol for loan security purposes in November 2017.
- The C&W Birmingham office advise the occupier of the first floor of Bennett House, Hanley, Stoke-on-Trent. The C&W London department have proceeded with the valuation from our London office following agreement of all parties that may we may proceed on that basis.
- The C&W Global Occupier Services department act for the tenants at the following assets:
 - Calton House, Redheughs Rigg, Edinburgh (The Scottish Ministers (c/o The Scottish

- Prison Service))
 - Ground Floor, Tasman House, Clydebank (Clydesdale Bank plc)
 - North Esplanade West, Aberdeen (Clydesdale Bank plc)
- The C&W office agency department act for a potential occupier at the following asset:
 - 800 Aztec West Bristol
- C&W Project Management and Consultancy department act on behalf of the previous tenant of 800 Aztec West, Bristol, an instruction which began prior to the Client acquiring this asset, in relation to outstanding dilapidations.

We confirm that the above has been disclosed and discussed with the Client and the relevant counter parties who have agreed that Cushman and Wakefield may provide valuation advice.

1.4. Purpose of Valuation

The purpose of this Valuation Report is for inclusion in a shareholder circular and prospectus which is to be published by the Client, in connection with the issue of new ordinary shares for cash to fund, among others, the acquisition of the 'Newton' and 'Archimedes' Portfolios and associated shareholder resolution (the "Purpose of Valuation"). The 'Newton' and 'Archimedes' portfolios are subject to a separate report.

Therefore, in accordance with PS 2.5 and UKVS 4 we have made certain disclosures in connection with this valuation instruction and our relationship with you. These are included in item 1.5 below.

1.5. Disclosures required under the provisions of PS 2.5 and UKVS 4

Charles Smith

Charles has been the signatory of Valuation Reports provided to Regional REIT for the annual accounts valuations for a continuous period since 2013. Charles was the co-signatory of the Valuation Report for the original listing in 2015.

This is the first instance that Charles has been signatory of a Valuation Report for the Purpose of Valuation.

C&W endorses the RICS view that it is good practice to rotate the valuer responsible for Regulated Purpose Valuations at internals not exceeding seven years. C&W's policy in this regard is explained in the VSS.

C&W's relationship with the Client

Please see Section 1.3 above.

Fee income from the Company/Fund

On 1 September 2015, DTZ acquired Cushman & Wakefield and the combined group now trades under the Cushman & Wakefield brand. Cushman & Wakefield's financial year end is 31 December. We confirm that the proportion of fees payable by the Client to C&W in the financial year to 2016 was less than 5%. We anticipate that the proportion of fees for the financial year to 31 December 2017 will remain at less than 5%.

C&W involvement in the Engagement Properties in the previous 12 months

Cushman & Wakefield have not received an introductory fee within the last 12 months.

1.6. Inspection

The New Properties (Woodlands Court, Ashridge Road, Bristol, BS32 4LB and Equinox North, Great Park Road Almondsbury, Bristol, BS32 4QL) were inspected in November 2017.

The Properties were last inspected in November / December 2016. In accordance with the Terms of Business the Property has not been re-inspected as part of this instruction. Your professional advisors (London & Scottish) have confirmed that no material changes to the physical attributes of the Properties or the areas in which they are situated have occurred since the previous inspection. Our valuations have therefore been prepared on the Assumption that there have been no such changes. It should be noted that if this assumption proves to be incorrect in relation to any asset or assets there may be a material impact on the values reported.

1.7. Floor areas

Unless specified otherwise, floor areas and analysis in this Valuation Report are based on the following bases of measurement, as defined in RICS Property Measurement (the edition current at the Valuation Date):

Office	NIA
Industrial	GIA
Retail	NIA
Residential	GIA

1.8. Accommodation

Source of Floor Areas

We adopted and relied upon floor areas provided by your professional advisors (London & Scottish).

1.9. Sources of Information

In addition to information established by us, we have relied on the information obtained from you and others as referred to in this Valuation Report, and in particular in Appendix D, Sources of Information.

We have made the Assumption that the information provided by you and your professional advisers in respect of the Engagement Properties we have valued is both full and correct. We have made the further Assumption that details of all matters relevant to value within your and their collective knowledge, such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to us, and that such information is up to date.

2. Basis of valuation

Our opinion of the Market Value of the Engagement Properties has been primarily derived using comparable recent market transactions on arm's length terms.

Market Value

The value of the Engagement Properties have been assessed in accordance with the relevant parts of the current RICS Red Book. In particular, we have assessed Market Value as referred to in VPS 4 item 4 of the RICS Red Book and applying the conceptual framework which is set

out in IVS 104. Under these provisions, the term "Market Value" means "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

3. Taxation and costs

We have not made any adjustment to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

We have made a deduction to reflect a purchaser's acquisition costs.

4. VAT

The Client has advised us that that they have exercised its option to tax in respect of the Engagement Properties.

The capital valuations and rentals included in this Valuation Report are net of value added tax at the prevailing rate.

5. Property information

5.1. Enquires

We have undertaken and completed the various matters referred to in the "Scope of Services" section of the VSS.

6. Valuation

6.1. 30 June 2017 Valuation

The aggregate of the Market Values of the Freehold, Heritable and Leasehold interests in the Properties, subject to the tenancies, reported as at 30 June 2017 subject to the Assumptions and comments in this Report and the Appendices was:

£510,695,000 (Five Hundred and Ten Million Six Hundred and Ninety-Five Thousand pounds)

This aggregated Market Value comprises split by tenure:

Interest	Market Value
Freehold/Heritable	£432,185,000 (Four Hundred and Thirty-Two Million One Hundred and Eighty-Five Thousand Pounds)
Leasehold	£78,510,000 (Seventy-Eight Million Five Hundred and Ten Thousand pounds)

In arriving at our opinion of Market Value of the aggregate of the interests of the above properties of the portfolio, we have valued each property individually. As such, we have assumed that the properties would be marketed in an orderly way and not all placed on the market at the same time.

6.2. Material Changes in Value

We have been informed by your professional advisors (London & Scottish) that since 30 June 2017 the following assets have been sold:

Interest	Market Value 30 June 2017
St James House, Bath	£4,560,000
30/32, 34/36, 31/33, 35/39 Napier Court, Wardpark Industrial Estate, Cumbernauld	£545,000
17 Napier Court, Wardpark Industrial Estate, Cumbernauld	£70,000

In addition to the above, we have been provided with an updated tenancy schedule from your professional advisors (London & Scottish) dated 31/10/2017. We have reviewed this tenancy schedule against the 30 June 2017 valuation and confirm there is no material change in the aggregate value as the date of this Report.

Talking into account the sales as discussed above, we are of the opinion that the aggregate of the Market Values of the Freehold, Heritable and Leasehold interests in the Properties, subject to the existing tenancies, as at 30 June 2017 subject to the Assumptions and comments in this Report and the Appendices was:

£505,520,000 (Five Hundred and Five Million Five Hundred and Twenty Thousand pounds)

6.3. New purchases into the fund

We have been informed by your professional advisors (London & Scottish) that the following assets have been purchased after the 30 June 2017 valuation and now form part of the Regional REIT portfolio:

- Woodlands Court, Ashridge Road, Bristol, BS32 4LB
- Equinox North, Great Park Road Almondsbury, Bristol, BS32 4QL

We have undertaken a separate valuation of these assets and we are of the opinion that the Market Values of the Freehold interests in the New Properties, subject to the existing tenancies and information provided by the Client, as at 08 November 2017 subject to the Assumptions and comments in this Report and the Appendices is:

Interest	Market Value 08 November 2017
Woodlands Court, Ashridge Road, Bristol, BS32 4LB	£6,550,000
Equinox North, Great Park Road Almondsbury, Bristol, BS32 4QL	£4,800,000

6.4. Statement of Final Value

Talking into account the above, we are of the opinion that the aggregate of the Market Values of the Freehold, Heritable and Leasehold interests in the Properties as at 30 June 2017 and the New Properties as at 08 November 2017, subject to the existing tenancies as noted above, subject to the Assumptions and comments in this Report and the Appendices is:

£516,870,000 (Five Hundred and Sixteen Million Eight Hundred and Seventy Thousand pounds)

This aggregated Market Value comprises split by tenure:

Interest	Market Value
Freehold/Heritable	£438,360,000 (Four Hundred and Thirty-Six Million Three Hundred and Sixty Thousand Pounds)
Leasehold	£78,510,000 (Seventy-Eight Million Five Hundred and Ten Thousand pounds)

The majority Engagement Properties are of a multi let nature in which there are tenants break options and lease expires within the next three to five years. As the term certain of the income decreases and without active asset management to sustain value, there is a risk that the values of could fall from what is currently reported.

7. Confidentiality

Save for the Purpose of Valuation and as set out in the Engagement, or otherwise subject to our prior written consent, the contents of this Valuation Report and appendices are confidential to you, for your sole use only and for the Purpose of Valuation as stated.

8. Disclosure

Save as set out in the Engagement and for the Purpose of Valuation, or otherwise subject to our prior written consent, you must not disclose the contents of this Valuation Report to a third party in any way, including where we are not referred to by name or if the Valuation Report is to be combined with other reports, documents or information, without first obtaining our written approval to the form and context of the proposed disclosure in accordance with the terms of the Engagement. We will not approve any disclosure that does not refer adequately to the terms of the Engagement and any Special Assumptions or Departures that we have made.

This Valuation Report or any part of it may not be modified, altered (including altering the context in which the Valuation Report is displayed) or reproduced by you without our prior written consent. You shall indemnify us against all claims, costs, losses and expenses that we may suffer as a result of such breach by you.

We hereby exclude all liability arising from use of and/or reliance on this Valuation Report by any person or persons except as otherwise set out in the terms of the Engagement and/or this Valuation Report.

9. Reliance

This Valuation Report may be relied upon only in connection with the Purpose of Valuation stated and only by:

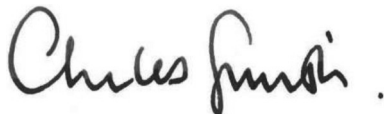
- i. you;
- ii. any such other parties who have signed a Reliance Letter.

For the avoidance of doubt, the total aggregate limit of liability specified in the terms of the Engagement (the "Aggregate Cap") shall apply in aggregate to (i) you and (ii) any such other parties who have signed a Reliance Letter. Apportionment of the Aggregate Cap shall be a matter for you and such other third parties alone.

Notwithstanding the foregoing and paragraphs 7 and 8 above, in accordance with the Engagement and for the purposes of Prospectus Rule 5.5.3(R)(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Report complies with Rule 5.6.5G of the Prospectus Rules and paragraphs 128 to 130 of CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses no. 809/2004.

Except for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent provided under the Prospectus Rules, 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 accordance with the Valuation Report or our statement set out above required by and given solely for the purposes of complying with Annex 1, item 23.1 of Commission Regulation (EC) No 809/2004.

Signed for and on behalf of Cushman & Wakefield Debenham Tie Leung Limited.



Charles Smith MRICS

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RICS Registered Valuer

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APPENDIX A: RELEVANT TERMS OF THE ENGAGEMENT LETTER ("THE ENGAGEMENT")

Services Schedule – Valuation & Advisory

Type of Instructions:	Valuation and Advisory
Property Details:	<p>Three portfolios and two individual properties as set out below:</p> <p>Existing Portfolio – A portfolio of 138 properties valued for and held by Regional REIT Ltd (the “Client”) as at 30 June 2017 for accounts purposes (the “June 2017 Report”) as detailed in Appendix 1 (the “Existing Portfolio”).</p> <p>Newton Portfolio - A portfolio of 3 properties that are to be acquired by the Client from Northwood Investors as detailed in Appendix 2 (the “Newton Portfolio”).</p> <p>Archimedes Portfolio – A portfolio of 17 properties that are to be acquired by the Client as detailed in Appendix 3 (the “Archimedes Portfolio”).</p> <p>Equinox & Woodlands - Two properties that have been recently purchased by the Client as detailed in Appendix 4 (the “Equinox & Woodlands Property”).</p> <p>Collectively, the above are defined as the “Properties”, the “Portfolios” and/or the “Engagement Properties”.</p>
Client Instructions:	<p>The Client has instructed Cushman & Wakefield (“C&W”) to:</p> <ol style="list-style-type: none"> a. Existing Portfolio – provide reliance report on the June 2017 Report and to confirm if any material change has occurred in regards to the valuation of the legal interests in the Existing Portfolio and include a valuation of the Equinox & Woodlands Property as at 08 November 2017. b. Undertake a valuation of the legal interests in the Newton and Archimedes Portfolios as at 08 November 2017. c. For each of the Existing, Newton and Archimedes Portfolios provide individual valuation reports in the format referred to in the 'Scope of Services' section below (“Valuation Report”) for the following purpose of valuation (“Purpose of Valuation”): <ul style="list-style-type: none"> • for inclusion in a shareholder circular and prospectus which is to be published by the Client, in connection with the issue of new ordinary shares for cash to fund, among others, the acquisition of the Newton and Archimedes Portfolios and associated shareholder resolution.
Addressee:	The Valuation Report will be addressed to the “ Client ” and Peel Hunt LLP (the “ Addressees ”).
Timetable:	<p>C&W will provide:</p> <ol style="list-style-type: none"> a. final Valuations by 16 November 2017; and b. a final Valuation Report by 16 November 2017.
Period of Appointment:	N/A

Scope of Services:

Included in the Services are:

a. Valuation Report

Providing a Valuation Report that will be prepared in English. C&W will provide one electronic copy of the Valuation Report and, if requested, one signed hard copy. Where the Valuation Report is required to contain site plans these will be based on extracts of the Ordnance Survey or other maps showing, for identification purposes only, C&W's understanding of the extent of title based on site inspections or copy title plans supplied to C&W. The Client should not rely on C&W's plans to define boundaries.

As agreed, C&W will not provide full details of the valuation approach and reasoning in the Valuation Report. We will provide a summary schedule of Market Values as an appendix to the Valuation Report.

b. Currency

Providing a Valuation in UK pounds sterling (£).

c. Inspections

External inspection from ground level and an internal inspection of the Newton and Archimedes Portfolios only.

d. Floor Areas

Adopting floor areas provided to C&W by the Client for the purpose of the Valuation, (subject to the provisions of item 3 of the Assumptions).

e. Tenancies & Leasing

Reading the copy leases provided to C&W by the Client for the Newton Portfolio, subject to the provisions of item 4 of the Assumptions.

f. Environmental Matters (including Flooding)

Reviewing the relevant Local Authority websites regarding environmental matters, including contamination and flooding (subject to the provisions of item 5 of the Assumptions). For the avoidance of doubt, C&W will not undertake an environmental assessment or prepare a land quality statement, which would be the responsibility of an environmental consultant or chartered environmental surveyor. In this respect, C&W will have regard to any environmental reports provided to C&W by the Client (subject to the provisions of item 5 of the Assumptions).

g. Title

Reading a Certificate of Title for the Newton Portfolio where this is provided to C&W by the Client and C&W will reflect its contents in the Valuation (subject to the provisions of item 7 of the Assumptions).

C&W will not inspect the title deeds of the Engagement Properties.

Unless agreed in writing in advance with the Client, C&W will not obtain information from the Land Registry.

h. Condition of Structure & Services, Deleterious Materials and Ground Conditions

Taking into account the general condition of the Properties as observed from the inspection (subject to item 8 of the Assumptions). Where a separate condition or structural survey has been undertaken and made available by the Client to C&W, C&W will reflect the contents of the survey or condition report in the Valuation Report, but may need to discuss the survey or condition report with the originating surveyor.

i. Statutory Requirements and Planning

Making verbal or electronic enquiries of the relevant planning authorities as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values. C&W will also seek to ascertain whether any outstanding planning applications exist which may affect the Properties, and whether the Properties are listed or included in a Conservation Area. C&W will also attempt to verify the existing permitted use of the Properties, and endeavour to have sight of any copies of planning permissions. For the avoidance of doubt, C&W will not undertake formal searches.

j. Disclosures of incentives on new build residential property

Endeavouring to obtain a copy of the 'CML Disclosure of Incentives Form' which vendors of newly built residential property are required to complete in order to comply with their duty to disclose whether the sale price includes any incentives. C&W will take into account the contents of such a form in undertaking our valuation (subject to the provisions of item 14, of the Assumptions).

Where C&W is engaged to prepare a Valuation Report in connection with a proposed transaction in respect of the Properties, expressly excluded from the Services is the provision of any recommendation or otherwise by C&W as to whether to proceed with such a proposed transaction. Accordingly, the Client must not in any circumstances construe the Valuation Report as a recommendation whether or not to proceed with such a proposed transaction.

Basis of Appointment:

C&W confirms that:

- a.** The Valuation and Valuation Report will be prepared in accordance with the appropriate sections of the current edition of the RICS Valuation – Professional Standards (the "**Red Book**"). In this context "current edition" means the version of the Red Book in force at the Valuation Date. The Valuation will be compliant with International Valuation Standards ("**IVS**").
- b.** The Valuation will be the responsibility of Charles Smith MRICS, who is in a position to provide an objective and unbiased Valuation. The Valuation will be undertaken by a suitably qualified valuer, or valuers, who has or have the knowledge, skills and understanding to undertake the Valuation competently and who will act as "**External Valuer(s)**" (as defined in the RICS Red Book) qualified for the Purpose of Valuation.

C&W does not (and any affiliates of C&W do not) act as external valuers as defined under the Alternative Investment Fund Manager's Directive ("**AIFMD**") legislation, or its equivalent under local law. C&W expressly disclaims any responsibility or obligations under AIFMD and/or its equivalent unless expressly agreed in writing in advance by C&W.

- c. C&W have provided Regulated Purpose Valuations to the Client as at 31 December 2015, 30 June 2016, 31 December 2016 and 30 June 2017 for the Existing Portfolio.

C&W valued the Newton Portfolio (including the Woodlands Property) in 2012 and 2013 for annual accounts purposes for a previous owner not connected to the proposed transaction.

C&W have acted on behalf of a bank who provided loan security services to the vendor of the Newton Portfolio' (including the Woodlands Property), most recently in December 2016.

C&W have recently valued Woodlands and Equinox Property for secured lending purposes with the Client as the borrower.

The C&W Birmingham office advise the occupier of the first floor of Bennett House, Hanley, Stoke-on-Trent. The C&W London department will proceed with the valuation from our London office.

The C&W Global Occupier Services department act for the tenants at the following assets, which form part of the valuation:

- Calton House, Redheughs Rigg, Edinburgh (The Scottish Ministers (c/o The Scottish Prison Service))
- Ground Floor, Tasman House, Clydebank (Clydesdale Bank plc)
- North Esplanade West, Aberdeen (Clydesdale Bank plc)

The C&W office agency department act for a potential occupier at the following asset, which forms part of the valuation:

- 800 Aztec West Bristol

In addition to the above, the C&W Project Management and Consultancy department act on behalf of the previous tenant of 800 Aztec West, Bristol, an instruction which began prior to the Client acquiring this asset, in relation to outstanding dilapidations.

The above conflicts have been disclosed to both the Client during previous accounts valuations and to the respective tenants, and notwithstanding our involvement, we have obtained written consent from the Client and confirmation from the above tenants for C&W to continue providing the relevant advice and to proceed with the valuation.

A potential conflict has been identified in that C&W advised the vendor of the Newton Portfolios bank for loan review purposes within the previous 12 months. The Client and C&W agree that this potential conflict can be avoided by introducing arrangements for managing this instruction, which are as follows:

- Valuations to be undertaken by different surveying personnel in regards to the separate instructions.
- To keep the valuation/advisory files separate.
- C&W will undertake to neither seek discovery or recovery of valuation files from the separate surveying personnel.

- d. The proposed Valuation is a "**Regulated Purpose Valuation**" (as defined in the Red Book). C&W confirms that the Properties do not include any interests which have been acquired by the Client within the 12 months preceding the Valuation Date and

in respect of which C&W has either received an introductory fee or negotiated that purchase on behalf of the Client.

In accordance with the provisions of UK VS 4.2 of the Red Book, in terms of any future acquisitions, C&W would be unable to undertake a valuation of a property acquired by a C&W client within the twelve months preceding the Valuation Date if, in relation to that property, C&W received an introductory fee or negotiated the purchase on behalf of that client unless another firm, unconnected with C&W, has provided a valuation of that property for the client at the time of or since the transaction was agreed.

In accordance with PS 2.8 and UKVS 4 of the Red Book, the Valuation Report will set out the length of time Charles Smith has been the signatory to valuations provided to the Client for the same purpose as the Valuation Report, the length of time C&W has continuously been carrying out that valuation instruction for the Client, the extent and duration of C&W's relationship with the Client and the proportion of C&W's total fee income made up by the fees payable by the Client (to the nearest five percentage points). C&W will require these disclosures to be made in any published references to the Valuation Report.

C&W must seek to ensure there will be no potential conflicts of interest arising not only from C&W's involvement with the Properties and with the Client but also any related parties to the Client. Accordingly, the Client must advise C&W of any relevant parties connect to the Client's organisation.

Inclusion in a Prospectus:

a. The Valuation Report is required for inclusion in a prospectus (the "**Prospectus**") to be published by the Client, in connection with the issue of new ordinary shares for cash to fund, among others, the acquisition of the Newton and Archimedes Portfolios and associated shareholder resolution (the "**Listing**").

b. C&W understands that the final Prospectus, containing the final Valuation Report, will be approved by the FCA. C&W will therefore provide a final copy of the Valuation Report to be incorporated into the Prospectus, together with a consent letter (in the form set out in Part A of Appendix 6) by which C&W consents to the inclusion of the Valuation Report within the Prospectus and any supplementary prospectus provided that (i) C&W has first approved the form in which the Valuation Report is to appear within the Prospectus and (ii) the consent letter is factually correct.

c. In addition, C&W will provide a bringdown letter in the form set out in Part B of Appendix 6 (the "**Bringdown Letter**"), on:

- i) the date of publication of each of the Prospectus and any supplementary prospectus;
- ii) the date of admission to trading of the shares allocated in connection with the Listing.

such date to be notified to C&W by the Addressees, and address it to the Client and any person who we have allowed to rely on the Valuation Report for the Purpose of Valuation (excluding members of the general public). If necessary, and subject to agreement as to any additional fees, C&W will update and re-issue the Valuation Report to the Client.

d. C&W will include the following confirmation in the Valuation Report:

"For the purposes of Prospectus Rule 5.5.3(R)(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this

	<p><i>Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Report complies with Rule 5.6.5G of the Prospectus Rules and paragraphs 128 to 130 of CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses no. 809/2004."</i></p> <p>e. In addition to reproduction of the full text, other sections of the Prospectus may contain certain information extracted from the Valuation Report. If so, C&W will confirm in a letter whether such information has been properly and accurately extracted or computed from the Valuation Report (in the form set out in Part C of Appendix 6, the "Correct Extraction Letter").</p> <p>f. Except for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent provided under the Prospectus Rules, 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 accordance with the Valuation Report or our statement set out above required by and given solely for the purposes of complying with Annex 1, item 23.1 of Commission Regulation (EC) No 809/2004.</p>
Anticipated Expenses:	N/A

**Special and Additional
Terms:**
1. Basis of Valuation

In accordance with the Client's instructions, C&W will undertake the Valuation on the following basis

Market Value

The definition of the above basis is set out in Appendix 5 (the "**Definitions Schedule**").

2. Special Assumptions

N/A

3. Use of Valuation Report

The Valuation Report may be used only for the Purpose of Valuation referred to in item (b) of 'Client Instructions' in this Services Schedule.

4. Areas

Where C&W measures and calculates the floor areas, measurement will be in accordance with the RICS Professional Statement RICS Property Measurement 1st Edition 2015.

The RICS Practice Statement "RICS Property Measurement" (effective from 1 January 2016) requires office buildings to be measured in accordance with International Property Measurement Standards ("**IPMS**"), unless the Client confirms in writing that alternative methodology should be used. Unless the Client so instructs C&W otherwise in writing, C&W will assume that the Client does not require C&W to measure office buildings in accordance with IPMS on the basis that the Client has no use for such data given that at present it is rare for market activity to be based on IPMS measurements.

The areas C&W report will be appropriate for the Purpose of the Valuation, but should not be relied upon for any other purpose.

5. Group of Properties / Lotting

Unless C&W has confirmed otherwise in this Services Schedule, each property will be valued individually; in the case of a portfolio, C&W will assume that each of the properties would be marketed in an orderly way and not placed on the market at the same time.

6. Limitations

N/A

7. Age of Building

If C&W states the age of a building in the Valuation Report, this will be an estimate and for guidance only.

8. Condition of Structure, Foundations, Soil & Services

It is a condition of C&W or any related entity, or any qualified employee, providing advice and opinions as to value, that the Client and/or third parties (whether notified to C&W or not) accept that the Valuation Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services.

9. Plant & Machinery

No allowance will be made by C&W for any items of plant or machinery not forming part of the service installations of the building(s). C&W will specifically exclude all items of plant, machinery and equipment installed wholly or primarily in connection with any of the occupants' businesses. C&W will also exclude furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools, except where such items would ordinarily transfer to a prospective purchaser in the sale of a trading business as a going concern in accordance with VPGA4 of the Red Book.

10. Goodwill

No account will be taken by C&W in the Valuation of any business goodwill that may arise from the present occupation of the Properties, except where such business goodwill (excluding any personal goodwill) would ordinarily transfer to a prospective purchaser in the sale of a trading business as a going concern in accordance with VPGA4 of the Red Book.

11. Statutory Requirements & Planning

Please note the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required. Where a Client needs to rely upon the information given about town planning matters, the Client's legal advisers must be instructed to institute such formal searches. C&W recommends that the Client requests C&W to review its comments and Valuation in light of any resultant findings.

12. Defective Premises Act 1972

No allowance will be made by C&W for rights, obligations or liabilities arising under the Defective Premises Act 1972.

13. Legal Issues

Legal issues, and in particular the interpretation of matters relating to title and leases, may have a significant bearing on the value of an interest in property. No responsibility or liability will be accepted by C&W for the true interpretation of the legal position of the Client or any other parties in respect of the Valuation. Where C&W expresses an opinion on legal issues affecting the Valuation, then such opinion is subject to verification by the Client with a suitable qualified legal adviser.

14. Deduction of Notional Purchaser's Costs

The opinion of value which C&W will attribute to the Properties will be the figure C&W considers would appear in a contract for sale, subject to the appropriate assumptions for the Basis of Value reported. Where appropriate, C&W will make an allowance in respect of stamp duty and purchaser's costs.

The Client's attention is drawn to the fact that when assessing Market Value, Fair Value or Existing Use Value for balance sheet purposes, C&W will not include directly attributable acquisition or disposal costs in the Valuation. Where C&W is requested to reflect these costs, they will be stated separately.

15. Taxation & Disposal Costs

No adjustment will be made by C&W to reflect any liability to taxation that may arise on disposal, or development of the Properties nor for any costs associated with disposal incurred by the Owner. Furthermore, no allowance will be made by C&W to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

C&W's valuation figure for the Properties will be that receivable by a willing seller excluding VAT, if applicable.

16. Building Society Act 1986

C&W confirms that it is not disqualified under Section 13 of the Building Societies Act 1986 from reporting to the Client.

17. Properties in the Course of Development or Requiring Repair / Refurbishment and Recently Completed Developments

Unless specifically agreed in writing to the contrary, C&W's fee assumes that C&W will be provided with information relating to construction and associated costs in respect of both the work completed and the work necessary for completion, together with a completion date. Normally such figures will be provided by the professional advisers involved in the construction programme. Unless specifically instructed to the contrary in writing, C&W will rely on such figures, and the Client should make this fact known to such advisers. Alternatively, on request, C&W can arrange for independent quantity surveyors to provide an assessment at an additional fee charge. If the Valuation is for lending purposes, the Client is advised to seek independent advice and to consider the appointment of a project monitoring surveyor.

18. Monitoring

The compliance of the valuations undertaken in accordance with the Red Book may be subject to monitoring by the RICS under its conduct and disciplinary regulations.

19. Valuation Components

The components of C&W's valuation calculations (such as future rental values, cost allowances, or void periods) may only be appropriate as part of the valuation calculations and should not be taken as a forecast or prediction of a future

outcome. The Client should not rely on any component of the valuation calculations for any other purpose.

20. Trade Related Property

Valuation Practice Guidance Application 4 (VPGA 4) of the Red Book sets out examples of properties that are normally bought and sold on the basis of their trading potential. The essential characteristics of such a property is that it has been designed or adapted for a specific use and the value of that property reflects its trading potential. VPGA 4 relates only to the valuation of an individual property that is valued on the basis of trading potential. Where C&W is instructed to value a trade related property or business, C&W will apply the principles of VPGA 4 unless explicitly instructed to do otherwise and confirmed as appropriate in the Valuation Report.

Assumptions:

1. Assumptions

The Red Book contains a glossary that defines various terms used in the Red Book that have a special or restricted meaning. One such term is an assumption which is defined as "a supposition taken to be true" ("**Assumption**"). Accordingly in this context, C&W will make certain Assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, the Valuation that C&W will not verify as part of the valuation process but rather, in accordance with the definition in the Red Book, will treat as true. In the event that any of these Assumptions prove to be incorrect then the Valuation will need to be reviewed.

2. Confirmation of Assumptions

The Client's counter-signature of the Engagement Letter represents confirmation that all of the Assumptions referenced below, are correct.

The Client must promptly notify C&W in writing if any of the Assumptions are incorrect. Should any amendment to the Assumptions set out in the Services Schedule result in an increase in the scope of the Engagement this may result in an appropriate increase in C&W's fees and expenses due under the Engagement.

3. Areas

Where C&W is provided with floor areas, C&W will make an Assumption that the areas have been measured and calculated in accordance with the RICS Professional Statement RICS Property Measurement 1st Edition 2015.

4. Tenancies and Leasing

C&W's opinion of the Market Value will be subject to existing leases of which the Client or its advisors have made C&W aware but otherwise will reflect an Assumption of vacant possession. Where C&W has undertaken to read the leases and related documents provided to it, C&W will make an Assumption that copies of all relevant documents will be sent to C&W and that they are complete and up to date.

Where C&W relies on tenancy and lease information provided to it, unless such information reveals otherwise, C&W will make the Assumption that all occupational

leases are on full repairing and insuring terms, with no unusual or onerous provisions or covenants that would affect value.

C&W will make an Assumption that vacant possession can be given of all accommodation which is unlet or occupied by the entity/borrower or its employees on service tenancies. C&W will not take account of any leases between subsidiaries unless C&W states otherwise in the Services Schedule.

C&W will not undertake investigations into the financial strength of any tenants unless otherwise referred to in the Valuation Report. Unless C&W has become aware by general knowledge, or has been specifically advised to the contrary, C&W will make an Assumption that:

- a. where a property is occupied under leases then the tenants are financially in a position to meet their obligations, and
- b. there are no material arrears of rent or service charges, breaches of covenant, current or anticipated tenant disputes.

However, the Valuation will reflect a potential purchaser's likely opinion of the credit worthiness of the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation.

C&W will take into account any information the Client or its advisors provide concerning tenants' improvements. Otherwise, if the extent of tenants' alterations or improvements cannot be confirmed, C&W will make an Assumption that the Properties are let with all alterations and improvements evident during C&W's inspection (or, in the case of a Valuation without internal inspection, as described within the information provided by the Client).

C&W will also make an Assumption that wherever rent reviews or lease renewals are pending or impending, with anticipated reversionary changes, all notices have been served validly within the appropriate time limits.

5. Environmental Matters

If C&W's enquiries or any reports supplied to C&W indicate the existence of environmental problems without providing method statements and costings for remedial works, then C&W may not be able to issue a Valuation Report except on the Special Assumption that the Properties are assumed **NOT** to be affected by such environmental matters. In certain circumstances, the making of such a Special Assumption may be unrealistic and may be a Departure from the requirements of the Red Book. In these circumstances, the Valuation Report may include a recommendation that an investigation should be undertaken to quantify the costs and that subsequently the Valuation should be reviewed.

Where C&W's enquiries lead C&W to believe that the Properties are unaffected by contamination or other adverse environmental problems, including the risk of flooding, then, unless the Client instructs C&W otherwise, the Valuation will be based on an Assumption that no contamination or other adverse environmental matters exist in relation to the Properties sufficient to affect value.

If the Properties lies within or close to a flood plain, or has a history of flooding, C&W will make the Assumption that building insurance is in place and available to be renewed to the current or any subsequent owner of the Properties, without payment of an excessive premium or excess.

Depending on the nature of the investigations made and the information revealed, the Valuation Report may include a statement that, in practice, a purchaser might undertake further investigations and that if these revealed contamination or other adverse environmental problems, then this might reduce the value reported.

6. Mineral Rights

C&W will make an Assumption that any mineral rights are excluded from the Properties.

7. Title

Save as disclosed either in any Certificate of Title or unless specifically advised to the contrary by the Client or its legal advisers and as referred to in the Valuation Report, C&W will make the Assumption that there is good and marketable title in all cases and that the Properties are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. C&W will also make an assumption that the Properties are free from mortgages, charges or other encumbrances.

If verification of the accuracy of any site plans contained in the Valuation Report is required, the matter must be referred to the Client's legal advisers.

C&W will make the Assumption that roads and sewers serving the Properties have been adopted and that the Properties have all necessary rights of access over common estate roads, paths, corridors and stairways, and rights to use common parking areas, loading areas and other facilities.

8. Condition of Structure and Services, Deleterious Materials and Ground Conditions

Due regard will be paid by C&W to the apparent general state of repair and condition of the Properties, but a condition or structural survey will not be undertaken, nor will

woodwork or other parts of the structure which are covered, unexposed or inaccessible, be inspected. Therefore, C&W will be unable to report that the Properties are structurally sound or is free from any defects. C&W will make an Assumption that the Properties free from any rot, infestation, adverse toxic chemical treatments, and structural, design or any other defects other than such as may be mentioned in the Valuation Report.

C&W will not arrange for investigations to be made to determine whether any deleterious, hazardous or harmful materials (including but not limited to high alumina cement concrete or calcium chloride additive) have been used in the construction or any alterations, and therefore C&W will not be able to confirm that the Properties are free from risk in this regard. For the purposes of the Valuation, C&W will make an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

C&W will not carry out an asbestos inspection and will not act as an asbestos inspector in completing the valuation inspection of Properties that may fall within the Control of the Asbestos at Work Regulations 2002. C&W will not make an enquiry of the duty holder (as defined in the Control of Asbestos of Work Regulations 2002), of an existence of an Asbestos Register or of any plan for the management of asbestos to be made. Where relevant, C&W will make an Assumption that there is a duty holder, as defined in the Control of Asbestos of Work Regulations 2002 and that a Register of Asbestos and Effective Management Plan is in place, which does not require any immediate expenditure, or pose a significant risk to health, or breach the HSE regulations. C&W recommends that such enquiries be undertaken by the Client's legal advisers during normal pre-contract or pre-loan enquiries.

No mining, geological or other investigations will be undertaken by C&W to certify that the sites are free from any defect as to foundations. C&W will make an Assumption that all buildings have been constructed having appropriate regard to existing ground conditions or that these would have no unusual or adverse effect on building costs, property values or viability of any development or existing buildings. C&W will make an Assumption that there are no services on, or crossing the site in a position which would inhibit development or make it unduly expensive, and that there are no archaeological remains present, which might adversely affect the present or future occupation, development or value of the Properties.

No tests will be carried out by C&W as to electrical, electronic, heating, plant and machinery equipment or any other services nor will the drains be tested. However, C&W will make an Assumption that all building services (including, but not limited to lifts, electrical, electronic, gas, plumbing, heating, drainage, sprinklers, ventilation, air conditioning and security systems) and property services (such as incoming mains, waste, drains, utility supplies etc.) are in good working order and without any defect whatsoever.

9. Statutory Requirements and Planning

Save as disclosed in a Certificate of Title, or unless otherwise advised, C&W shall make the Assumption that all of the buildings have been constructed in full compliance with valid town planning and building regulations approvals and that where necessary, they have the benefit of current Fire Risk Assessments compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005. Similarly, C&W shall also make the Assumption that the Properties are not subject to any outstanding statutory notices as to construction, use or occupation and that all existing uses of the Property are duly authorised or established and that no adverse planning conditions or restrictions apply.

C&W shall make the Assumption that the Properties comply with all relevant statutory requirements.

Energy Performance Certificates ("**EPC**") must be made available for all properties, when bought or sold, subject to certain exemptions. If the Properties are not exempt from the requirements of this Directive C&W shall make an Assumption that an EPC is made available, free of charge, to a purchaser of all the interests which are the subject of the Valuation.

In addition, in England and Wales the Minimum Energy Efficiency Standards Regulations come into force in April 2018 and their effect will be to make it unlawful to rent out a premises with an EPC rating which, according to Government proposals issued in February 2015, falls below an E rating. C&W will ask the Client or its advisors for information relating to the EPC ratings of the Properties if the Properties are not exempt from these requirements. In any instance where C&W is not provided with an up to date EPC rating C&W will make the Assumption that the subject property meets the minimum requirements to enable it to be let after April 2018.

In Scotland, the Energy Performance of Non-Domestic Buildings (Scotland) Regulation 2016 (the "**Regulation**") requires that qualifying properties have an energy assessment completed and an action plan prepared prior to sale or leasing. If the Properties are not exempt from the requirements of the Regulation C&W shall make an Assumption that an energy assessment and action plan is made available, free of charge, to a purchaser of the interests which are the subject of the Valuation and that there is no capital expenditure required in order to comply with the requirements of the Regulation.

In any instance where C&W is to value Properties with the benefit of a recently granted planning consent, or on the Special Assumption that planning consent is granted, C&W will make an Assumption that it will not be challenged under Judicial Review. Such a challenge can be brought by anyone (even those with only a tenuous connection with the Properties, or the area in which it is located) within a period of three months of the granting of a planning consent. When a planning consent is granted subject to a Section 106 Agreement, the three month period commences when the Section 106 Agreement is signed by all parties.

If a planning consent is subject to Judicial Review, the Client must inform C&W and request C&W to reconsider its opinion of value. Advice would be required from the Client's legal advisers and a town planner, to obtain their opinion of the potential outcomes of such a Judicial Review, which C&W will reflect in its reconsideration of value.

10. Information

Notwithstanding the Terms of Business, C&W will make an Assumption that the information provided by the Client and/or its professional advisers and/or by the Borrower and/or its professional advisers in respect of the Properties to be valued is both full and correct. C&W will make an Assumption that details of all matters relevant to value within their collective knowledge, including but not limited to matters such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to it, and that such information is up to date.

If the Valuation is required for the purpose of purchase, loan security or other financial transaction, the Client accepts that full investigation of the legal title and any leases is the responsibility of its legal advisers.

Where comparable evidence is included in the Valuation Report, this information is often based on C&W's verbal enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where C&W had reason to believe its general accuracy or where it was in accordance with expectation. It is unlikely that C&W will have inspected comparable properties.

11. Landlord and Tenant Act 1987

The Landlord and Tenant Act 1987 (the "**Act**") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in a building where more than 50% of the floor space is in residential use. Where this is applicable, C&W will make an Assumption that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold or head leasehold interest, and therefore disposal into the open market is unrestricted.

12. Leasehold Reform Housing and Urban Development Act 1993 and Leasehold Reform Act 1967

If C&W value the freehold or leasehold interest in either blocks of flats or in houses, the following will apply. The Leasehold Reform Housing and Urban Development Act 1993, as amended by the Commonhold and Leasehold Reform Act 2002, or The Leasehold Reform Act 1967 (collectively the "**Act**") give certain rights to residential tenants to acquire either the freehold/leasehold interest in any building which qualifies under the Act, or the right to lease extension. If this is applicable, C&W shall make an Assumption that no residential tenants have elected under the provisions of that Act to acquire the freehold or head leasehold interests, nor have they elected to acquire a lease extension, unless the Client and/or its advisers specifically inform C&W to the contrary.

13. Properties in the Course of Development or Requiring Repair / Refurbishment and Recently Completed Developments

If the building is in the course of construction then the Valuation of the completed building will be based on an Assumption that all works of construction have been satisfactorily carried out in accordance with the building contract and specification, current British Standards and any relevant codes of practice. C&W will also make an Assumption that a duty of care and all appropriate warranties will be available from the professional team and contractors, which will be assignable to third parties.

**Information requested
from Client:**

N/A

Appendix 1 - Property Schedule

Existing Portfolio

PROPERTY	INTEREST	PROPERTY TYPE
Tasman House, Clydebank	Leasehold	Office
Caspian House, Mariner Court, Clydebank	Leasehold	Office
Gartsherrie Industrial Estate, Coatbridge	Leasehold	Industrial
Napier Court, Cumbernauld	Freehold	Industrial
Napier Place, Cumbernauld	Freehold	Industrial
Napier Way, Cumbernauld	Freehold	Industrial
Tollpark Place, Cumbernauld	Freehold	Industrial
Tollpark Road, Cumbernauld	Freehold	Industrial
Napier Road, Cumbernauld	Freehold	Industrial
Duncan McIntosh Road, Cumbernauld	Freehold	Industrial
Dunnswood Road, Cumbernauld	Freehold	Industrial
Wardpark Place, Cumbernauld	Freehold	Industrial
91-95 & 93-95 High Street, Dumfries	Freehold	Retail
32-38 Bank Street, Dumfries	Freehold	Retail
The Point, Saracen Street, Glasgow	Freehold	Industrial
Old Mill Studios, Old Rutherglen Road, Glasgow	Freehold	Office
Tay House, Bath Street, Glasgow	Leasehold	Office
The Commercial Centre, 101 Gorbals Street, Glasgow	Leasehold	Retail
Virginia Street, Glasgow	Freehold	Retail
Miller Street, Glasgow	Freehold	Retail
Venlaw Building, Bath Street, Glasgow	Freehold	Office
Elmbank Gardens, Glasgow	Freehold	Office
Mill House, Glasgow	Freehold	Office
Legal House, 101, Gorbals Street, Glasgow	Leasehold	Office
70 Commercial Road, Glasgow	Freehold	Office
Building 5, Templeton Street, Glasgow	Freehold	Office

PROPERTY	INTEREST	PROPERTY TYPE
Corner House, Templeton Street, Glasgow	Freehold	Office
Templeton House, Templeton Street, Glasgow	Freehold	Office
The White Studios, Templeton on the Green, Glasgow	Freehold	Office
West Stewart Street, Greenock	Leasehold	Retail
Car Park, Kilblain Street, Greenock	Leasehold	Other
Cortonwood Business Park, Barnsley	Freehold	Industrial
Sheldon Court, Birmingham	Freehold	Office
CGU House, Boar Lane, Leeds	Freehold	Office
Chancellor Court, The Calls, Leeds	Freehold	Office
9 Portland Street, Manchester	Freehold	Office
St Nicholas Chambers, Newcastle	Freehold	Office
The Side Car Park, The Side, Newcastle	Freehold	Other
Milburn House, Newceatle	Freehold	Office
St Brendans Court, Avonmouth	Freehold	Office
St James Court Building A, Bristol	Freehold	Office
St James Court Building B, Bristol	Freehold	Office
1 Temple Bank, Harlow	Freehold	Industrial
Westminister House, Leatherhead	Freehold	Office
Care House, Leatherhead	Freehold	Office
Atlantic House, Milton Keynes	Freehold	Industrial
Minton Place, Station Road, Swindon	Freehold	Office
Leo House, Railway Approach, Wallington	Leasehold	Office
Bennett House, Town Road, Hanley, Stoke on Trent	Freehold	Office
Festival Court, 198-200 Brand Street, Glasgow	Freehold	Office
Units 1-7 Crompton Way, Irvine	Freehold	Industrial
19 Union Terrace, Aberdeen	Freehold	Retail
1A & B Diamond Place, Aberdeen	Freehold	Other
12 Abronhill Shopping Centre, Cumbernauld	Freehold	Retail
85 St Vincent Street, Glasgow	Freehold	Retail

PROPERTY	INTEREST	PROPERTY TYPE
6 Renfield Street, Glasgow	Freehold	Retail
124-136 High Street, Falkirk	Freehold	Retail
10 London Street, Larkhall	Freehold	Retail
1 Bakers Brae, Lesmahagow	Freehold	Retail
10 Woodstock Road, Lanark	Freehold	Retail
Delta Centre, Gateside	Freehold	Industrial
Unit B, Fleming Court, Castleford	Freehold	Office
14/16 Rossmore Business Village, Ellesmere Port	Freehold	Office
Unit D & Unit F Telford Court, Chester	Freehold	Office
1-2 Whittle Court, Hanley, Stoke on Trent	Freehold	Office
15 Davy Court, Rugby	Freehold	Office
St Georges House, Cheltenham	Freehold	Office
Fairfax House, Wolverhampton	Freehold	Office
Gyleview House, Edinburgh	Freehold	Office
Calton House, Edinburgh	Freehold	Office
North Esplanade West, Aberdeen	Leasehold	Retail
Delta 1200 Delta Business Park, Swindon	Freehold	Office
Niceday House, Meridian Park, Andover	Freehold	Office
Donegal House, Tweedy Road, Bromley	Freehold	Office
Ewer House, 44/46 Crouch St, Colchester	Leasehold	Retail
Manor Road, Erith	Leasehold	Industrial
Imperial Business Park, Gravesend	Freehold	Industrial
158/159 Drury Lane, London	Freehold	Retail
Victory House Meeting House Lane, Chatham	Freehold	Office
St James' House, The Square, Bath	Freehold	Office
27/29 King St, Belper	Leasehold	Retail
2800 The Crescent, Solihull	Freehold	Office
Columbus House, Coventry	Freehold	Office
Total Petrol Filling Station Dysart Way, Leicester	Freehold	Retail

PROPERTY	INTEREST	PROPERTY TYPE
Mile End Road, Colwick	Freehold	Industrial
37 Stockwell Gate, Mansfield	Freehold	Retail
Broad St, Stafford	Freehold	Retail
Former Case Building, Bradford Road, Batley	Freehold	Industrial
Commercial Street & Wellington Arcade, Brighouse	Freehold	Retail
Land and Buildings, Green Lane, Felling, Gateshead	Freehold	Industrial
Lisbon Court, 120 Wellington St, Leeds	Freehold	Office
218-228 Newhall Road, Sheffield	Freehold	Industrial
Marston Business Park, Tockwith, Wetherby	Freehold	Industrial
Southfield Lane, Tockwith, Wetherby	Leasehold	Industrial
Grecian Crescent, Bolton	Leasehold	Industrial
Lansil Industrial Estate, Caton Road, Lancaster	Freehold	Industrial
Thames Industrial Estate, Manchester	Leasehold	Industrial
Site 1, Nasmyth Business Centre, Manchester	Freehold	Industrial
Thames Trading Estate Fairhills Road, Manchester	Freehold	Industrial
8 Eastbank Street, Southport	Freehold	Retail
Heathall Industrial Estate, Dumfries	Freehold	Industrial
Royal Burgh House, 380 King Street, Glasgow	Freehold	Office
Road 4 Winsford Industrial Estate, Winsford	Freehold	Industrial
1-4 Llansamlet Retail Park, Nantyffin Rd, Swansea	Leasehold	Retail
Century Way, Thorpe Park, Leeds	Freehold	Office
Eurotherm Unit, Faraday Close, Worthing	Freehold	Industrial
Skippingdale Trading Estate, Scunthorpe	Leasehold	Industrial
Hampshire Corporate Park, Chandlers Ford, Eastleigh	Freehold	Office
Lonsdale House, Birmingham	Freehold	Office
2 & 3 The Oaks, Coventry	Leasehold	Office
Salters Way, Cromwell Road, Wisbech	Freehold	Industrial
One and Two Newstead Court, Annesley	Freehold	Office
Stanley House, 58 Talbot Street, Nottingham	Freehold	Office

PROPERTY	INTEREST	PROPERTY TYPE
Rosalind House, Jays Close, Basingstoke	Leasehold	Office
Oaklands House, Manchester	Freehold	Office
Tower North, Leeds	Freehold	Office
James House, Leicester	Freehold	Office
Northern Cross, Basingstoke	Leasehold	Office
Tokenspire Business Park, Beverley	Freehold	Industrial
Buildings 2 & 3 HBOS Campus, Walton Street, Aylesbury	Freehold	Office
800 Park Avenue Aztec West, Bristol	Freehold	Office
The Genesis Centre, Birchwood Park, Warrington	Freehold	Office
Units A & B Forge House, 19-20 Carbrook Hall Road, Sheffield	Freehold	Office
Pheonix Business Park, Linwood, Paisley	Freehold	Office
Juniper Park, Southfield industrial Estate, Fenton Way, Basildon	Freehold	Industrial
Llandough Trading Estate, Penarth Road, Penarth	Freehold	Industrial
Maybrook Industrial Estate, Maybrook Road, Brownhills	Freehold	Industrial
Pitreavie Business Park, Pitreavie Way	Freehold	Industrial
Southview & Southstar, Blackness Road, Altens Industrial Estate	Leasehold	Industrial
Commercial Road, Bromborough	Leasehold	Industrial
Unit 6 Centrepoint, Marshall Stevens Way, Trafford Park, Manchester	Freehold	Industrial
Aspect Court, Pond Hill, Sheffield	Freehold	Office
30-34 Houndsgate, Nottingham	Freehold	Office
Strathclyde Business Park - Belhaven House, Bellshill	Freehold	Office
Strathclyde Business Park - Braidhurst House, Bellshill	Freehold	Office
Strathclyde Business Park - Carnbroe House, Bellshill	Freehold	Office
Strathclyde Business Park - Coltness House, Bellshill	Freehold	Office
Strathclyde Business Park - Dalziel House, Bellshill	Freehold	Office
Strathclyde Business Park - Murdostoun House, Bellshill	Freehold	Office

Appendix 2 - Property Schedule

Newton Portfolio

PROPERTY	INTEREST	PROPERTY TYPE
Vantage Point, 3 Cultins Road, Edinburgh, EH11 4DF	Heritable	Offices
Genesis Business Park, Albert Drive, Woking, GU21 5RW	Freehold	Offices
Turnford Place, Great Cambridge Road, Cheshunt, EN10 6NH	Freehold	Offices

Appendix 3 - Property Schedule

Archimedes Portfolio

PROPERTY	INTEREST	PROPERTY TYPE
Acorn Business Park, Leeds, LS16 6UF	Part FH / Part LLH	Offices
Albert Edward House, Preston, PR2 2YB	LLH	Offices
Alderstone Business Park, Livingston, EH54 7DF	Heritable	Offices
Antler Complex, Morley, LS27 0JG	Freehold	Offices
Birmingham Business Park 1720-1760, B37 7YN	Freehold	Offices
Century Park, Altrincham, WA14 5BJ	Freehold	Offices
City West Business Park, Durham, DH7 8ER	Freehold	Offices
Elmbridge Court, Gloucester, GL2 0XN	Freehold	Offices
Isis Business Centre, Oxford, OX4 2RD	Freehold	Offices
Mandale Business Park, Durham, DH1 1TH	Freehold	Offices
Market Dock, South Shields, NE33 1LE	Freehold	Offices
Miller Court, Tewkesbury, GL20 8DN	Freehold	Offices
Quadtech, Hemel Hempstead, HP2 7BA	Freehold	Offices
Ridge House, Stoke on Trent, ST1 5TL	Freehold	Offices
The Courtyard, Falkirk, FK1 1XR	Freehold	Offices
Tolvaddon Business Park, Cambourne, CB23 6DW	Freehold	Offices
Wakefield - Wakefield 41 Business Park	Freehold	Offices

Appendix 4 - Property Schedule

Equinox & Woodlands

PROPERTY	INTEREST	PROPERTY TYPE
Equinox North, Great Park Road, Almondsbury, BS32 4QL	Freehold	Offices
Woodlands Court, Ashridge Road, Bristol, BS32 4LB	Freehold	Offices

Appendix 5 - Definitions Schedule

1. Bases of Valuation:

Market Value	<p>Market Value as defined in VPS 4 1.2 of the RICS Valuation – Professional Standards 2014 (the "Red Book") and applying the conceptual framework which is set out in IVS Framework paragraphs 30-34. Under VPS 4.1.2.1, the term "Market Value" means:</p> <p><i>"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"</i></p> <p>The conceptual framework settled by the IVSC is set out in paragraphs 30-34 of the IVS Framework and is reproduced below:</p> <p><i>"30. The definition of market value shall be applied in accordance with the following conceptual framework:</i></p> <ul style="list-style-type: none"> <i>(a) "the estimated amount" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value;</i> <i>(b) "an asset should exchange" refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;</i> <i>(c) "on the valuation date" requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;</i> <i>(d) "between a willing buyer" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";</i> <i>(e) "and a willing seller" is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered</i>
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reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

- (f) "in an arm's length transaction" is one between parties who do not have a particular or special relationship, e.g. parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of **special value**. The **market value** transaction is presumed to be between unrelated parties, each acting independently;
- (g) "after proper marketing" means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonable obtainable in accordance with the **market value** definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the **valuation date**;
- (h) "where the parties had each acted knowledgeably, prudently" presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the **valuation date**. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the **valuation date**, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;
- (i) "and without compulsion" establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

31. The concept of **market value** presumes a price negotiated in an open and competitive market where the participants are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers, or could be one characterised by a limited number of market participants. The market in which the asset is exposed for sale is the one in which the asset being exchanged is normally exchanged (see paras 16 to 20 above).

32. The **market value** of an asset will reflect its highest and best use. The highest and best use is the use of an asset that maximises its potential and that is possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is

determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

33. *The highest and best use of an asset valued on a stand-alone basis may be different from its **highest and best use** as part of a group, when its contribution to the overall value of the group must be considered.*
34. *The determination of the highest and best use involves consideration of the following:*
 - (a) *to establish whether a use is possible, regard will be had to what would be considered reasonable by market participants,*
 - (b) *to reflect the requirement to be legally permissible, any legal restrictions on the use of the asset, e.g. zoning designations, need to be taken into account,*
 - (c) *the requirement that the use be financially feasible takes into account whether an alternative use that is physically possible and legally permissible will generate sufficient return to a typical market participant, after taking into account the costs of conversion to that use, over and above the return on the existing use."*

Market Rent	<p>Market Rent as defined in VPS 4.1.3 of the Red Book. Under VPS 4.1.3.1 the term "Market Rent" means "The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".</p> <p>Whenever Market Rent is provided the "appropriate lease terms" which it reflects should also be stated.</p> <p>The commentary from the Red Book is reproduced below:</p> <p><i>"1.3.2 The definition of market rent is a modified definition of market value; IVS 230 Real Property Interests paragraphs C8-C11 provide additional commentary.</i></p> <p><i>1.3.3 Market rent will vary significantly according to the terms of the assumed lease contract. The appropriate lease terms will normally reflect current practice in the market in which the property is situated, although for certain purposes unusual terms may need to be stipulated. Matters such as the duration of the lease, the frequency of rent reviews and the responsibilities of the parties for maintenance and outgoings will all impact the market rent. In certain countries or states, statutory factors may either restrict the terms that may be agreed, or influence the impact of terms in the contract. These need to be taken into account where appropriate.</i></p> <p><i>1.3.4. Market rent will normally be used to indicate the amount for which a vacant property may be let, or for which a let property be may relet when the existing lease terminates. Market rent is not a suitable basis for settling the amount of rent payable under a rent review provision in a lease, where the actual definitions and assumptions have to be used.</i></p> <p><i>1.3.5 Valuers must therefore take care to set out clearly the principal lease terms that are assumed when providing an opinion of market rent. If it is the market norm for lettings to include a payment or concession by one party to the other as an incentive to enter into a lease, and this is reflected in the general level of rents agreed, the market rent should also be expressed on this basis. The nature of the incentive assumed must be stated by the valuer, along with the assumed lease terms."</i></p>
Existing Use Value	<p>Existing Use Value as defined in UK Valuation Standard 1.3 of the Red Book and applying the conceptual framework of Market Value which is reproduced above together with the supplementary commentary which is included in items 2-5 of UK VS 1.3. Under UK VS 1.3, the term "Existing Use Value" is defined as follows:</p> <p><i>"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 where the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business, and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost".</i></p>

Projected Market Value of residential property	<p>Projected Market Value (PMV) as defined in UK Valuation Standard 3.3 of the Red Book. Under UKVS 3.3 the term "Projected Market Value" means: "The estimated amount for which an asset is expected to exchange at a date, after the valuation date and specified by the valuer, 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."</p> <p>The commentary from the Red Book is reproduced below:</p> <p><i>"1. The date specified by the valuer must be stated clearly whenever a PMV is provided. It should reflect the period that the valuer considers will be necessary for adequate marketing and the completion of negotiations.</i></p> <p><i>2. This basis should be used to provide clients with an estimated valuation in respect of a future exchange, assuming that marketing begins on the date that the valuation is prepared.</i></p> <p><i>3. The definition of PMV is based on market value, save for the stipulation that the valuer's estimate should reflect what the amount is forecast to be at a future, specified date. The IVS Framework, paragraphs 30-35, should therefore apply, with the exception that the phrase 'on the valuation date' is modified as follows:</i></p> <p><i>'... at a date, after the valuation date and specified by the valuer ...'</i></p> <p><i>The valuation date is the date on which the estimate is given, but represents the valuer's opinion of anticipated market changes during the period up to the specified date. It reflects facts, market sentiment and public forecasts existing at the valuation date. The PMV is therefore time-specific, as of a given date and, because markets and market conditions may change, may be incorrect or inappropriate at another time. The definition also assumes simultaneous exchange and completion of the contract for sale without any variation in price that might otherwise occur.</i></p> <p><i>4. PMV is designed to provide residential mortgage lenders with a simple numeric indication of the valuer's opinion of short-term market trends, and it must be used only for this purpose. It recognises that most reports for this purpose are based on a simple pro-forma, and that the degree of market analysis and commentary required in commercial lending situations is inappropriate.</i></p> <p><i>5. The purpose of PMV is simply to illustrate the valuer's opinion of whether the market is likely to fall, rise or remain static in the period that it is anticipated will be necessary to complete the sale. Values can change rapidly due to unpredictable events, thus an earlier provision of a PMV is not a substitute for a current market value."</i></p>
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2. Special Assumptions:

Special Assumptions	<p>The Glossary of the Red Book states that an Assumption <i>"that either assumes facts that differ from the actual facts existing at the valuation date, or that would not be made by a typical market participant in a transaction on the valuation date"</i> is a Special Assumption.</p>
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3. Trade Related Property:

Valuation Practice Guidance Application 4	VPGA4 defines certain terms in accordance with the valuation of trade related property. The definitions are referred to below:
Adjusted Net Profit	This is the valuer's assessment of the actual net profit of a currently trading operational entity. It is the net profit that is shown from the accounts once adjustments for abnormal and non-recurring expenditure, finance costs and depreciation relating to the property itself, as well as rent where appropriate, have been made. It relates to the existing operational entity and gives the valuer guidance when assessing the fair maintainable operating profit (FMOP).
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	This term relates to the actual operating entity and may be different from the valuer's estimated FMOP.
Fair maintainable operating profit (FMOP)	This is the level of profit, stated prior to depreciation and finance costs relating to the asset itself (and rent if leasehold), that the reasonably efficient operator (REO) would expect to derive from the fair maintainable turnover (FMT) based on an assessment of the market's perception of the potential earnings of the property. It should reflect all costs and outgoings of the REO, as well as an appropriate annual allowance for periodic expenditure, such as decoration, refurbishment and renewal of the trade inventory.
Fair maintainable turnover (FMT)	This is the level of trade than a REO would expect to achieve on the assumption that the property is properly equipped, repaired, maintained and decorated.
Market Rent	This is the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. Whenever market rent is provided the 'appropriate lease terms' that it reflects should also be stated.
Market Value	This is 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.
Operational entity	An operational entity usually includes: <ul style="list-style-type: none"> • the legal interest in the land and buildings • the trade inventory, usually comprising all trade fixtures, fittings, furnishings and equipment, and • the market's perception of the trading potential, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits Consumables and stock in trade are normally excluded.
Personal goodwill (of the current operator)	This is the value of profit generated over and above market expectations that would be extinguished upon sale of the trade related property, together with financial factors related specifically to the current operator of the business, such as taxation, depreciation policy, borrowing costs and the capital invested in the business.

Reasonably efficient operator (REO)	<p>This is a concept where the valuer assumes that the market participants are competent operators, acting in an efficient manner, of a business conducted on the premises. It involves estimating the trading potential rather than adopting the actual level of trade under the existing ownership, and it excludes personal goodwill.</p>
Tenant's capital	<p>This may include, for example, all consumables, purchase of the inventory, stock and working capital.</p>
Trade related property	<p>This is any type of real property designed for a specific type of business where the property value reflects the trading potential for that business.</p>
Trading potential	<p>This is the future profit, in the context of a valuation of the property, which an REO would expect to be able to realise from occupation of the property. This could be above or below the recent trading history of the property. It reflects a range of factors (such as the location, design and character, level of adaptation and trading history of the property within the market conditions prevailing) that are inherent to the property asset.</p>

1. Client Engagement

- 1.1 The Client appoints C&W to provide services on these Terms of Business and the terms set out in the Engagement Letter. Each Engagement Letter forms a discrete contract incorporating the latest version of these Terms of Business that have been provided to the Client (together an/the "**Engagement**").
- 1.2 The entire scope of the services to be provided as part of an Engagement ("**Services**") is set out in the Engagement Letter. Nothing shall bind C&W to perform any role or function other than as is documented in the Engagement Letter.
- 1.3 The Client shall provide all necessary co-operation to enable each member of the C&W Group to discharge its obligations in respect of all Applicable Laws, particularly those pertaining to 'know your client', anti-money laundering and the prevention of other financial crimes, and data protection.
- 1.4 C&W may sometimes require input from third parties to perform all or part of the Services. Where C&W intends to subcontract to a third party, C&W will seek the Client's consent before so subcontracting. The Client consents to the use of other members of the C&W Group and C&W Affiliates to provide all or part of the Services, and no further notification need be given in relation to such use. Except where C&W contracts third parties directly (otherwise than as the Client's agent), C&W shall not be responsible for supervising or monitoring the performance of third parties.

2. Definitions and Interpretation

- 2.1 In an Engagement the following terms shall have the following meanings:

"**Applicable Law**" means all applicable laws, regulations, regulatory requirements and codes of practice of any relevant jurisdiction, as amended and in force from time to time;

"**C&W**" means the member of the C&W Group that is a party to the Engagement Letter;

"**C&W Affiliate**" means a third party licenced by a member of the C&W Group to trade using the Cushman & Wakefield brand;

"**C&W Group**" means DTZ Worldwide Limited (company number 9073572) and any of its subsidiaries (within the meaning of section 1159 of the Companies Act 2006);

"**C&W Materials**" means all those materials owned by C&W and its licensors, and all Intellectual Property Rights owned by C&W and its licensors, whether before or after the date of the Engagement, but excluding the Service Materials;

"**Client**" means the addressee(s) of the Engagement Letter and excludes any third party who pays or may be responsible for paying any part of the Fees;

"**Client Materials**" means all those materials owned by the Client and its licensors, and all Intellectual Property Rights owned by the Client and its licensors, but excluding the Service Materials;

"**Document**" means any research, data or report provided by C&W as part of the Services;

"**Engagement Letter**" means the letter issued by C&W to the Client and identified as the engagement letter, which shall set out particular Services to be provided by C&W together with other terms and conditions that shall form part of the Engagement. Where the context permits, documents cross referenced and/or attached to the Engagement Letter shall form part of it;

"**Fees**" means the amounts specified as payable in the Engagement Letter, or otherwise calculated in accordance with the Engagement Letter;

"**Intellectual Property Rights**" means patents, trade marks, design rights, applications for any of the foregoing, copyright, database rights, trade or business names, domain names, website addresses, whether registrable or otherwise, (including applications for and the right to apply for registration of any such rights), know how, methodologies, and any similar rights in any country whether currently existing or created in the future, in each case for their full term, together with any renewals or extensions;

"**Relief Event**" means:

- (a) any delay or failure by the Client or a person acting on its behalf to perform any obligation of the Client under an Engagement;
- (b) the failure of any assumption set out in the Engagement Letter; and
- (c) any other event specified in the Engagement Letter;

"**RICS**" means the Royal Institution of Chartered Surveyors;

"**Services**" means the services to be provided to the Client by C&W as part of the Engagement, as specified in the Engagement Letter;

"**Service Materials**" means all those works, and all Intellectual Property Rights in works, that are created, provided, or which arise exclusively in the course of the provision of the Services to the Client;

"**Terms of Business**" means the terms set out in this document; and

"**Value Added Tax**" means value added tax as provided for in the Value Added Taxes Act 1994 and subordinated legislation made under it, or any similar sales or turnover tax in any jurisdiction.

- 2.2 Unless the context otherwise requires or the contrary intention appears, any reference to an enactment includes that enactment as amended or replaced, together with any subordinate legislation made under that or any other applicable enactment; and any reference to an English legal term includes, in respect of any jurisdiction other than England, a reference to what most nearly approximates in that jurisdiction to the English legal term.

- 2.3 Other than for notices to be given, references to "written" or "in writing" include e-mail. The words "including" and "in particular" and any similar words or expressions are by way of illustration and emphasis only and do not operate to limit the generality or extent of any other words or expressions. The words "subsidiary" and "holding company" have the meanings given in Section 1159 of the Companies Act 2006 (and Clause 2.2 shall not apply in relation to this sentence). The headings in these Terms of Business are for convenience only and do not affect their interpretation.

3. Fees, Expenses and Payments

Fees

- 3.1 In consideration of the provision of the Services, the Client shall pay the Fees. The Fees, or the method of calculating them, shall be as set out in the Engagement Letter.
- 3.2 Fees stated shall be exclusive of Value Added Tax which, where applicable, shall be charged to the Client at the prevailing rate. The Client agrees to pay to C&W any Value Added Tax in relation to the provision of the Services

provided that C&W has supplied a valid tax invoice as required by Applicable Law.

Expenses

- 3.3 The Client shall reimburse all out of pocket expenses and disbursements properly incurred by or on behalf of C&W in the performance of the Services ("**Expenses**") up to five hundred pounds (£500) per quarter. Before incurring any Expenses that would result in that limit being exceeded, C&W shall seek the Client's consent, in which case those further Expenses shall also be payable. Expenses may be invoiced at the same time as the Fees, or quarterly in arrears, at C&W's discretion.
- 3.4 The Client shall reimburse all marketing costs which shall, where relevant, be handled as follows:
- (a) C&W will inform the Client of any marketing costs proposed to be incurred on its behalf. C&W will provide cost estimates for any initial marketing campaign in the Engagement Letter, and further proposals if additional marketing is required.
 - (b) Cost estimates will be best estimates or based on actual quotations from suppliers. Final costs may differ from estimates provided. Advertising and printing rates provided will be from the publishers' rate cards current at the date of the marketing proposals. The Client shall pay any additional sum charged by the suppliers for the correction of mistakes in artwork or other advertising material not caused by the suppliers. The individual printer or supplier's terms will apply to all Client work placed with it. All costs are gross and C&W will retain the usual trade discounts offered by newspapers, periodicals or other media suppliers.
 - (c) The Client shall instruct all suppliers directly. In the event that C&W agrees to instruct any such supplier, C&W may require advance payment of anticipated costs to be incurred on the Client's behalf. Where the sum paid on account exceeds the actual costs incurred, such excess shall be repaid to the Client without interest once all invoices and accounts have been finalised and settled. Where the marketing costs exceed the sum paid, the Client shall pay the amount of any difference to C&W immediately on request.
 - (d) The Client shall reimburse all marketing costs incurred on its behalf as and when the costs are incurred, irrespective of completion of the transaction to which the Services relate.

Payment

- 3.5 C&W's invoices are payable from the date of each invoice, and are due for payment within fourteen (14) days. C&W may charge the Client interest on any amounts due but which have not been paid within this period (whether before or after judgment) at three percent (3%) per annum above the Bank of England base rate from time to time. Interest shall run from the date of the invoice until all outstanding sums have been paid in full in cleared funds.
- 3.6 The Client shall pay all sums by electronic bank transfer to the C&W bank account detailed in an invoice. C&W is unable to accept payment by cash or cheque.
- 3.7 The Client shall pay all sums payable to C&W in relation to the Engagement without set-off and free of any deduction.
- 3.8 If the Client is required by Applicable Law to make any deduction from any payment then it shall increase such

payment to ensure that C&W receives the same amount as it would have received if no deduction were required.

- 3.9 C&W may require payments to be made on account before commencing or completing all or part of the Services. In specifying on-account payments C&W may have regard to the nature and context of Services to be performed, and the likely timing and amounts of Expenses to be incurred.
- 3.10 C&W may, by giving written notice to the Client, suspend Service provision if any sum is not paid to C&W within the period specified in Clause 3.5, until all outstanding sums have been paid in full in cleared funds.
- 3.11 After completing an Engagement, C&W shall be entitled to keep any Client materials held by it while sums payable to it by the Client remain outstanding.
- 3.12 C&W may search the Client's record at credit reference agencies for the purposes of verifying the Client's identity and to assess whether the Client is able to fulfil its payment obligations in relation to the Engagement.

Client Monies

- 3.13 C&W handles client monies in accordance with RICS rules and regulations.

4. Client Obligations

- 4.1 The Client shall, as soon as reasonably practicable following a request, provide all information, assistance, approvals, and consents reasonably requested by C&W in relation to the performance of C&W's obligations in connection with the Engagement. The Client shall ensure that all information provided by or on behalf of the Client shall be complete and accurate in all material respects, and notify C&W as soon as reasonably possible on becoming aware that any information is incomplete, inaccurate or misleading.
- 4.2 The Client acknowledges that C&W:
- (a) is entitled to rely upon the completeness, accuracy, sufficiency and consistency of any information supplied to it by or on behalf of the Client; and
 - (b) shall have no liability for any inaccuracies contained in any information provided by or on behalf of the Client unless otherwise stated.
- 4.3 All estimations made by C&W are based on depth and quality of information provided by the Client and the Client shall not be entitled to assume that C&W has performed an inspection. The Client must take this into account in relation to all figures, calculations, and advice.
- 4.4 The Client shall check and confirm the accuracy and completeness of any property particulars prepared by C&W, and shall confirm that they are not misleading. The Client undertakes to notify C&W immediately if any particulars are or become inaccurate or incomplete.
- ## **5. Measurements**
- 5.1 Where C&W is required to measure a property, it will do so in accordance with applicable measuring practices relevant to the property. If the Client requires C&W to adopt a particular measuring practice, it shall specify the same in writing before work starts. The Client acknowledges that the floor areas contained in any Document are approximate and if measured by C&W will be within a two percent (2%) tolerance either way. In cases where the configuration of the floor plate is unusually irregular or obstructed, this tolerance may be exceeded.
- 5.2 C&W is unable to measure areas to which it does not have access, in which cases floor area may be estimated from

plans or by extrapolation. Where land or site areas are measured, all areas will be approximate and will be measured from plans supplied or Ordnance Survey plans, rather than being checked on site.

6. Confidentiality

6.1 The Client consents to C&W announcing that it is providing or has provided the Services to the Client and using the Client's name in publicity. However, C&W shall not publish any details of any proposed or actual transaction (other than those which are publicly available) without prior consent, such consent not to be unreasonably withheld or delayed.

6.2 The Client shall keep confidential and not disclose to any other person (whether before or after termination or expiry of the Engagement):

- (a) any information received by it in respect of the methodologies and/or technologies used by C&W in providing the Services;
- (b) the details of the terms on which C&W provides the Services; and
- (c) any other information in respect of C&W's business activities which is not publicly available.

6.3 C&W shall, during the period commencing on the date of the Engagement and ending two (2) years following the earlier of the termination or completion of the Services, keep confidential and not disclose to any other person (whether before or after termination or expiry of the Engagement) any information in respect of the Client's business activities which comes into its possession as a consequence of C&W providing the Services and which is not publicly available.

6.4 A party shall not breach this Clause 6 by disclosing information, to the extent reasonably necessary:

- (a) where required to do so by Applicable Law or order of the courts, or by any securities exchange or regulatory or governmental body to which such party is subject or submits, wherever situated (whether or not the requirement for information has the force of Applicable Law); or
- (b) to the professional advisers, insurers, auditors and bankers of such party.

6.5 C&W shall not breach this Clause 6 by disclosing information to members of the C&W Group or C&W Affiliates in connection with the Engagement.

7. Data Protection and Data Handling

Data Protection

7.1 The Client appoints C&W as data processor in relation to personal data which C&W receives under or in connection with the performance of each Engagement and in respect of which the Client is a data controller.

7.2 In processing personal data pursuant to an Engagement, C&W shall:

- (a) unless otherwise requested by the Client, process personal data only to the extent, and in such manner, as is necessary for the provision of the Services;
- (b) ensure that appropriate technical and organisational measures shall be taken against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data;

(c) not disclose or transfer personal data to any person other than where strictly necessary for the provision of the Services;

(d) only cause or permit personal data to be transferred:

- (i) to members of the C&W Group and C&W Affiliates;
- (ii) to sub-contractors in accordance with Clause 1.4;
- (iii) to suppliers or sub-contractors appointed by a member of the C&W Group to support C&W's business administration and infrastructure; or
- (iv) to other sub-processors with the Client's prior consent (not to be unreasonably withheld or delayed),

and in all cases, only cause or permit personal data to be transferred outside the European Economic Area:

- (A) with the Client's prior consent (not to be unreasonably withheld or delayed); and
- (B) where the recipient benefits from a finding of adequacy of protection for personal data transferred from the European Union under article 25(6) of EU Directive 95/46/EC or has otherwise agreed European Union standard contractual clauses on data processing in countries outside the European Economic Area; and

(e) notify the Client without undue delay on becoming aware of a breach of data security which would be notifiable under applicable data protection law.

7.3 Where the Client is a public authority for the purposes of the Freedom of Information Act 2000 ("FOIA") as amended from time to time, the Client shall notify C&W of that fact at the start of the Engagement. The Client shall notify C&W within five (5) business days of receiving a request pursuant to the FOIA requesting information which relates to the business arrangements between C&W and the Client and/or any information C&W has provided to the Client at any time (whether or not in connection with the Engagement). In recognition of the fact that C&W may be providing the Client with confidential or commercially sensitive information, the Client agrees to consult with C&W and take into account C&W's views on all such requests, giving C&W reasonable notice to respond, before making any decision on whether any particular information should be disclosed.

7.4 The Client shall be responsible for C&W's reasonable and properly incurred charges in producing any documentation which the Client requires in order to comply with a request for disclosure under the FOIA. For the avoidance of doubt, the Client, not C&W, shall liaise with such third party.

Data Handling

7.5 The Client shall use all reasonable procedures to seek to ensure that any materials provided to C&W in any electronic format are virus free, and shall be responsible for using appropriate firewalls and anti-virus software.

7.6 The Client authorises C&W to communicate with any person C&W reasonably requires in providing the Services. C&W may release to such person any information reasonably necessary to perform the Services and which it has obtained during the Engagement. C&W shall not be liable for any use made of that information.

- 7.7 C&W keeps its Engagement files for six (6) years after issue of C&W's final invoice. The Client consents to the deletion and destruction of all Engagement files upon the expiry of that period unless the Client has requested in writing the return of Client papers or documents during that period. C&W shall not be liable for any loss arising out of the destruction of documents occurring more than six (6) years after the date of final invoice.
- 8. Documents and Reliance**
- 8.1 C&W will take reasonable care in the preparation of any Document. Any opinions expressed in a Document constitute C&W's judgement, and data upon which this judgement is based are believed to be correct as at the date of the Documents (but may be subject to change during the life of the project and beyond and as new information becomes available). C&W reserves the right to change the underlying data, and its opinions, without prior notice in the light of revised market opinion and evidence, but shall not be required to update any Document already provided.
- 8.2 Subject to Clause 8.3, the provision of the Services is for the Client's benefit only and no part of any Document or advice produced by C&W for the Client shall be reproduced, transmitted, copied or disclosed to any third party without the prior written consent of C&W. C&W shall not be liable to any third party placing reliance upon any such Document or advice.
- 8.3 The Client may permit other persons to use C&W's Documents only with C&W's written consent and where such other persons have entered into a written agreement with C&W in relation to such use ("**Reliance Letter**"). C&W expressly disclaims any tortious duty of care (e.g., in negligence) to any third party in relation to any Document or advice provided in connection with an Engagement, and the Client shall not permit any person to rely upon such Document or advice unless that person has first entered into a Reliance Letter. Any limitation on C&W's liability set out in these Terms of Business or the Engagement Letter shall apply in aggregate to the Client and any party entering into a Reliance Letter.
- 8.4 Where the Client provides a copy of a Document to another person, or permits a person to rely upon a Document, the Client indemnifies and holds harmless C&W from and against any liability arising out of that person's use or reliance on that Document except where a Reliance Letter has been entered into by such person.
- 8.5 Where the Client acts on behalf of a syndicate or in relation to a securitisation, the Client agrees that it is not entitled to pursue any greater claim on behalf of any other person than it would have been entitled to pursue on its own behalf had there been no syndication or securitisation.
- 9. Service Quality**
- 9.1 In carrying out the Services, C&W shall exercise the reasonable care and skill to be generally expected of a competent provider of services similar in scope, nature and complexity to the Services.
- 9.2 In the event that the Client is dissatisfied with the provision of the Services by C&W it must refer such complaint in the first instance to the C&W representative named in the Engagement Letter in accordance with the provisions of C&W's complaints procedure current at the time of the complaint. C&W shall supply to the Client a copy of the complaints procedure upon the request of the Client.
- 9.3 No implied terms shall apply under and/or in connection with the Engagement, and no other express warranties are given - all such terms are expressly excluded to the extent permitted by Applicable Law.
- 9.4 C&W is certified as ISO9001:2008, ISO14001, and OHSAS18001 compliant.
- 10. Conflicts of Interest and Anti-Corruption**
- 10.1 C&W maintains conflict management procedures designed to govern actual or potential conflicts of interest. If the Client becomes aware of a possible conflict, it shall inform C&W immediately. If a conflict arises, then C&W will decide, taking account of legal constraints, relevant regulatory rules and the clients' interests and wishes, whether it can continue to act for both parties (e.g., through the use of ethical walls), for one only, or for neither. Where C&W does not believe that any potential or actual conflict can be managed appropriately and in accordance with C&W policy (available upon request), it will inform all clients affected and consult with them as soon as reasonably practicable as to the steps to take.
- 10.2 The Client acknowledges that C&W may earn commissions and referral fees, and may charge handling fees connected to the services that it performs, and agrees that C&W shall be entitled to retain them without specific disclosure. C&W will not accept any commissions or referral fees in circumstances where it is of the reasonable belief that they would compromise the independence of any advice that it provides.
- 10.3 It is not C&W policy to provide any services for financial gain either directly or through connected persons, to a prospective purchaser or tenant in respect of a property for which C&W is instructed as agents by the seller/owner, until unconditional contracts have been exchanged. C&W will notify the Client if it is instructed by a prospective purchaser or tenant to provide such services where the Client is the seller/owner.
- 10.4 C&W and the Client each confirms that it will not, and will procure that its employees will not, knowingly engage in any activity which would constitute a breach of applicable Anti-Bribery & Corruption Laws. C&W confirms that it has in place a compliance and training programme designed to ensure compliance with the terms of applicable Anti-Bribery & Corruption Laws.
- 10.5 For the purposes of this Clause 10, "**Anti-Bribery & Corruption Laws**" means the Bribery Act 2010, the US Foreign Corrupt Practices Act 1977 and any other applicable legislation prohibiting bribery and corruption involving public or private persons.
- 11. Liability and Insurance**
- 11.1 Notwithstanding any contrary provision, neither party limits or excludes its liability in respect of:
- any death or personal injury caused by its negligence;
 - any fraud or fraudulent misrepresentation; or
 - any statutory or other liability which cannot be limited or excluded under Applicable Law.
- 11.2 C&W shall not be liable for any:
- indirect or consequential loss (even where the parties are aware of the possibility of any such loss at the date of the Engagement);
 - loss of profits or revenue of the Client generally;
 - loss of goodwill, reputation or opportunity;
 - loss of or corruption of data, or loss resulting from the Client's receipt of information, data, or

- communications supplied or sent by C&W electronically;
- (e) pure economic loss suffered by the Client or persons other than the Client, arising out of a tortious duty of care (e.g., in negligence) or otherwise;
 - (f) acts or omissions of third parties (other than where contracted directly by C&W otherwise than as the Client's agent); or
 - (g) delay caused by its duty to comply with legal and regulatory requirements (such as anti-money laundering checks),
- in each case arising out of or in connection with an Engagement or any breach or non-performance of it no matter how fundamental (including by reason of negligence or breach of statutory duty). The parties agree that each of sub-clauses (a) to (g) (inclusive) above are separate terms and are intended to be severable.
- 11.3 C&W's total aggregate liability arising under or in connection with an Engagement or any breach or non-performance no matter how fundamental (including by reason of negligence or breach of statutory duty) in contract, tort or otherwise shall be limited in all circumstances to an amount equal to the lesser of:
- (a) five (5) times the Fees paid or payable by or on behalf of the Client to C&W in relation to the Engagement; or
 - (b) two million pounds sterling (£2,000,000).
- 11.4 Subject always to Clauses 11.2 and 11.3, where an Engagement involves C&W being appointed as part of a project team, liability for loss and/or damage arising under or in connection with the Engagement shall be limited to that proportion of the Client's loss and/or damage which it would be just and equitable to require C&W to pay having regard to the extent of C&W's responsibility for the same and on the basis that:
- (a) all other Client consultants and contractors shall be deemed to have provided contractual undertakings, on terms no less onerous than those set out in the Engagement, to the Client in respect of the performance of their services in connection with the project;
 - (b) there are no exclusions of or limitation of liability nor joint insurance or co-insurance provisions between the Client and any other party referred to above; and
 - (c) they shall be deemed to have paid to the Client such proportion which would be just and equitable for them to pay having regard to the extent of their responsibility.
- 11.5 No actions or proceedings arising under or in respect of the Engagement or documents signed in connection with it shall be commenced against C&W after six (6) years after the date of the final invoice in relation to the Engagement.
- 11.6 C&W shall effect and maintain, during the Engagement and for a period of six (6) years after issue of C&W's final invoice, professional indemnity insurance with a limit of indemnity of £10million provided always that such insurance remains available at commercially reasonable rates, together with such other insurance as is required to be maintained in accordance with Applicable Law.
- 11.7 Further to Clause 1.2, nothing appoints or obliges C&W to act as an External Valuer as defined under the Alternative Investment Fund Managers Directive ("AIFMD") legislation, or its equivalent under local law. C&W expressly disclaims any responsibility or obligations under AIFMD and/or its equivalent unless expressly agreed in writing by C&W. Where C&W provides valuation advice to an entity that falls within the scope of AIFMD ("Fund"), its role will be limited solely to providing valuations of property assets held by the Fund. Responsibility for the valuation function for the Fund and the setting of the net asset value of the Fund will remain with others. C&W's Document will be addressed to the Fund for internal purposes and third parties may not rely on it. C&W's aggregate liability howsoever arising out of such instruction is limited in accordance with these Terms of Business.
- 11.8 C&W shall not be responsible for the management of any property the subject of an Engagement, and shall have no other responsibility (such as for maintenance or repair) in relation to nor shall C&W be liable for any damage occurring to any such property.
- ## 12. Termination
- 12.1 Either party may terminate the Engagement at any time on not less than thirty (30) days written notice, for convenience without cause.
- 12.2 Either party may terminate the Engagement at any time on written notice, either immediately or following such notice period as it shall see fit if the other party:
- (a) is in material breach of the Engagement, and such breach is irremediable;
 - (b) commits any remediable material breach of the Engagement and fails to remedy such breach within a period of thirty (30) days from the service on it of a notice specifying the material breach and requiring it to be remedied (or, having so remedied, subsequently commits a similar breach within the next thirty (30) days); or
 - (c) ceases or threatens to cease to carry on business, is found unable to pay its debts within the meaning of the Insolvency Act 1986 section 123, has an administrator, receiver, administrative receiver or manager appointed over the whole or any part of its assets, enters any composition with creditors generally, or has an order made or resolution passed for it to be wound up (otherwise than in furtherance of any scheme for solvent amalgamation or solvent reconstruction) or undergoes any similar or equivalent process in any jurisdiction.
- 12.3 C&W may terminate the Engagement immediately upon written notice if the Client has failed to pay an invoice within thirty (30) days of the date of such invoice.
- 12.4 On termination of the Engagement, the Client shall pay to C&W:
- (a) Fees for the Services it has performed (on a pro rata basis having regard to the Fees payable for the completion of the Engagement, the expected duration of the entire Engagement and the Services performed prior to termination, unless otherwise specified);
 - (b) any Expenses properly incurred in accordance with Clause 3.3, and marketing costs incurred in accordance with Clause 3.4, on or before the effective date of the termination; and
 - (c) where the right is exercised by the Client, any additional sums set out in the Engagement Letter as being payable upon termination.

- 12.5 If a party, acting in good faith, exercises a right of termination, its subsequent failure or refusal to perform all or any of its current or future obligations in connection with an Engagement shall not be a breach of an Engagement (whether repudiatory or otherwise).
- 13. Intellectual Property**
- 13.1 All Service Materials shall vest in the Client on creation. C&W hereby assigns the Service Materials to the Client together with the right to sue for and recover damages or other relief in respect of the infringement of any Service Materials by a third party. In relation to future copyright, this shall take effect as a present assignment of future rights.
- 13.2 The Client grants to C&W a worldwide, fully paid-up, non-exclusive, transferable (to a member of the C&W Group) licence to use, copy and modify the Client Materials and Service Materials to the extent necessary and for the purpose of providing the Services to the Client and performing its other obligations in relation to an Engagement.
- 13.3 C&W and its licensors shall retain all right, title and interest in and to the C&W Materials. The Client and its licensors shall retain all right, title and interest in and to the Client Materials.
- 14. Non-Solicitation**
- 14.1 Neither party shall (except with the other party's prior written consent) directly or indirectly solicit or entice away (or attempt to solicit or entice away) from the employment of the other, any employee or contractor working on an Engagement, and shall not offer employment to any employee working on an Engagement, for a period of six (6) months following the end of any involvement by that person with an Engagement. This shall not prohibit a party from offering employment to an employee or contractor of the other who has responded to an advertising campaign open to all comers and not specifically targeted at any of its employees or contractors.
- 14.2 In the event that a party breaches Clause 14.1, the other party shall be entitled to be paid compensation of six (6) months' salary or fees of the employee or contractor concerned. The parties agree that this is a genuine pre-estimate of loss taking into account the cost of recruitment and training of staff, and is agreed on a commercial basis between the parties.
- 15. Notices**
- 15.1 Any notice or other information to be given by either party to the other under the terms of an Engagement shall be given by:
- (a) delivering it by hand; or
 - (b) sending it by pre-paid registered post,
- to the other party at the address given in Clause 15.3.
- 15.2 Any notice or information sent by post in the manner provided by Clause 15.1(b) which is not returned to the sender as undelivered shall be deemed to have been given on the second day after it was so posted; and proof that the notice or information was properly addressed, pre-paid, registered and posted, and that it has not been returned to the sender, shall be sufficient evidence that the notice or information has been duly given.
- 15.3 The address of either party for service for the purposes of this Clause 15 (but excluding legal proceedings) shall be that of its registered or principal office, or such other address as it may last have notified to the other party in writing from time to time. Notices to C&W must be addressed to EMEA General Counsel to be valid.
- 16. No Waiver, Partnership or Joint Venture**
- 16.1 No waiver of any right in connection with an Engagement (including rights to sue for breach) shall operate or be construed as a waiver of any other or further right whether of a like or different character, or be effective unless in writing duly executed by an authorised representative of the affected party. The failure to insist upon the performance of the terms, conditions and provisions of the Engagement, or time or other indulgence granted by one party to another, shall not act as a waiver of any breach, as acceptance of any variation, or as the relinquishment of any right in connection with the Engagement, which shall remain in full force and effect.
- 16.2 Each right or remedy of a party to an Engagement is without prejudice to any other right or remedy of that party.
- 16.3 The Engagement shall not be interpreted or construed to create an association, joint venture or partnership between the parties, or to impose any partnership obligation or liability upon either party.
- 17. Force Majeure and Relief**
- 17.1 If either party is prevented or hindered from performing any of its obligations in connection with an Engagement by reason of circumstances outside its reasonable control, that party ("**Claiming Party**") shall as soon as reasonably possible serve notice in writing on the other party specifying the nature and extent of the circumstances preventing or hindering it from performing its obligations.
- 17.2 Subject to the Claiming Party serving notice in accordance with Clause 17.1, the Claiming Party shall have no liability in respect of any delay in performance or any non-performance of any such obligation (save for any payment obligation which shall continue in full force and effect), and the time for performance shall be extended accordingly to the extent that the delay or non-performance is due to such circumstances.
- 17.3 The Client agrees that C&W shall be excused from its failure to perform or delay in performing any affected obligation in connection with the Engagement to the extent that such failure results from a Relief Event. C&W shall be entitled to a reasonable extension of time in relation to any affected obligation, and to recover reasonable additional costs incurred by it, as a result of a Relief Event.
- 18. Illegality/Severance**
- If any provision is declared by any competent court or body to be illegal, invalid or unenforceable under the law of any jurisdiction, or if any enactment is passed that renders any provision illegal, invalid or unenforceable under the law of any jurisdiction, this shall not affect or impair the legality, validity or enforceability of the remaining provisions relating to an Engagement, nor the legality, validity or enforceability of such provision under the law of any other jurisdiction.
- 19. Assignment and Novation**
- 19.1 Neither party may at any time, without the prior written consent of the other party, assign all or any part of its rights and/or obligations relating to an Engagement. Notwithstanding the previous sentence, C&W may assign/novate (as applicable) all or any part of its rights and/or obligations in connection with an Engagement to any other member of the C&W Group, without the Client's prior written consent.
- 19.2 Each Engagement shall inure to the benefit of, and be binding upon, the parties' successors and permitted assignees.

20. Further Assurance

Each party shall at all times from the date of the Engagement Letter, on being required to do so, at its own expense do or use reasonable endeavours to procure the doing by any necessary third parties of all such acts as may be required to give full effect to the terms of the Engagement including the execution and delivery of all deeds and documents.

21. Governing Law and Dispute Resolution

- 21.1 In the event of a dispute arising out of or connection with an Engagement, a party contemplating instigating legal proceedings shall notify the other party of that fact not less than fourteen (14) days before issuing such proceedings. Either party may, upon receipt of notice or otherwise, apply to the President or the Vice President, for the time being, of the Chartered Institute of Arbitrators, for the appointment of a single arbitrator, for final resolution. The arbitration shall be governed by both the Arbitration Act 1996 and the Rules of Controlled-Cost Arbitration of the Chartered Institute of Arbitrators (2014 Edition), or any amendments thereof, which Rules are deemed to be incorporated by reference into this clause. The seat of the arbitration shall be England.
- 21.2 Clause 21.1 shall not prohibit a party from applying to the court, and shall not require such party to serve notice prior to applying, for interim injunctive relief.
- 21.3 Each Engagement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) are governed by and shall be construed in accordance with English law. The parties submit to the non-exclusive jurisdiction of the English courts for all purposes relating to and in connection with each Engagement and any such dispute or claim.

22. Third Party Rights

- 22.1 To the extent that any loss, damage or expense is suffered or incurred by a member of the C&W Group, the parties agree that such loss, damage or expense shall be deemed to be the loss, damage or expense of C&W, and such loss shall be fully recoverable from the Client as if the loss, damage or expense was suffered or incurred by C&W directly.
- 22.2 Provided that Clause 22.1 remains valid and in full force and effect, no term of the Engagement is intended for the benefit of a third party and the parties do not intend that any term of the Engagement shall be enforceable by a third party either under the Contracts (Rights of Third Parties) Act 1999 or otherwise. If Clause 22.1 for any reason is or becomes illegal, invalid or unenforceable, then the rights under each Engagement shall be enforceable by any member of the C&W Group.

23. Entire Agreement

- 23.1 The Engagement constitutes the entire agreement and understanding between the parties relating to the transactions contemplated by or in connection with it and the other matters referred to in the Engagement and supersedes and extinguishes any other agreement or understanding (written or oral) between the parties or any of them relating to the same.
- 23.2 Each party acknowledges and agrees that it does not rely on, and shall have no remedy in respect of, any promise, assurance, statement, warranty, undertaking or representation made (whether innocently or negligently) by any other party or any other person except as expressly set out in the Engagement. The Client's sole remedy in relation

to any act or omission of C&W relating to or in connection with the Engagement shall be for breach of contract.

24. Miscellaneous Terms

- 24.1 Each party warrants and represents that it has power to enter into the Engagement and that it has obtained all necessary consents and/or approvals to do so.
- 24.2 The Client agrees that C&W shall be entitled to rely upon instructions given by any employee or other representative of the Client, and any person holding themselves out as having the authority to give such instructions.
- 24.3 Where the Client comprises two or more persons their liability in relation to the Engagement shall be joint and several.
- 24.4 Clauses 1, 2, 3, 4.2, 4.3, 6, 7, 8, 9.3, 10.4, 10.5, 11, 12.4, 12.5, 13 to 16 (inclusive), 18 and 20 to 24 (inclusive) of these Terms of Business shall survive termination of the Engagement.
- 24.5 The Client agrees and acknowledges that the Engagement is between the Client and C&W, and that the Client shall have no right to make any claim against any member (partner), director, employee, agent, or contractor of C&W, any other member of the C&W Group or any C&W Affiliate.
- 24.6 In accordance with the Provision of Services Regulations 2009, C&W is required to make available certain information to Clients which can be found [here](#).
- 24.7 In accordance with Section 54, Part 6 of the Modern Slavery Act 2015, details of the measures C&W has taken to ensure that slavery and human trafficking is not taking place in its supply chains or in any part of its business can be found [here](#).

Cushman & Wakefield Terms of Business (UK)
(Version 1.01 – April 2017)

APPENDIX B: LIST OF ADDRESSES, TENURE & USE OF THE PROPERTIES AS AT 30 JUNE 2017

Town	Address	Use	Tenure
Clydebank	Tasman House	Office	Leasehold
Clydebank	Caspian House, Mariner Court	Office	Leasehold
Coatbridge	Gartsherrie Industrial Estate, Coatbridge	Industrial	Leasehold
Cumbernauld	Napier Court	Industrial	Freehold
Cumbernauld	Napier Place	Industrial	Freehold
Cumbernauld	Napier Way	Industrial	Freehold
Cumbernauld	Tollpark Place	Industrial	Freehold
Cumbernauld	Tollpark Road	Industrial	Freehold
Cumbernauld	Napier Road	Industrial	Freehold
Cumbernauld	Duncan McIntosh Road	Industrial	Freehold
Cumbernauld	Dunnswood Road	Industrial	Freehold
Cumbernauld	Wardpark Place	Industrial	Freehold
Dumfries	91-95 & 93-95 High Street	Retail	Freehold
Dumfries	32-38 Bank Street	Retail	Freehold
Glasgow	The Point, Saracen Street	Industrial	Freehold
Glasgow	Old Mill Studios, Old Rutherglen Road	Office	Freehold
Glasgow	Tay House, Bath Street	Office	Leasehold

Town	Address	Use	Tenure
Glasgow	The Commercial Centre, 101 Gorbals Street	Retail	Leasehold
Glasgow	Virginia Street	Retail	Freehold
Glasgow	Miller Street	Retail	Freehold
Glasgow	Venlaw Building, Bath Street	Office	Freehold
Glasgow	Elmbank Gardens	Office	Freehold
Glasgow	Mill House	Office	Freehold
Glasgow	Legal House, 101, Gorbals Street	Office	Leasehold
Glasgow	70 Commercial Road	Office	Freehold
Glasgow	Building 5, Templeton Street	Office	Freehold
Glasgow	Corner House, Templeton Street	Office	Freehold
Glasgow	Templeton House, Templeton Street	Office	Freehold
Glasgow	The White Studios, Templeton on the Green	Office	Freehold
Greenock	West Stewart Street	Retail	Leasehold
Greenock	Car Park, Kilblain Street	Other	Leasehold
Barnsley	Cortonwood Business Park	Industrial	Freehold
Birmingham	Sheldon Court	Office	Freehold
Leeds	CGU House, Boar Lane	Office	Freehold
Leeds	Chancellor Court, The Calls	Office	Freehold

Town	Address	Use	Tenure
Manchester	9 Portland Street,	Office	Freehold
Newcastle	St Nicholas Chambers	Office	Freehold
Newcastle	The Side Car Park, The Side	Other	Freehold
Newcastle	Milburn House	Office	Freehold
Avonmouth	St Brendans Court	Office	Freehold
Bristol	St James Court Building A	Office	Freehold
Bristol	St James Court Building B	Office	Freehold
Harlow	1 Temple Bank	Industrial	Freehold
Leatherhead	Westminister House	Office	Freehold
Leatherhead	Care House	Office	Freehold
Milton Keynes	Atlantic House	Industrial	Freehold
Swindon	Minton Place, Station Road	Office	Freehold
Wallington	Leo House, Railway Approach	Office	Leasehold
Hanley	Bennett House, Town Road	Office	Freehold
Glasgow	Festival Court, 198-200 Brand Street	Office	Freehold
Irvine	Units 1-7 Crompton Way	Industrial	Freehold
Aberdeen	19 Union Terrace	Retail	Freehold
Aberdeen	1A & B Diamond Place	Other	Freehold
Cumbernauld	12 Abronhill Shopping	Retail	Freehold

Town	Address	Use	Tenure
	Centre		
Glasgow	85 St Vincent Street	Retail	Freehold
Glasgow	6 Renfield Street	Retail	Freehold
Falkirk	124-136 High Street	Retail	Freehold
Larkhall	10 London Street	Retail	Freehold
Lesmahagow	1 Bakers Brae	Retail	Freehold
Lanark	10 Woodstock Road	Retail	Freehold
Lesmahagow	Delta Centre, Gateside	Industrial	Freehold
Castleford	Unit B, Fleming Court	Office	Freehold
Ellesmere Port	14/16 Rossmore Business Village	Office	Freehold
Chester	Unit D & Unit F Telford Court	Office	Freehold
Stoke-on-Trent	1-2 Whittle Court	Office	Freehold
Rugby	15 Davy Court	Office	Freehold
Cheltenham	St Georges House	Office	Freehold
Wolverhampton	Fairfax House	Office	Freehold
Edinburgh	Gyleview House	Office	Freehold
Edinburgh	Calton House	Office	Freehold
Aberdeen	North Esplanade West	Retail	Leasehold
Swindon	Delta 1200 Delta Business Park	Office	Freehold

Town	Address	Use	Tenure
Andover	Niceday House, Meridian Park	Office	Freehold
Bromley	Donegal House, Tweedy Road	Office	Freehold
Colchester	Ewer House, 44/46 Crouch St	Retail	Leasehold
Erith	Manor Road, Erith	Industrial	Leasehold
Gravesend	Imperial Business Park	Industrial	Freehold
London	158/159 Drury Lane	Retail	Freehold
Chatham	Victory House Meeting House Lane	Office	Freehold
Belper	27/29 King St, Belper	Retail	Leasehold
Birmingham	2800 The Crescent, Solihull	Office	Freehold
Coventry	Columbus House, Coventry	Office	Freehold
Leicester	Total Petrol Filling Station Dysart Way	Retail	Freehold
Nottingham	Mile End Road, Colwick	Industrial	Freehold
Nottingham	37 Stockwell Gate, Mansfield	Retail	Freehold
Stafford	Broad St, Stafford	Retail	Freehold
Batley	Former Case Building, Bradford Road	Industrial	Freehold
Brighouse	Commercial Street & Wellington Arcade	Retail	Freehold
Gateshead	Land and Buildings, Green Lane, Felling	Industrial	Freehold

Town	Address	Use	Tenure
Leeds	Lisbon Court, 120 Wellington St	Office	Freehold
Sheffield	218-228 Newhall Road	Industrial	Freehold
Wetherby	Marston Business Park, Tockwith	Industrial	Freehold
Wetherby	Southfield Lane, Tockwith,	Industrial	Leasehold
Bolton	Grecian Crescent, Bolton	Industrial	Leasehold
Lancaster	Lansil Industrial Estate, Caton Road	Industrial	Freehold
Manchester	Thames Industrial Estate	Industrial	Leasehold
Manchester	Site 1, Nasmyth Business Centre,	Industrial	Freehold
Manchester	Thames Trading Estate Fairhills Road	Industrial	Freehold
Southport	8 Eastbank Street	Retail	Freehold
Dumfries	Heathall Industrial Estate, Dumfries	Industrial	Freehold
Glasgow	Royal Burgh House, 380 King Street	Office	Freehold
Winsford	Road 4 Winsford Industrial Estate	Industrial	Freehold
Swansea	1-4 Llansamlet Retail Park, Nantyffin Rd	Retail	Leasehold
Leeds	Century Way, Thorpe Park, Leeds	Office	Freehold
Worthing	Eurotherm Unit, Faraday Close, Worthing BN13 3PL	Industrial	Freehold
Scunthorpe	Skippingdale Trading	Industrial	Leasehold

Town	Address	Use	Tenure
	Estate, Scunthorpe		
Eastleigh	Hampshire Corporate Park, Chandlers Ford	Office	Freehold
Birmingham	Lonsdale House	Office	Freehold
Coventry	2 & 3 The Oaks	Office	Leasehold
Wisbech	Salters Way, Cromwell Road	Industrial	Freehold
Annesley	One and Two Newstead Court	Office	Freehold
Nottingham	Stanley House, 58 Talbot Street	Office	Freehold
Basingstoke	Rosalind House, Jays Close, Basingstoke	Office	Leasehold
Manchester	Oaklands House,	Office	Freehold
Leeds	Tower North	Office	Freehold
Leicester	James House	Office	Freehold
Basingstoke	Northern Cross	Office	Leasehold
Beverley	Tokenspire Business Park	Industrial	Freehold
Aylesbury	Buildings 2 & 3 HBOS Campus, Walton Street	Office	Freehold
Bristol	800 Park Avenue Aztec West	Office	Freehold
Warrington	The Genesis Centre, Birchwood Park	Office	Freehold
Sheffield	Units A & B Forge House, 19-20 Carbrook Hall Road	Office	Freehold

Town	Address	Use	Tenure
Paisley	Pheonix Business Park, Linwood	Office	Freehold
Basildon	Juniper Park, Southfield industrial Estate, Fenton Way	Industrial	Freehold
Cardiff	Llandough Trading Estate, Penarth Road, Penarth	Industrial	Freehold
Walsall	Maybrook Industrial Estate, Maybrook Road, Brownhills	Industrial	Freehold
Dunfermline	Pitreavie Business Park, Pitreavie Way	Industrial	Freehold
Aberdeen	Southview & Southstar, Blackness Road, Altens Industrial Estate	Industrial	Leasehold
Bromborough	Commercial Road, Bromborough	Industrial	Leasehold
Manchester	Unit 6 Centrepoint, Marshall Stevens Way, Trafford Park	Industrial	Freehold
Sheffield	Aspect Court, Pond Hill	Office	Freehold
Nottingham	30-34 Houndsgate	Office	Freehold
Bellshill	Strathclyde Business Park - Belhaven House	Office	Freehold
Bellshill	Strathclyde Business Park - Braidhurst House	Office	Freehold
Bellshill	Strathclyde Business Park - Carnbroe House	Office	Freehold
Bellshill	Strathclyde Business Park - Coltness House	Office	Freehold
Bellshill	Strathclyde Business Park - Dalziel House	Office	Freehold

Town	Address	Use	Tenure
Bellshill	Strathclyde Business Park - Murdostoun House	Office	Freehold

APPENDIX C: LIST OF ADDRESSES, TENURE & USE OF THE NEW PROPERTIES AS AT 08 NOVEMBER 2017

Town	Address	Use	Tenure
Bristol	Woodlands Court, Ashridge Road, Bristol	Office	Freehold
Bristol	Equinox North, Great Park Road Almondsbury, Bristol	Office	Freehold

APPENDIX D: ABBREVIATIONS

ERV	Estimated Rental Value
GIA	Gross Internal Area
IPMS	International Property Measurement Standards
NIA	Net Internal Area
PROMIS	Property Market Information Service (an authoritative real estate database produced by PMA Services)
PS	Professional Standard
RICS	Royal Institution of Chartered Surveyors
UKVS	United Kingdom Valuation Standard
VPGA	Valuation Practice Guidance Application
VPS	Valuation Professional Standard
WAULT	Weighted Average Unexpired Lease Term
WAEPC	Weighted Average Energy Performance Certificate

APPENDIX E: SOURCES OF INFORMATION

Sources of Information

In addition to information established by us, we have relied on the information obtained from you and / or your professional advisers, as listed below:

Information	Source / Author	Date
Leasing information	London & Scottish	31/10/2017
Details of recent, current or proposed marketing of the Engagement Property and offers received	London & Scottish	Oct-Nov 2017

PART 10

THE NEW PROPERTY PORTFOLIOS AND TERMS OF THE ACQUISITIONS

SECTION A: FIRST NEW PORTFOLIO

1. Overview of the First New Portfolio Acquisition and the First New Portfolio

The Company (through its wholly owned subsidiary Midco) has conditionally agreed to acquire a portfolio of three real estate properties from NW UK III Limited for aggregate consideration of the net asset value of the First Portfolio Target Companies as at 24 December 2017 minus certain agreed rent top-ups (the “**First New Portfolio Acquisition**”). This consideration is to be adjusted in accordance with the First Portfolio Acquisition Agreement to take into account, among other things, any outstanding debt of the First Portfolio Seller or its group.

The First New Portfolio comprises office properties in Woking, Cheshunt and Edinburgh with 25 lettable units with a total of 18 individual tenants and a high level of occupancy (88 per cent. by lettable area). The First New Portfolio was valued at £43.5 million as at 8 November 2017, with a combined contracted rent roll of £3.6 million per annum reflecting a yield of 8 per cent. on a weighted average unexpired lease term of 6.4 years (3.3 years to first break).

Completion of the First New Portfolio Acquisition is conditional upon the Company raising and being in receipt of gross proceeds of at least £55 million pursuant to the Capital Raising.

The Company intends to put in place a new debt facility as to £19.36 million as soon as possible following completion of the First New Portfolio Acquisition in order to refinance the First New Property Portfolio (the “**First New Portfolio Facility**”).

The First New Portfolio Facility will be provided by Royal Bank of Scotland Plc to the First Portfolio Target Companies (as defined in paragraph 3.1 of Part 10 of this document), and will be provided at an interest rate equal to the aggregate of (i) two per cent. per annum and (ii) LIBOR for sterling for the relevant interest period. Further details of the anticipated terms of the First New Portfolio Facility Agreement are set out at paragraph 11.15 of Part 16 of this document.

The First Portfolio Acquisition is structured as a share acquisition of three Luxembourg corporate vehicles. The acquisition is expected to complete shortly after Admission. Further details of the First New Portfolio Acquisition Agreement are set out below.

The properties at Woking and Cheshunt will be significant in the context of the Company’s property portfolio as a whole and further details of those properties (as at the Latest Practicable Date) are set out below.

Units 1-8 Genesis Business Park, Woking, England

<i>Anchor tenants</i>	<i>Market value (£m)</i>	<i>Lettable area (sq. ft)</i>	<i>Annualised gross rental income (£m)</i>	<i>Net rental income (£m)</i>	<i>Let by rental value (%)</i>	<i>WAULT (to first break) (years)</i>
Wick Hill Limited	24,690,000	99,613	1.94	1.94 (inc Guarantee)	100% (inc Guarantee)	3.9
Alpha Fry Limited				1.4 excl Guarantee	75% excl Guarantee	
McCarthy & Stone						
Walk the Walk Worldwide						

Turnford Place, Great Cambridge Road, Cheshunt

<i>Anchor tenants</i>	<i>Market value (£m)</i>	<i>Lettable area (sq. ft)</i>	<i>Annualised gross rental income (£m)</i>	<i>Net rental income (£m)</i>	<i>Let by rental value (%)</i>	<i>WAULT (to first break) (years)</i>
Countryside Properties (UK) Ltd	14,250,000	59,176	1.07	1.07	100%	3.4
Poupart Ltd						
Pulse Healthcare Limited						

2. The First New Portfolio Valuation Report

Section A of the Appendix to this Part 10 contains a valuation report on the First New Portfolio prepared for the Company by Cushman & Wakefield. The valuations in this Part 10 are extracted from the First New Portfolio, save for the fact that Cushman & Wakefield value units within the same property individually, while the Company treats them as one property, which explains the difference between the properties set out in the First New Portfolio Valuation Report and the properties set out in this Part 10.

All of the details on the First New Portfolio in this Part 10 are as at 30 June 2017.

No material changes have occurred since the date of valuation as set out in the First New Portfolio. The relevant valuer is Cushman & Wakefield. Certain information relating to Cushman & Wakefield is set out in paragraph 3 of Part 9 of this document.

Cushman and Wakefield has given and not withdrawn its consent to the issue of this document, the First New Portfolio Valuation Report and the inclusion herein of its name and the references to it in the form and context in which they appear.

3. The First New Portfolio Acquisition Agreement

3.1 Introduction

The First New Portfolio Acquisition Agreement is expected to complete shortly after Admission.

The First New Portfolio Acquisition Agreement was entered into on 4 December 2017 between the Company, Midco and the First Portfolio Seller. In accordance with the provisions of the First New Portfolio Acquisition Agreement, and subject to the satisfaction or waiver of conditions therein, the Company, via Midco, has agreed to purchase the entire issued share capital of NW UK (Central) Ltd, NW UK (Cheshunt) Ltd and NW UK (South) Ltd (the “**First Portfolio Target Companies**”).

3.2 Consideration

The total consideration to be paid by Midco for the entire issued share capital of all of the First Portfolio Target Companies is the net asset value of the First Portfolio Target Companies minus certain agreed rent top-ups. As at close of business on the day of completion of the First New Portfolio Acquisition Agreement (“**Completion**”), the First Portfolio Seller will prepare and report on a statement of the net assets of each of the First Portfolio Target Companies (the “**Draft Completion Accounts**”) as at close of business on the day of Completion, and will deliver the Draft Completion Accounts to Midco within 30 Business Days after Completion. Within 20 Business Days of the receipt by Midco of the Draft Completion Accounts, Midco will give notice to the First New Portfolio Seller stating whether or not it agrees with the Draft Completion Accounts, and details of any proposed adjustments to the Draft Completion Accounts. If Midco and the First New Portfolio Seller have not agreed the Draft Completion Accounts within 28 Business Days of Midco’s notice, disputed items will be referred to an internationally recognised firm of chartered accounts for resolution.

3.3 ***Conditions to Completion***

Under the terms of the First Portfolio Acquisition Agreement, Completion is conditional upon the Company having raised and being in receipt of gross proceeds of not less than £55 million pursuant to the Capital Raising. The Company has agreed to use all its reasonable endeavours to procure that this condition is satisfied.

3.4 ***Termination rights***

The First Portfolio Acquisition Agreement will terminate if the condition noted in paragraph 3.3 above has not been satisfied or waived by 27 December 2017. The First Portfolio Acquisition Agreement may also be terminated by Midco if any of the following occur:

- fraud by or on behalf of the First Portfolio Seller in respect of any of the warranties under the First Portfolio Acquisition Agreement;
- a breach of the undertakings in the First Portfolio Acquisition Agreement by the First Portfolio Seller after the date of signing; or
- a breach of any of the warranties given by the First Portfolio Seller as given at the date of the First Portfolio Acquisition Agreement or any circumstance, matter or thing arising or being disclosed which would constitute a breach of any of those warranties if they were repeated at Completion.

3.5 ***Pre-Completion undertakings of the First Portfolio Seller***

Pursuant to the First Portfolio Acquisition Agreement the First Portfolio Seller has agreed that each of the First Portfolio Target Companies shall, among other undertakings:

- carry on its business in the ordinary and usual course of trading and maintain it as a going concern;
- subject to certain carve-outs, not enter into any long-term contract or arrangement involving expenditure or liabilities in excess of £10,000;
- not amend or terminate any material agreement, arrangement or obligation to which it is a party;
- not engage in any transaction except on an arm's-length basis in the ordinary and usual course of business; or
- not declare, make or pay any dividend or other distribution.

3.6 ***First Portfolio Seller warranties***

The First Portfolio Acquisition Agreement contains warranties, given by the First Portfolio Seller (which are subject to certain limitations, in accordance with the terms of the First Portfolio Acquisition Agreement) as to, among other things:

- the First Portfolio Seller having the capacity to enter into the First Portfolio Acquisition Agreement and to perform fully its obligations under it;
- subject to the release of certain Jersey law security interests, that it is the sole legal and beneficial owner of the shares in the First Portfolio Target Companies;
- that none of the First Portfolio Target Companies carries on business in partnership with any other person, nor have they agreed to do so;
- that the properties owned by the First Portfolio Target Companies are wholly owned by the First Portfolio Target Companies and are free from any fixed or floating mortgage;
- compliance with applicable law and regulation;

- litigation;
- the business of the First Portfolio Target Companies since the last accounts date (being 31 December 2016);
- certain financial information of the First Portfolio Target Companies;
- material contracts;
- assets, debts and liabilities;
- insolvency; and
- tax.

3.7 *Limitation on warranty claims*

The maximum liability of the First Portfolio Seller in respect of any claim for breach of the title warranties for fraud in the First Portfolio Acquisition Agreement is limited to a sum equal to the consideration payable under the First Portfolio Acquisition Agreement plus an amount equal to the aggregate outstanding debt of the First Portfolio Seller and its group. For all other claims, the liability of the First Portfolio Seller is limited to £1.

3.8 *Indemnification*

A tax indemnity, relating to tax liabilities of the First Portfolio Target Companies arising prior to Completion, has also been given by the First Portfolio Seller. The First Portfolio Seller's liability under the tax covenant is limited to £1.

4. Warranty and indemnity insurance

The recourse for breach of warranties, other than the title warranties, is against a warranty and indemnity of insurance policy. The recourse for breach of the tax indemnity referred to in paragraph 3.8 above is also against the warranty and indemnity insurance policy.

5. Deposit

On the date of the First Portfolio Acquisition Agreement, Midco paid to the First Portfolio Seller a deposit of £2,172,000.

SECTION B: SECOND NEW PROPERTY PORTFOLIO

1. Overview of the Second Portfolio Acquisition and the Second New Property Portfolio

The Company (through its wholly owned subsidiary Midco) has conditionally agreed to acquire a portfolio of 17 office properties from Archimedes Real Estate LP (a fund managed by M7 Real Estate Limited) for aggregate consideration equal to the estimated net asset value of the assets of the Second New Portfolio Target Company, less its aggregate liabilities, immediately prior to completion of the Second New Portfolio Acquisition (the “**Second New Portfolio Acquisition**”).

The Second New Portfolio comprises office properties with 210 lettable units with a total of 136 individual tenants and 75 per cent. occupancy by lettable area. The portfolio was valued at £44.8 million as at 8 November 2017, with a combined contracted rent roll of £4.2 million per annum reflecting a yield of 9.2 per cent. on a weighted average unexpired lease term of 3.1 years (2.1 years to first break).

The Second New Portfolio Acquisition is conditional upon the Company raising and being in receipt of net proceeds of at least £75 million pursuant to the Capital Raising (the “**Second New Portfolio Capital Raising Condition**”). Assuming minimum net proceeds pursuant to the Capital Raising of at least £75 million, the consideration for the Second New Portfolio Acquisition is expected to be funded using the proceeds of the Capital Raising.

The Company expects to be able to waive the Second New Portfolio Capital Raising Condition if the Minimum Proceeds are raised and the Second New Portfolio Facility is available.

As part of the Company’s refinancing of the Second New Property Portfolio, the Company and Santander have agreed indicative terms and conditions in relation to a new debt facility (the “**Second New Portfolio Facility**”). The Second New Portfolio Facility will be provided at an interest rate of 2.15 per cent. per annum. Further details of the anticipated terms of the Second New Portfolio Facility are set out at paragraph 11.16 of Part 16 of this document. The availability of the Second New Portfolio Facility is conditional upon completion of the Refinancing.

The Directors intend for the agreement in relation to the Second New Portfolio Facility (the “**Second New Portfolio Facility Agreement**”) to be signed on or shortly following completion of the Second New Portfolio Acquisition.

The Second Portfolio Acquisition is structured as a share acquisition of a Luxembourg corporate vehicle (the “**Second New Portfolio Target Company**”). Further details of the sale and purchase agreement relating to the Second Portfolio Acquisition are set out below.

2. The Second New Portfolio Valuation Report

Section B of the Appendix to this Part 10 contains a valuation report on the Second New Property Portfolio prepared for the Company by Cushman & Wakefield. The valuations in this Part 10 are extracted from the Second New Property Portfolio, save for the fact that Cushman & Wakefield value units within the same property individually, while the Company treats them as one property, which explains the difference between the properties set out in the Second New Property Portfolio Valuation Report and the properties set out in this Part 10.

All of the details on the Second New Property Portfolio in this Part 10 are as at 8 November 2017.

No material changes have occurred since the date of valuation as set out in the Second New Property Portfolio. The relevant valuer is Cushman & Wakefield. Certain information relating to Cushman & Wakefield is set out in paragraph 3 of Part 9 of this document.

Cushman & Wakefield has given and not withdrawn its consent to the issue of this document, the Second New Portfolio Valuation Report and the inclusion herein of its name and the references to it in the form and context in which they appear.

3. The Second Portfolio Acquisition Agreement

3.1 Introduction

The Second Portfolio Acquisition Agreement is expected to complete shortly after Admission upon the Company having raised and being in receipt of net proceeds of at least £75 million.

The Second Portfolio Acquisition Agreement was entered into on 4 December 2017 between the Company, Midco and the Second Portfolio Seller. In accordance with the provisions of the Second Portfolio Acquisition Agreement, and subject to the satisfaction or waiver of conditions therein, the Company, via Midco, has agreed to purchase the entire issued share capital of the Second New Portfolio Target Company.

3.2 Consideration

The total consideration to be paid by Midco for the entire issued share capital of the Second New Portfolio Target Company is equal to the estimated net asset value of the assets of the Second New Portfolio Target Company, less its aggregate liabilities, immediately prior to Completion of the Second Portfolio Acquisition Agreement (“**Completion**”). Immediately prior to Completion, the Second Portfolio Seller will prepare and report on a statement of the net assets of each of the Second New Portfolio Target Company (the “**Draft Completion Accounts**”) as at close of business on the day of Completion, and will deliver the Draft Completion Accounts to Midco within 30 Business Days after Completion. Within 20 Business Days of the receipt by Midco of the Draft Completion Accounts, Midco will give notice to the Second Portfolio Seller stating whether or not it agrees with the Draft Completion Accounts, and details of any proposed adjustments to the Draft Completion Accounts. If Midco and the Second Portfolio Seller have not agreed the Draft Completion Accounts within 15 Business Days of Midco’s notice, disputed items will be referred to an internationally recognised firm of chartered accounts for resolution.

3.3 Condition to Completion

Completion is conditional upon the Company having raised and being in receipt of net proceeds of not less than £75 million pursuant to the Capital Raising. The Company has agreed to use all its reasonable endeavours to procure that this condition is satisfied.

In the event Completion does not take place by 31 December 2017, Midco will pay the Second Portfolio Seller’s reasonable third party legal costs properly incurred in connection with the Second Portfolio Acquisition Agreement up to a maximum of £200,000 plus VAT.

3.4 Termination rights

The Second Portfolio Acquisition Agreement will terminate if the condition noted in paragraph 3.3 above has not been satisfied or waived by 31 December 2017. The Second Portfolio Acquisition Agreement may also be terminated by Midco if any of the following occur:

- a court of competent jurisdiction finding there has been fraud, fraudulent misrepresentation or wilful concealment by or on behalf of the Second Portfolio Seller in respect of any of the warranties under the Second Portfolio Acquisition Agreement;
- a material breach of the provisions of the Second Portfolio Acquisition Agreement by the Second Portfolio Seller prior to Completion; or
- a breach of any of the warranties given by the Second Portfolio Seller as given at the date of the Second Portfolio Acquisition Agreement or any circumstance, matter or thing arising or being disclosed which would constitute a breach of any of those warranties if they were repeated at Completion.

3.5 *Pre-Completion undertakings of the Second Portfolio Seller*

Pursuant to the Second Portfolio Acquisition Agreement the Second Portfolio Seller has agreed that each of the Second New Portfolio Target Company shall, among other undertakings:

- carry on its business in the ordinary and usual course of trading and maintain it as a going concern;
- not enter into any long-term contract or arrangement involving expenditure or liabilities in excess of £10,000;
- not amend or terminate any material agreement, arrangement or obligation to which it is a party;
- not engage in any transaction except on an arm's-length basis in the ordinary and usual course of business; or
- not declare, make or pay any dividend or other distribution.

The Second Portfolio Seller has also agreed to procure that the Second Portfolio Target Company will, until the date of Completion, among other things:

- provide such services as are required under its relevant occupational leases;
- keep Midco informed of all material matters relating to the management of the Second New Property Portfolio;
- not, without Midco's written consent do any of the following (among others):
 - grant or agree to grant any new lease;
 - accept or agree to accept a surrender of any lease; or
 - take any action to terminate any lease.

3.6 *Second Portfolio Seller warranties*

The Second Portfolio Acquisition Agreement contains warranties, given by the Second Portfolio Seller (which are subject to certain limitations, in accordance with the terms of the Second Portfolio Acquisition Agreement) as to, among other things:

- the Second Portfolio Seller having the capacity to enter into the Second Portfolio Acquisition Agreement and to perform fully its obligations under it;
- subject to the release of a share pledge, that it is the sole legal and beneficial owner of the shares in the Second New Portfolio Target Company;
- that the Second New Portfolio Target does not carry on business in partnership with any other person, nor has it agreed to do so;
- that the properties owned by the Second New Portfolio Target Company are wholly owned by the Second New Portfolio Target Company and are free from any fixed or floating mortgage;
- compliance with applicable law and regulation;
- litigation;
- the business of the Second New Portfolio Target Company since the last accounts date (being 31 December 2016);
- certain financial information of the Second New Portfolio Target Company;
- material contracts;

- assets, debts and liabilities;
- insolvency; and
- tax.

3.7 *Limitation on warranty claims*

The maximum liability of the First Portfolio Seller in respect of any claim for breach of the title warranties under the Second Portfolio Acquisition Agreement is limited to a sum equal to the consideration payable under the Second Portfolio Acquisition Agreement plus an amount equal to the aggregate outstanding debt of the Second Portfolio Seller and its group. For all other claims, the liability of the Second Portfolio Seller is limited to £1.

3.8 *Indemnification*

A tax indemnity, relating to tax liabilities of the Second New Portfolio Target Company arising prior to Completion, has also been given by the Second Portfolio Seller. The Second Portfolio Seller's liability under the tax covenant is limited to £1.

4. Warranty and indemnity insurance

The recourse for breach of warranties, other than the title warranties, is against a warranty and indemnity insurance policy. The recourse for breach of the tax indemnity referred to in paragraph 3.8 above is also against the warranty and indemnity policy.

APPENDIX TO PART 10

VALUATION REPORTS RELATING TO THE NEW PROPERTY PORTFOLIOS

Section A

First New Property Valuation Report



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www.cushmanwakefield.com

VALUATION RECORD

To:	Regional REIT Limited Mont Crevelt House Bulwer Avenue St Sampson Guernsey GY2 4LH	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET
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(“you”, the “Client” or the “Addressee”)

Property:	The address, tenure and property type of the property or each of the properties is included in Appendix B (the “Properties” or “Engagement Properties”)
Report date:	5/12/2017
Valuation date:	The Properties have been valued as at 08 November 2017
Our reference:	170U6K00 / 170T5700 / 170U4H00

1. Instructions

1.1. Appointment

We are pleased to submit our report and valuation (the “Valuation Report”), which has been prepared in accordance with the engagement letter entered into between us dated 21 November 2017 (the “Engagement Letter”). This Engagement Letter and the terms set out therein, together with our Terms of Business, which were sent to you with our Engagement Letter, constitute the “**Engagement**”.

Included in the Engagement Letter is the Valuation Services Schedule (“VSS”), which are included in Appendix 1 (“VSS”). It is essential to understand that the contents of this Valuation Report are subject to the various matters we have assumed, which are referred to and confirmed as Assumptions in the Valuation Services Schedule. Unless otherwise defined, all capitalised terms herein shall be as defined in the Engagement.

We have valued the property interests in the above Engagement Properties as at 08 November 2017. A list of the addresses of each of the Properties in the portfolio together with a note of their tenure is included in the Appendices.

1.2. Compliance with RICS Valuation – Global Standards

We confirm that the valuation and Valuation Report have been prepared in accordance with the RICS Valuation – Global Standards which incorporate the international Valuation Standards (“IVS”) and the RICS UK Valuation Standards (the “RICS Red Book”) edition current at the Valuation Date. It follows that the valuations are compliant with “IVS”.

1.3. Status of Valuer and Conflicts of Interest

We confirm that all valuers who have contributed to the valuation have complied with the requirements of PS 1 of the RICS Red Book. We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake the valuation competently. We confirm that Charles Smith has overall responsibility for the valuation and is in a position to provide an objective and unbiased valuation and is competent to undertake the valuation. Finally, we confirm that we have undertaken the valuation acting as an External Valuer as defined in the RICS Red Book.

We confirm that Cushman and Wakefield have current and previous recent involvement as follows:

- C&W have provided Regulated Purpose Valuations to the Client as at 31 December 2015, 30 June 2016, 31 December 2016 and 30 June 2017.
- C&W valued the Properties in 2012 and 2013 for annual accounts purposes for a previous owner not connected to the proposed transaction.
- C&W have acted on behalf of a bank who provided loan security services to the vendor of the Properties, most recently in December 2016.

We confirm that this factor has been discussed with the Client and the relevant counter parties who have agreed for Cushman and Wakefield to act.

1.4. Purpose of Valuation

The purpose of this Valuation Report is for inclusion in a shareholder circular and prospectus which is to be published by the Client, in connection with the issue of new ordinary shares for cash to fund, among others, the acquisition of the Newton and Archimedes Portfolios and associated shareholder resolution (the “Purpose of Valuation”).

Therefore, in accordance with PS 2.5 and UKVS 4 we have made certain disclosures in connection with this valuation instruction and our relationship with you. These are included in item 1.5 below.

1.5. Disclosures required under the provisions of PS 2.5 and UKVS 4

Charles Smith

Charles has been the signatory of Valuation Reports provided to Regional REIT for the annual accounts valuations for a continuous period since 2013. Charles was the co-signatory of the Valuation Report for the original listing in 2015.

This is the first instance that Charles has been signatory of a Valuation Report for the Purpose of Valuation.

C&W endorses the RICS view that it is good practice to rotate the valuer responsible for Regulated Purpose Valuations at intervals not exceeding seven years. C&W's policy in this regard is explained in the VSS.

C&W's relationship with the Client

Please see Section 1.3 above.

Fee income from the Company/Fund

On 1 September 2015, DTZ acquired Cushman & Wakefield and the combined group now trades under the Cushman & Wakefield brand. Cushman & Wakefield's financial year end is 31 December. We confirm that the proportion of fees payable by the Client to C&W in the financial year to 2016 was less than 5%. We anticipate that the proportion of fees for the financial year to 31 December 2017 will remain at less than 5%.

C&W involvement in the Engagement Properties in the previous 12 months

Cushman & Wakefield have not received an introductory fee within the last 12 months.

1.6. Inspection

The Properties were subject to an external inspection, from ground level and an internal inspection, during November 2017.

1.7. Floor areas

Unless specified otherwise, floor areas and analysis in this Valuation Report are based on the following bases of measurement, as defined in RICS Property Measurement (the edition current at the Valuation Date):

Office	NIA
Industrial	GIA
Retail	NIA
Residential	GIA

1.8. Accommodation

Source of Floor Areas

We adopted and relied upon floor areas provided by your professional advisors (Lane & Frankham).

1.9. Sources of Information

In addition to information established by us, we have relied on the information obtained from you and others as referred to in this Valuation Report, and in particular in Appendix D, Sources of Information.

We have made the Assumption that the information provided by you and your professional advisers in respect of the Engagement Properties we have valued is both full and correct. We have made the further Assumption that details of all matters relevant to value within your and their collective knowledge, such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to us, and that such information is up to date.

2. Basis of valuation

Our opinion of the Market Value of the Engagement Properties have been primarily derived using comparable recent market transactions on arm's length terms.

Market Value

The value of the Properties has been assessed in accordance with the relevant parts of the current RICS Red Book. In particular, we have assessed Market Value as referred to in VPS 4 item 4 of the RICS Red Book and applying the conceptual framework which is set out in IVS 104. Under these provisions, the term "Market Value" means "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

3. Taxation and costs

We have not made any adjustment to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

We have made a deduction to reflect a purchaser's acquisition costs.

4. VAT

The Client has advised us that that they have exercised its option to tax in respect of the Engagement Properties.

The capital valuations and rentals included in this Valuation Report are net of value added tax at the prevailing rate.

5. Property information

5.1. Enquires

We have undertaken and completed the various matters referred to in the "Scope of Services" section of the VSS.

6. Valuation

We are of the opinion that the aggregate of the Market Values of the Freehold, Heritable and Leasehold interests in the above Properties, subject to the tenancies, reported as at 08 November 2017 subject to the Assumptions and comments in this Report and the Appendices was:

£43,475,000

(Forty-Three Million Four Hundred and Seventy-Five Thousand Pounds)

This aggregated Market Value comprises split by tenure:

Interest	Market Value
Freehold/Heritable	£43,475,000 (Forty-Three Million Four Hundred and Seventy-Five Thousand Pounds)
Leasehold	N/A

In arriving at our opinion of Market Value of the aggregate interests of the above Properties of the portfolio, we have valued each property individually. As such, we have assumed that the Properties would be marketed in an orderly way and not all placed on the market at the same time.

The majority Engagement Properties are of a multi let nature in which there are tenants break options and lease expires within the next two to four years. As the term certain of the income decreases and without active asset management to sustain value, there is a risk that the values of could fall from what is currently reported.

7. Confidentiality

Save for the Purpose of Valuation and as set out in the Engagement, or otherwise subject to our prior written consent, the contents of this Valuation Report and appendices are confidential to you, for your sole use only and for the Purpose of Valuation as stated.

8. Disclosure

Save as set out in the Engagement and for the Purpose of Valuation, or otherwise subject to our prior written consent, you must not disclose the contents of this Valuation Report to a third party in any way, including where we are not referred to by name or if the Valuation Report is to be combined with other reports, documents or information, without first obtaining our written approval to the form and context of the proposed disclosure in accordance with the terms of the Engagement. We will not approve any disclosure that does not refer adequately to the terms of the Engagement and any Special Assumptions or Departures that we have made.

This Valuation Report or any part of it may not be modified, altered (including altering the context in which the Valuation Report is displayed) or reproduced by you without our prior written consent. You shall indemnify us against all claims, costs, losses and expenses that we may suffer as a result of such breach by you.

We hereby exclude all liability arising from use of and/or reliance on this Valuation Report by any person or persons except as otherwise set out in the terms of the Engagement and/or this Valuation Report.

9. Reliance

This Valuation Report may be relied upon only in connection with the Purpose of Valuation stated and only by:

- i. you;
- ii. any such other parties who have signed a Reliance Letter.

For the avoidance of doubt, the total aggregate limit of liability specified in the terms of the Engagement (the “Aggregate Cap”) shall apply in aggregate to (i) you and (ii) any such other parties who have signed a Reliance Letter. Apportionment of the Aggregate Cap shall be a matter for you and such other third parties alone.

Notwithstanding the foregoing and paragraphs 7 and 8 above, in accordance with the Engagement and for the purposes of Prospectus Rule 5.5.3(R)(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Report complies with Rule 5.6.5G of the Prospectus Rules and paragraphs 128 to 130 of CESR’s recommendations for the consistent implementation of the European Commission’s Regulation on Prospectuses no. 809/2004.

Except for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent provided under the Prospectus Rules, 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 accordance with the Valuation Report or our statement set out above required by and given solely for the purposes of complying with Annex 1, item 23.1 of Commission Regulation (EC) No 809/2004.

Signed for and on behalf of Cushman & Wakefield Debenham Tie Leung Limited.



Charles Smith MRICS

International Partner

RICS Registered Valuer

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APPENDIX A: RELEVANT TERMS OF THE ENGAGEMENT LETTER ("THE ENGAGEMENT")

Services Schedule – Valuation & Advisory

Type of Instructions:	Valuation and Advisory
Property Details:	<p>Three portfolios and two individual properties as set out below:</p> <p>Existing Portfolio – A portfolio of 138 properties valued for and held by Regional REIT Ltd (the “Client”) as at 30 June 2017 for accounts purposes (the “June 2017 Report”) as detailed in Appendix 1 (the “Existing Portfolio”).</p> <p>Newton Portfolio - A portfolio of 3 properties that are to be acquired by the Client from Northwood Investors as detailed in Appendix 2 (the “Newton Portfolio”).</p> <p>Archimedes Portfolio – A portfolio of 17 properties that are to be acquired by the Client as detailed in Appendix 3 (the “Archimedes Portfolio”).</p> <p>Equinox & Woodlands - Two properties that have been recently purchased by the Client as detailed in Appendix 4 (the “Equinox & Woodlands Property”).</p> <p>Collectively, the above are defined as the “Properties”, the “Portfolios” and/or the “Engagement Properties”.</p>
Client Instructions:	<p>The Client has instructed Cushman & Wakefield (“C&W”) to:</p> <ol style="list-style-type: none"> a. Existing Portfolio – provide reliance report on the June 2017 Report and to confirm if any material change has occurred in regards to the valuation of the legal interests in the Existing Portfolio and include a valuation of the Equinox & Woodlands Property as at 08 November 2017. b. Undertake a valuation of the legal interests in the Newton and Archimedes Portfolios as at 08 November 2017. c. For each of the Existing, Newton and Archimedes Portfolios provide individual valuation reports in the format referred to in the 'Scope of Services' section below (“Valuation Report”) for the following purpose of valuation (“Purpose of Valuation”): <ul style="list-style-type: none"> • for inclusion in a shareholder circular and prospectus which is to be published by the Client, in connection with the issue of new ordinary shares for cash to fund, among others, the acquisition of the Newton and Archimedes Portfolios and associated shareholder resolution.
Addressee:	The Valuation Report will be addressed to the “ Client ” and Peel Hunt LLP (the “ Addressees ”).
Timetable:	<p>C&W will provide:</p> <ol style="list-style-type: none"> a. final Valuations by 16 November 2017; and b. a final Valuation Report by 16 November 2017.
Period of Appointment:	N/A

Scope of Services:

Included in the Services are:

a. Valuation Report

Providing a Valuation Report that will be prepared in English. C&W will provide one electronic copy of the Valuation Report and, if requested, one signed hard copy. Where the Valuation Report is required to contain site plans these will be based on extracts of the Ordnance Survey or other maps showing, for identification purposes only, C&W's understanding of the extent of title based on site inspections or copy title plans supplied to C&W. The Client should not rely on C&W's plans to define boundaries.

As agreed, C&W will not provide full details of the valuation approach and reasoning in the Valuation Report. We will provide a summary schedule of Market Values as an appendix to the Valuation Report.

b. Currency

Providing a Valuation in UK pounds sterling (£).

c. Inspections

External inspection from ground level and an internal inspection of the Newton and Archimedes Portfolios only.

d. Floor Areas

Adopting floor areas provided to C&W by the Client for the purpose of the Valuation, (subject to the provisions of item 3 of the Assumptions).

e. Tenancies & Leasing

Reading the copy leases provided to C&W by the Client for the Newton Portfolio, subject to the provisions of item 4 of the Assumptions.

f. Environmental Matters (including Flooding)

Reviewing the relevant Local Authority websites regarding environmental matters, including contamination and flooding (subject to the provisions of item 5 of the Assumptions). For the avoidance of doubt, C&W will not undertake an environmental assessment or prepare a land quality statement, which would be the responsibility of an environmental consultant or chartered environmental surveyor. In this respect, C&W will have regard to any environmental reports provided to C&W by the Client (subject to the provisions of item 5 of the Assumptions).

g. Title

Reading a Certificate of Title for the Newton Portfolio where this is provided to C&W by the Client and C&W will reflect its contents in the Valuation (subject to the provisions of item 7 of the Assumptions).

C&W will not inspect the title deeds of the Engagement Properties.

Unless agreed in writing in advance with the Client, C&W will not obtain information from the Land Registry.

h. Condition of Structure & Services, Deleterious Materials and Ground Conditions

Taking into account the general condition of the Properties as observed from the inspection (subject to item 8 of the Assumptions). Where a separate condition or structural survey has been undertaken and made available by the Client to C&W, C&W will reflect the contents of the survey or condition report in the Valuation Report, but may need to discuss the survey or condition report with the originating surveyor.

i. Statutory Requirements and Planning

Making verbal or electronic enquiries of the relevant planning authorities as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values. C&W will also seek to ascertain whether any outstanding planning applications exist which may affect the Properties, and whether the Properties are listed or included in a Conservation Area. C&W will also attempt to verify the existing permitted use of the Properties, and endeavour to have sight of any copies of planning permissions. For the avoidance of doubt, C&W will not undertake formal searches.

j. Disclosures of incentives on new build residential property

Endeavouring to obtain a copy of the 'CML Disclosure of Incentives Form' which vendors of newly built residential property are required to complete in order to comply with their duty to disclose whether the sale price includes any incentives. C&W will take into account the contents of such a form in undertaking our valuation (subject to the provisions of item 14, of the Assumptions).

Where C&W is engaged to prepare a Valuation Report in connection with a proposed transaction in respect of the Properties, expressly excluded from the Services is the provision of any recommendation or otherwise by C&W as to whether to proceed with such a proposed transaction. Accordingly, the Client must not in any circumstances construe the Valuation Report as a recommendation whether or not to proceed with such a proposed transaction.

Basis of Appointment:

C&W confirms that:

- a.** The Valuation and Valuation Report will be prepared in accordance with the appropriate sections of the current edition of the RICS Valuation – Professional Standards (the "**Red Book**"). In this context "current edition" means the version of the Red Book in force at the Valuation Date. The Valuation will be compliant with International Valuation Standards ("**IVS**").
- b.** The Valuation will be the responsibility of Charles Smith MRICS, who is in a position to provide an objective and unbiased Valuation. The Valuation will be undertaken by a suitably qualified valuer, or valuers, who has or have the knowledge, skills and understanding to undertake the Valuation competently and who will act as "**External Valuer(s)**" (as defined in the RICS Red Book) qualified for the Purpose of Valuation.

C&W does not (and any affiliates of C&W do not) act as external valuers as defined under the Alternative Investment Fund Manager's Directive ("**AIFMD**") legislation, or its equivalent under local law. C&W expressly disclaims any responsibility or obligations under AIFMD and/or its equivalent unless expressly agreed in writing in advance by C&W.

- c. C&W have provided Regulated Purpose Valuations to the Client as at 31 December 2015, 30 June 2016, 31 December 2016 and 30 June 2017 for the Existing Portfolio.

C&W valued the Newton Portfolio (including the Woodlands Property) in 2012 and 2013 for annual accounts purposes for a previous owner not connected to the proposed transaction.

C&W have acted on behalf of a bank who provided loan security services to the vendor of the Newton Portfolio' (including the Woodlands Property), most recently in December 2016.

C&W have recently valued Woodlands and Equinox Property for secured lending purposes with the Client as the borrower.

The C&W Birmingham office advise the occupier of the first floor of Bennett House, Hanley, Stoke-on-Trent. The C&W London department will proceed with the valuation from our London office.

The C&W Global Occupier Services department act for the tenants at the following assets, which form part of the valuation:

- Calton House, Redheughs Rigg, Edinburgh (The Scottish Ministers (c/o The Scottish Prison Service))
- Ground Floor, Tasman House, Clydebank (Clydesdale Bank plc)
- North Esplanade West, Aberdeen (Clydesdale Bank plc)

The C&W office agency department act for a potential occupier at the following asset, which forms part of the valuation:

- 800 Aztec West Bristol

In addition to the above, the C&W Project Management and Consultancy department act on behalf of the previous tenant of 800 Aztec West, Bristol, an instruction which began prior to the Client acquiring this asset, in relation to outstanding dilapidations.

The above conflicts have been disclosed to both the Client during previous accounts valuations and to the respective tenants, and notwithstanding our involvement, we have obtained written consent from the Client and confirmation from the above tenants for C&W to continue providing the relevant advice and to proceed with the valuation.

A potential conflict has been identified in that C&W advised the vendor of the Newton Portfolios bank for loan review purposes within the previous 12 months. The Client and C&W agree that this potential conflict can be avoided by introducing arrangements for managing this instruction, which are as follows:

- Valuations to be undertaken by different surveying personnel in regards to the separate instructions.
- To keep the valuation/advisory files separate.
- C&W will undertake to neither seek discovery or recovery of valuation files from the separate surveying personnel.

- d. The proposed Valuation is a "**Regulated Purpose Valuation**" (as defined in the Red Book). C&W confirms that the Properties do not include any interests which have been acquired by the Client within the 12 months preceding the Valuation Date and

in respect of which C&W has either received an introductory fee or negotiated that purchase on behalf of the Client.

In accordance with the provisions of UK VS 4.2 of the Red Book, in terms of any future acquisitions, C&W would be unable to undertake a valuation of a property acquired by a C&W client within the twelve months preceding the Valuation Date if, in relation to that property, C&W received an introductory fee or negotiated the purchase on behalf of that client unless another firm, unconnected with C&W, has provided a valuation of that property for the client at the time of or since the transaction was agreed.

In accordance with PS 2.8 and UKVS 4 of the Red Book, the Valuation Report will set out the length of time Charles Smith has been the signatory to valuations provided to the Client for the same purpose as the Valuation Report, the length of time C&W has continuously been carrying out that valuation instruction for the Client, the extent and duration of C&W's relationship with the Client and the proportion of C&W's total fee income made up by the fees payable by the Client (to the nearest five percentage points). C&W will require these disclosures to be made in any published references to the Valuation Report.

C&W must seek to ensure there will be no potential conflicts of interest arising not only from C&W's involvement with the Properties and with the Client but also any related parties to the Client. Accordingly, the Client must advise C&W of any relevant parties connect to the Client's organisation.

Inclusion in a Prospectus:

a. The Valuation Report is required for inclusion in a prospectus (the "**Prospectus**") to be published by the Client, in connection with the issue of new ordinary shares for cash to fund, among others, the acquisition of the Newton and Archimedes Portfolios and associated shareholder resolution (the "**Listing**").

b. C&W understands that the final Prospectus, containing the final Valuation Report, will be approved by the FCA. C&W will therefore provide a final copy of the Valuation Report to be incorporated into the Prospectus, together with a consent letter (in the form set out in Part A of Appendix 6) by which C&W consents to the inclusion of the Valuation Report within the Prospectus and any supplementary prospectus provided that (i) C&W has first approved the form in which the Valuation Report is to appear within the Prospectus and (ii) the consent letter is factually correct.

c. In addition, C&W will provide a bringdown letter in the form set out in Part B of Appendix 6 (the "**Bringdown Letter**"), on:

- i) the date of publication of each of the Prospectus and any supplementary prospectus;
- ii) the date of admission to trading of the shares allocated in connection with the Listing.

such date to be notified to C&W by the Addressees, and address it to the Client and any person who we have allowed to rely on the Valuation Report for the Purpose of Valuation (excluding members of the general public). If necessary, and subject to agreement as to any additional fees, C&W will update and re-issue the Valuation Report to the Client.

d. C&W will include the following confirmation in the Valuation Report:

"For the purposes of Prospectus Rule 5.5.3(R)(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this

	<p><i>Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Report complies with Rule 5.6.5G of the Prospectus Rules and paragraphs 128 to 130 of CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses no. 809/2004."</i></p> <p>e. In addition to reproduction of the full text, other sections of the Prospectus may contain certain information extracted from the Valuation Report. If so, C&W will confirm in a letter whether such information has been properly and accurately extracted or computed from the Valuation Report (in the form set out in Part C of Appendix 6, the "Correct Extraction Letter").</p> <p>f. Except for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent provided under the Prospectus Rules, 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 accordance with the Valuation Report or our statement set out above required by and given solely for the purposes of complying with Annex 1, item 23.1 of Commission Regulation (EC) No 809/2004.</p>
Anticipated Expenses:	N/A

**Special and Additional
Terms:**
1. Basis of Valuation

In accordance with the Client's instructions, C&W will undertake the Valuation on the following basis

Market Value

The definition of the above basis is set out in Appendix 5 (the "**Definitions Schedule**").

2. Special Assumptions

N/A

3. Use of Valuation Report

The Valuation Report may be used only for the Purpose of Valuation referred to in item (b) of 'Client Instructions' in this Services Schedule.

4. Areas

Where C&W measures and calculates the floor areas, measurement will be in accordance with the RICS Professional Statement RICS Property Measurement 1st Edition 2015.

The RICS Practice Statement "RICS Property Measurement" (effective from 1 January 2016) requires office buildings to be measured in accordance with International Property Measurement Standards ("**IPMS**"), unless the Client confirms in writing that alternative methodology should be used. Unless the Client so instructs C&W otherwise in writing, C&W will assume that the Client does not require C&W to measure office buildings in accordance with IPMS on the basis that the Client has no use for such data given that at present it is rare for market activity to be based on IPMS measurements.

The areas C&W report will be appropriate for the Purpose of the Valuation, but should not be relied upon for any other purpose.

5. Group of Properties / Lotting

Unless C&W has confirmed otherwise in this Services Schedule, each property will be valued individually; in the case of a portfolio, C&W will assume that each of the properties would be marketed in an orderly way and not placed on the market at the same time.

6. Limitations

N/A

7. Age of Building

If C&W states the age of a building in the Valuation Report, this will be an estimate and for guidance only.

8. Condition of Structure, Foundations, Soil & Services

It is a condition of C&W or any related entity, or any qualified employee, providing advice and opinions as to value, that the Client and/or third parties (whether notified to C&W or not) accept that the Valuation Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services.

9. Plant & Machinery

No allowance will be made by C&W for any items of plant or machinery not forming part of the service installations of the building(s). C&W will specifically exclude all items of plant, machinery and equipment installed wholly or primarily in connection with any of the occupants' businesses. C&W will also exclude furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools, except where such items would ordinarily transfer to a prospective purchaser in the sale of a trading business as a going concern in accordance with VPGA4 of the Red Book.

10. Goodwill

No account will be taken by C&W in the Valuation of any business goodwill that may arise from the present occupation of the Properties, except where such business goodwill (excluding any personal goodwill) would ordinarily transfer to a prospective purchaser in the sale of a trading business as a going concern in accordance with VPGA4 of the Red Book.

11. Statutory Requirements & Planning

Please note the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required. Where a Client needs to rely upon the information given about town planning matters, the Client's legal advisers must be instructed to institute such formal searches. C&W recommends that the Client requests C&W to review its comments and Valuation in light of any resultant findings.

12. Defective Premises Act 1972

No allowance will be made by C&W for rights, obligations or liabilities arising under the Defective Premises Act 1972.

13. Legal Issues

Legal issues, and in particular the interpretation of matters relating to title and leases, may have a significant bearing on the value of an interest in property. No responsibility or liability will be accepted by C&W for the true interpretation of the legal position of the Client or any other parties in respect of the Valuation. Where C&W expresses an opinion on legal issues affecting the Valuation, then such opinion is subject to verification by the Client with a suitable qualified legal adviser.

14. Deduction of Notional Purchaser's Costs

The opinion of value which C&W will attribute to the Properties will be the figure C&W considers would appear in a contract for sale, subject to the appropriate assumptions for the Basis of Value reported. Where appropriate, C&W will make an allowance in respect of stamp duty and purchaser's costs.

The Client's attention is drawn to the fact that when assessing Market Value, Fair Value or Existing Use Value for balance sheet purposes, C&W will not include directly attributable acquisition or disposal costs in the Valuation. Where C&W is requested to reflect these costs, they will be stated separately.

15. Taxation & Disposal Costs

No adjustment will be made by C&W to reflect any liability to taxation that may arise on disposal, or development of the Properties nor for any costs associated with disposal incurred by the Owner. Furthermore, no allowance will be made by C&W to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

C&W's valuation figure for the Properties will be that receivable by a willing seller excluding VAT, if applicable.

16. Building Society Act 1986

C&W confirms that it is not disqualified under Section 13 of the Building Societies Act 1986 from reporting to the Client.

17. Properties in the Course of Development or Requiring Repair / Refurbishment and Recently Completed Developments

Unless specifically agreed in writing to the contrary, C&W's fee assumes that C&W will be provided with information relating to construction and associated costs in respect of both the work completed and the work necessary for completion, together with a completion date. Normally such figures will be provided by the professional advisers involved in the construction programme. Unless specifically instructed to the contrary in writing, C&W will rely on such figures, and the Client should make this fact known to such advisers. Alternatively, on request, C&W can arrange for independent quantity surveyors to provide an assessment at an additional fee charge. If the Valuation is for lending purposes, the Client is advised to seek independent advice and to consider the appointment of a project monitoring surveyor.

18. Monitoring

The compliance of the valuations undertaken in accordance with the Red Book may be subject to monitoring by the RICS under its conduct and disciplinary regulations.

19. Valuation Components

The components of C&W's valuation calculations (such as future rental values, cost allowances, or void periods) may only be appropriate as part of the valuation calculations and should not be taken as a forecast or prediction of a future

outcome. The Client should not rely on any component of the valuation calculations for any other purpose.

20. Trade Related Property

Valuation Practice Guidance Application 4 (VPGA 4) of the Red Book sets out examples of properties that are normally bought and sold on the basis of their trading potential. The essential characteristics of such a property is that it has been designed or adapted for a specific use and the value of that property reflects its trading potential. VPGA 4 relates only to the valuation of an individual property that is valued on the basis of trading potential. Where C&W is instructed to value a trade related property or business, C&W will apply the principles of VPGA 4 unless explicitly instructed to do otherwise and confirmed as appropriate in the Valuation Report.

Assumptions:

1. Assumptions

The Red Book contains a glossary that defines various terms used in the Red Book that have a special or restricted meaning. One such term is an assumption which is defined as "a supposition taken to be true" ("**Assumption**"). Accordingly in this context, C&W will make certain Assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, the Valuation that C&W will not verify as part of the valuation process but rather, in accordance with the definition in the Red Book, will treat as true. In the event that any of these Assumptions prove to be incorrect then the Valuation will need to be reviewed.

2. Confirmation of Assumptions

The Client's counter-signature of the Engagement Letter represents confirmation that all of the Assumptions referenced below, are correct.

The Client must promptly notify C&W in writing if any of the Assumptions are incorrect. Should any amendment to the Assumptions set out in the Services Schedule result in an increase in the scope of the Engagement this may result in an appropriate increase in C&W's fees and expenses due under the Engagement.

3. Areas

Where C&W is provided with floor areas, C&W will make an Assumption that the areas have been measured and calculated in accordance with the RICS Professional Statement RICS Property Measurement 1st Edition 2015.

4. Tenancies and Leasing

C&W's opinion of the Market Value will be subject to existing leases of which the Client or its advisors have made C&W aware but otherwise will reflect an Assumption of vacant possession. Where C&W has undertaken to read the leases and related documents provided to it, C&W will make an Assumption that copies of all relevant documents will be sent to C&W and that they are complete and up to date.

Where C&W relies on tenancy and lease information provided to it, unless such information reveals otherwise, C&W will make the Assumption that all occupational

leases are on full repairing and insuring terms, with no unusual or onerous provisions or covenants that would affect value.

C&W will make an Assumption that vacant possession can be given of all accommodation which is unlet or occupied by the entity/borrower or its employees on service tenancies. C&W will not take account of any leases between subsidiaries unless C&W states otherwise in the Services Schedule.

C&W will not undertake investigations into the financial strength of any tenants unless otherwise referred to in the Valuation Report. Unless C&W has become aware by general knowledge, or has been specifically advised to the contrary, C&W will make an Assumption that:

- a. where a property is occupied under leases then the tenants are financially in a position to meet their obligations, and
- b. there are no material arrears of rent or service charges, breaches of covenant, current or anticipated tenant disputes.

However, the Valuation will reflect a potential purchaser's likely opinion of the credit worthiness of the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation.

C&W will take into account any information the Client or its advisors provide concerning tenants' improvements. Otherwise, if the extent of tenants' alterations or improvements cannot be confirmed, C&W will make an Assumption that the Properties are let with all alterations and improvements evident during C&W's inspection (or, in the case of a Valuation without internal inspection, as described within the information provided by the Client).

C&W will also make an Assumption that wherever rent reviews or lease renewals are pending or impending, with anticipated reversionary changes, all notices have been served validly within the appropriate time limits.

5. Environmental Matters

If C&W's enquiries or any reports supplied to C&W indicate the existence of environmental problems without providing method statements and costings for remedial works, then C&W may not be able to issue a Valuation Report except on the Special Assumption that the Properties are assumed **NOT** to be affected by such environmental matters. In certain circumstances, the making of such a Special Assumption may be unrealistic and may be a Departure from the requirements of the Red Book. In these circumstances, the Valuation Report may include a recommendation that an investigation should be undertaken to quantify the costs and that subsequently the Valuation should be reviewed.

Where C&W's enquiries lead C&W to believe that the Properties are unaffected by contamination or other adverse environmental problems, including the risk of flooding, then, unless the Client instructs C&W otherwise, the Valuation will be based on an Assumption that no contamination or other adverse environmental matters exist in relation to the Properties sufficient to affect value.

If the Properties lies within or close to a flood plain, or has a history of flooding, C&W will make the Assumption that building insurance is in place and available to be renewed to the current or any subsequent owner of the Properties, without payment of an excessive premium or excess.

Depending on the nature of the investigations made and the information revealed, the Valuation Report may include a statement that, in practice, a purchaser might undertake further investigations and that if these revealed contamination or other adverse environmental problems, then this might reduce the value reported.

6. Mineral Rights

C&W will make an Assumption that any mineral rights are excluded from the Properties.

7. Title

Save as disclosed either in any Certificate of Title or unless specifically advised to the contrary by the Client or its legal advisers and as referred to in the Valuation Report, C&W will make the Assumption that there is good and marketable title in all cases and that the Properties are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. C&W will also make an assumption that the Properties are free from mortgages, charges or other encumbrances.

If verification of the accuracy of any site plans contained in the Valuation Report is required, the matter must be referred to the Client's legal advisers.

C&W will make the Assumption that roads and sewers serving the Properties have been adopted and that the Properties have all necessary rights of access over common estate roads, paths, corridors and stairways, and rights to use common parking areas, loading areas and other facilities.

8. Condition of Structure and Services, Deleterious Materials and Ground Conditions

Due regard will be paid by C&W to the apparent general state of repair and condition of the Properties, but a condition or structural survey will not be undertaken, nor will

woodwork or other parts of the structure which are covered, unexposed or inaccessible, be inspected. Therefore, C&W will be unable to report that the Properties are structurally sound or is free from any defects. C&W will make an Assumption that the Properties free from any rot, infestation, adverse toxic chemical treatments, and structural, design or any other defects other than such as may be mentioned in the Valuation Report.

C&W will not arrange for investigations to be made to determine whether any deleterious, hazardous or harmful materials (including but not limited to high alumina cement concrete or calcium chloride additive) have been used in the construction or any alterations, and therefore C&W will not be able to confirm that the Properties are free from risk in this regard. For the purposes of the Valuation, C&W will make an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

C&W will not carry out an asbestos inspection and will not act as an asbestos inspector in completing the valuation inspection of Properties that may fall within the Control of the Asbestos at Work Regulations 2002. C&W will not make an enquiry of the duty holder (as defined in the Control of Asbestos of Work Regulations 2002), of an existence of an Asbestos Register or of any plan for the management of asbestos to be made. Where relevant, C&W will make an Assumption that there is a duty holder, as defined in the Control of Asbestos of Work Regulations 2002 and that a Register of Asbestos and Effective Management Plan is in place, which does not require any immediate expenditure, or pose a significant risk to health, or breach the HSE regulations. C&W recommends that such enquiries be undertaken by the Client's legal advisers during normal pre-contract or pre-loan enquiries.

No mining, geological or other investigations will be undertaken by C&W to certify that the sites are free from any defect as to foundations. C&W will make an Assumption that all buildings have been constructed having appropriate regard to existing ground conditions or that these would have no unusual or adverse effect on building costs, property values or viability of any development or existing buildings. C&W will make an Assumption that there are no services on, or crossing the site in a position which would inhibit development or make it unduly expensive, and that there are no archaeological remains present, which might adversely affect the present or future occupation, development or value of the Properties.

No tests will be carried out by C&W as to electrical, electronic, heating, plant and machinery equipment or any other services nor will the drains be tested. However, C&W will make an Assumption that all building services (including, but not limited to lifts, electrical, electronic, gas, plumbing, heating, drainage, sprinklers, ventilation, air conditioning and security systems) and property services (such as incoming mains, waste, drains, utility supplies etc.) are in good working order and without any defect whatsoever.

9. Statutory Requirements and Planning

Save as disclosed in a Certificate of Title, or unless otherwise advised, C&W shall make the Assumption that all of the buildings have been constructed in full compliance with valid town planning and building regulations approvals and that where necessary, they have the benefit of current Fire Risk Assessments compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005. Similarly, C&W shall also make the Assumption that the Properties are not subject to any outstanding statutory notices as to construction, use or occupation and that all existing uses of the Property are duly authorised or established and that no adverse planning conditions or restrictions apply.

C&W shall make the Assumption that the Properties comply with all relevant statutory requirements.

Energy Performance Certificates ("**EPC**") must be made available for all properties, when bought or sold, subject to certain exemptions. If the Properties are not exempt from the requirements of this Directive C&W shall make an Assumption that an EPC is made available, free of charge, to a purchaser of all the interests which are the subject of the Valuation.

In addition, in England and Wales the Minimum Energy Efficiency Standards Regulations come into force in April 2018 and their effect will be to make it unlawful to rent out a premises with an EPC rating which, according to Government proposals issued in February 2015, falls below an E rating. C&W will ask the Client or its advisors for information relating to the EPC ratings of the Properties if the Properties are not exempt from these requirements. In any instance where C&W is not provided with an up to date EPC rating C&W will make the Assumption that the subject property meets the minimum requirements to enable it to be let after April 2018.

In Scotland, the Energy Performance of Non-Domestic Buildings (Scotland) Regulation 2016 (the "**Regulation**") requires that qualifying properties have an energy assessment completed and an action plan prepared prior to sale or leasing. If the Properties are not exempt from the requirements of the Regulation C&W shall make an Assumption that an energy assessment and action plan is made available, free of charge, to a purchaser of the interests which are the subject of the Valuation and that there is no capital expenditure required in order to comply with the requirements of the Regulation.

In any instance where C&W is to value Properties with the benefit of a recently granted planning consent, or on the Special Assumption that planning consent is granted, C&W will make an Assumption that it will not be challenged under Judicial Review. Such a challenge can be brought by anyone (even those with only a tenuous connection with the Properties, or the area in which it is located) within a period of three months of the granting of a planning consent. When a planning consent is granted subject to a Section 106 Agreement, the three month period commences when the Section 106 Agreement is signed by all parties.

If a planning consent is subject to Judicial Review, the Client must inform C&W and request C&W to reconsider its opinion of value. Advice would be required from the Client's legal advisers and a town planner, to obtain their opinion of the potential outcomes of such a Judicial Review, which C&W will reflect in its reconsideration of value.

10. Information

Notwithstanding the Terms of Business, C&W will make an Assumption that the information provided by the Client and/or its professional advisers and/or by the Borrower and/or its professional advisers in respect of the Properties to be valued is both full and correct. C&W will make an Assumption that details of all matters relevant to value within their collective knowledge, including but not limited to matters such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to it, and that such information is up to date.

If the Valuation is required for the purpose of purchase, loan security or other financial transaction, the Client accepts that full investigation of the legal title and any leases is the responsibility of its legal advisers.

Where comparable evidence is included in the Valuation Report, this information is often based on C&W's verbal enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where C&W had reason to believe its general accuracy or where it was in accordance with expectation. It is unlikely that C&W will have inspected comparable properties.

11. Landlord and Tenant Act 1987

The Landlord and Tenant Act 1987 (the "**Act**") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in a building where more than 50% of the floor space is in residential use. Where this is applicable, C&W will make an Assumption that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold or head leasehold interest, and therefore disposal into the open market is unrestricted.

12. Leasehold Reform Housing and Urban Development Act 1993 and Leasehold Reform Act 1967

If C&W value the freehold or leasehold interest in either blocks of flats or in houses, the following will apply. The Leasehold Reform Housing and Urban Development Act 1993, as amended by the Commonhold and Leasehold Reform Act 2002, or The Leasehold Reform Act 1967 (collectively the "**Act**") give certain rights to residential tenants to acquire either the freehold/leasehold interest in any building which qualifies under the Act, or the right to lease extension. If this is applicable, C&W shall make an Assumption that no residential tenants have elected under the provisions of that Act to acquire the freehold or head leasehold interests, nor have they elected to acquire a lease extension, unless the Client and/or its advisers specifically inform C&W to the contrary.

13. Properties in the Course of Development or Requiring Repair / Refurbishment and Recently Completed Developments

If the building is in the course of construction then the Valuation of the completed building will be based on an Assumption that all works of construction have been satisfactorily carried out in accordance with the building contract and specification, current British Standards and any relevant codes of practice. C&W will also make an Assumption that a duty of care and all appropriate warranties will be available from the professional team and contractors, which will be assignable to third parties.

Information requested from Client:	N/A
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Appendix 1 - Property Schedule

Existing Portfolio

PROPERTY	INTEREST	PROPERTY TYPE
Tasman House, Clydebank	Leasehold	Office
Caspian House, Mariner Court, Clydebank	Leasehold	Office
Gartsherrie Industrial Estate, Coatbridge	Leasehold	Industrial
Napier Court, Cumbernauld	Freehold	Industrial
Napier Place, Cumbernauld	Freehold	Industrial
Napier Way, Cumbernauld	Freehold	Industrial
Tollpark Place, Cumbernauld	Freehold	Industrial
Tollpark Road, Cumbernauld	Freehold	Industrial
Napier Road, Cumbernauld	Freehold	Industrial
Duncan McIntosh Road, Cumbernauld	Freehold	Industrial
Dunnswood Road, Cumbernauld	Freehold	Industrial
Wardpark Place, Cumbernauld	Freehold	Industrial
91-95 & 93-95 High Street, Dumfries	Freehold	Retail
32-38 Bank Street, Dumfries	Freehold	Retail
The Point, Saracen Street, Glasgow	Freehold	Industrial
Old Mill Studios, Old Rutherglen Road, Glasgow	Freehold	Office
Tay House, Bath Street, Glasgow	Leasehold	Office
The Commercial Centre, 101 Gorbals Street, Glasgow	Leasehold	Retail
Virginia Street, Glasgow	Freehold	Retail
Miller Street, Glasgow	Freehold	Retail
Venlaw Building, Bath Street, Glasgow	Freehold	Office
Elmbank Gardens, Glasgow	Freehold	Office
Mill House, Glasgow	Freehold	Office
Legal House, 101, Gorbals Street, Glasgow	Leasehold	Office
70 Commercial Road, Glasgow	Freehold	Office
Building 5, Templeton Street, Glasgow	Freehold	Office

PROPERTY	INTEREST	PROPERTY TYPE
Corner House, Templeton Street, Glasgow	Freehold	Office
Templeton House, Templeton Street, Glasgow	Freehold	Office
The White Studios, Templeton on the Green, Glasgow	Freehold	Office
West Stewart Street, Greenock	Leasehold	Retail
Car Park, Kilblain Street, Greenock	Leasehold	Other
Cortonwood Business Park, Barnsley	Freehold	Industrial
Sheldon Court, Birmingham	Freehold	Office
CGU House, Boar Lane, Leeds	Freehold	Office
Chancellor Court, The Calls, Leeds	Freehold	Office
9 Portland Street, Manchester	Freehold	Office
St Nicholas Chambers, Newcastle	Freehold	Office
The Side Car Park, The Side, Newcastle	Freehold	Other
Milburn House, Newceatle	Freehold	Office
St Brendans Court, Avonmouth	Freehold	Office
St James Court Building A, Bristol	Freehold	Office
St James Court Building B, Bristol	Freehold	Office
1 Temple Bank, Harlow	Freehold	Industrial
Westminister House, Leatherhead	Freehold	Office
Care House, Leatherhead	Freehold	Office
Atlantic House, Milton Keynes	Freehold	Industrial
Minton Place, Station Road, Swindon	Freehold	Office
Leo House, Railway Approach, Wallington	Leasehold	Office
Bennett House, Town Road, Hanley, Stoke on Trent	Freehold	Office
Festival Court, 198-200 Brand Street, Glasgow	Freehold	Office
Units 1-7 Crompton Way, Irvine	Freehold	Industrial
19 Union Terrace, Aberdeen	Freehold	Retail
1A & B Diamond Place, Aberdeen	Freehold	Other
12 Abronhill Shopping Centre, Cumbernauld	Freehold	Retail
85 St Vincent Street, Glasgow	Freehold	Retail

PROPERTY	INTEREST	PROPERTY TYPE
6 Renfield Street, Glasgow	Freehold	Retail
124-136 High Street, Falkirk	Freehold	Retail
10 London Street, Larkhall	Freehold	Retail
1 Bakers Brae, Lesmahagow	Freehold	Retail
10 Woodstock Road, Lanark	Freehold	Retail
Delta Centre, Gateside	Freehold	Industrial
Unit B, Fleming Court, Castleford	Freehold	Office
14/16 Rossmore Business Village, Ellesmere Port	Freehold	Office
Unit D & Unit F Telford Court, Chester	Freehold	Office
1-2 Whittle Court, Hanley, Stoke on Trent	Freehold	Office
15 Davy Court, Rugby	Freehold	Office
St Georges House, Cheltenham	Freehold	Office
Fairfax House, Wolverhampton	Freehold	Office
Gyleview House, Edinburgh	Freehold	Office
Calton House, Edinburgh	Freehold	Office
North Esplanade West, Aberdeen	Leasehold	Retail
Delta 1200 Delta Business Park, Swindon	Freehold	Office
Niceday House, Meridian Park, Andover	Freehold	Office
Donegal House, Tweedy Road, Bromley	Freehold	Office
Ewer House, 44/46 Crouch St, Colchester	Leasehold	Retail
Manor Road, Erith	Leasehold	Industrial
Imperial Business Park, Gravesend	Freehold	Industrial
158/159 Drury Lane, London	Freehold	Retail
Victory House Meeting House Lane, Chatham	Freehold	Office
St James' House, The Square, Bath	Freehold	Office
27/29 King St, Belper	Leasehold	Retail
2800 The Crescent, Solihull	Freehold	Office
Columbus House, Coventry	Freehold	Office
Total Petrol Filling Station Dysart Way, Leicester	Freehold	Retail

PROPERTY	INTEREST	PROPERTY TYPE
Mile End Road, Colwick	Freehold	Industrial
37 Stockwell Gate, Mansfield	Freehold	Retail
Broad St, Stafford	Freehold	Retail
Former Case Building, Bradford Road, Batley	Freehold	Industrial
Commercial Street & Wellington Arcade, Brighouse	Freehold	Retail
Land and Buildings, Green Lane, Felling, Gateshead	Freehold	Industrial
Lisbon Court, 120 Wellington St, Leeds	Freehold	Office
218-228 Newhall Road, Sheffield	Freehold	Industrial
Marston Business Park, Tockwith, Wetherby	Freehold	Industrial
Southfield Lane, Tockwith, Wetherby	Leasehold	Industrial
Grecian Crescent, Bolton	Leasehold	Industrial
Lansil Industrial Estate, Caton Road, Lancaster	Freehold	Industrial
Thames Industrial Estate, Manchester	Leasehold	Industrial
Site 1, Nasmyth Business Centre, Manchester	Freehold	Industrial
Thames Trading Estate Fairhills Road, Manchester	Freehold	Industrial
8 Eastbank Street, Southport	Freehold	Retail
Heathall Industrial Estate, Dumfries	Freehold	Industrial
Royal Burgh House, 380 King Street, Glasgow	Freehold	Office
Road 4 Winsford Industrial Estate, Winsford	Freehold	Industrial
1-4 Llansamlet Retail Park, Nantyffin Rd, Swansea	Leasehold	Retail
Century Way, Thorpe Park, Leeds	Freehold	Office
Eurotherm Unit, Faraday Close, Worthing	Freehold	Industrial
Skippingdale Trading Estate, Scunthorpe	Leasehold	Industrial
Hampshire Corporate Park, Chandlers Ford, Eastleigh	Freehold	Office
Lonsdale House, Birmingham	Freehold	Office
2 & 3 The Oaks, Coventry	Leasehold	Office
Salters Way, Cromwell Road, Wisbech	Freehold	Industrial
One and Two Newstead Court, Annesley	Freehold	Office
Stanley House, 58 Talbot Street, Nottingham	Freehold	Office

PROPERTY	INTEREST	PROPERTY TYPE
Rosalind House, Jays Close, Basingstoke	Leasehold	Office
Oaklands House, Manchester	Freehold	Office
Tower North, Leeds	Freehold	Office
James House, Leicester	Freehold	Office
Northern Cross, Basingstoke	Leasehold	Office
Tokenspire Business Park, Beverley	Freehold	Industrial
Buildings 2 & 3 HBOS Campus, Walton Street, Aylesbury	Freehold	Office
800 Park Avenue Aztec West, Bristol	Freehold	Office
The Genesis Centre, Birchwood Park, Warrington	Freehold	Office
Units A & B Forge House, 19-20 Carbrook Hall Road, Sheffield	Freehold	Office
Pheonix Business Park, Linwood, Paisley	Freehold	Office
Juniper Park, Southfield industrial Estate, Fenton Way, Basildon	Freehold	Industrial
Llandough Trading Estate, Penarth Road, Penarth	Freehold	Industrial
Maybrook Industrial Estate, Maybrook Road, Brownhills	Freehold	Industrial
Pitreavie Business Park, Pitreavie Way	Freehold	Industrial
Southview & Southstar, Blackness Road, Altens Industrial Estate	Leasehold	Industrial
Commercial Road, Bromborough	Leasehold	Industrial
Unit 6 Centrepoint, Marshall Stevens Way, Trafford Park, Manchester	Freehold	Industrial
Aspect Court, Pond Hill, Sheffield	Freehold	Office
30-34 Houndsgate, Nottingham	Freehold	Office
Strathclyde Business Park - Belhaven House, Bellshill	Freehold	Office
Strathclyde Business Park - Braidhurst House, Bellshill	Freehold	Office
Strathclyde Business Park - Carnbroe House, Bellshill	Freehold	Office
Strathclyde Business Park - Coltness House, Bellshill	Freehold	Office
Strathclyde Business Park - Dalziel House, Bellshill	Freehold	Office
Strathclyde Business Park - Murdostoun House, Bellshill	Freehold	Office

Appendix 2 - Property Schedule

Newton Portfolio

PROPERTY	INTEREST	PROPERTY TYPE
Vantage Point, 3 Cultins Road, Edinburgh, EH11 4DF	Heritable	Offices
Genesis Business Park, Albert Drive, Woking, GU21 5RW	Freehold	Offices
Turnford Place, Great Cambridge Road, Cheshunt, EN10 6NH	Freehold	Offices

Appendix 3 - Property Schedule

Archimedes Portfolio

PROPERTY	INTEREST	PROPERTY TYPE
Acorn Business Park, Leeds, LS16 6UF	Part FH / Part LLH	Offices
Albert Edward House, Preston, PR2 2YB	LLH	Offices
Alderstone Business Park, Livingston, EH54 7DF	Heritable	Offices
Antler Complex, Morley, LS27 0JG	Freehold	Offices
Birmingham Business Park 1720-1760, B37 7YN	Freehold	Offices
Century Park, Altrincham, WA14 5BJ	Freehold	Offices
City West Business Park, Durham, DH7 8ER	Freehold	Offices
Elmbridge Court, Gloucester, GL2 0XN	Freehold	Offices
Isis Business Centre, Oxford, OX4 2RD	Freehold	Offices
Mandale Business Park, Durham, DH1 1TH	Freehold	Offices
Market Dock, South Shields, NE33 1LE	Freehold	Offices
Miller Court, Tewkesbury, GL20 8DN	Freehold	Offices
Quadtech, Hemel Hempstead, HP2 7BA	Freehold	Offices
Ridge House, Stoke on Trent, ST1 5TL	Freehold	Offices
The Courtyard, Falkirk, FK1 1XR	Freehold	Offices
Tolvaddon Business Park, Cambourne, CB23 6DW	Freehold	Offices
Wakefield - Wakefield 41 Business Park	Freehold	Offices

Appendix 4 - Property Schedule

Equinox & Woodlands

PROPERTY	INTEREST	PROPERTY TYPE
Equinox North, Great Park Road, Almondsbury, BS32 4QL	Freehold	Offices
Woodlands Court, Ashridge Road, Bristol, BS32 4LB	Freehold	Offices

Appendix 5 - Definitions Schedule

1. Bases of Valuation:

Market Value	<p>Market Value as defined in VPS 4 1.2 of the RICS Valuation – Professional Standards 2014 (the "Red Book") and applying the conceptual framework which is set out in IVS Framework paragraphs 30-34. Under VPS 4.1.2.1, the term "Market Value" means:</p> <p><i>"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"</i></p> <p>The conceptual framework settled by the IVSC is set out in paragraphs 30-34 of the IVS Framework and is reproduced below:</p> <p><i>"30. The definition of market value shall be applied in accordance with the following conceptual framework:</i></p> <ul style="list-style-type: none"> <i>(a) "the estimated amount" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value;</i> <i>(b) "an asset should exchange" refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;</i> <i>(c) "on the valuation date" requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;</i> <i>(d) "between a willing buyer" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";</i> <i>(e) "and a willing seller" is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered</i>
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reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

- (f) "in an arm's length transaction" is one between parties who do not have a particular or special relationship, e.g. parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of **special value**. The **market value** transaction is presumed to be between unrelated parties, each acting independently;
- (g) "after proper marketing" means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonable obtainable in accordance with the **market value** definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the **valuation date**;
- (h) "where the parties had each acted knowledgeably, prudently" presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the **valuation date**. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the **valuation date**, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;
- (i) "and without compulsion" establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

31. The concept of **market value** presumes a price negotiated in an open and competitive market where the participants are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers, or could be one characterised by a limited number of market participants. The market in which the asset is exposed for sale is the one in which the asset being exchanged is normally exchanged (see paras 16 to 20 above).

32. The **market value** of an asset will reflect its highest and best use. The highest and best use is the use of an asset that maximises its potential and that is possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is

determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

33. *The highest and best use of an asset valued on a stand-alone basis may be different from its **highest and best use** as part of a group, when its contribution to the overall value of the group must be considered.*

34. *The determination of the highest and best use involves consideration of the following:*

(a) *to establish whether a use is possible, regard will be had to what would be considered reasonable by market participants,*

(b) *to reflect the requirement to be legally permissible, any legal restrictions on the use of the asset, e.g. zoning designations, need to be taken into account,*

(c) *the requirement that the use be financially feasible takes into account whether an alternative use that is physically possible and legally permissible will generate sufficient return to a typical market participant, after taking into account the costs of conversion to that use, over and above the return on the existing use."*

Market Rent	<p>Market Rent as defined in VPS 4.1.3 of the Red Book. Under VPS 4.1.3.1 the term "Market Rent" means "The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".</p> <p>Whenever Market Rent is provided the "appropriate lease terms" which it reflects should also be stated.</p> <p>The commentary from the Red Book is reproduced below:</p> <p><i>"1.3.2 The definition of market rent is a modified definition of market value; IVS 230 Real Property Interests paragraphs C8-C11 provide additional commentary.</i></p> <p><i>1.3.3 Market rent will vary significantly according to the terms of the assumed lease contract. The appropriate lease terms will normally reflect current practice in the market in which the property is situated, although for certain purposes unusual terms may need to be stipulated. Matters such as the duration of the lease, the frequency of rent reviews and the responsibilities of the parties for maintenance and outgoings will all impact the market rent. In certain countries or states, statutory factors may either restrict the terms that may be agreed, or influence the impact of terms in the contract. These need to be taken into account were appropriate.</i></p> <p><i>1.3.4. Market rent will normally be used to indicate the amount for which a vacant property may be let, or for which a let property be may relet when the existing lease terminates. Market rent is not a suitable basis for settling the amount of rent payable under a rent review provision in a lease, where the actual definitions and assumptions have to be used.</i></p> <p><i>1.3.5 Valuers must therefore take care to set out clearly the principal lease terms that are assumed when providing an opinion of market rent. If it is the market norm for lettings to include a payment or concession by one party to the other as an incentive to enter into a lease, and this is reflected in the general level of rents agreed, the market rent should also be expressed on this basis. The nature of the incentive assumed must be stated by the valuer, along with the assumed lease terms."</i></p>
Existing Use Value	<p>Existing Use Value as defined in UK Valuation Standard 1.3 of the Red Book and applying the conceptual framework of Market Value which is reproduced above together with the supplementary commentary which is included in items 2-5 of UK VS 1.3. Under UK VS 1.3, the term "Existing Use Value" is defined as follows:</p> <p><i>"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 where the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business, and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost".</i></p>

Projected Market Value of residential property	<p>Projected Market Value (PMV) as defined in UK Valuation Standard 3.3 of the Red Book. Under UKVS 3.3 the term "Projected Market Value" means: "The estimated amount for which an asset is expected to exchange at a date, after the valuation date and specified by the valuer, 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."</p> <p>The commentary from the Red Book is reproduced below:</p> <p>"1. <i>The date specified by the valuer must be stated clearly whenever a PMV is provided. It should reflect the period that the valuer considers will be necessary for adequate marketing and the completion of negotiations.</i></p> <p>2. <i>This basis should be used to provide clients with an estimated valuation in respect of a future exchange, assuming that marketing begins on the date that the valuation is prepared.</i></p> <p>3. <i>The definition of PMV is based on market value, save for the stipulation that the valuer's estimate should reflect what the amount is forecast to be at a future, specified date. The IVS Framework, paragraphs 30-35, should therefore apply, with the exception that the phrase 'on the valuation date' is modified as follows:</i></p> <p><i>'... at a date, after the valuation date and specified by the valuer ...'</i></p> <p><i>The valuation date is the date on which the estimate is given, but represents the valuer's opinion of anticipated market changes during the period up to the specified date. It reflects facts, market sentiment and public forecasts existing at the valuation date. The PMV is therefore time-specific, as of a given date and, because markets and market conditions may change, may be incorrect or inappropriate at another time. The definition also assumes simultaneous exchange and completion of the contract for sale without any variation in price that might otherwise occur.</i></p> <p>4. <i>PMV is designed to provide residential mortgage lenders with a simple numeric indication of the valuer's opinion of short-term market trends, and it must be used only for this purpose. It recognises that most reports for this purpose are based on a simple pro-forma, and that the degree of market analysis and commentary required in commercial lending situations is inappropriate.</i></p> <p>5. <i>The purpose of PMV is simply to illustrate the valuer's opinion of whether the market is likely to fall, rise or remain static in the period that it is anticipated will be necessary to complete the sale. Values can change rapidly due to unpredictable events, thus an earlier provision of a PMV is not a substitute for a current market value."</i></p>
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2. Special Assumptions:

Special Assumptions	<p>The Glossary of the Red Book states that an Assumption <i>"that either assumes facts that differ from the actual facts existing at the valuation date, or that would not be made by a typical market participant in a transaction on the valuation date"</i> is a Special Assumption.</p>
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3. Trade Related Property:

Valuation Practice Guidance Application 4	VPGA4 defines certain terms in accordance with the valuation of trade related property. The definitions are referred to below:
Adjusted Net Profit	This is the valuer's assessment of the actual net profit of a currently trading operational entity. It is the net profit that is shown from the accounts once adjustments for abnormal and non-recurring expenditure, finance costs and depreciation relating to the property itself, as well as rent where appropriate, have been made. It relates to the existing operational entity and gives the valuer guidance when assessing the fair maintainable operating profit (FMOP).
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	This term relates to the actual operating entity and may be different from the valuer's estimated FMOP.
Fair maintainable operating profit (FMOP)	This is the level of profit, stated prior to depreciation and finance costs relating to the asset itself (and rent if leasehold), that the reasonably efficient operator (REO) would expect to derive from the fair maintainable turnover (FMT) based on an assessment of the market's perception of the potential earnings of the property. It should reflect all costs and outgoings of the REO, as well as an appropriate annual allowance for periodic expenditure, such as decoration, refurbishment and renewal of the trade inventory.
Fair maintainable turnover (FMT)	This is the level of trade than a REO would expect to achieve on the assumption that the property is properly equipped, repaired, maintained and decorated.
Market Rent	This is the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. Whenever market rent is provided the 'appropriate lease terms' that it reflects should also be stated.
Market Value	This is 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.
Operational entity	An operational entity usually includes: <ul style="list-style-type: none"> • the legal interest in the land and buildings • the trade inventory, usually comprising all trade fixtures, fittings, furnishings and equipment, and • the market's perception of the trading potential, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits <p>Consumables and stock in trade are normally excluded.</p>
Personal goodwill (of the current operator)	This is the value of profit generated over and above market expectations that would be extinguished upon sale of the trade related property, together with financial factors related specifically to the current operator of the business, such as taxation, depreciation policy, borrowing costs and the capital invested in the business.

Reasonably efficient operator (REO)	<p>This is a concept where the valuer assumes that the market participants are competent operators, acting in an efficient manner, of a business conducted on the premises. It involves estimating the trading potential rather than adopting the actual level of trade under the existing ownership, and it excludes personal goodwill.</p>
Tenant's capital	<p>This may include, for example, all consumables, purchase of the inventory, stock and working capital.</p>
Trade related property	<p>This is any type of real property designed for a specific type of business where the property value reflects the trading potential for that business.</p>
Trading potential	<p>This is the future profit, in the context of a valuation of the property, which an REO would expect to be able to realise from occupation of the property. This could be above or below the recent trading history of the property. It reflects a range of factors (such as the location, design and character, level of adaptation and trading history of the property within the market conditions prevailing) that are inherent to the property asset.</p>

1. Client Engagement

- 1.1 The Client appoints C&W to provide services on these Terms of Business and the terms set out in the Engagement Letter. Each Engagement Letter forms a discrete contract incorporating the latest version of these Terms of Business that have been provided to the Client (together an/the "**Engagement**").
- 1.2 The entire scope of the services to be provided as part of an Engagement ("**Services**") is set out in the Engagement Letter. Nothing shall bind C&W to perform any role or function other than as is documented in the Engagement Letter.
- 1.3 The Client shall provide all necessary co-operation to enable each member of the C&W Group to discharge its obligations in respect of all Applicable Laws, particularly those pertaining to 'know your client', anti-money laundering and the prevention of other financial crimes, and data protection.
- 1.4 C&W may sometimes require input from third parties to perform all or part of the Services. Where C&W intends to subcontract to a third party, C&W will seek the Client's consent before so subcontracting. The Client consents to the use of other members of the C&W Group and C&W Affiliates to provide all or part of the Services, and no further notification need be given in relation to such use. Except where C&W contracts third parties directly (otherwise than as the Client's agent), C&W shall not be responsible for supervising or monitoring the performance of third parties.

2. Definitions and Interpretation

- 2.1 In an Engagement the following terms shall have the following meanings:

"**Applicable Law**" means all applicable laws, regulations, regulatory requirements and codes of practice of any relevant jurisdiction, as amended and in force from time to time;

"**C&W**" means the member of the C&W Group that is a party to the Engagement Letter;

"**C&W Affiliate**" means a third party licenced by a member of the C&W Group to trade using the Cushman & Wakefield brand;

"**C&W Group**" means DTZ Worldwide Limited (company number 9073572) and any of its subsidiaries (within the meaning of section 1159 of the Companies Act 2006);

"**C&W Materials**" means all those materials owned by C&W and its licensors, and all Intellectual Property Rights owned by C&W and its licensors, whether before or after the date of the Engagement, but excluding the Service Materials;

"**Client**" means the addressee(s) of the Engagement Letter and excludes any third party who pays or may be responsible for paying any part of the Fees;

"**Client Materials**" means all those materials owned by the Client and its licensors, and all Intellectual Property Rights owned by the Client and its licensors, but excluding the Service Materials;

"**Document**" means any research, data or report provided by C&W as part of the Services;

"**Engagement Letter**" means the letter issued by C&W to the Client and identified as the engagement letter, which shall set out particular Services to be provided by C&W together with other terms and conditions that shall form part of the Engagement. Where the context permits, documents cross referenced and/or attached to the Engagement Letter shall form part of it;

"**Fees**" means the amounts specified as payable in the Engagement Letter, or otherwise calculated in accordance with the Engagement Letter;

"**Intellectual Property Rights**" means patents, trade marks, design rights, applications for any of the foregoing, copyright, database rights, trade or business names, domain names, website addresses, whether registrable or otherwise, (including applications for and the right to apply for registration of any such rights), know how, methodologies, and any similar rights in any country whether currently existing or created in the future, in each case for their full term, together with any renewals or extensions;

"**Relief Event**" means:

- (a) any delay or failure by the Client or a person acting on its behalf to perform any obligation of the Client under an Engagement;
- (b) the failure of any assumption set out in the Engagement Letter; and
- (c) any other event specified in the Engagement Letter;

"**RICS**" means the Royal Institution of Chartered Surveyors;

"**Services**" means the services to be provided to the Client by C&W as part of the Engagement, as specified in the Engagement Letter;

"**Service Materials**" means all those works, and all Intellectual Property Rights in works, that are created, provided, or which arise exclusively in the course of the provision of the Services to the Client;

"**Terms of Business**" means the terms set out in this document; and

"**Value Added Tax**" means value added tax as provided for in the Value Added Taxes Act 1994 and subordinated legislation made under it, or any similar sales or turnover tax in any jurisdiction.

- 2.2 Unless the context otherwise requires or the contrary intention appears, any reference to an enactment includes that enactment as amended or replaced, together with any subordinate legislation made under that or any other applicable enactment; and any reference to an English legal term includes, in respect of any jurisdiction other than England, a reference to what most nearly approximates in that jurisdiction to the English legal term.

- 2.3 Other than for notices to be given, references to "written" or "in writing" include e-mail. The words "including" and "in particular" and any similar words or expressions are by way of illustration and emphasis only and do not operate to limit the generality or extent of any other words or expressions. The words "subsidiary" and "holding company" have the meanings given in Section 1159 of the Companies Act 2006 (and Clause 2.2 shall not apply in relation to this sentence). The headings in these Terms of Business are for convenience only and do not affect their interpretation.

3. Fees, Expenses and Payments

Fees

- 3.1 In consideration of the provision of the Services, the Client shall pay the Fees. The Fees, or the method of calculating them, shall be as set out in the Engagement Letter.
- 3.2 Fees stated shall be exclusive of Value Added Tax which, where applicable, shall be charged to the Client at the prevailing rate. The Client agrees to pay to C&W any Value Added Tax in relation to the provision of the Services

provided that C&W has supplied a valid tax invoice as required by Applicable Law.

Expenses

- 3.3 The Client shall reimburse all out of pocket expenses and disbursements properly incurred by or on behalf of C&W in the performance of the Services ("**Expenses**") up to five hundred pounds (£500) per quarter. Before incurring any Expenses that would result in that limit being exceeded, C&W shall seek the Client's consent, in which case those further Expenses shall also be payable. Expenses may be invoiced at the same time as the Fees, or quarterly in arrears, at C&W's discretion.
- 3.4 The Client shall reimburse all marketing costs which shall, where relevant, be handled as follows:
- (a) C&W will inform the Client of any marketing costs proposed to be incurred on its behalf. C&W will provide cost estimates for any initial marketing campaign in the Engagement Letter, and further proposals if additional marketing is required.
 - (b) Cost estimates will be best estimates or based on actual quotations from suppliers. Final costs may differ from estimates provided. Advertising and printing rates provided will be from the publishers' rate cards current at the date of the marketing proposals. The Client shall pay any additional sum charged by the suppliers for the correction of mistakes in artwork or other advertising material not caused by the suppliers. The individual printer or supplier's terms will apply to all Client work placed with it. All costs are gross and C&W will retain the usual trade discounts offered by newspapers, periodicals or other media suppliers.
 - (c) The Client shall instruct all suppliers directly. In the event that C&W agrees to instruct any such supplier, C&W may require advance payment of anticipated costs to be incurred on the Client's behalf. Where the sum paid on account exceeds the actual costs incurred, such excess shall be repaid to the Client without interest once all invoices and accounts have been finalised and settled. Where the marketing costs exceed the sum paid, the Client shall pay the amount of any difference to C&W immediately on request.
 - (d) The Client shall reimburse all marketing costs incurred on its behalf as and when the costs are incurred, irrespective of completion of the transaction to which the Services relate.

Payment

- 3.5 C&W's invoices are payable from the date of each invoice, and are due for payment within fourteen (14) days. C&W may charge the Client interest on any amounts due but which have not been paid within this period (whether before or after judgment) at three percent (3%) per annum above the Bank of England base rate from time to time. Interest shall run from the date of the invoice until all outstanding sums have been paid in full in cleared funds.
- 3.6 The Client shall pay all sums by electronic bank transfer to the C&W bank account detailed in an invoice. C&W is unable to accept payment by cash or cheque.
- 3.7 The Client shall pay all sums payable to C&W in relation to the Engagement without set-off and free of any deduction.
- 3.8 If the Client is required by Applicable Law to make any deduction from any payment then it shall increase such

payment to ensure that C&W receives the same amount as it would have received if no deduction were required.

- 3.9 C&W may require payments to be made on account before commencing or completing all or part of the Services. In specifying on-account payments C&W may have regard to the nature and context of Services to be performed, and the likely timing and amounts of Expenses to be incurred.
- 3.10 C&W may, by giving written notice to the Client, suspend Service provision if any sum is not paid to C&W within the period specified in Clause 3.5, until all outstanding sums have been paid in full in cleared funds.
- 3.11 After completing an Engagement, C&W shall be entitled to keep any Client materials held by it while sums payable to it by the Client remain outstanding.
- 3.12 C&W may search the Client's record at credit reference agencies for the purposes of verifying the Client's identity and to assess whether the Client is able to fulfil its payment obligations in relation to the Engagement.

Client Monies

- 3.13 C&W handles client monies in accordance with RICS rules and regulations.

4. Client Obligations

- 4.1 The Client shall, as soon as reasonably practicable following a request, provide all information, assistance, approvals, and consents reasonably requested by C&W in relation to the performance of C&W's obligations in connection with the Engagement. The Client shall ensure that all information provided by or on behalf of the Client shall be complete and accurate in all material respects, and notify C&W as soon as reasonably possible on becoming aware that any information is incomplete, inaccurate or misleading.
- 4.2 The Client acknowledges that C&W:
- (a) is entitled to rely upon the completeness, accuracy, sufficiency and consistency of any information supplied to it by or on behalf of the Client; and
 - (b) shall have no liability for any inaccuracies contained in any information provided by or on behalf of the Client unless otherwise stated.
- 4.3 All estimations made by C&W are based on depth and quality of information provided by the Client and the Client shall not be entitled to assume that C&W has performed an inspection. The Client must take this into account in relation to all figures, calculations, and advice.
- 4.4 The Client shall check and confirm the accuracy and completeness of any property particulars prepared by C&W, and shall confirm that they are not misleading. The Client undertakes to notify C&W immediately if any particulars are or become inaccurate or incomplete.
- ## **5. Measurements**
- 5.1 Where C&W is required to measure a property, it will do so in accordance with applicable measuring practices relevant to the property. If the Client requires C&W to adopt a particular measuring practice, it shall specify the same in writing before work starts. The Client acknowledges that the floor areas contained in any Document are approximate and if measured by C&W will be within a two percent (2%) tolerance either way. In cases where the configuration of the floor plate is unusually irregular or obstructed, this tolerance may be exceeded.
- 5.2 C&W is unable to measure areas to which it does not have access, in which cases floor area may be estimated from

plans or by extrapolation. Where land or site areas are measured, all areas will be approximate and will be measured from plans supplied or Ordnance Survey plans, rather than being checked on site.

6. Confidentiality

6.1 The Client consents to C&W announcing that it is providing or has provided the Services to the Client and using the Client's name in publicity. However, C&W shall not publish any details of any proposed or actual transaction (other than those which are publicly available) without prior consent, such consent not to be unreasonably withheld or delayed.

6.2 The Client shall keep confidential and not disclose to any other person (whether before or after termination or expiry of the Engagement):

- (a) any information received by it in respect of the methodologies and/or technologies used by C&W in providing the Services;
- (b) the details of the terms on which C&W provides the Services; and
- (c) any other information in respect of C&W's business activities which is not publicly available.

6.3 C&W shall, during the period commencing on the date of the Engagement and ending two (2) years following the earlier of the termination or completion of the Services, keep confidential and not disclose to any other person (whether before or after termination or expiry of the Engagement) any information in respect of the Client's business activities which comes into its possession as a consequence of C&W providing the Services and which is not publicly available.

6.4 A party shall not breach this Clause 6 by disclosing information, to the extent reasonably necessary:

- (a) where required to do so by Applicable Law or order of the courts, or by any securities exchange or regulatory or governmental body to which such party is subject or submits, wherever situated (whether or not the requirement for information has the force of Applicable Law); or
- (b) to the professional advisers, insurers, auditors and bankers of such party.

6.5 C&W shall not breach this Clause 6 by disclosing information to members of the C&W Group or C&W Affiliates in connection with the Engagement.

7. Data Protection and Data Handling

Data Protection

7.1 The Client appoints C&W as data processor in relation to personal data which C&W receives under or in connection with the performance of each Engagement and in respect of which the Client is a data controller.

7.2 In processing personal data pursuant to an Engagement, C&W shall:

- (a) unless otherwise requested by the Client, process personal data only to the extent, and in such manner, as is necessary for the provision of the Services;
- (b) ensure that appropriate technical and organisational measures shall be taken against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data;

(c) not disclose or transfer personal data to any person other than where strictly necessary for the provision of the Services;

- (d) only cause or permit personal data to be transferred:
- (i) to members of the C&W Group and C&W Affiliates;
 - (ii) to sub-contractors in accordance with Clause 1.4;
 - (iii) to suppliers or sub-contractors appointed by a member of the C&W Group to support C&W's business administration and infrastructure; or
 - (iv) to other sub-processors with the Client's prior consent (not to be unreasonably withheld or delayed),

and in all cases, only cause or permit personal data to be transferred outside the European Economic Area:

- (A) with the Client's prior consent (not to be unreasonably withheld or delayed); and
- (B) where the recipient benefits from a finding of adequacy of protection for personal data transferred from the European Union under article 25(6) of EU Directive 95/46/EC or has otherwise agreed European Union standard contractual clauses on data processing in countries outside the European Economic Area; and

(e) notify the Client without undue delay on becoming aware of a breach of data security which would be notifiable under applicable data protection law.

7.3 Where the Client is a public authority for the purposes of the Freedom of Information Act 2000 ("FOIA") as amended from time to time, the Client shall notify C&W of that fact at the start of the Engagement. The Client shall notify C&W within five (5) business days of receiving a request pursuant to the FOIA requesting information which relates to the business arrangements between C&W and the Client and/or any information C&W has provided to the Client at any time (whether or not in connection with the Engagement). In recognition of the fact that C&W may be providing the Client with confidential or commercially sensitive information, the Client agrees to consult with C&W and take into account C&W's views on all such requests, giving C&W reasonable notice to respond, before making any decision on whether any particular information should be disclosed.

7.4 The Client shall be responsible for C&W's reasonable and properly incurred charges in producing any documentation which the Client requires in order to comply with a request for disclosure under the FOIA. For the avoidance of doubt, the Client, not C&W, shall liaise with such third party.

Data Handling

7.5 The Client shall use all reasonable procedures to seek to ensure that any materials provided to C&W in any electronic format are virus free, and shall be responsible for using appropriate firewalls and anti-virus software.

7.6 The Client authorises C&W to communicate with any person C&W reasonably requires in providing the Services. C&W may release to such person any information reasonably necessary to perform the Services and which it has obtained during the Engagement. C&W shall not be liable for any use made of that information.

- 7.7 C&W keeps its Engagement files for six (6) years after issue of C&W's final invoice. The Client consents to the deletion and destruction of all Engagement files upon the expiry of that period unless the Client has requested in writing the return of Client papers or documents during that period. C&W shall not be liable for any loss arising out of the destruction of documents occurring more than six (6) years after the date of final invoice.
- 8. Documents and Reliance**
- 8.1 C&W will take reasonable care in the preparation of any Document. Any opinions expressed in a Document constitute C&W's judgement, and data upon which this judgement is based are believed to be correct as at the date of the Documents (but may be subject to change during the life of the project and beyond and as new information becomes available). C&W reserves the right to change the underlying data, and its opinions, without prior notice in the light of revised market opinion and evidence, but shall not be required to update any Document already provided.
- 8.2 Subject to Clause 8.3, the provision of the Services is for the Client's benefit only and no part of any Document or advice produced by C&W for the Client shall be reproduced, transmitted, copied or disclosed to any third party without the prior written consent of C&W. C&W shall not be liable to any third party placing reliance upon any such Document or advice.
- 8.3 The Client may permit other persons to use C&W's Documents only with C&W's written consent and where such other persons have entered into a written agreement with C&W in relation to such use ("**Reliance Letter**"). C&W expressly disclaims any tortious duty of care (e.g., in negligence) to any third party in relation to any Document or advice provided in connection with an Engagement, and the Client shall not permit any person to rely upon such Document or advice unless that person has first entered into a Reliance Letter. Any limitation on C&W's liability set out in these Terms of Business or the Engagement Letter shall apply in aggregate to the Client and any party entering into a Reliance Letter.
- 8.4 Where the Client provides a copy of a Document to another person, or permits a person to rely upon a Document, the Client indemnifies and holds harmless C&W from and against any liability arising out of that person's use or reliance on that Document except where a Reliance Letter has been entered into by such person.
- 8.5 Where the Client acts on behalf of a syndicate or in relation to a securitisation, the Client agrees that it is not entitled to pursue any greater claim on behalf of any other person than it would have been entitled to pursue on its own behalf had there been no syndication or securitisation.
- 9. Service Quality**
- 9.1 In carrying out the Services, C&W shall exercise the reasonable care and skill to be generally expected of a competent provider of services similar in scope, nature and complexity to the Services.
- 9.2 In the event that the Client is dissatisfied with the provision of the Services by C&W it must refer such complaint in the first instance to the C&W representative named in the Engagement Letter in accordance with the provisions of C&W's complaints procedure current at the time of the complaint. C&W shall supply to the Client a copy of the complaints procedure upon the request of the Client.
- 9.3 No implied terms shall apply under and/or in connection with the Engagement, and no other express warranties are given - all such terms are expressly excluded to the extent permitted by Applicable Law.
- 9.4 C&W is certified as ISO9001:2008, ISO14001, and OHSAS18001 compliant.
- 10. Conflicts of Interest and Anti-Corruption**
- 10.1 C&W maintains conflict management procedures designed to govern actual or potential conflicts of interest. If the Client becomes aware of a possible conflict, it shall inform C&W immediately. If a conflict arises, then C&W will decide, taking account of legal constraints, relevant regulatory rules and the clients' interests and wishes, whether it can continue to act for both parties (e.g., through the use of ethical walls), for one only, or for neither. Where C&W does not believe that any potential or actual conflict can be managed appropriately and in accordance with C&W policy (available upon request), it will inform all clients affected and consult with them as soon as reasonably practicable as to the steps to take.
- 10.2 The Client acknowledges that C&W may earn commissions and referral fees, and may charge handling fees connected to the services that it performs, and agrees that C&W shall be entitled to retain them without specific disclosure. C&W will not accept any commissions or referral fees in circumstances where it is of the reasonable belief that they would compromise the independence of any advice that it provides.
- 10.3 It is not C&W policy to provide any services for financial gain either directly or through connected persons, to a prospective purchaser or tenant in respect of a property for which C&W is instructed as agents by the seller/owner, until unconditional contracts have been exchanged. C&W will notify the Client if it is instructed by a prospective purchaser or tenant to provide such services where the Client is the seller/owner.
- 10.4 C&W and the Client each confirms that it will not, and will procure that its employees will not, knowingly engage in any activity which would constitute a breach of applicable Anti-Bribery & Corruption Laws. C&W confirms that it has in place a compliance and training programme designed to ensure compliance with the terms of applicable Anti-Bribery & Corruption Laws.
- 10.5 For the purposes of this Clause 10, "**Anti-Bribery & Corruption Laws**" means the Bribery Act 2010, the US Foreign Corrupt Practices Act 1977 and any other applicable legislation prohibiting bribery and corruption involving public or private persons.
- 11. Liability and Insurance**
- 11.1 Notwithstanding any contrary provision, neither party limits or excludes its liability in respect of:
- any death or personal injury caused by its negligence;
 - any fraud or fraudulent misrepresentation; or
 - any statutory or other liability which cannot be limited or excluded under Applicable Law.
- 11.2 C&W shall not be liable for any:
- indirect or consequential loss (even where the parties are aware of the possibility of any such loss at the date of the Engagement);
 - loss of profits or revenue of the Client generally;
 - loss of goodwill, reputation or opportunity;
 - loss of or corruption of data, or loss resulting from the Client's receipt of information, data, or

- communications supplied or sent by C&W electronically;
- (e) pure economic loss suffered by the Client or persons other than the Client, arising out of a tortious duty of care (e.g., in negligence) or otherwise;
- (f) acts or omissions of third parties (other than where contracted directly by C&W otherwise than as the Client's agent); or
- (g) delay caused by its duty to comply with legal and regulatory requirements (such as anti-money laundering checks),
- in each case arising out of or in connection with an Engagement or any breach or non-performance of it no matter how fundamental (including by reason of negligence or breach of statutory duty). The parties agree that each of sub-clauses (a) to (g) (inclusive) above are separate terms and are intended to be severable.
- 11.3 C&W's total aggregate liability arising under or in connection with an Engagement or any breach or non-performance no matter how fundamental (including by reason of negligence or breach of statutory duty) in contract, tort or otherwise shall be limited in all circumstances to an amount equal to the lesser of:
- (a) five (5) times the Fees paid or payable by or on behalf of the Client to C&W in relation to the Engagement; or
- (b) two million pounds sterling (£2,000,000).
- 11.4 Subject always to Clauses 11.2 and 11.3, where an Engagement involves C&W being appointed as part of a project team, liability for loss and/or damage arising under or in connection with the Engagement shall be limited to that proportion of the Client's loss and/or damage which it would be just and equitable to require C&W to pay having regard to the extent of C&W's responsibility for the same and on the basis that:
- (a) all other Client consultants and contractors shall be deemed to have provided contractual undertakings, on terms no less onerous than those set out in the Engagement, to the Client in respect of the performance of their services in connection with the project;
- (b) there are no exclusions of or limitation of liability nor joint insurance or co-insurance provisions between the Client and any other party referred to above; and
- (c) they shall be deemed to have paid to the Client such proportion which would be just and equitable for them to pay having regard to the extent of their responsibility.
- 11.5 No actions or proceedings arising under or in respect of the Engagement or documents signed in connection with it shall be commenced against C&W after six (6) years after the date of the final invoice in relation to the Engagement.
- 11.6 C&W shall effect and maintain, during the Engagement and for a period of six (6) years after issue of C&W's final invoice, professional indemnity insurance with a limit of indemnity of £10million provided always that such insurance remains available at commercially reasonable rates, together with such other insurance as is required to be maintained in accordance with Applicable Law.
- 11.7 Further to Clause 1.2, nothing appoints or obliges C&W to act as an External Valuer as defined under the Alternative Investment Fund Managers Directive ("AIFMD") legislation, or its equivalent under local law. C&W expressly disclaims any responsibility or obligations under AIFMD and/or its equivalent unless expressly agreed in writing by C&W. Where C&W provides valuation advice to an entity that falls within the scope of AIFMD ("Fund"), its role will be limited solely to providing valuations of property assets held by the Fund. Responsibility for the valuation function for the Fund and the setting of the net asset value of the Fund will remain with others. C&W's Document will be addressed to the Fund for internal purposes and third parties may not rely on it. C&W's aggregate liability howsoever arising out of such instruction is limited in accordance with these Terms of Business.
- 11.8 C&W shall not be responsible for the management of any property the subject of an Engagement, and shall have no other responsibility (such as for maintenance or repair) in relation to nor shall C&W be liable for any damage occurring to any such property.
- 12. Termination**
- 12.1 Either party may terminate the Engagement at any time on not less than thirty (30) days written notice, for convenience without cause.
- 12.2 Either party may terminate the Engagement at any time on written notice, either immediately or following such notice period as it shall see fit if the other party:
- (a) is in material breach of the Engagement, and such breach is irremediable;
- (b) commits any remediable material breach of the Engagement and fails to remedy such breach within a period of thirty (30) days from the service on it of a notice specifying the material breach and requiring it to be remedied (or, having so remedied, subsequently commits a similar breach within the next thirty (30) days); or
- (c) ceases or threatens to cease to carry on business, is found unable to pay its debts within the meaning of the Insolvency Act 1986 section 123, has an administrator, receiver, administrative receiver or manager appointed over the whole or any part of its assets, enters any composition with creditors generally, or has an order made or resolution passed for it to be wound up (otherwise than in furtherance of any scheme for solvent amalgamation or solvent reconstruction) or undergoes any similar or equivalent process in any jurisdiction.
- 12.3 C&W may terminate the Engagement immediately upon written notice if the Client has failed to pay an invoice within thirty (30) days of the date of such invoice.
- 12.4 On termination of the Engagement, the Client shall pay to C&W:
- (a) Fees for the Services it has performed (on a pro rata basis having regard to the Fees payable for the completion of the Engagement, the expected duration of the entire Engagement and the Services performed prior to termination, unless otherwise specified);
- (b) any Expenses properly incurred in accordance with Clause 3.3, and marketing costs incurred in accordance with Clause 3.4, on or before the effective date of the termination; and
- (c) where the right is exercised by the Client, any additional sums set out in the Engagement Letter as being payable upon termination.

- 12.5 If a party, acting in good faith, exercises a right of termination, its subsequent failure or refusal to perform all or any of its current or future obligations in connection with an Engagement shall not be a breach of an Engagement (whether repudiatory or otherwise).
- 13. Intellectual Property**
- 13.1 All Service Materials shall vest in the Client on creation. C&W hereby assigns the Service Materials to the Client together with the right to sue for and recover damages or other relief in respect of the infringement of any Service Materials by a third party. In relation to future copyright, this shall take effect as a present assignment of future rights.
- 13.2 The Client grants to C&W a worldwide, fully paid-up, non-exclusive, transferable (to a member of the C&W Group) licence to use, copy and modify the Client Materials and Service Materials to the extent necessary and for the purpose of providing the Services to the Client and performing its other obligations in relation to an Engagement.
- 13.3 C&W and its licensors shall retain all right, title and interest in and to the C&W Materials. The Client and its licensors shall retain all right, title and interest in and to the Client Materials.
- 14. Non-Solicitation**
- 14.1 Neither party shall (except with the other party's prior written consent) directly or indirectly solicit or entice away (or attempt to solicit or entice away) from the employment of the other, any employee or contractor working on an Engagement, and shall not offer employment to any employee working on an Engagement, for a period of six (6) months following the end of any involvement by that person with an Engagement. This shall not prohibit a party from offering employment to an employee or contractor of the other who has responded to an advertising campaign open to all comers and not specifically targeted at any of its employees or contractors.
- 14.2 In the event that a party breaches Clause 14.1, the other party shall be entitled to be paid compensation of six (6) months' salary or fees of the employee or contractor concerned. The parties agree that this is a genuine pre-estimate of loss taking into account the cost of recruitment and training of staff, and is agreed on a commercial basis between the parties.
- 15. Notices**
- 15.1 Any notice or other information to be given by either party to the other under the terms of an Engagement shall be given by:
- (a) delivering it by hand; or
 - (b) sending it by pre-paid registered post,
- to the other party at the address given in Clause 15.3.
- 15.2 Any notice or information sent by post in the manner provided by Clause 15.1(b) which is not returned to the sender as undelivered shall be deemed to have been given on the second day after it was so posted; and proof that the notice or information was properly addressed, pre-paid, registered and posted, and that it has not been returned to the sender, shall be sufficient evidence that the notice or information has been duly given.
- 15.3 The address of either party for service for the purposes of this Clause 15 (but excluding legal proceedings) shall be that of its registered or principal office, or such other address as it may last have notified to the other party in writing from time to time. Notices to C&W must be addressed to EMEA General Counsel to be valid.
- 16. No Waiver, Partnership or Joint Venture**
- 16.1 No waiver of any right in connection with an Engagement (including rights to sue for breach) shall operate or be construed as a waiver of any other or further right whether of a like or different character, or be effective unless in writing duly executed by an authorised representative of the affected party. The failure to insist upon the performance of the terms, conditions and provisions of the Engagement, or time or other indulgence granted by one party to another, shall not act as a waiver of any breach, as acceptance of any variation, or as the relinquishment of any right in connection with the Engagement, which shall remain in full force and effect.
- 16.2 Each right or remedy of a party to an Engagement is without prejudice to any other right or remedy of that party.
- 16.3 The Engagement shall not be interpreted or construed to create an association, joint venture or partnership between the parties, or to impose any partnership obligation or liability upon either party.
- 17. Force Majeure and Relief**
- 17.1 If either party is prevented or hindered from performing any of its obligations in connection with an Engagement by reason of circumstances outside its reasonable control, that party ("**Claiming Party**") shall as soon as reasonably possible serve notice in writing on the other party specifying the nature and extent of the circumstances preventing or hindering it from performing its obligations.
- 17.2 Subject to the Claiming Party serving notice in accordance with Clause 17.1, the Claiming Party shall have no liability in respect of any delay in performance or any non-performance of any such obligation (save for any payment obligation which shall continue in full force and effect), and the time for performance shall be extended accordingly to the extent that the delay or non-performance is due to such circumstances.
- 17.3 The Client agrees that C&W shall be excused from its failure to perform or delay in performing any affected obligation in connection with the Engagement to the extent that such failure results from a Relief Event. C&W shall be entitled to a reasonable extension of time in relation to any affected obligation, and to recover reasonable additional costs incurred by it, as a result of a Relief Event.
- 18. Illegality/Severance**
- If any provision is declared by any competent court or body to be illegal, invalid or unenforceable under the law of any jurisdiction, or if any enactment is passed that renders any provision illegal, invalid or unenforceable under the law of any jurisdiction, this shall not affect or impair the legality, validity or enforceability of the remaining provisions relating to an Engagement, nor the legality, validity or enforceability of such provision under the law of any other jurisdiction.
- 19. Assignment and Novation**
- 19.1 Neither party may at any time, without the prior written consent of the other party, assign all or any part of its rights and/or obligations relating to an Engagement. Notwithstanding the previous sentence, C&W may assign/novate (as applicable) all or any part of its rights and/or obligations in connection with an Engagement to any other member of the C&W Group, without the Client's prior written consent.
- 19.2 Each Engagement shall inure to the benefit of, and be binding upon, the parties' successors and permitted assignees.

20. Further Assurance

Each party shall at all times from the date of the Engagement Letter, on being required to do so, at its own expense do or use reasonable endeavours to procure the doing by any necessary third parties of all such acts as may be required to give full effect to the terms of the Engagement including the execution and delivery of all deeds and documents.

21. Governing Law and Dispute Resolution

- 21.1 In the event of a dispute arising out of or connection with an Engagement, a party contemplating instigating legal proceedings shall notify the other party of that fact not less than fourteen (14) days before issuing such proceedings. Either party may, upon receipt of notice or otherwise, apply to the President or the Vice President, for the time being, of the Chartered Institute of Arbitrators, for the appointment of a single arbitrator, for final resolution. The arbitration shall be governed by both the Arbitration Act 1996 and the Rules of Controlled-Cost Arbitration of the Chartered Institute of Arbitrators (2014 Edition), or any amendments thereof, which Rules are deemed to be incorporated by reference into this clause. The seat of the arbitration shall be England.
- 21.2 Clause 21.1 shall not prohibit a party from applying to the court, and shall not require such party to serve notice prior to applying, for interim injunctive relief.
- 21.3 Each Engagement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) are governed by and shall be construed in accordance with English law. The parties submit to the non-exclusive jurisdiction of the English courts for all purposes relating to and in connection with each Engagement and any such dispute or claim.

22. Third Party Rights

- 22.1 To the extent that any loss, damage or expense is suffered or incurred by a member of the C&W Group, the parties agree that such loss, damage or expense shall be deemed to be the loss, damage or expense of C&W, and such loss shall be fully recoverable from the Client as if the loss, damage or expense was suffered or incurred by C&W directly.
- 22.2 Provided that Clause 22.1 remains valid and in full force and effect, no term of the Engagement is intended for the benefit of a third party and the parties do not intend that any term of the Engagement shall be enforceable by a third party either under the Contracts (Rights of Third Parties) Act 1999 or otherwise. If Clause 22.1 for any reason is or becomes illegal, invalid or unenforceable, then the rights under each Engagement shall be enforceable by any member of the C&W Group.

23. Entire Agreement

- 23.1 The Engagement constitutes the entire agreement and understanding between the parties relating to the transactions contemplated by or in connection with it and the other matters referred to in the Engagement and supersedes and extinguishes any other agreement or understanding (written or oral) between the parties or any of them relating to the same.
- 23.2 Each party acknowledges and agrees that it does not rely on, and shall have no remedy in respect of, any promise, assurance, statement, warranty, undertaking or representation made (whether innocently or negligently) by any other party or any other person except as expressly set out in the Engagement. The Client's sole remedy in relation

to any act or omission of C&W relating to or in connection with the Engagement shall be for breach of contract.

24. Miscellaneous Terms

- 24.1 Each party warrants and represents that it has power to enter into the Engagement and that it has obtained all necessary consents and/or approvals to do so.
- 24.2 The Client agrees that C&W shall be entitled to rely upon instructions given by any employee or other representative of the Client, and any person holding themselves out as having the authority to give such instructions.
- 24.3 Where the Client comprises two or more persons their liability in relation to the Engagement shall be joint and several.
- 24.4 Clauses 1, 2, 3, 4.2, 4.3, 6, 7, 8, 9.3, 10.4, 10.5, 11, 12.4, 12.5, 13 to 16 (inclusive), 18 and 20 to 24 (inclusive) of these Terms of Business shall survive termination of the Engagement.
- 24.5 The Client agrees and acknowledges that the Engagement is between the Client and C&W, and that the Client shall have no right to make any claim against any member (partner), director, employee, agent, or contractor of C&W, any other member of the C&W Group or any C&W Affiliate.
- 24.6 In accordance with the Provision of Services Regulations 2009, C&W is required to make available certain information to Clients which can be found [here](#).
- 24.7 In accordance with Section 54, Part 6 of the Modern Slavery Act 2015, details of the measures C&W has taken to ensure that slavery and human trafficking is not taking place in its supply chains or in any part of its business can be found [here](#).

Cushman & Wakefield Terms of Business (UK)
(Version 1.01 – April 2017)

APPENDIX B: LIST OF ADDRESSES, TENURE & USE AS AT 08 NOVEMBER 2017

Town	Address	Use	Tenure
Woking	Genesis Business Park, Albert Drive, Woking, GU21 5RW	Offices	Freehold
Edinburgh	Vantage Point, 3 Cultins Road, Edinburgh, EH11 4DF	Offices	Heritable
Cheshunt	Turnford Place, Great Cambridge Road, Cheshunt, EN10 6NH	Offices	Freehold

APPENDIX C: ABBREVIATIONS

ERV	Estimated Rental Value
GIA	Gross Internal Area
IPMS	International Property Measurement Standards
NIA	Net Internal Area
PROMIS	Property Market Information Service (an authoritative real estate database produced by PMA Services)
PS	Professional Standard
RICS	Royal Institution of Chartered Surveyors
UKVS	United Kingdom Valuation Standard
VPGA	Valuation Practice Guidance Application
VPS	Valuation Professional Standard
WAULT	Weighted Average Unexpired Lease Term
WAEPC	Weighted Average Energy Performance Certificate

APPENDIX D: SOURCES OF INFORMATION

Sources of Information

In addition to information established by us, we have relied on the information obtained from you and / or your professional advisers, as listed below:

Information	Source / Author	Date
Title information	Shoosmiths Data Room	November 2017
Leasing information	Shoosmiths Data Room and London & Scottish	November 2017
Rating assessments	VOA	November 2017
Details of planning uses and relevant planning consents	Shoosmiths Data Room	November 2017
Service charge information	Shoosmiths Data Room	November 2017
Details of irrecoverable outgoings	Shoosmiths Data Room	November 2017
Current insured amounts	Shoosmiths Data Room	November 2017
Details of current negotiations in hand, including rent reviews, dilapidation claims, details of any CPOs, highway schemes, outstanding requirements under legislation or similar	London & Scottish	November 2017
Details of recent, current or proposed marketing of the Engagement Properties and offers received	London & Scottish	November 2017

VALUATION RECORD

To:	Regional REIT Limited Mont Crevelt House Bulwer Avenue St Sampson Guernsey GY2 4LH	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET
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(“you”, the “Client” or the “Addressee”)

Property: The address, tenure and property type of the property or each of the properties is included in Appendix B (the “Properties” or “Engagement Properties”)

Report date: 5/12/2017

Valuation date: The Properties has been valued as at 08 November 2017

Our reference: 170U6K00 / 170T5700 / 170U4H00

1. Instructions

1.1. Appointment

We are pleased to submit our report and valuation (the “Valuation Report”), which has been prepared in accordance with the engagement letter entered into between us dated 21 November 2017 (the “Engagement Letter”). This Engagement Letter and the terms set out therein, together with our Terms of Business, which were sent to you with our Engagement Letter, constitute the “**Engagement**”.

Included in the Engagement Letter is the Valuation Services Schedule (“VSS”), which are included in Appendix 1 (“VSS”). It is essential to understand that the contents of this Valuation Report are subject to the various matters we have assumed, which are referred to and confirmed as Assumptions in the Valuation Services Schedule. Unless otherwise defined, all capitalised terms herein shall be as defined in the Engagement.

We have valued the property interests in the above Engagement Properties as at 08 November 2017. A list of the addresses of each of the Properties in the portfolio together with a note of their tenure is included in the Appendices.

1.2. Compliance with RICS Valuation – Global Standards

We confirm that the valuation and Valuation Report have been prepared in accordance with the RICS Valuation – Global Standards which incorporate the international Valuation Standards (“IVS”) and the RICS UK Valuation Standards (the “RICS Red Book”) edition current at the Valuation Date. It follows that the valuations are compliant with “IVS”.

1.3. Status of Valuer and Conflicts of Interest

We confirm that all valuers who have contributed to the valuation have complied with the requirements of PS 1 of the RICS Red Book. We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake the valuation competently. We confirm that Charles Smith has overall responsibility for the valuation and is in a position to provide an objective and unbiased valuation and is competent to undertake the valuation. Finally, we confirm that we have undertaken the valuation acting as an External Valuer as defined in the RICS Red Book.

We confirm that Cushman and Wakefield have current and previous recent involvement as follows:

C&W have provided Regulated Purpose Valuations to the Client as at 31 December 2015, 30 June 2016, 31 December 2016 and 30 June 2017.

We confirm that this factor has been discussed with the Client who has agreed for Cushman and Wakefield to act.

1.4. Purpose of Valuation

The purpose of this Valuation Report is for inclusion in a shareholder circular and prospectus which is to be published by the Client, in connection with the issue of new ordinary shares for cash to fund, among others, the acquisition of the Newton and Archimedes Portfolios and associated shareholder resolution (the “Purpose of Valuation”).

Therefore, in accordance with PS 2.5 and UKVS 4 we have made certain disclosures in connection with this valuation instruction and our relationship with you. These are included in item 1.5 below.

1.5. Disclosures required under the provisions of PS 2.5 and UKVS 4

Charles Smith

Charles has been the signatory of Valuation Reports provided to Regional REIT for the annual accounts valuations for a continuous period since 2013. Charles was the co-signatory of the Valuation Report for the original listing in 2015.

This is the first instance that Charles has been signatory of a Valuation Report for the Purpose of Valuation.

C&W endorses the RICS view that it is good practice to rotate the valuer responsible for Regulated Purpose Valuations at intervals not exceeding seven years. C&W’s policy in this regard is explained in the VSS.

C&W's relationship with the Client

Please see Section 1.3 above

Fee income from the Company/Fund

On 1 September 2015, DTZ acquired Cushman & Wakefield and the combined group now trades under the Cushman & Wakefield brand. Cushman & Wakefield's financial year end is 31 December. We confirm that the proportion of fees payable by the Client to C&W in the financial year to 2016 was less than 5%. We anticipate that the proportion of fees for the financial year to 31 December 2017 will remain at less than 5%.

C&W involvement in the Engagement Properties in the previous 12 months

Cushman & Wakefield have not received an introductory fee within the last 12 months.

1.6. Inspection

The Properties were subject to an external inspection, from ground level and an internal inspection, during November 2017.

1.7. Floor areas

Unless specified otherwise, floor areas and analysis in this Valuation Report are based on the following bases of measurement, as defined in RICS Property Measurement (the edition current at the Valuation Date):

Office	NIA
Industrial	GIA
Retail	NIA
Residential	GIA

1.8. Accommodation

Source of Floor Areas

We adopted and relied upon floor areas provided by your professional advisors (Gerald Eve). The Floor Area Schedule has been prepared by GVA, dated October 2017.

1.9. Sources of Information

In addition to information established by us, we have relied on the information obtained from you and others as referred to in this Valuation Report, and in particular in Appendix D, Sources of Information.

We have made the Assumption that the information provided by you and your professional advisers in respect of the Engagement Properties we have valued is both full and correct. We have made the further Assumption that details of all matters relevant to value within your and their collective knowledge, such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to us, and that such information is up to date.

2. Basis of valuation

Our opinion of the Market Value of the Engagement Properties have been primarily derived using comparable recent market transactions on arm's length terms.

Market Value

The value of the Engagement Properties has been assessed in accordance with the relevant parts of the current RICS Red Book. In particular, we have assessed Market Value as referred to in VPS 4 item 4 of the RICS Red Book and applying the conceptual framework which is set out in IVS 104. Under these provisions, the term "Market Value" means "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

3. Taxation and costs

We have not made any adjustment to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

We have made a deduction to reflect a purchaser's acquisition costs.

4. VAT

The Client has advised us that that they have exercised its option to tax in respect of the Engagement Properties.

The capital valuations and rentals included in this Valuation Report are net of value added tax at the prevailing rate.

5. Property information

5.1. Enquires

We have undertaken and completed the various matters referred to in the "Scope of Services" section of the VSS.

6. Valuation

We are of the opinion that the aggregate of the Market Values of the Freehold, Heritable and Leasehold interests in the above Properties, subject to the tenancies, reported as at 08 November 2017 subject to the Assumptions and comments in this Report and the Appendices was:

£44,775,000

(Forty-Four Million Seven Hundred and Seventy-Five Thousand pounds)

This aggregated Market Value comprises split by tenure:

Interest	Market Value
Freehold/Heritable	£ 41,075,000 (Forty-One Million and Seventy-Five Thousand Pounds)
Leasehold	£ 3,700,000 (Three Million Seven Hundred Thousand Pounds)

In arriving at our opinion of Market Value of the aggregate interests of the above Properties of the portfolio, we have valued each property individually. As such, we have assumed that the Properties would be marketed in an orderly way and not all placed on the market at the same time.

The majority Engagement Properties are of a multi let nature in which there are tenants break options and lease expires within the next two to four years. As the term certain of the income decreases and without active asset management to sustain value, there is a risk that the values of could fall from what is currently reported.

It should be noted that whilst we have valued the Properties on an individual basis we are aware that they were acquired by the Client as part of a portfolio and should the Properties be sold on an individual basis the required sale period may well be extended.

7. Confidentiality

Save for the Purpose of Valuation and as set out in the Engagement, or otherwise subject to our prior written consent, the contents of this Valuation Report and appendices are confidential to you, for your sole use only and for the Purpose of Valuation as stated.

8. Disclosure

Save as set out in the Engagement and for the Purpose of Valuation, or otherwise subject to our prior written consent, you must not disclose the contents of this Valuation Report to a third party in any way, including where we are not referred to by name or if the Valuation Report is to be combined with other reports, documents or information, without first obtaining our written approval to the form and context of the proposed disclosure in accordance with the terms of the Engagement. We will not approve any disclosure that does not refer adequately to the terms of the Engagement and any Special Assumptions or Departures that we have made.

This Valuation Report or any part of it may not be modified, altered (including altering the context in which the Valuation Report is displayed) or reproduced by you without our prior written consent. You shall indemnify us against all claims, costs, losses and expenses that we may suffer as a result of such breach by you.

We hereby exclude all liability arising from use of and/or reliance on this Valuation Report by any person or persons except as otherwise set out in the terms of the Engagement and/or this Valuation Report.

9. Reliance

This Valuation Report may be relied upon only in connection with the Purpose of Valuation stated and only by:

- i. you;
- ii. any such other parties who have signed a Reliance Letter.

For the avoidance of doubt, the total aggregate limit of liability specified in the terms of the Engagement (the "Aggregate Cap") shall apply in aggregate to (i) you and (ii) any such other parties who have signed a Reliance Letter. Apportionment of the Aggregate Cap shall be a matter for you and such other third parties alone.

Notwithstanding the foregoing and paragraphs 7 and 8 above, in accordance with the Engagement and for the purposes of Prospectus Rule 5.5.3(R)(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Report complies with Rule 5.6.5G of the Prospectus Rules and paragraphs 128 to 130 of CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses no. 809/2004.

Except for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent provided under the Prospectus Rules, 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 accordance with the Valuation Report or our statement set out above required by and given solely for the purposes of complying with Annex 1, item 23.1 of Commission Regulation (EC) No 809/2004.

Signed for and on behalf of Cushman & Wakefield Debenham Tie Leung Limited.



Charles Smith MRICS

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RICS Registered Valuer
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APPENDIX A: RELEVANT TERMS OF THE ENGAGEMENT LETTER ("THE ENGAGEMENT")

Services Schedule – Valuation & Advisory

Type of Instructions:	Valuation and Advisory
Property Details:	<p>Three portfolios and two individual properties as set out below:</p> <p>Existing Portfolio – A portfolio of 138 properties valued for and held by Regional REIT Ltd (the “Client”) as at 30 June 2017 for accounts purposes (the “June 2017 Report”) as detailed in Appendix 1 (the “Existing Portfolio”).</p> <p>Newton Portfolio - A portfolio of 3 properties that are to be acquired by the Client from Northwood Investors as detailed in Appendix 2 (the “Newton Portfolio”).</p> <p>Archimedes Portfolio – A portfolio of 17 properties that are to be acquired by the Client as detailed in Appendix 3 (the “Archimedes Portfolio”).</p> <p>Equinox & Woodlands - Two properties that have been recently purchased by the Client as detailed in Appendix 4 (the “Equinox & Woodlands Property”).</p> <p>Collectively, the above are defined as the “Properties”, the “Portfolios” and/or the “Engagement Properties”.</p>
Client Instructions:	<p>The Client has instructed Cushman & Wakefield (“C&W”) to:</p> <ol style="list-style-type: none"> a. Existing Portfolio – provide reliance report on the June 2017 Report and to confirm if any material change has occurred in regards to the valuation of the legal interests in the Existing Portfolio and include a valuation of the Equinox & Woodlands Property as at 08 November 2017. b. Undertake a valuation of the legal interests in the Newton and Archimedes Portfolios as at 08 November 2017. c. For each of the Existing, Newton and Archimedes Portfolios provide individual valuation reports in the format referred to in the 'Scope of Services' section below (“Valuation Report”) for the following purpose of valuation (“Purpose of Valuation”): <ul style="list-style-type: none"> • for inclusion in a shareholder circular and prospectus which is to be published by the Client, in connection with the issue of new ordinary shares for cash to fund, among others, the acquisition of the Newton and Archimedes Portfolios and associated shareholder resolution.
Addressee:	The Valuation Report will be addressed to the “ Client ” and Peel Hunt LLP (the “ Addressees ”).
Timetable:	<p>C&W will provide:</p> <ol style="list-style-type: none"> a. final Valuations by 16 November 2017; and b. a final Valuation Report by 16 November 2017.
Period of Appointment:	N/A

Scope of Services:

Included in the Services are:

a. Valuation Report

Providing a Valuation Report that will be prepared in English. C&W will provide one electronic copy of the Valuation Report and, if requested, one signed hard copy. Where the Valuation Report is required to contain site plans these will be based on extracts of the Ordnance Survey or other maps showing, for identification purposes only, C&W's understanding of the extent of title based on site inspections or copy title plans supplied to C&W. The Client should not rely on C&W's plans to define boundaries.

As agreed, C&W will not provide full details of the valuation approach and reasoning in the Valuation Report. We will provide a summary schedule of Market Values as an appendix to the Valuation Report.

b. Currency

Providing a Valuation in UK pounds sterling (£).

c. Inspections

External inspection from ground level and an internal inspection of the Newton and Archimedes Portfolios only.

d. Floor Areas

Adopting floor areas provided to C&W by the Client for the purpose of the Valuation, (subject to the provisions of item 3 of the Assumptions).

e. Tenancies & Leasing

Reading the copy leases provided to C&W by the Client for the Newton Portfolio, subject to the provisions of item 4 of the Assumptions.

f. Environmental Matters (including Flooding)

Reviewing the relevant Local Authority websites regarding environmental matters, including contamination and flooding (subject to the provisions of item 5 of the Assumptions). For the avoidance of doubt, C&W will not undertake an environmental assessment or prepare a land quality statement, which would be the responsibility of an environmental consultant or chartered environmental surveyor. In this respect, C&W will have regard to any environmental reports provided to C&W by the Client (subject to the provisions of item 5 of the Assumptions).

g. Title

Reading a Certificate of Title for the Newton Portfolio where this is provided to C&W by the Client and C&W will reflect its contents in the Valuation (subject to the provisions of item 7 of the Assumptions).

C&W will not inspect the title deeds of the Engagement Properties.

Unless agreed in writing in advance with the Client, C&W will not obtain information from the Land Registry.

h. Condition of Structure & Services, Deleterious Materials and Ground Conditions

Taking into account the general condition of the Properties as observed from the inspection (subject to item 8 of the Assumptions). Where a separate condition or structural survey has been undertaken and made available by the Client to C&W, C&W will reflect the contents of the survey or condition report in the Valuation Report, but may need to discuss the survey or condition report with the originating surveyor.

i. Statutory Requirements and Planning

Making verbal or electronic enquiries of the relevant planning authorities as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values. C&W will also seek to ascertain whether any outstanding planning applications exist which may affect the Properties, and whether the Properties are listed or included in a Conservation Area. C&W will also attempt to verify the existing permitted use of the Properties, and endeavour to have sight of any copies of planning permissions. For the avoidance of doubt, C&W will not undertake formal searches.

j. Disclosures of incentives on new build residential property

Endeavouring to obtain a copy of the 'CML Disclosure of Incentives Form' which vendors of newly built residential property are required to complete in order to comply with their duty to disclose whether the sale price includes any incentives. C&W will take into account the contents of such a form in undertaking our valuation (subject to the provisions of item 14, of the Assumptions).

Where C&W is engaged to prepare a Valuation Report in connection with a proposed transaction in respect of the Properties, expressly excluded from the Services is the provision of any recommendation or otherwise by C&W as to whether to proceed with such a proposed transaction. Accordingly, the Client must not in any circumstances construe the Valuation Report as a recommendation whether or not to proceed with such a proposed transaction.

Basis of Appointment:

C&W confirms that:

- a.** The Valuation and Valuation Report will be prepared in accordance with the appropriate sections of the current edition of the RICS Valuation – Professional Standards (the "**Red Book**"). In this context "current edition" means the version of the Red Book in force at the Valuation Date. The Valuation will be compliant with International Valuation Standards ("**IVS**").
- b.** The Valuation will be the responsibility of Charles Smith MRICS, who is in a position to provide an objective and unbiased Valuation. The Valuation will be undertaken by a suitably qualified valuer, or valuers, who has or have the knowledge, skills and understanding to undertake the Valuation competently and who will act as "**External Valuer(s)**" (as defined in the RICS Red Book) qualified for the Purpose of Valuation.

C&W does not (and any affiliates of C&W do not) act as external valuers as defined under the Alternative Investment Fund Manager's Directive ("**AIFMD**") legislation, or its equivalent under local law. C&W expressly disclaims any responsibility or obligations under AIFMD and/or its equivalent unless expressly agreed in writing in advance by C&W.

- c. C&W have provided Regulated Purpose Valuations to the Client as at 31 December 2015, 30 June 2016, 31 December 2016 and 30 June 2017 for the Existing Portfolio.

C&W valued the Newton Portfolio (including the Woodlands Property) in 2012 and 2013 for annual accounts purposes for a previous owner not connected to the proposed transaction.

C&W have acted on behalf of a bank who provided loan security services to the vendor of the Newton Portfolio' (including the Woodlands Property), most recently in December 2016.

C&W have recently valued Woodlands and Equinox Property for secured lending purposes with the Client as the borrower.

The C&W Birmingham office advise the occupier of the first floor of Bennett House, Hanley, Stoke-on-Trent. The C&W London department will proceed with the valuation from our London office.

The C&W Global Occupier Services department act for the tenants at the following assets, which form part of the valuation:

- Calton House, Redheughs Rigg, Edinburgh (The Scottish Ministers (c/o The Scottish Prison Service))
- Ground Floor, Tasman House, Clydebank (Clydesdale Bank plc)
- North Esplanade West, Aberdeen (Clydesdale Bank plc)

The C&W office agency department act for a potential occupier at the following asset, which forms part of the valuation:

- 800 Aztec West Bristol

In addition to the above, the C&W Project Management and Consultancy department act on behalf of the previous tenant of 800 Aztec West, Bristol, an instruction which began prior to the Client acquiring this asset, in relation to outstanding dilapidations.

The above conflicts have been disclosed to both the Client during previous accounts valuations and to the respective tenants, and notwithstanding our involvement, we have obtained written consent from the Client and confirmation from the above tenants for C&W to continue providing the relevant advice and to proceed with the valuation.

A potential conflict has been identified in that C&W advised the vendor of the Newton Portfolios bank for loan review purposes within the previous 12 months. The Client and C&W agree that this potential conflict can be avoided by introducing arrangements for managing this instruction, which are as follows:

- Valuations to be undertaken by different surveying personnel in regards to the separate instructions.
- To keep the valuation/advisory files separate.
- C&W will undertake to neither seek discovery or recovery of valuation files from the separate surveying personnel.

- d. The proposed Valuation is a "**Regulated Purpose Valuation**" (as defined in the Red Book). C&W confirms that the Properties do not include any interests which have been acquired by the Client within the 12 months preceding the Valuation Date and

in respect of which C&W has either received an introductory fee or negotiated that purchase on behalf of the Client.

In accordance with the provisions of UK VS 4.2 of the Red Book, in terms of any future acquisitions, C&W would be unable to undertake a valuation of a property acquired by a C&W client within the twelve months preceding the Valuation Date if, in relation to that property, C&W received an introductory fee or negotiated the purchase on behalf of that client unless another firm, unconnected with C&W, has provided a valuation of that property for the client at the time of or since the transaction was agreed.

In accordance with PS 2.8 and UKVS 4 of the Red Book, the Valuation Report will set out the length of time Charles Smith has been the signatory to valuations provided to the Client for the same purpose as the Valuation Report, the length of time C&W has continuously been carrying out that valuation instruction for the Client, the extent and duration of C&W's relationship with the Client and the proportion of C&W's total fee income made up by the fees payable by the Client (to the nearest five percentage points). C&W will require these disclosures to be made in any published references to the Valuation Report.

C&W must seek to ensure there will be no potential conflicts of interest arising not only from C&W's involvement with the Properties and with the Client but also any related parties to the Client. Accordingly, the Client must advise C&W of any relevant parties connect to the Client's organisation.

Inclusion in a Prospectus:

a. The Valuation Report is required for inclusion in a prospectus (the "**Prospectus**") to be published by the Client, in connection with the issue of new ordinary shares for cash to fund, among others, the acquisition of the Newton and Archimedes Portfolios and associated shareholder resolution (the "**Listing**").

b. C&W understands that the final Prospectus, containing the final Valuation Report, will be approved by the FCA. C&W will therefore provide a final copy of the Valuation Report to be incorporated into the Prospectus, together with a consent letter (in the form set out in Part A of Appendix 6) by which C&W consents to the inclusion of the Valuation Report within the Prospectus and any supplementary prospectus provided that (i) C&W has first approved the form in which the Valuation Report is to appear within the Prospectus and (ii) the consent letter is factually correct.

c. In addition, C&W will provide a bringdown letter in the form set out in Part B of Appendix 6 (the "**Bringdown Letter**"), on:

- i) the date of publication of each of the Prospectus and any supplementary prospectus;
- ii) the date of admission to trading of the shares allocated in connection with the Listing.

such date to be notified to C&W by the Addressees, and address it to the Client and any person who we have allowed to rely on the Valuation Report for the Purpose of Valuation (excluding members of the general public). If necessary, and subject to agreement as to any additional fees, C&W will update and re-issue the Valuation Report to the Client.

d. C&W will include the following confirmation in the Valuation Report:

"For the purposes of Prospectus Rule 5.5.3(R)(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this

	<p><i>Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Report complies with Rule 5.6.5G of the Prospectus Rules and paragraphs 128 to 130 of CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses no. 809/2004."</i></p> <p>e. In addition to reproduction of the full text, other sections of the Prospectus may contain certain information extracted from the Valuation Report. If so, C&W will confirm in a letter whether such information has been properly and accurately extracted or computed from the Valuation Report (in the form set out in Part C of Appendix 6, the "Correct Extraction Letter").</p> <p>f. Except for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent provided under the Prospectus Rules, 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 accordance with the Valuation Report or our statement set out above required by and given solely for the purposes of complying with Annex 1, item 23.1 of Commission Regulation (EC) No 809/2004.</p>
Anticipated Expenses:	N/A

**Special and Additional
Terms:**
1. Basis of Valuation

In accordance with the Client's instructions, C&W will undertake the Valuation on the following basis

Market Value

The definition of the above basis is set out in Appendix 5 (the "**Definitions Schedule**").

2. Special Assumptions

N/A

3. Use of Valuation Report

The Valuation Report may be used only for the Purpose of Valuation referred to in item (b) of 'Client Instructions' in this Services Schedule.

4. Areas

Where C&W measures and calculates the floor areas, measurement will be in accordance with the RICS Professional Statement RICS Property Measurement 1st Edition 2015.

The RICS Practice Statement "RICS Property Measurement" (effective from 1 January 2016) requires office buildings to be measured in accordance with International Property Measurement Standards ("**IPMS**"), unless the Client confirms in writing that alternative methodology should be used. Unless the Client so instructs C&W otherwise in writing, C&W will assume that the Client does not require C&W to measure office buildings in accordance with IPMS on the basis that the Client has no use for such data given that at present it is rare for market activity to be based on IPMS measurements.

The areas C&W report will be appropriate for the Purpose of the Valuation, but should not be relied upon for any other purpose.

5. Group of Properties / Lotting

Unless C&W has confirmed otherwise in this Services Schedule, each property will be valued individually; in the case of a portfolio, C&W will assume that each of the properties would be marketed in an orderly way and not placed on the market at the same time.

6. Limitations

N/A

7. **Age of Building**

If C&W states the age of a building in the Valuation Report, this will be an estimate and for guidance only.

8. **Condition of Structure, Foundations, Soil & Services**

It is a condition of C&W or any related entity, or any qualified employee, providing advice and opinions as to value, that the Client and/or third parties (whether notified to C&W or not) accept that the Valuation Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services.

9. **Plant & Machinery**

No allowance will be made by C&W for any items of plant or machinery not forming part of the service installations of the building(s). C&W will specifically exclude all items of plant, machinery and equipment installed wholly or primarily in connection with any of the occupants' businesses. C&W will also exclude furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools, except where such items would ordinarily transfer to a prospective purchaser in the sale of a trading business as a going concern in accordance with VPGA4 of the Red Book.

10. **Goodwill**

No account will be taken by C&W in the Valuation of any business goodwill that may arise from the present occupation of the Properties, except where such business goodwill (excluding any personal goodwill) would ordinarily transfer to a prospective purchaser in the sale of a trading business as a going concern in accordance with VPGA4 of the Red Book.

11. **Statutory Requirements & Planning**

Please note the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required. Where a Client needs to rely upon the information given about town planning matters, the Client's legal advisers must be instructed to institute such formal searches. C&W recommends that the Client requests C&W to review its comments and Valuation in light of any resultant findings.

12. **Defective Premises Act 1972**

No allowance will be made by C&W for rights, obligations or liabilities arising under the Defective Premises Act 1972.

13. **Legal Issues**

Legal issues, and in particular the interpretation of matters relating to title and leases, may have a significant bearing on the value of an interest in property. No responsibility or liability will be accepted by C&W for the true interpretation of the legal position of the Client or any other parties in respect of the Valuation. Where C&W expresses an opinion on legal issues affecting the Valuation, then such opinion is subject to verification by the Client with a suitable qualified legal adviser.

14. Deduction of Notional Purchaser's Costs

The opinion of value which C&W will attribute to the Properties will be the figure C&W considers would appear in a contract for sale, subject to the appropriate assumptions for the Basis of Value reported. Where appropriate, C&W will make an allowance in respect of stamp duty and purchaser's costs.

The Client's attention is drawn to the fact that when assessing Market Value, Fair Value or Existing Use Value for balance sheet purposes, C&W will not include directly attributable acquisition or disposal costs in the Valuation. Where C&W is requested to reflect these costs, they will be stated separately.

15. Taxation & Disposal Costs

No adjustment will be made by C&W to reflect any liability to taxation that may arise on disposal, or development of the Properties nor for any costs associated with disposal incurred by the Owner. Furthermore, no allowance will be made by C&W to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

C&W's valuation figure for the Properties will be that receivable by a willing seller excluding VAT, if applicable.

16. Building Society Act 1986

C&W confirms that it is not disqualified under Section 13 of the Building Societies Act 1986 from reporting to the Client.

17. Properties in the Course of Development or Requiring Repair / Refurbishment and Recently Completed Developments

Unless specifically agreed in writing to the contrary, C&W's fee assumes that C&W will be provided with information relating to construction and associated costs in respect of both the work completed and the work necessary for completion, together with a completion date. Normally such figures will be provided by the professional advisers involved in the construction programme. Unless specifically instructed to the contrary in writing, C&W will rely on such figures, and the Client should make this fact known to such advisers. Alternatively, on request, C&W can arrange for independent quantity surveyors to provide an assessment at an additional fee charge. If the Valuation is for lending purposes, the Client is advised to seek independent advice and to consider the appointment of a project monitoring surveyor.

18. Monitoring

The compliance of the valuations undertaken in accordance with the Red Book may be subject to monitoring by the RICS under its conduct and disciplinary regulations.

19. Valuation Components

The components of C&W's valuation calculations (such as future rental values, cost allowances, or void periods) may only be appropriate as part of the valuation calculations and should not be taken as a forecast or prediction of a future

outcome. The Client should not rely on any component of the valuation calculations for any other purpose.

20. Trade Related Property

Valuation Practice Guidance Application 4 (VPGA 4) of the Red Book sets out examples of properties that are normally bought and sold on the basis of their trading potential. The essential characteristics of such a property is that it has been designed or adapted for a specific use and the value of that property reflects its trading potential. VPGA 4 relates only to the valuation of an individual property that is valued on the basis of trading potential. Where C&W is instructed to value a trade related property or business, C&W will apply the principles of VPGA 4 unless explicitly instructed to do otherwise and confirmed as appropriate in the Valuation Report.

Assumptions:

1. Assumptions

The Red Book contains a glossary that defines various terms used in the Red Book that have a special or restricted meaning. One such term is an assumption which is defined as "a supposition taken to be true" ("**Assumption**"). Accordingly in this context, C&W will make certain Assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, the Valuation that C&W will not verify as part of the valuation process but rather, in accordance with the definition in the Red Book, will treat as true. In the event that any of these Assumptions prove to be incorrect then the Valuation will need to be reviewed.

2. Confirmation of Assumptions

The Client's counter-signature of the Engagement Letter represents confirmation that all of the Assumptions referenced below, are correct.

The Client must promptly notify C&W in writing if any of the Assumptions are incorrect. Should any amendment to the Assumptions set out in the Services Schedule result in an increase in the scope of the Engagement this may result in an appropriate increase in C&W's fees and expenses due under the Engagement.

3. Areas

Where C&W is provided with floor areas, C&W will make an Assumption that the areas have been measured and calculated in accordance with the RICS Professional Statement RICS Property Measurement 1st Edition 2015.

4. Tenancies and Leasing

C&W's opinion of the Market Value will be subject to existing leases of which the Client or its advisors have made C&W aware but otherwise will reflect an Assumption of vacant possession. Where C&W has undertaken to read the leases and related documents provided to it, C&W will make an Assumption that copies of all relevant documents will be sent to C&W and that they are complete and up to date.

Where C&W relies on tenancy and lease information provided to it, unless such information reveals otherwise, C&W will make the Assumption that all occupational

leases are on full repairing and insuring terms, with no unusual or onerous provisions or covenants that would affect value.

C&W will make an Assumption that vacant possession can be given of all accommodation which is unlet or occupied by the entity/borrower or its employees on service tenancies. C&W will not take account of any leases between subsidiaries unless C&W states otherwise in the Services Schedule.

C&W will not undertake investigations into the financial strength of any tenants unless otherwise referred to in the Valuation Report. Unless C&W has become aware by general knowledge, or has been specifically advised to the contrary, C&W will make an Assumption that:

- a. where a property is occupied under leases then the tenants are financially in a position to meet their obligations, and
- b. there are no material arrears of rent or service charges, breaches of covenant, current or anticipated tenant disputes.

However, the Valuation will reflect a potential purchaser's likely opinion of the credit worthiness of the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation.

C&W will take into account any information the Client or its advisors provide concerning tenants' improvements. Otherwise, if the extent of tenants' alterations or improvements cannot be confirmed, C&W will make an Assumption that the Properties are let with all alterations and improvements evident during C&W's inspection (or, in the case of a Valuation without internal inspection, as described within the information provided by the Client).

C&W will also make an Assumption that wherever rent reviews or lease renewals are pending or impending, with anticipated reversionary changes, all notices have been served validly within the appropriate time limits.

5. Environmental Matters

If C&W's enquiries or any reports supplied to C&W indicate the existence of environmental problems without providing method statements and costings for remedial works, then C&W may not be able to issue a Valuation Report except on the Special Assumption that the Properties are assumed **NOT** to be affected by such environmental matters. In certain circumstances, the making of such a Special Assumption may be unrealistic and may be a Departure from the requirements of the Red Book. In these circumstances, the Valuation Report may include a recommendation that an investigation should be undertaken to quantify the costs and that subsequently the Valuation should be reviewed.

Where C&W's enquiries lead C&W to believe that the Properties are unaffected by contamination or other adverse environmental problems, including the risk of flooding, then, unless the Client instructs C&W otherwise, the Valuation will be based on an Assumption that no contamination or other adverse environmental matters exist in relation to the Properties sufficient to affect value.

If the Properties lies within or close to a flood plain, or has a history of flooding, C&W will make the Assumption that building insurance is in place and available to be renewed to the current or any subsequent owner of the Properties, without payment of an excessive premium or excess.

Depending on the nature of the investigations made and the information revealed, the Valuation Report may include a statement that, in practice, a purchaser might undertake further investigations and that if these revealed contamination or other adverse environmental problems, then this might reduce the value reported.

6. Mineral Rights

C&W will make an Assumption that any mineral rights are excluded from the Properties.

7. Title

Save as disclosed either in any Certificate of Title or unless specifically advised to the contrary by the Client or its legal advisers and as referred to in the Valuation Report, C&W will make the Assumption that there is good and marketable title in all cases and that the Properties are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoing. C&W will also make an assumption that the Properties are free from mortgages, charges or other encumbrances.

If verification of the accuracy of any site plans contained in the Valuation Report is required, the matter must be referred to the Client's legal advisers.

C&W will make the Assumption that roads and sewers serving the Properties have been adopted and that the Properties have all necessary rights of access over common estate roads, paths, corridors and stairways, and rights to use common parking areas, loading areas and other facilities.

8. Condition of Structure and Services, Deleterious Materials and Ground Conditions

Due regard will be paid by C&W to the apparent general state of repair and condition of the Properties, but a condition or structural survey will not be undertaken, nor will

woodwork or other parts of the structure which are covered, unexposed or inaccessible, be inspected. Therefore, C&W will be unable to report that the Properties are structurally sound or is free from any defects. C&W will make an Assumption that the Properties free from any rot, infestation, adverse toxic chemical treatments, and structural, design or any other defects other than such as may be mentioned in the Valuation Report.

C&W will not arrange for investigations to be made to determine whether any deleterious, hazardous or harmful materials (including but not limited to high alumina cement concrete or calcium chloride additive) have been used in the construction or any alterations, and therefore C&W will not be able to confirm that the Properties are free from risk in this regard. For the purposes of the Valuation, C&W will make an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

C&W will not carry out an asbestos inspection and will not act as an asbestos inspector in completing the valuation inspection of Properties that may fall within the Control of the Asbestos at Work Regulations 2002. C&W will not make an enquiry of the duty holder (as defined in the Control of Asbestos of Work Regulations 2002), of an existence of an Asbestos Register or of any plan for the management of asbestos to be made. Where relevant, C&W will make an Assumption that there is a duty holder, as defined in the Control of Asbestos of Work Regulations 2002 and that a Register of Asbestos and Effective Management Plan is in place, which does not require any immediate expenditure, or pose a significant risk to health, or breach the HSE regulations. C&W recommends that such enquiries be undertaken by the Client's legal advisers during normal pre-contract or pre-loan enquiries.

No mining, geological or other investigations will be undertaken by C&W to certify that the sites are free from any defect as to foundations. C&W will make an Assumption that all buildings have been constructed having appropriate regard to existing ground conditions or that these would have no unusual or adverse effect on building costs, property values or viability of any development or existing buildings. C&W will make an Assumption that there are no services on, or crossing the site in a position which would inhibit development or make it unduly expensive, and that there are no archaeological remains present, which might adversely affect the present or future occupation, development or value of the Properties.

No tests will be carried out by C&W as to electrical, electronic, heating, plant and machinery equipment or any other services nor will the drains be tested. However, C&W will make an Assumption that all building services (including, but not limited to lifts, electrical, electronic, gas, plumbing, heating, drainage, sprinklers, ventilation, air conditioning and security systems) and property services (such as incoming mains, waste, drains, utility supplies etc.) are in good working order and without any defect whatsoever.

9. Statutory Requirements and Planning

Save as disclosed in a Certificate of Title, or unless otherwise advised, C&W shall make the Assumption that all of the buildings have been constructed in full compliance with valid town planning and building regulations approvals and that where necessary, they have the benefit of current Fire Risk Assessments compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005. Similarly, C&W shall also make the Assumption that the Properties are not subject to any outstanding statutory notices as to construction, use or occupation and that all existing uses of the Property are duly authorised or established and that no adverse planning conditions or restrictions apply.

C&W shall make the Assumption that the Properties comply with all relevant statutory requirements.

Energy Performance Certificates ("**EPC**") must be made available for all properties, when bought or sold, subject to certain exemptions. If the Properties are not exempt from the requirements of this Directive C&W shall make an Assumption that an EPC is made available, free of charge, to a purchaser of all the interests which are the subject of the Valuation.

In addition, in England and Wales the Minimum Energy Efficiency Standards Regulations come into force in April 2018 and their effect will be to make it unlawful to rent out a premises with an EPC rating which, according to Government proposals issued in February 2015, falls below an E rating. C&W will ask the Client or its advisors for information relating to the EPC ratings of the Properties if the Properties are not exempt from these requirements. In any instance where C&W is not provided with an up to date EPC rating C&W will make the Assumption that the subject property meets the minimum requirements to enable it to be let after April 2018.

In Scotland, the Energy Performance of Non-Domestic Buildings (Scotland) Regulation 2016 (the "**Regulation**") requires that qualifying properties have an energy assessment completed and an action plan prepared prior to sale or leasing. If the Properties are not exempt from the requirements of the Regulation C&W shall make an Assumption that an energy assessment and action plan is made available, free of charge, to a purchaser of the interests which are the subject of the Valuation and that there is no capital expenditure required in order to comply with the requirements of the Regulation.

In any instance where C&W is to value Properties with the benefit of a recently granted planning consent, or on the Special Assumption that planning consent is granted, C&W will make an Assumption that it will not be challenged under Judicial Review. Such a challenge can be brought by anyone (even those with only a tenuous connection with the Properties, or the area in which it is located) within a period of three months of the granting of a planning consent. When a planning consent is granted subject to a Section 106 Agreement, the three month period commences when the Section 106 Agreement is signed by all parties.

If a planning consent is subject to Judicial Review, the Client must inform C&W and request C&W to reconsider its opinion of value. Advice would be required from the Client's legal advisers and a town planner, to obtain their opinion of the potential outcomes of such a Judicial Review, which C&W will reflect in its reconsideration of value.

10. Information

Notwithstanding the Terms of Business, C&W will make an Assumption that the information provided by the Client and/or its professional advisers and/or by the Borrower and/or its professional advisers in respect of the Properties to be valued is both full and correct. C&W will make an Assumption that details of all matters relevant to value within their collective knowledge, including but not limited to matters such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to it, and that such information is up to date.

If the Valuation is required for the purpose of purchase, loan security or other financial transaction, the Client accepts that full investigation of the legal title and any leases is the responsibility of its legal advisers.

Where comparable evidence is included in the Valuation Report, this information is often based on C&W's verbal enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where C&W had reason to believe its general accuracy or where it was in accordance with expectation. It is unlikely that C&W will have inspected comparable properties.

11. Landlord and Tenant Act 1987

The Landlord and Tenant Act 1987 (the "**Act**") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in a building where more than 50% of the floor space is in residential use. Where this is applicable, C&W will make an Assumption that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold or head leasehold interest, and therefore disposal into the open market is unrestricted.

12. Leasehold Reform Housing and Urban Development Act 1993 and Leasehold Reform Act 1967

If C&W value the freehold or leasehold interest in either blocks of flats or in houses, the following will apply. The Leasehold Reform Housing and Urban Development Act 1993, as amended by the Commonhold and Leasehold Reform Act 2002, or The Leasehold Reform Act 1967 (collectively the "**Act**") give certain rights to residential tenants to acquire either the freehold/leasehold interest in any building which qualifies under the Act, or the right to lease extension. If this is applicable, C&W shall make an Assumption that no residential tenants have elected under the provisions of that Act to acquire the freehold or head leasehold interests, nor have they elected to acquire a lease extension, unless the Client and/or its advisers specifically inform C&W to the contrary.

13. Properties in the Course of Development or Requiring Repair / Refurbishment and Recently Completed Developments

If the building is in the course of construction then the Valuation of the completed building will be based on an Assumption that all works of construction have been satisfactorily carried out in accordance with the building contract and specification, current British Standards and any relevant codes of practice. C&W will also make an Assumption that a duty of care and all appropriate warranties will be available from the professional team and contractors, which will be assignable to third parties.

Information requested from Client:	N/A
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Appendix 1 - Property Schedule

Existing Portfolio

PROPERTY	INTEREST	PROPERTY TYPE
Tasman House, Clydebank	Leasehold	Office
Caspian House, Mariner Court, Clydebank	Leasehold	Office
Gartsherrie Industrial Estate, Coatbridge	Leasehold	Industrial
Napier Court, Cumbernauld	Freehold	Industrial
Napier Place, Cumbernauld	Freehold	Industrial
Napier Way, Cumbernauld	Freehold	Industrial
Tollpark Place, Cumbernauld	Freehold	Industrial
Tollpark Road, Cumbernauld	Freehold	Industrial
Napier Road, Cumbernauld	Freehold	Industrial
Duncan McIntosh Road, Cumbernauld	Freehold	Industrial
Dunnswood Road, Cumbernauld	Freehold	Industrial
Wardpark Place, Cumbernauld	Freehold	Industrial
91-95 & 93-95 High Street, Dumfries	Freehold	Retail
32-38 Bank Street, Dumfries	Freehold	Retail
The Point, Saracen Street, Glasgow	Freehold	Industrial
Old Mill Studios, Old Rutherglen Road, Glasgow	Freehold	Office
Tay House, Bath Street, Glasgow	Leasehold	Office
The Commercial Centre, 101 Gorbals Street, Glasgow	Leasehold	Retail
Virginia Street, Glasgow	Freehold	Retail
Miller Street, Glasgow	Freehold	Retail
Venlaw Building, Bath Street, Glasgow	Freehold	Office
Elmbank Gardens, Glasgow	Freehold	Office
Mill House, Glasgow	Freehold	Office
Legal House, 101, Gorbals Street, Glasgow	Leasehold	Office
70 Commercial Road, Glasgow	Freehold	Office
Building 5, Templeton Street, Glasgow	Freehold	Office

PROPERTY	INTEREST	PROPERTY TYPE
Corner House, Templeton Street, Glasgow	Freehold	Office
Templeton House, Templeton Street, Glasgow	Freehold	Office
The White Studios, Templeton on the Green, Glasgow	Freehold	Office
West Stewart Street, Greenock	Leasehold	Retail
Car Park, Kilblain Street, Greenock	Leasehold	Other
Cortonwood Business Park, Barnsley	Freehold	Industrial
Sheldon Court, Birmingham	Freehold	Office
CGU House, Boar Lane, Leeds	Freehold	Office
Chancellor Court, The Calls, Leeds	Freehold	Office
9 Portland Street, Manchester	Freehold	Office
St Nicholas Chambers, Newcastle	Freehold	Office
The Side Car Park, The Side, Newcastle	Freehold	Other
Milburn House, Newceatle	Freehold	Office
St Brendans Court, Avonmouth	Freehold	Office
St James Court Building A, Bristol	Freehold	Office
St James Court Building B, Bristol	Freehold	Office
1 Temple Bank, Harlow	Freehold	Industrial
Westminister House, Leatherhead	Freehold	Office
Care House, Leatherhead	Freehold	Office
Atlantic House, Milton Keynes	Freehold	Industrial
Minton Place, Station Road, Swindon	Freehold	Office
Leo House, Railway Approach, Wallington	Leasehold	Office
Bennett House, Town Road, Hanley, Stoke on Trent	Freehold	Office
Festival Court, 198-200 Brand Street, Glasgow	Freehold	Office
Units 1-7 Crompton Way, Irvine	Freehold	Industrial
19 Union Terrace, Aberdeen	Freehold	Retail
1A & B Diamond Place, Aberdeen	Freehold	Other
12 Abrohill Shopping Centre, Cumbernauld	Freehold	Retail
85 St Vincent Street, Glasgow	Freehold	Retail

PROPERTY	INTEREST	PROPERTY TYPE
6 Renfield Street, Glasgow	Freehold	Retail
124-136 High Street, Falkirk	Freehold	Retail
10 London Street, Larkhall	Freehold	Retail
1 Bakers Brae, Lesmahagow	Freehold	Retail
10 Woodstock Road, Lanark	Freehold	Retail
Delta Centre, Gateside	Freehold	Industrial
Unit B, Fleming Court, Castleford	Freehold	Office
14/16 Rossmore Business Village, Ellesmere Port	Freehold	Office
Unit D & Unit F Telford Court, Chester	Freehold	Office
1-2 Whittle Court, Hanley, Stoke on Trent	Freehold	Office
15 Davy Court, Rugby	Freehold	Office
St Georges House, Cheltenham	Freehold	Office
Fairfax House, Wolverhampton	Freehold	Office
Gyleview House, Edinburgh	Freehold	Office
Calton House, Edinburgh	Freehold	Office
North Esplanade West, Aberdeen	Leasehold	Retail
Delta 1200 Delta Business Park, Swindon	Freehold	Office
Niceday House, Meridian Park, Andover	Freehold	Office
Donegal House, Tweedy Road, Bromley	Freehold	Office
Ewer House, 44/46 Crouch St, Colchester	Leasehold	Retail
Manor Road, Erith	Leasehold	Industrial
Imperial Business Park, Gravesend	Freehold	Industrial
158/159 Drury Lane, London	Freehold	Retail
Victory House Meeting House Lane, Chatham	Freehold	Office
St James' House, The Square, Bath	Freehold	Office
27/29 King St, Belper	Leasehold	Retail
2800 The Crescent, Solihull	Freehold	Office
Columbus House, Coventry	Freehold	Office
Total Petrol Filling Station Dysart Way, Leicester	Freehold	Retail

PROPERTY	INTEREST	PROPERTY TYPE
Mile End Road, Colwick	Freehold	Industrial
37 Stockwell Gate, Mansfield	Freehold	Retail
Broad St, Stafford	Freehold	Retail
Former Case Building, Bradford Road, Batley	Freehold	Industrial
Commercial Street & Wellington Arcade, Brighouse	Freehold	Retail
Land and Buildings, Green Lane, Felling, Gateshead	Freehold	Industrial
Lisbon Court, 120 Wellington St, Leeds	Freehold	Office
218-228 Newhall Road, Sheffield	Freehold	Industrial
Marston Business Park, Tockwith, Wetherby	Freehold	Industrial
Southfield Lane, Tockwith, Wetherby	Leasehold	Industrial
Grecian Crescent, Bolton	Leasehold	Industrial
Lansil Industrial Estate, Caton Road, Lancaster	Freehold	Industrial
Thames Industrial Estate, Manchester	Leasehold	Industrial
Site 1, Nasmyth Business Centre, Manchester	Freehold	Industrial
Thames Trading Estate Fairhills Road, Manchester	Freehold	Industrial
8 Eastbank Street, Southport	Freehold	Retail
Heathall Industrial Estate, Dumfries	Freehold	Industrial
Royal Burgh House, 380 King Street, Glasgow	Freehold	Office
Road 4 Winsford Industrial Estate, Winsford	Freehold	Industrial
1-4 Llansamlet Retail Park, Nantyffin Rd, Swansea	Leasehold	Retail
Century Way, Thorpe Park, Leeds	Freehold	Office
Eurotherm Unit, Faraday Close, Worthing	Freehold	Industrial
Skippingdale Trading Estate, Scunthorpe	Leasehold	Industrial
Hampshire Corporate Park, Chandlers Ford, Eastleigh	Freehold	Office
Lonsdale House, Birmingham	Freehold	Office
2 & 3 The Oaks, Coventry	Leasehold	Office
Salters Way, Cromwell Road, Wisbech	Freehold	Industrial
One and Two Newstead Court, Annesley	Freehold	Office
Stanley House, 58 Talbot Street, Nottingham	Freehold	Office

PROPERTY	INTEREST	PROPERTY TYPE
Rosalind House, Jays Close, Basingstoke	Leasehold	Office
Oaklands House, Manchester	Freehold	Office
Tower North, Leeds	Freehold	Office
James House, Leicester	Freehold	Office
Northern Cross, Basingstoke	Leasehold	Office
Tokenspire Business Park, Beverley	Freehold	Industrial
Buildings 2 & 3 HBOS Campus, Walton Street, Aylesbury	Freehold	Office
800 Park Avenue Aztec West, Bristol	Freehold	Office
The Genesis Centre, Birchwood Park, Warrington	Freehold	Office
Units A & B Forge House, 19-20 Carbrook Hall Road, Sheffield	Freehold	Office
Pheonix Business Park, Linwood, Paisley	Freehold	Office
Juniper Park, Southfield industrial Estate, Fenton Way, Basildon	Freehold	Industrial
Llandough Trading Estate, Penarth Road, Penarth	Freehold	Industrial
Maybrook Industrial Estate, Maybrook Road, Brownhills	Freehold	Industrial
Pitreavie Business Park, Pitreavie Way	Freehold	Industrial
Southview & Southstar, Blackness Road, Altens Industrial Estate	Leasehold	Industrial
Commercial Road, Bromborough	Leasehold	Industrial
Unit 6 Centrepoint, Marshall Stevens Way, Trafford Park, Manchester	Freehold	Industrial
Aspect Court, Pond Hill, Sheffield	Freehold	Office
30-34 Houndsgate, Nottingham	Freehold	Office
Strathclyde Business Park - Belhaven House, Bellshill	Freehold	Office
Strathclyde Business Park - Braidhurst House, Bellshill	Freehold	Office
Strathclyde Business Park - Carnbroe House, Bellshill	Freehold	Office
Strathclyde Business Park - Coltness House, Bellshill	Freehold	Office
Strathclyde Business Park - Dalziel House, Bellshill	Freehold	Office
Strathclyde Business Park - Murdostoun House, Bellshill	Freehold	Office

Appendix 2 - Property Schedule

Newton Portfolio

PROPERTY	INTEREST	PROPERTY TYPE
Vantage Point, 3 Cultins Road, Edinburgh, EH11 4DF	Heritable	Offices
Genesis Business Park, Albert Drive, Woking, GU21 5RW	Freehold	Offices
Turnford Place, Great Cambridge Road, Cheshunt, EN10 6NH	Freehold	Offices

Appendix 3 - Property Schedule

Archimedes Portfolio

PROPERTY	INTEREST	PROPERTY TYPE
Acorn Business Park, Leeds, LS16 6UF	Part FH / Part LLH	Offices
Albert Edward House, Preston, PR2 2YB	LLH	Offices
Alderstone Business Park, Livingston, EH54 7DF	Heritable	Offices
Antler Complex, Morley, LS27 0JG	Freehold	Offices
Birmingham Business Park 1720-1760, B37 7YN	Freehold	Offices
Century Park, Altrincham, WA14 5BJ	Freehold	Offices
City West Business Park, Durham, DH7 8ER	Freehold	Offices
Elmbridge Court, Gloucester, GL2 0XN	Freehold	Offices
Isis Business Centre, Oxford, OX4 2RD	Freehold	Offices
Mandale Business Park, Durham, DH1 1TH	Freehold	Offices
Market Dock, South Shields, NE33 1LE	Freehold	Offices
Miller Court, Tewkesbury, GL20 8DN	Freehold	Offices
Quadtech, Hemel Hempstead, HP2 7BA	Freehold	Offices
Ridge House, Stoke on Trent, ST1 5TL	Freehold	Offices
The Courtyard, Falkirk, FK1 1XR	Freehold	Offices
Tolvaddon Business Park, Cambourne, CB23 6DW	Freehold	Offices
Wakefield - Wakefield 41 Business Park	Freehold	Offices

Appendix 4 - Property Schedule

Equinox & Woodlands

PROPERTY	INTEREST	PROPERTY TYPE
Equinox North, Great Park Road, Almondsbury, BS32 4QL	Freehold	Offices
Woodlands Court, Ashridge Road, Bristol, BS32 4LB	Freehold	Offices

Appendix 5 - Definitions Schedule

1. Bases of Valuation:

Market Value	<p>Market Value as defined in VPS 4 1.2 of the RICS Valuation – Professional Standards 2014 (the "Red Book") and applying the conceptual framework which is set out in IVS Framework paragraphs 30-34. Under VPS 4.1.2.1, the term "Market Value" means:</p> <p><i>"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"</i></p> <p>The conceptual framework settled by the IVSC is set out in paragraphs 30-34 of the IVS Framework and is reproduced below:</p> <p><i>"30. The definition of market value shall be applied in accordance with the following conceptual framework:</i></p> <ul style="list-style-type: none"> <i>(a) "the estimated amount" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value;</i> <i>(b) "an asset should exchange" refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;</i> <i>(c) "on the valuation date" requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date;</i> <i>(d) "between a willing buyer" refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";</i> <i>(e) "and a willing seller" is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered</i>
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reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

- (f) "in an arm's length transaction" is one between parties who do not have a particular or special relationship, e.g. parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of **special value**. The **market value** transaction is presumed to be between unrelated parties, each acting independently;
- (g) "after proper marketing" means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonable obtainable in accordance with the **market value** definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the **valuation date**;
- (h) "where the parties had each acted knowledgeably, prudently" presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the **valuation date**. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the **valuation date**, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;
- (i) "and without compulsion" establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

31. The concept of **market value** presumes a price negotiated in an open and competitive market where the participants are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers, or could be one characterised by a limited number of market participants. The market in which the asset is exposed for sale is the one in which the asset being exchanged is normally exchanged (see paras 16 to 20 above).

32. The **market value** of an asset will reflect its highest and best use. The highest and best use is the use of an asset that maximises its potential and that is possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is

determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

33. *The highest and best use of an asset valued on a stand-alone basis may be different from its **highest and best use** as part of a group, when its contribution to the overall value of the group must be considered.*

34. *The determination of the highest and best use involves consideration of the following:*

(a) *to establish whether a use is possible, regard will be had to what would be considered reasonable by market participants,*

(b) *to reflect the requirement to be legally permissible, any legal restrictions on the use of the asset, e.g. zoning designations, need to be taken into account,*

(c) *the requirement that the use be financially feasible takes into account whether an alternative use that is physically possible and legally permissible will generate sufficient return to a typical market participant, after taking into account the costs of conversion to that use, over and above the return on the existing use."*

Market Rent	<p>Market Rent as defined in VPS 4.1.3 of the Red Book. Under VPS 4.1.3.1 the term "Market Rent" means "The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".</p> <p>Whenever Market Rent is provided the "appropriate lease terms" which it reflects should also be stated.</p> <p>The commentary from the Red Book is reproduced below:</p> <p><i>"1.3.2 The definition of market rent is a modified definition of market value; IVS 230 Real Property Interests paragraphs C8-C11 provide additional commentary.</i></p> <p><i>1.3.3 Market rent will vary significantly according to the terms of the assumed lease contract. The appropriate lease terms will normally reflect current practice in the market in which the property is situated, although for certain purposes unusual terms may need to be stipulated. Matters such as the duration of the lease, the frequency of rent reviews and the responsibilities of the parties for maintenance and outgoings will all impact the market rent. In certain countries or states, statutory factors may either restrict the terms that may be agreed, or influence the impact of terms in the contract. These need to be taken into account were appropriate.</i></p> <p><i>1.3.4. Market rent will normally be used to indicate the amount for which a vacant property may be let, or for which a let property be may relet when the existing lease terminates. Market rent is not a suitable basis for settling the amount of rent payable under a rent review provision in a lease, where the actual definitions and assumptions have to be used.</i></p> <p><i>1.3.5 Valuers must therefore take care to set out clearly the principal lease terms that are assumed when providing an opinion of market rent. If it is the market norm for lettings to include a payment or concession by one party to the other as an incentive to enter into a lease, and this is reflected in the general level of rents agreed, the market rent should also be expressed on this basis. The nature of the incentive assumed must be stated by the valuer, along with the assumed lease terms."</i></p>
Existing Use Value	<p>Existing Use Value as defined in UK Valuation Standard 1.3 of the Red Book and applying the conceptual framework of Market Value which is reproduced above together with the supplementary commentary which is included in items 2-5 of UK VS 1.3. Under UK VS 1.3, the term "Existing Use Value" is defined as follows:</p> <p><i>"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 where the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business, and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost".</i></p>

Projected Market Value of residential property	<p>Projected Market Value (PMV) as defined in UK Valuation Standard 3.3 of the Red Book. Under UKVS 3.3 the term "Projected Market Value" means: "The estimated amount for which an asset is expected to exchange at a date, after the valuation date and specified by the valuer, 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."</p> <p>The commentary from the Red Book is reproduced below:</p> <p><i>"1. The date specified by the valuer must be stated clearly whenever a PMV is provided. It should reflect the period that the valuer considers will be necessary for adequate marketing and the completion of negotiations.</i></p> <p><i>2. This basis should be used to provide clients with an estimated valuation in respect of a future exchange, assuming that marketing begins on the date that the valuation is prepared.</i></p> <p><i>3. The definition of PMV is based on market value, save for the stipulation that the valuer's estimate should reflect what the amount is forecast to be at a future, specified date. The IVS Framework, paragraphs 30-35, should therefore apply, with the exception that the phrase 'on the valuation date' is modified as follows:</i></p> <p><i>'... at a date, after the valuation date and specified by the valuer ...'</i></p> <p><i>The valuation date is the date on which the estimate is given, but represents the valuer's opinion of anticipated market changes during the period up to the specified date. It reflects facts, market sentiment and public forecasts existing at the valuation date. The PMV is therefore time-specific, as of a given date and, because markets and market conditions may change, may be incorrect or inappropriate at another time. The definition also assumes simultaneous exchange and completion of the contract for sale without any variation in price that might otherwise occur.</i></p> <p><i>4. PMV is designed to provide residential mortgage lenders with a simple numeric indication of the valuer's opinion of short-term market trends, and it must be used only for this purpose. It recognises that most reports for this purpose are based on a simple pro-forma, and that the degree of market analysis and commentary required in commercial lending situations is inappropriate.</i></p> <p><i>5. The purpose of PMV is simply to illustrate the valuer's opinion of whether the market is likely to fall, rise or remain static in the period that it is anticipated will be necessary to complete the sale. Values can change rapidly due to unpredictable events, thus an earlier provision of a PMV is not a substitute for a current market value."</i></p>
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2. Special Assumptions:

Special Assumptions	<p>The Glossary of the Red Book states that an Assumption <i>"that either assumes facts that differ from the actual facts existing at the valuation date, or that would not be made by a typical market participant in a transaction on the valuation date"</i> is a Special Assumption.</p>
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3. Trade Related Property:

Valuation Practice Guidance Application 4	VPGA4 defines certain terms in accordance with the valuation of trade related property. The definitions are referred to below:
Adjusted Net Profit	This is the valuer's assessment of the actual net profit of a currently trading operational entity. It is the net profit that is shown from the accounts once adjustments for abnormal and non-recurring expenditure, finance costs and depreciation relating to the property itself, as well as rent where appropriate, have been made. It relates to the existing operational entity and gives the valuer guidance when assessing the fair maintainable operating profit (FMOP).
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	This term relates to the actual operating entity and may be different from the valuer's estimated FMOP.
Fair maintainable operating profit (FMOP)	This is the level of profit, stated prior to depreciation and finance costs relating to the asset itself (and rent if leasehold), that the reasonably efficient operator (REO) would expect to derive from the fair maintainable turnover (FMT) based on an assessment of the market's perception of the potential earnings of the property. It should reflect all costs and outgoings of the REO, as well as an appropriate annual allowance for periodic expenditure, such as decoration, refurbishment and renewal of the trade inventory.
Fair maintainable turnover (FMT)	This is the level of trade than a REO would expect to achieve on the assumption that the property is properly equipped, repaired, maintained and decorated.
Market Rent	This is the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. Whenever market rent is provided the 'appropriate lease terms' that it reflects should also be stated.
Market Value	This is 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.
Operational entity	An operational entity usually includes: <ul style="list-style-type: none"> • the legal interest in the land and buildings • the trade inventory, usually comprising all trade fixtures, fittings, furnishings and equipment, and • the market's perception of the trading potential, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits <p>Consumables and stock in trade are normally excluded.</p>
Personal goodwill (of the current operator)	This is the value of profit generated over and above market expectations that would be extinguished upon sale of the trade related property, together with financial factors related specifically to the current operator of the business, such as taxation, depreciation policy, borrowing costs and the capital invested in the business.

Reasonably efficient operator (REO)	<p>This is a concept where the valuer assumes that the market participants are competent operators, acting in an efficient manner, of a business conducted on the premises. It involves estimating the trading potential rather than adopting the actual level of trade under the existing ownership, and it excludes personal goodwill.</p>
Tenant's capital	<p>This may include, for example, all consumables, purchase of the inventory, stock and working capital.</p>
Trade related property	<p>This is any type of real property designed for a specific type of business where the property value reflects the trading potential for that business.</p>
Trading potential	<p>This is the future profit, in the context of a valuation of the property, which an REO would expect to be able to realise from occupation of the property. This could be above or below the recent trading history of the property. It reflects a range of factors (such as the location, design and character, level of adaptation and trading history of the property within the market conditions prevailing) that are inherent to the property asset.</p>

1. Client Engagement

- 1.1 The Client appoints C&W to provide services on these Terms of Business and the terms set out in the Engagement Letter. Each Engagement Letter forms a discrete contract incorporating the latest version of these Terms of Business that have been provided to the Client (together an/the "**Engagement**").
- 1.2 The entire scope of the services to be provided as part of an Engagement ("**Services**") is set out in the Engagement Letter. Nothing shall bind C&W to perform any role or function other than as is documented in the Engagement Letter.
- 1.3 The Client shall provide all necessary co-operation to enable each member of the C&W Group to discharge its obligations in respect of all Applicable Laws, particularly those pertaining to 'know your client', anti-money laundering and the prevention of other financial crimes, and data protection.
- 1.4 C&W may sometimes require input from third parties to perform all or part of the Services. Where C&W intends to subcontract to a third party, C&W will seek the Client's consent before so subcontracting. The Client consents to the use of other members of the C&W Group and C&W Affiliates to provide all or part of the Services, and no further notification need be given in relation to such use. Except where C&W contracts third parties directly (otherwise than as the Client's agent), C&W shall not be responsible for supervising or monitoring the performance of third parties.

2. Definitions and Interpretation

- 2.1 In an Engagement the following terms shall have the following meanings:

"**Applicable Law**" means all applicable laws, regulations, regulatory requirements and codes of practice of any relevant jurisdiction, as amended and in force from time to time;

"**C&W**" means the member of the C&W Group that is a party to the Engagement Letter;

"**C&W Affiliate**" means a third party licenced by a member of the C&W Group to trade using the Cushman & Wakefield brand;

"**C&W Group**" means DTZ Worldwide Limited (company number 9073572) and any of its subsidiaries (within the meaning of section 1159 of the Companies Act 2006);

"**C&W Materials**" means all those materials owned by C&W and its licensors, and all Intellectual Property Rights owned by C&W and its licensors, whether before or after the date of the Engagement, but excluding the Service Materials;

"**Client**" means the addressee(s) of the Engagement Letter and excludes any third party who pays or may be responsible for paying any part of the Fees;

"**Client Materials**" means all those materials owned by the Client and its licensors, and all Intellectual Property Rights owned by the Client and its licensors, but excluding the Service Materials;

"**Document**" means any research, data or report provided by C&W as part of the Services;

"**Engagement Letter**" means the letter issued by C&W to the Client and identified as the engagement letter, which shall set out particular Services to be provided by C&W together with other terms and conditions that shall form part of the Engagement. Where the context permits, documents cross referenced and/or attached to the Engagement Letter shall form part of it;

"**Fees**" means the amounts specified as payable in the Engagement Letter, or otherwise calculated in accordance with the Engagement Letter;

"**Intellectual Property Rights**" means patents, trade marks, design rights, applications for any of the foregoing, copyright, database rights, trade or business names, domain names, website addresses, whether registrable or otherwise, (including applications for and the right to apply for registration of any such rights), know how, methodologies, and any similar rights in any country whether currently existing or created in the future, in each case for their full term, together with any renewals or extensions;

"**Relief Event**" means:

- (a) any delay or failure by the Client or a person acting on its behalf to perform any obligation of the Client under an Engagement;
- (b) the failure of any assumption set out in the Engagement Letter; and
- (c) any other event specified in the Engagement Letter;

"**RICS**" means the Royal Institution of Chartered Surveyors;

"**Services**" means the services to be provided to the Client by C&W as part of the Engagement, as specified in the Engagement Letter;

"**Service Materials**" means all those works, and all Intellectual Property Rights in works, that are created, provided, or which arise exclusively in the course of the provision of the Services to the Client;

"**Terms of Business**" means the terms set out in this document; and

"**Value Added Tax**" means value added tax as provided for in the Value Added Taxes Act 1994 and subordinated legislation made under it, or any similar sales or turnover tax in any jurisdiction.

- 2.2 Unless the context otherwise requires or the contrary intention appears, any reference to an enactment includes that enactment as amended or replaced, together with any subordinate legislation made under that or any other applicable enactment; and any reference to an English legal term includes, in respect of any jurisdiction other than England, a reference to what most nearly approximates in that jurisdiction to the English legal term.

- 2.3 Other than for notices to be given, references to "written" or "in writing" include e-mail. The words "including" and "in particular" and any similar words or expressions are by way of illustration and emphasis only and do not operate to limit the generality or extent of any other words or expressions. The words "subsidiary" and "holding company" have the meanings given in Section 1159 of the Companies Act 2006 (and Clause 2.2 shall not apply in relation to this sentence). The headings in these Terms of Business are for convenience only and do not affect their interpretation.

3. Fees, Expenses and Payments

Fees

- 3.1 In consideration of the provision of the Services, the Client shall pay the Fees. The Fees, or the method of calculating them, shall be as set out in the Engagement Letter.
- 3.2 Fees stated shall be exclusive of Value Added Tax which, where applicable, shall be charged to the Client at the prevailing rate. The Client agrees to pay to C&W any Value Added Tax in relation to the provision of the Services

provided that C&W has supplied a valid tax invoice as required by Applicable Law.

Expenses

- 3.3 The Client shall reimburse all out of pocket expenses and disbursements properly incurred by or on behalf of C&W in the performance of the Services ("**Expenses**") up to five hundred pounds (£500) per quarter. Before incurring any Expenses that would result in that limit being exceeded, C&W shall seek the Client's consent, in which case those further Expenses shall also be payable. Expenses may be invoiced at the same time as the Fees, or quarterly in arrears, at C&W's discretion.
- 3.4 The Client shall reimburse all marketing costs which shall, where relevant, be handled as follows:
- (a) C&W will inform the Client of any marketing costs proposed to be incurred on its behalf. C&W will provide cost estimates for any initial marketing campaign in the Engagement Letter, and further proposals if additional marketing is required.
 - (b) Cost estimates will be best estimates or based on actual quotations from suppliers. Final costs may differ from estimates provided. Advertising and printing rates provided will be from the publishers' rate cards current at the date of the marketing proposals. The Client shall pay any additional sum charged by the suppliers for the correction of mistakes in artwork or other advertising material not caused by the suppliers. The individual printer or supplier's terms will apply to all Client work placed with it. All costs are gross and C&W will retain the usual trade discounts offered by newspapers, periodicals or other media suppliers.
 - (c) The Client shall instruct all suppliers directly. In the event that C&W agrees to instruct any such supplier, C&W may require advance payment of anticipated costs to be incurred on the Client's behalf. Where the sum paid on account exceeds the actual costs incurred, such excess shall be repaid to the Client without interest once all invoices and accounts have been finalised and settled. Where the marketing costs exceed the sum paid, the Client shall pay the amount of any difference to C&W immediately on request.
 - (d) The Client shall reimburse all marketing costs incurred on its behalf as and when the costs are incurred, irrespective of completion of the transaction to which the Services relate.

Payment

- 3.5 C&W's invoices are payable from the date of each invoice, and are due for payment within fourteen (14) days. C&W may charge the Client interest on any amounts due but which have not been paid within this period (whether before or after judgment) at three percent (3%) per annum above the Bank of England base rate from time to time. Interest shall run from the date of the invoice until all outstanding sums have been paid in full in cleared funds.
- 3.6 The Client shall pay all sums by electronic bank transfer to the C&W bank account detailed in an invoice. C&W is unable to accept payment by cash or cheque.
- 3.7 The Client shall pay all sums payable to C&W in relation to the Engagement without set-off and free of any deduction.
- 3.8 If the Client is required by Applicable Law to make any deduction from any payment then it shall increase such

payment to ensure that C&W receives the same amount as it would have received if no deduction were required.

- 3.9 C&W may require payments to be made on account before commencing or completing all or part of the Services. In specifying on-account payments C&W may have regard to the nature and context of Services to be performed, and the likely timing and amounts of Expenses to be incurred.
- 3.10 C&W may, by giving written notice to the Client, suspend Service provision if any sum is not paid to C&W within the period specified in Clause 3.5, until all outstanding sums have been paid in full in cleared funds.
- 3.11 After completing an Engagement, C&W shall be entitled to keep any Client materials held by it while sums payable to it by the Client remain outstanding.
- 3.12 C&W may search the Client's record at credit reference agencies for the purposes of verifying the Client's identity and to assess whether the Client is able to fulfil its payment obligations in relation to the Engagement.

Client Monies

- 3.13 C&W handles client monies in accordance with RICS rules and regulations.

4. Client Obligations

- 4.1 The Client shall, as soon as reasonably practicable following a request, provide all information, assistance, approvals, and consents reasonably requested by C&W in relation to the performance of C&W's obligations in connection with the Engagement. The Client shall ensure that all information provided by or on behalf of the Client shall be complete and accurate in all material respects, and notify C&W as soon as reasonably possible on becoming aware that any information is incomplete, inaccurate or misleading.
- 4.2 The Client acknowledges that C&W:
- (a) is entitled to rely upon the completeness, accuracy, sufficiency and consistency of any information supplied to it by or on behalf of the Client; and
 - (b) shall have no liability for any inaccuracies contained in any information provided by or on behalf of the Client unless otherwise stated.
- 4.3 All estimations made by C&W are based on depth and quality of information provided by the Client and the Client shall not be entitled to assume that C&W has performed an inspection. The Client must take this into account in relation to all figures, calculations, and advice.
- 4.4 The Client shall check and confirm the accuracy and completeness of any property particulars prepared by C&W, and shall confirm that they are not misleading. The Client undertakes to notify C&W immediately if any particulars are or become inaccurate or incomplete.

5. Measurements

- 5.1 Where C&W is required to measure a property, it will do so in accordance with applicable measuring practices relevant to the property. If the Client requires C&W to adopt a particular measuring practice, it shall specify the same in writing before work starts. The Client acknowledges that the floor areas contained in any Document are approximate and if measured by C&W will be within a two percent (2%) tolerance either way. In cases where the configuration of the floor plate is unusually irregular or obstructed, this tolerance may be exceeded.
- 5.2 C&W is unable to measure areas to which it does not have access, in which cases floor area may be estimated from

plans or by extrapolation. Where land or site areas are measured, all areas will be approximate and will be measured from plans supplied or Ordnance Survey plans, rather than being checked on site.

6. Confidentiality

6.1 The Client consents to C&W announcing that it is providing or has provided the Services to the Client and using the Client's name in publicity. However, C&W shall not publish any details of any proposed or actual transaction (other than those which are publicly available) without prior consent, such consent not to be unreasonably withheld or delayed.

6.2 The Client shall keep confidential and not disclose to any other person (whether before or after termination or expiry of the Engagement):

- (a) any information received by it in respect of the methodologies and/or technologies used by C&W in providing the Services;
- (b) the details of the terms on which C&W provides the Services; and
- (c) any other information in respect of C&W's business activities which is not publicly available.

6.3 C&W shall, during the period commencing on the date of the Engagement and ending two (2) years following the earlier of the termination or completion of the Services, keep confidential and not disclose to any other person (whether before or after termination or expiry of the Engagement) any information in respect of the Client's business activities which comes into its possession as a consequence of C&W providing the Services and which is not publicly available.

6.4 A party shall not breach this Clause 6 by disclosing information, to the extent reasonably necessary:

- (a) where required to do so by Applicable Law or order of the courts, or by any securities exchange or regulatory or governmental body to which such party is subject or submits, wherever situated (whether or not the requirement for information has the force of Applicable Law); or
- (b) to the professional advisers, insurers, auditors and bankers of such party.

6.5 C&W shall not breach this Clause 6 by disclosing information to members of the C&W Group or C&W Affiliates in connection with the Engagement.

7. Data Protection and Data Handling

Data Protection

7.1 The Client appoints C&W as data processor in relation to personal data which C&W receives under or in connection with the performance of each Engagement and in respect of which the Client is a data controller.

7.2 In processing personal data pursuant to an Engagement, C&W shall:

- (a) unless otherwise requested by the Client, process personal data only to the extent, and in such manner, as is necessary for the provision of the Services;
- (b) ensure that appropriate technical and organisational measures shall be taken against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data;

(c) not disclose or transfer personal data to any person other than where strictly necessary for the provision of the Services;

(d) only cause or permit personal data to be transferred:

- (i) to members of the C&W Group and C&W Affiliates;
- (ii) to sub-contractors in accordance with Clause 1.4;
- (iii) to suppliers or sub-contractors appointed by a member of the C&W Group to support C&W's business administration and infrastructure; or
- (iv) to other sub-processors with the Client's prior consent (not to be unreasonably withheld or delayed),

and in all cases, only cause or permit personal data to be transferred outside the European Economic Area:

- (A) with the Client's prior consent (not to be unreasonably withheld or delayed); and
- (B) where the recipient benefits from a finding of adequacy of protection for personal data transferred from the European Union under article 25(6) of EU Directive 95/46/EC or has otherwise agreed European Union standard contractual clauses on data processing in countries outside the European Economic Area; and

(e) notify the Client without undue delay on becoming aware of a breach of data security which would be notifiable under applicable data protection law.

7.3 Where the Client is a public authority for the purposes of the Freedom of Information Act 2000 ("FOIA") as amended from time to time, the Client shall notify C&W of that fact at the start of the Engagement. The Client shall notify C&W within five (5) business days of receiving a request pursuant to the FOIA requesting information which relates to the business arrangements between C&W and the Client and/or any information C&W has provided to the Client at any time (whether or not in connection with the Engagement). In recognition of the fact that C&W may be providing the Client with confidential or commercially sensitive information, the Client agrees to consult with C&W and take into account C&W's views on all such requests, giving C&W reasonable notice to respond, before making any decision on whether any particular information should be disclosed.

7.4 The Client shall be responsible for C&W's reasonable and properly incurred charges in producing any documentation which the Client requires in order to comply with a request for disclosure under the FOIA. For the avoidance of doubt, the Client, not C&W, shall liaise with such third party.

Data Handling

7.5 The Client shall use all reasonable procedures to seek to ensure that any materials provided to C&W in any electronic format are virus free, and shall be responsible for using appropriate firewalls and anti-virus software.

7.6 The Client authorises C&W to communicate with any person C&W reasonably requires in providing the Services. C&W may release to such person any information reasonably necessary to perform the Services and which it has obtained during the Engagement. C&W shall not be liable for any use made of that information.

- 7.7 C&W keeps its Engagement files for six (6) years after issue of C&W's final invoice. The Client consents to the deletion and destruction of all Engagement files upon the expiry of that period unless the Client has requested in writing the return of Client papers or documents during that period. C&W shall not be liable for any loss arising out of the destruction of documents occurring more than six (6) years after the date of final invoice.
- 8. Documents and Reliance**
- 8.1 C&W will take reasonable care in the preparation of any Document. Any opinions expressed in a Document constitute C&W's judgement, and data upon which this judgement is based are believed to be correct as at the date of the Documents (but may be subject to change during the life of the project and beyond and as new information becomes available). C&W reserves the right to change the underlying data, and its opinions, without prior notice in the light of revised market opinion and evidence, but shall not be required to update any Document already provided.
- 8.2 Subject to Clause 8.3, the provision of the Services is for the Client's benefit only and no part of any Document or advice produced by C&W for the Client shall be reproduced, transmitted, copied or disclosed to any third party without the prior written consent of C&W. C&W shall not be liable to any third party placing reliance upon any such Document or advice.
- 8.3 The Client may permit other persons to use C&W's Documents only with C&W's written consent and where such other persons have entered into a written agreement with C&W in relation to such use ("**Reliance Letter**"). C&W expressly disclaims any tortious duty of care (e.g., in negligence) to any third party in relation to any Document or advice provided in connection with an Engagement, and the Client shall not permit any person to rely upon such Document or advice unless that person has first entered into a Reliance Letter. Any limitation on C&W's liability set out in these Terms of Business or the Engagement Letter shall apply in aggregate to the Client and any party entering into a Reliance Letter.
- 8.4 Where the Client provides a copy of a Document to another person, or permits a person to rely upon a Document, the Client indemnifies and holds harmless C&W from and against any liability arising out of that person's use or reliance on that Document except where a Reliance Letter has been entered into by such person.
- 8.5 Where the Client acts on behalf of a syndicate or in relation to a securitisation, the Client agrees that it is not entitled to pursue any greater claim on behalf of any other person than it would have been entitled to pursue on its own behalf had there been no syndication or securitisation.
- 9. Service Quality**
- 9.1 In carrying out the Services, C&W shall exercise the reasonable care and skill to be generally expected of a competent provider of services similar in scope, nature and complexity to the Services.
- 9.2 In the event that the Client is dissatisfied with the provision of the Services by C&W it must refer such complaint in the first instance to the C&W representative named in the Engagement Letter in accordance with the provisions of C&W's complaints procedure current at the time of the complaint. C&W shall supply to the Client a copy of the complaints procedure upon the request of the Client.
- 9.3 No implied terms shall apply under and/or in connection with the Engagement, and no other express warranties are given - all such terms are expressly excluded to the extent permitted by Applicable Law.
- 9.4 C&W is certified as ISO9001:2008, ISO14001, and OHSAS18001 compliant.
- 10. Conflicts of Interest and Anti-Corruption**
- 10.1 C&W maintains conflict management procedures designed to govern actual or potential conflicts of interest. If the Client becomes aware of a possible conflict, it shall inform C&W immediately. If a conflict arises, then C&W will decide, taking account of legal constraints, relevant regulatory rules and the clients' interests and wishes, whether it can continue to act for both parties (e.g., through the use of ethical walls), for one only, or for neither. Where C&W does not believe that any potential or actual conflict can be managed appropriately and in accordance with C&W policy (available upon request), it will inform all clients affected and consult with them as soon as reasonably practicable as to the steps to take.
- 10.2 The Client acknowledges that C&W may earn commissions and referral fees, and may charge handling fees connected to the services that it performs, and agrees that C&W shall be entitled to retain them without specific disclosure. C&W will not accept any commissions or referral fees in circumstances where it is of the reasonable belief that they would compromise the independence of any advice that it provides.
- 10.3 It is not C&W policy to provide any services for financial gain either directly or through connected persons, to a prospective purchaser or tenant in respect of a property for which C&W is instructed as agents by the seller/owner, until unconditional contracts have been exchanged. C&W will notify the Client if it is instructed by a prospective purchaser or tenant to provide such services where the Client is the seller/owner.
- 10.4 C&W and the Client each confirms that it will not, and will procure that its employees will not, knowingly engage in any activity which would constitute a breach of applicable Anti-Bribery & Corruption Laws. C&W confirms that it has in place a compliance and training programme designed to ensure compliance with the terms of applicable Anti-Bribery & Corruption Laws.
- 10.5 For the purposes of this Clause 10, "**Anti-Bribery & Corruption Laws**" means the Bribery Act 2010, the US Foreign Corrupt Practices Act 1977 and any other applicable legislation prohibiting bribery and corruption involving public or private persons.
- 11. Liability and Insurance**
- 11.1 Notwithstanding any contrary provision, neither party limits or excludes its liability in respect of:
- any death or personal injury caused by its negligence;
 - any fraud or fraudulent misrepresentation; or
 - any statutory or other liability which cannot be limited or excluded under Applicable Law.
- 11.2 C&W shall not be liable for any:
- indirect or consequential loss (even where the parties are aware of the possibility of any such loss at the date of the Engagement);
 - loss of profits or revenue of the Client generally;
 - loss of goodwill, reputation or opportunity;
 - loss of or corruption of data, or loss resulting from the Client's receipt of information, data, or

- communications supplied or sent by C&W electronically;
- (e) pure economic loss suffered by the Client or persons other than the Client, arising out of a tortious duty of care (e.g., in negligence) or otherwise;
- (f) acts or omissions of third parties (other than where contracted directly by C&W otherwise than as the Client's agent); or
- (g) delay caused by its duty to comply with legal and regulatory requirements (such as anti-money laundering checks),
- in each case arising out of or in connection with an Engagement or any breach or non-performance of it no matter how fundamental (including by reason of negligence or breach of statutory duty). The parties agree that each of sub-clauses (a) to (g) (inclusive) above are separate terms and are intended to be severable.
- 11.3 C&W's total aggregate liability arising under or in connection with an Engagement or any breach or non-performance no matter how fundamental (including by reason of negligence or breach of statutory duty) in contract, tort or otherwise shall be limited in all circumstances to an amount equal to the lesser of:
- (a) five (5) times the Fees paid or payable by or on behalf of the Client to C&W in relation to the Engagement; or
- (b) two million pounds sterling (£2,000,000).
- 11.4 Subject always to Clauses 11.2 and 11.3, where an Engagement involves C&W being appointed as part of a project team, liability for loss and/or damage arising under or in connection with the Engagement shall be limited to that proportion of the Client's loss and/or damage which it would be just and equitable to require C&W to pay having regard to the extent of C&W's responsibility for the same and on the basis that:
- (a) all other Client consultants and contractors shall be deemed to have provided contractual undertakings, on terms no less onerous than those set out in the Engagement, to the Client in respect of the performance of their services in connection with the project;
- (b) there are no exclusions of or limitation of liability nor joint insurance or co-insurance provisions between the Client and any other party referred to above; and
- (c) they shall be deemed to have paid to the Client such proportion which would be just and equitable for them to pay having regard to the extent of their responsibility.
- 11.5 No actions or proceedings arising under or in respect of the Engagement or documents signed in connection with it shall be commenced against C&W after six (6) years after the date of the final invoice in relation to the Engagement.
- 11.6 C&W shall effect and maintain, during the Engagement and for a period of six (6) years after issue of C&W's final invoice, professional indemnity insurance with a limit of indemnity of £10million provided always that such insurance remains available at commercially reasonable rates, together with such other insurance as is required to be maintained in accordance with Applicable Law.
- 11.7 Further to Clause 1.2, nothing appoints or obliges C&W to act as an External Valuer as defined under the Alternative Investment Fund Managers Directive ("AIFMD") legislation, or its equivalent under local law. C&W expressly disclaims any responsibility or obligations under AIFMD and/or its equivalent unless expressly agreed in writing by C&W. Where C&W provides valuation advice to an entity that falls within the scope of AIFMD ("Fund"), its role will be limited solely to providing valuations of property assets held by the Fund. Responsibility for the valuation function for the Fund and the setting of the net asset value of the Fund will remain with others. C&W's Document will be addressed to the Fund for internal purposes and third parties may not rely on it. C&W's aggregate liability howsoever arising out of such instruction is limited in accordance with these Terms of Business.
- 11.8 C&W shall not be responsible for the management of any property the subject of an Engagement, and shall have no other responsibility (such as for maintenance or repair) in relation to nor shall C&W be liable for any damage occurring to any such property.
- 12. Termination**
- 12.1 Either party may terminate the Engagement at any time on not less than thirty (30) days written notice, for convenience without cause.
- 12.2 Either party may terminate the Engagement at any time on written notice, either immediately or following such notice period as it shall see fit if the other party:
- (a) is in material breach of the Engagement, and such breach is irremediable;
- (b) commits any remediable material breach of the Engagement and fails to remedy such breach within a period of thirty (30) days from the service on it of a notice specifying the material breach and requiring it to be remedied (or, having so remedied, subsequently commits a similar breach within the next thirty (30) days); or
- (c) ceases or threatens to cease to carry on business, is found unable to pay its debts within the meaning of the Insolvency Act 1986 section 123, has an administrator, receiver, administrative receiver or manager appointed over the whole or any part of its assets, enters any composition with creditors generally, or has an order made or resolution passed for it to be wound up (otherwise than in furtherance of any scheme for solvent amalgamation or solvent reconstruction) or undergoes any similar or equivalent process in any jurisdiction.
- 12.3 C&W may terminate the Engagement immediately upon written notice if the Client has failed to pay an invoice within thirty (30) days of the date of such invoice.
- 12.4 On termination of the Engagement, the Client shall pay to C&W:
- (a) Fees for the Services it has performed (on a pro rata basis having regard to the Fees payable for the completion of the Engagement, the expected duration of the entire Engagement and the Services performed prior to termination, unless otherwise specified);
- (b) any Expenses properly incurred in accordance with Clause 3.3, and marketing costs incurred in accordance with Clause 3.4, on or before the effective date of the termination; and
- (c) where the right is exercised by the Client, any additional sums set out in the Engagement Letter as being payable upon termination.

- 12.5 If a party, acting in good faith, exercises a right of termination, its subsequent failure or refusal to perform all or any of its current or future obligations in connection with an Engagement shall not be a breach of an Engagement (whether repudiatory or otherwise).
- 13. Intellectual Property**
- 13.1 All Service Materials shall vest in the Client on creation. C&W hereby assigns the Service Materials to the Client together with the right to sue for and recover damages or other relief in respect of the infringement of any Service Materials by a third party. In relation to future copyright, this shall take effect as a present assignment of future rights.
- 13.2 The Client grants to C&W a worldwide, fully paid-up, non-exclusive, transferable (to a member of the C&W Group) licence to use, copy and modify the Client Materials and Service Materials to the extent necessary and for the purpose of providing the Services to the Client and performing its other obligations in relation to an Engagement.
- 13.3 C&W and its licensors shall retain all right, title and interest in and to the C&W Materials. The Client and its licensors shall retain all right, title and interest in and to the Client Materials.
- 14. Non-Solicitation**
- 14.1 Neither party shall (except with the other party's prior written consent) directly or indirectly solicit or entice away (or attempt to solicit or entice away) from the employment of the other, any employee or contractor working on an Engagement, and shall not offer employment to any employee working on an Engagement, for a period of six (6) months following the end of any involvement by that person with an Engagement. This shall not prohibit a party from offering employment to an employee or contractor of the other who has responded to an advertising campaign open to all comers and not specifically targeted at any of its employees or contractors.
- 14.2 In the event that a party breaches Clause 14.1, the other party shall be entitled to be paid compensation of six (6) months' salary or fees of the employee or contractor concerned. The parties agree that this is a genuine pre-estimate of loss taking into account the cost of recruitment and training of staff, and is agreed on a commercial basis between the parties.
- 15. Notices**
- 15.1 Any notice or other information to be given by either party to the other under the terms of an Engagement shall be given by:
- (a) delivering it by hand; or
 - (b) sending it by pre-paid registered post,
- to the other party at the address given in Clause 15.3.
- 15.2 Any notice or information sent by post in the manner provided by Clause 15.1(b) which is not returned to the sender as undelivered shall be deemed to have been given on the second day after it was so posted; and proof that the notice or information was properly addressed, pre-paid, registered and posted, and that it has not been returned to the sender, shall be sufficient evidence that the notice or information has been duly given.
- 15.3 The address of either party for service for the purposes of this Clause 15 (but excluding legal proceedings) shall be that of its registered or principal office, or such other address as it may last have notified to the other party in writing from time to time. Notices to C&W must be addressed to EMEA General Counsel to be valid.
- 16. No Waiver, Partnership or Joint Venture**
- 16.1 No waiver of any right in connection with an Engagement (including rights to sue for breach) shall operate or be construed as a waiver of any other or further right whether of a like or different character, or be effective unless in writing duly executed by an authorised representative of the affected party. The failure to insist upon the performance of the terms, conditions and provisions of the Engagement, or time or other indulgence granted by one party to another, shall not act as a waiver of any breach, as acceptance of any variation, or as the relinquishment of any right in connection with the Engagement, which shall remain in full force and effect.
- 16.2 Each right or remedy of a party to an Engagement is without prejudice to any other right or remedy of that party.
- 16.3 The Engagement shall not be interpreted or construed to create an association, joint venture or partnership between the parties, or to impose any partnership obligation or liability upon either party.
- 17. Force Majeure and Relief**
- 17.1 If either party is prevented or hindered from performing any of its obligations in connection with an Engagement by reason of circumstances outside its reasonable control, that party ("**Claiming Party**") shall as soon as reasonably possible serve notice in writing on the other party specifying the nature and extent of the circumstances preventing or hindering it from performing its obligations.
- 17.2 Subject to the Claiming Party serving notice in accordance with Clause 17.1, the Claiming Party shall have no liability in respect of any delay in performance or any non-performance of any such obligation (save for any payment obligation which shall continue in full force and effect), and the time for performance shall be extended accordingly to the extent that the delay or non-performance is due to such circumstances.
- 17.3 The Client agrees that C&W shall be excused from its failure to perform or delay in performing any affected obligation in connection with the Engagement to the extent that such failure results from a Relief Event. C&W shall be entitled to a reasonable extension of time in relation to any affected obligation, and to recover reasonable additional costs incurred by it, as a result of a Relief Event.
- 18. Illegality/Severance**
- If any provision is declared by any competent court or body to be illegal, invalid or unenforceable under the law of any jurisdiction, or if any enactment is passed that renders any provision illegal, invalid or unenforceable under the law of any jurisdiction, this shall not affect or impair the legality, validity or enforceability of the remaining provisions relating to an Engagement, nor the legality, validity or enforceability of such provision under the law of any other jurisdiction.
- 19. Assignment and Novation**
- 19.1 Neither party may at any time, without the prior written consent of the other party, assign all or any part of its rights and/or obligations relating to an Engagement. Notwithstanding the previous sentence, C&W may assign/novate (as applicable) all or any part of its rights and/or obligations in connection with an Engagement to any other member of the C&W Group, without the Client's prior written consent.
- 19.2 Each Engagement shall inure to the benefit of, and be binding upon, the parties' successors and permitted assignees.

20. Further Assurance

Each party shall at all times from the date of the Engagement Letter, on being required to do so, at its own expense do or use reasonable endeavours to procure the doing by any necessary third parties of all such acts as may be required to give full effect to the terms of the Engagement including the execution and delivery of all deeds and documents.

21. Governing Law and Dispute Resolution

- 21.1 In the event of a dispute arising out of or connection with an Engagement, a party contemplating instigating legal proceedings shall notify the other party of that fact not less than fourteen (14) days before issuing such proceedings. Either party may, upon receipt of notice or otherwise, apply to the President or the Vice President, for the time being, of the Chartered Institute of Arbitrators, for the appointment of a single arbitrator, for final resolution. The arbitration shall be governed by both the Arbitration Act 1996 and the Rules of Controlled-Cost Arbitration of the Chartered Institute of Arbitrators (2014 Edition), or any amendments thereof, which Rules are deemed to be incorporated by reference into this clause. The seat of the arbitration shall be England.
- 21.2 Clause 21.1 shall not prohibit a party from applying to the court, and shall not require such party to serve notice prior to applying, for interim injunctive relief.
- 21.3 Each Engagement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) are governed by and shall be construed in accordance with English law. The parties submit to the non-exclusive jurisdiction of the English courts for all purposes relating to and in connection with each Engagement and any such dispute or claim.

22. Third Party Rights

- 22.1 To the extent that any loss, damage or expense is suffered or incurred by a member of the C&W Group, the parties agree that such loss, damage or expense shall be deemed to be the loss, damage or expense of C&W, and such loss shall be fully recoverable from the Client as if the loss, damage or expense was suffered or incurred by C&W directly.
- 22.2 Provided that Clause 22.1 remains valid and in full force and effect, no term of the Engagement is intended for the benefit of a third party and the parties do not intend that any term of the Engagement shall be enforceable by a third party either under the Contracts (Rights of Third Parties) Act 1999 or otherwise. If Clause 22.1 for any reason is or becomes illegal, invalid or unenforceable, then the rights under each Engagement shall be enforceable by any member of the C&W Group.

23. Entire Agreement

- 23.1 The Engagement constitutes the entire agreement and understanding between the parties relating to the transactions contemplated by or in connection with it and the other matters referred to in the Engagement and supersedes and extinguishes any other agreement or understanding (written or oral) between the parties or any of them relating to the same.
- 23.2 Each party acknowledges and agrees that it does not rely on, and shall have no remedy in respect of, any promise, assurance, statement, warranty, undertaking or representation made (whether innocently or negligently) by any other party or any other person except as expressly set out in the Engagement. The Client's sole remedy in relation

to any act or omission of C&W relating to or in connection with the Engagement shall be for breach of contract.

24. Miscellaneous Terms

- 24.1 Each party warrants and represents that it has power to enter into the Engagement and that it has obtained all necessary consents and/or approvals to do so.
- 24.2 The Client agrees that C&W shall be entitled to rely upon instructions given by any employee or other representative of the Client, and any person holding themselves out as having the authority to give such instructions.
- 24.3 Where the Client comprises two or more persons their liability in relation to the Engagement shall be joint and several.
- 24.4 Clauses 1, 2, 3, 4.2, 4.3, 6, 7, 8, 9.3, 10.4, 10.5, 11, 12.4, 12.5, 13 to 16 (inclusive), 18 and 20 to 24 (inclusive) of these Terms of Business shall survive termination of the Engagement.
- 24.5 The Client agrees and acknowledges that the Engagement is between the Client and C&W, and that the Client shall have no right to make any claim against any member (partner), director, employee, agent, or contractor of C&W, any other member of the C&W Group or any C&W Affiliate.
- 24.6 In accordance with the Provision of Services Regulations 2009, C&W is required to make available certain information to Clients which can be found [here](#).
- 24.7 In accordance with Section 54, Part 6 of the Modern Slavery Act 2015, details of the measures C&W has taken to ensure that slavery and human trafficking is not taking place in its supply chains or in any part of its business can be found [here](#).

Cushman & Wakefield Terms of Business (UK)
(Version 1.01 – April 2017)

APPENDIX B: LIST OF ADDRESSES, TENURE & USE AS AT 08 NOVEMBER 2017

Town	Address	Use	Tenure
Leeds	Acorn Business Park, Leeds, LS16 6UF	Offices	Part Freehold / Part Leasehold
Preston	Albert Edward House, Preston, PR2 2YB	Offices	LLH
Livingston	Alderstone Business Park, Livingston, EH54 7DF	Offices	Heritable
Morley	Antler Complex, Morley, LS27 0JG	Offices	Freehold
Birmingham	Birmingham Business Park 1720-1760, B37 7YN	Offices	Freehold
Altrincham	Century Park, Altrincham, WA14 5BJ	Offices	Freehold
Durham	City West Business Park, Durham, DH7 8ER	Offices	Freehold
Gloucester	Elmbridge Court, Gloucester, GL2 0XN	Offices	Freehold
Oxford	Isis Business Centre, Oxford, OX4 2RD	Offices	Freehold
Durham	Mandale Business Park, Durham, DH1 1TH	Offices	Freehold
South Shields	Market Dock, South Shields, NE33 1LE	Offices	Freehold
Tewkesbury	Miller Court, Tewkesbury, GL20 8DN	Offices	Freehold
Hemel Hempstead	Quadtech, Hemel Hempstead, HP2 7BA	Offices	Freehold
Stoke	Ridge House, Stoke on Trent, ST1 5TL	Offices	Freehold

Town	Address	Use	Tenure
Falkirk	The Courtyard, Falkirk, FK1 1XR	Offices	Freehold
Camborne	Tolvaddon Business Park, Camborne, CB23 6DW	Offices	Freehold
Wakefield	Wakefield - Wakefield 41 Business Park	Offices	Freehold

APPENDIX C: ABBREVIATIONS

ERV	Estimated Rental Value
GIA	Gross Internal Area
IPMS	International Property Measurement Standards
NIA	Net Internal Area
PROMIS	Property Market Information Service (an authoritative real estate database produced by PMA Services)
PS	Professional Standard
RICS	Royal Institution of Chartered Surveyors
UKVS	United Kingdom Valuation Standard
VPGA	Valuation Practice Guidance Application
VPS	Valuation Professional Standard
WAULT	Weighted Average Unexpired Lease Term
WAEPC	Weighted Average Energy Performance Certificate

APPENDIX D: SOURCES OF INFORMATION

Sources of Information

In addition to information established by us, we have relied on the information obtained from you and / or your professional advisers, as listed below:

Information	Source / Author	Date
Leasing information	London & Scottish	November 2017
Rating assessments	VOA	November 2017
Service charge information	Gerald Eve	November 2017
Details of irrecoverable outgoings	Gerald Eve	November 2017
Details of current negotiations in hand, including rent reviews, dilapidation claims, details of any CPOs, highway schemes, outstanding requirements under legislation or similar	London & Scottish	November 2017
Details of recent, current or proposed marketing of the Engagement Properties and offers received	London & Scottish	November 2017



**CUSHMAN &
WAKEFIELD**

About Cushman & Wakefield

Cushman & Wakefield is a leading global real estate services firm that helps clients transform the way people work, shop and live. The firm's 43,000 employees in more than 60 countries provide deep local and global insights that create significant value for our clients. Cushman & Wakefield is among the largest commercial real estate services firms, with core services of agency leasing, asset services, capital markets, facility services, global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation and valuation & advisory. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

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PART 11

CAPITALISATION AND INDEBTEDNESS

Introduction

The capitalisation and indebtedness of the Company as at 30 June 2017 and 30 September 2017, respectively is set out below.

Capitalisation

The table below sets out the Company's capitalisation as at 30 June 2017 which has been extracted, without material adjustment, from the 2017 Unaudited Interim Financial Statements.

	<i>£'000</i>
Share capital	299,880
Retained earnings	22,118
Total	<u>321,998</u>

There has been no material change in the capitalisation of the Company since 30 June 2017.

Indebtedness

The table below sets out the indebtedness of the Company as at 30 September 2017 which has been sourced from the Company's internal accounting records.

	<i>£'000</i>
Total current debt	
Guaranteed	–
Secured	(400)
Unguaranteed and unsecured	–
Total	<u>(400)</u>
	<i>£'000</i>
Total non-current debt (excluding current portion of long term debt)	
Guaranteed	(36,624)
Secured	(295,678)
Unguaranteed and unsecured	–
Total	<u>(332,302)</u>

The table below sets out the indebtedness by borrowing type of the Company as at 30 September 2017 which has been sourced from the Company's accounting records.

	<i>£'000</i>
Net liquidity	
Cash	22,097
Cash equivalent	–
Liquidity	<u>22,097</u>
Current bank debt	(400)
Other current financial debt	–
Current financial debt	<u>(400)</u>
Net current financial liquidity	<u>21,697</u>
Non-current Bank Loans	(295,678)
Other non-current loans	(36,624)
Non-current financial indebtedness	<u>(332,302)</u>
Net financial indebtedness	<u>(310,605)</u>
	<i>£'000</i>
Indirect and contingent indebtedness	
Derivative financial instrument (interest rate hedging arrangements)	1,035
Total indirect and contingent indebtedness	<u>1,035</u>

PART 12

PRO FORMA FINANCIAL INFORMATION

SECTION A: ACCOUNTANTS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION

The following is the full text of a report on the Group from RSM Corporate Finance LLP, the Reporting Accountants, to the Directors of Regional REIT Limited.



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The Directors
Regional REIT Limited
Mont Crevelt House
Bulwer Avenue
St. Sampson
Guernsey
GY2 4LH

5 December 2017

Dear Sirs

Regional REIT Limited (“the Company”) and its subsidiary undertakings (“the Group”)

We report on the pro forma financial information (the “Pro forma Financial Information”) set out in Section B of Part 12 of the Prospectus dated 5 December 2017 of the Company, which has been prepared on the basis described at Note 5 to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the Capital Raising and the Acquisitions might have affected the financial information presented on the basis of the accounting policies adopted by the Group in preparing the financial statements for the period ended 30 June 2017. This report is has been prepared in accordance with the requirements of paragraph 20.2 of Annex I of Appendix 3.1.1 of the Prospectus Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with paragraphs 1 to 6 of Annex II of Appendix 3.1.1 of the Prospectus Rules.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of Appendix 3.1.1 of the Prospectus Rules, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

Save for any responsibility arising 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 accept or assume 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 paragraph 23.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules, or consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Group.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

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

Opinion

In our opinion:

1. the Pro Forma Financial Information has been properly compiled on the basis stated; and
2. such basis is consistent with the accounting policies of the Group.

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 paragraph 1.2 of Annex I of Appendix 3.1.1 of the Prospectus Rules and paragraph 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules.

Yours faithfully

RSM Corporate Finance LLP

Regulated by the Institute of Chartered Accountants in England and Wales

RSM Corporate Finance LLP is a limited liability partnership registered in England and Wales, registered no. OC325347 at 25 Farringdon Street London EC4A 4AB.

SECTION B: PRO FORMA FINANCIAL INFORMATION AS AT 30 JUNE 2017

Set out below is an unaudited pro forma statement of net assets which has been prepared to illustrate the effect of the Capital Raising and the Acquisitions on the net assets of the Group as at 30 June 2017 as if the Capital Raising and the Acquisitions had taken place on 30 June 2017 (the “**Pro Forma Financial Information**”) compiled on the basis set out in the notes below.

The unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its nature, the Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent the Group’s actual financial position. The future results of the Group may differ materially from those presented in the Pro Forma Financial Information.

	<i>The Group</i>		<i>Second</i>		<i>Unaudited</i>
	<i>30 June</i>	<i>First New</i>	<i>New</i>	<i>Capital</i>	<i>pro forma</i>
	<i>2017</i>	<i>Portfolio</i>	<i>Portfolio</i>	<i>Raising</i>	<i>net asset as</i>
	<i>Unaudited</i>	<i>Acquisition</i>	<i>Acquisition</i>	<i>£'000</i>	<i>at 30 June</i>
<i>Note</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>Unaudited</i>
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>£'000</i>
					<i>5</i>
Assets					
Non-current assets					
Investment properties	640,405	43,475	44,775	–	728,655
Goodwill	1,950	–	–	–	1,950
Derivative financial instruments	72	–	–	–	72
Non-current receivables on tenant loans	1,445	–	–	–	1,445
	<u>643,872</u>	<u>43,475</u>	<u>44,775</u>	<u>–</u>	<u>732,122</u>
Current assets					
Trade and other receivables	14,642	–	–	–	14,642
Cash and cash equivalents	32,229	(26,085)	(44,775)	97,164	58,533
	<u>46,871</u>	<u>(26,085)</u>	<u>(44,775)</u>	<u>97,164</u>	<u>73,175</u>
Total assets	<u>690,743</u>	<u>17,390</u>	<u>–</u>	<u>97,164</u>	<u>805,297</u>
Liabilities					
Current liabilities					
Trade and other payables	(24,529)	–	–	–	(24,529)
Deferred income	(10,244)	–	–	–	(10,244)
Taxation	(1,098)	–	–	–	(1,098)
Bank and loan borrowings	(400)	–	–	–	(400)
	<u>(36,271)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(36,271)</u>
Non-current liabilities					
Bank and loan borrowings	(295,429)	(17,390)	–	–	(312,819)
Zero dividend preference shares	(36,010)	–	–	–	(36,010)
Derivative financial instruments	(1,035)	–	–	–	(1,035)
	<u>(332,474)</u>	<u>(17,390)</u>	<u>–</u>	<u>–</u>	<u>(349,864)</u>
Total liabilities	<u>(368,745)</u>	<u>(17,390)</u>	<u>–</u>	<u>–</u>	<u>(386,135)</u>
Net assets	<u>321,998</u>	<u>–</u>	<u>–</u>	<u>97,164</u>	<u>419,162</u>

Notes

1. The net assets of the Group have been extracted without material adjustment from the unaudited interim financial information for the six months ended 30 June 2017, incorporated by reference in Part 13 of this document.
2. The adjustment in respect of the First New Portfolio includes:
 - a. the valuation of the First New Property Portfolio extracted without material amendment from the First New Portfolio Valuation Report as set out in Section A of the Appendix to Part 10 of this document;
 - b. the First New Portfolio debt facility intended to be put in place as soon as possible following completion of the First New Portfolio Acquisition, calculated at 40 per cent. of the valuation shown in the First New Portfolio Valuation Report; and
 - c. the cash consideration of the First New Portfolio Acquisition.
3. The adjustment in respect of the Second New Portfolio includes:
 - a. the valuation of the Second New Property Portfolio extracted without material amendment from the Second New Portfolio Valuation Report as set out in Section B of the Appendix to Part 10 of this document;
 - b. The cash consideration of the Second New Portfolio Acquisition. No adjustment has been made in respect of the indicative loan facility expected to be provided by Santander UK as this facility is conditional on completion of the Refinancing.
4. The adjustment in respect of the net proceeds of the Capital Raising receivable by the Company will amount to £97,164,394, being the gross proceeds of £100 million less issue costs amounting to £2,835,606.
5. No account has been taken of any movement in the net assets of the Group since 30 June 2017, nor of any fair value adjustments arising on the Acquisition nor of any other event save as disclosed above.

PART 13

HISTORICAL FINANCIAL INFORMATION AND OPERATING AND FINANCIAL REVIEW

SECTION A: HISTORICAL FINANCIAL INFORMATION

1. Incorporation by reference

The following is incorporated by reference into this document:

- (a) the Company's annual report and accounts for the financial period ended 31 December 2015 (the "**2015 Annual Report**");
- (b) the Company's annual report and accounts for the financial year ended 31 December 2016 (the "**2016 Annual Report**", together with the 2015 Annual Report, the "**Annual Reports**"); and
- (c) the Company's unaudited interim results for the six month period ended 30 June 2017 (the "**2017 Unaudited Interim Financial Statements**").

Copies of the Annual Reports and the 2017 Unaudited Interim Financial Statements have been filed with the FCA. Copies of the Annual Reports and the 2017 Unaudited Interim Financial Statements may be obtained from the Company's website (www.regionalreit.com) or free of charge, during normal business hours, at the offices of Toscafund Asset Management LLP, 7th Floor, 90 Long Acre, London WC2E 9RA.

2. Cross-reference list

The following list is intended to enable investors to identify easily specific items of information which have been incorporated by reference to this document.

2015 Annual Report

The 2015 Annual Report, which has been incorporated by reference in full in this document included, among other things, the following information (on the pages specified in the table below):

<i>Information</i>	<i>Page reference of the 2015 Annual Report</i>
Chairman's Statement	5-7
Asset and Investment Managers' Report	10-17
Board of Directors	34
Report of the Directors	35-40
Remuneration Report	51
Independent Auditor's Report	52-53
Statement of Comprehensive Income	54
Statement of Financial Position	55
Statement of Changes in Equity	56
Statement of Cash Flows	57
Notes to the Financial Statements	58-89

2016 Annual Report

The 2016 Annual Report, which has been incorporated by reference in full in this document included, among other things, the following information (on the pages specified in the table below):

<i>Information</i>	<i>Page reference of the 2016 Annual Report</i>
Chairman's Statement	12-15
Asset and Investment Managers' Report	22-45
Board of Directors	52-53
Report of the Directors	54-60
Management Engagement and Remuneration Committee Report	74-75
Independent Auditor's Report	78-79
Statement of Comprehensive Income	80
Statement of Financial Position	81
Statement of Changes in Equity	82
Statement of Cash Flows	83
Notes to the Financial Statements	88-120

2017 Unaudited Interim Financial Statements

The 2017 Unaudited Interim Financial Statements, which have been incorporated by reference in full in this document included, among other things, the following information (on the pages specified in the table below):

<i>Information</i>	<i>Page reference of the 2017 Unaudited Interim Financial Statements</i>
Chairman's Statement	3-4
Asset and Investment Managers' Report	5-9
Top 15 Investments (by market value) as at 30 June 2017	11
Top 15 Tenants (by share of rental income) as at 30 June 2017	12
EPRA NAV	15
Directors' Statement of Principal Risks and Uncertainties	19
Condensed Consolidated Statement of Comprehensive Income	21
Condensed Consolidated Statement of Financial Position	22
Notes to the Condensed Consolidated Financial Statements	25-43

SECTION B: OPERATING AND FINANCIAL REVIEW

The following operating and financial review should be read in conjunction with the historical financial information incorporated by reference in Section A of this Part 13 of this document and the other financial information relating to the Group included elsewhere in this document. This review contains forward-looking statements based on the current expectations and assumptions about the Group’s future business. Forward looking statements are not guarantees of future performance and no assurance can be or is given that such future results will be achieved. The Group’s actual results of operations, financial condition, dividend policy and the development of its financing strategies may differ materially from the impression created by the forward looking statements contained in this document. In addition, even if the results of operations, financial condition and dividend policy of the Group, and the development of its financing strategies, are consistent with the forward looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to, those factors set out in Part 1 (“**Risk Factors**”) of this document.

The selected financial information incorporated by reference in this Section B of Part 13 (“**Historical Financial Information and Operating and Financial Review**”) is from the Annual Reports and the 2017 Unaudited Interim Financial Statements incorporated by reference within Section A of Part 13 (“**Historical Financial Information and Operating and Financial Review**”), which have been prepared in accordance with IFRS.

1. Operating and financial review for the financial period ended 31 December 2015

The page numbers below refer to the relevant pages of the 2015 Annual Report:

Operational and financial highlights	Page 2
Business review	Pages 5-30

2. Operating and financial review for the financial year ended 31 December 2016

The page numbers below refer to the relevant pages of the 2016 Annual Report.

Operating and financial highlights	Pages 5-7
Strategic report	Pages 12-46

3. Operating and financial review for the six months ended 30 June 2017

The page numbers below refer to the relevant pages of the 2017 Unaudited Interim Financial Statements:

Financial Highlights	Page 1
Operational Highlights	Page 1
Asset and Investment Managers’ Report	Pages 5 to 9

PART 14

UK TAXATION

The statements below are intended to be a general summary of certain UK tax considerations relevant to prospective investors in the Ordinary Shares. This is not a comprehensive summary of all aspects of the taxation of the Group and Shareholders and is not intended to constitute legal or tax advice.

The statements below are based on current UK tax law and what is understood to be the current practice (which may not be binding) of HMRC as at the date of this document, both of which are subject to change, possibly with retrospective effect. Prospective investors should familiarise themselves with, and where appropriate should consult their own professional advisers on, the overall tax consequences of investing in the Company. 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 investing in the Company may depend on the investor's own tax position and upon relevant laws of any jurisdiction to which the investor is subject.

If you are in any doubt as to your tax position or if you are subject to tax in a jurisdiction outside the UK, you should consult an appropriate professional adviser without delay.

1. UK Tax treatment of the Group and the REIT regime

The Company is the principal company of a group REIT comprising the Company and its direct and indirect subsidiaries. The Company is Guernsey incorporated but it is UK tax-resident.

As a group UK REIT, the Group is not charged UK corporation tax on its profits and gains derived from its qualifying property rental business (“**Property Business**”) provided that certain conditions are satisfied. Instead, distributions by the principal company of the REIT (being the Company in this case) in respect of the Property Business of the REIT are treated for UK tax purposes as UK property income in its shareholders' hands so far as the distribution is a distribution of profits which have benefited from the REIT exemption. Such a distribution paid by the Company is referred to in this section as a Property Income Distribution (“**PID**”).

Currently (irrespective of the REIT exemption) capital gains of any non-UK resident subsidiaries are expected to be outside the scope of UK tax (other than on a disposal of residential property, which may be subject to the ATED-related capital gains tax charge or the non-resident capital gains tax) and distributions in respect of such capital gains realised by any non-UK resident subsidiaries are not generally expected to comprise PIDs. However, the Government has announced its intention to extend the scope of UK tax on capital gains to bring the capital gains of non-UK residents on the disposal (both directly and indirectly) of UK real property within the scope of UK tax with effect from 6 April 2019. A consultation document on the proposed extension was issued on 22 November 2017 (the “**Consultation**”). If the extension is adopted as proposed, a disposal of a property by a non-UK resident subsidiary of a group REIT after 6 April 2019 would come within the scope of UK tax. Any capital gain is still expected to be exempt from UK tax (under the REIT regime rather than as a consequence of residence). However, the effect is that the distribution of such gains is expected to be treated as a PID rather than a Non-PID Dividend (as defined below) in the Shareholders' hands.

Further, it should be noted that HM Treasury and HMRC have announced in the Autumn Budget 2017 their intention to bring non-resident companies within the charge to UK corporation tax (rather than income tax) on their UK income, with effect from 6 April 2020.

Any company which is a member of a REIT will be subject to UK tax in respect of profits and gains from business other than Property Business (the “**Residual Business**”), where the UK has primary taxing rights over such profits. Such UK tax could be UK income tax charged at the basic rate of 20 per cent. (subject to non-UK residents being brought within the charge to corporation tax) or UK corporation tax charged at 19 per cent. (reducing to 17 per cent. from April 2020). Dividends by the Company relating to the Residual Business of the Group (or, subject to any changes following the outcome of the consultation relating to

capital gains of the non-uk resident subsidiaries which are outside the scope of UK tax) are treated as normal dividends in the hands of the Shareholders. Any such dividend is referred to in this section as a Non-Property Income Distribution (“**Non-PID Dividend**”).

The tax treatment for income from any interests held by the Group in a transparent non-UK trust will be exempt from UK corporation tax to the extent that the income arises from a qualifying property rental business. However, unlike property held directly by the Group (which is exempt from UK corporation tax on any chargeable gains), a sale of the units in a transparent non-UK unit trust will be a gain from the Residual Business and will be subject to UK corporation tax.

Whilst the REIT regime applies to the Group, the Property Business will be treated as a separate business for corporation tax purposes from the Residual Business and a loss incurred by one business cannot be set off against profits of the other.

2. Qualification as a REIT

In order to continue to qualify as a REIT, the Company and other members of the Group must continue to satisfy certain conditions set out in Part 12 CTA 2010 (a breach of certain conditions could lead to a tax charge rather than termination of the Group’s REIT status). A non-exhaustive summary of the material conditions is set out below.

2.1 Company conditions

There are several conditions that the Company, as the principal company of the Group, must satisfy in order for the Group to maintain its eligibility for the REIT regime.

The Company, as principal company of the group UK REIT, must be a solely UK tax-resident company. Throughout each accounting period, the Company’s ordinary shares must be admitted to trading on a recognised stock exchange throughout each accounting period, which includes the main market of the London Stock Exchange. The Group elected to be treated as a REIT with effect from November 2015 and this additional requirement is relaxed for the Group’s first three accounting periods within the REIT regime.

The Company must not be an open-ended investment company.

The Company must not be a close company as defined by section 439 CTA 2010 and as applied by section 528(5) CTA 2010, other than by virtue of having a participator who is an institutional investor. Broadly, the close company condition requires that the Company is not under the control of five or fewer participators or of participators who are directors (participators for these purposes is defined by section 454 CTA 2010). An institutional investor includes the trustee or manager of an authorised unit trust (or overseas equivalent) or a pension scheme, an insurance company, a charity, a limited partnership which is a collective investment scheme, a registered social landlord, an open-ended investment company, a person with sovereign immunity, a UK REIT or the non-UK equivalent of a UK REIT. The close company condition is relaxed for the first three years following entry into the REIT regime.

2.2 Share capital restrictions

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

2.3 Borrowing restrictions

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

repayable (in respect of an equal amount lent) under the terms of issue of securities listed on a recognised stock exchange.

2.4 *Financial Statements*

The Company must prepare financial statements in accordance with the statutory requirements set out in sections 532 and 533 CTA 2010 (the “**Financial Statements**”) and submit these to HMRC. In particular, the Financial Statements must contain information about the Property Business and the Residual Business separately.

2.5 *Conditions for the Property Business*

The Property Business must satisfy the conditions summarised below in respect of each accounting period during which the Group is to be treated as a REIT. Owner-occupied property (as interpreted by generally accepted accounting practice) is excluded from the tax exempt Property Business.

The Property Business must, throughout the accounting period, involve at least three properties.

Throughout the accounting period, no one property may represent more than 40 per cent. of the total value of all properties involved in the Property Business. Assets must be valued in accordance with IFRS and at fair value when IFRS offers a choice between fair value and a costs basis.

The income profits arising from the Property Business must represent at least 75 per cent. of the 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 international accounting standards but excluding, broadly, gains and losses on the disposal of property and gains and losses on the revaluation of properties, and certain exceptional items.

At the beginning of the accounting period the value of the assets in the Property Business must represent at least 75 per cent. on the total value of assets of the Group (the “**75 Per Cent Assets Condition**”). Cash held on deposit and gilts are included in the value of the assets relating to the Property Business for the purpose of meeting this condition. Non-cash assets must be valued in accordance with IFRS and at fair value where IFRS offers a choice of valuation between fair value and a costs basis. In applying the test, no account is to be taken of liabilities secured against or otherwise relating to assets.

2.6 *Distribution condition*

The Company must (to the extent permitted by law) distribute to shareholders, on or before the filing date for the Company’s tax return for the accounting period in question, at least 90 per cent. of the income profits (broadly, calculated using UK tax rules) of the Group to the extent they are derived from the UK Property Business of the Group. This requirement is referred to as the “**90 Per Cent Distribution Condition**”. Failure to meet the 90 Per Cent Distribution Condition will result in a tax charge calculated by reference to the extent of the failure, although in certain circumstances where the failure to meet this condition is due to an increase in profits from the amounts originally shown in the Financial Statements, this charge can be mitigated by an additional dividend paid within a specified period which brings the profits distributed up to the required level. For the purpose of satisfying the 90 Per Cent Distribution Condition, any dividend withheld in order to comply with the 10 Per Cent Rule described below will be treated as having been paid.

3. **Investment in other REITs**

In general, a distribution received by a UK REIT from another REIT is (so far as the distribution is a distribution of profits which have benefitted from the REIT exemption in the distributing REIT) treated as tax exempt profits of the UK Property Business of the investing REIT. The investing REIT must distribute 100 per cent. of such distributions to its shareholders (the “**100 Per Cent Distribution Condition**”). For the purposes of the 75 Per Cent Assets Condition, the investment by a REIT in the shares of another REIT is included as an asset of the investing REIT’s Property Business.

4. Other consequences of the REIT regime

4.1 *Holders of excessive rights*

A REIT will become subject to an additional tax charge if it pays a dividend to, or in respect of, a holder of excessive rights (the “**10 Per Cent Rule**”). A holder of excessive rights is broadly any shareholder with a 10 per cent. or greater holding which is a body corporate (or is deemed to be a body corporate in accordance with the law in an overseas jurisdiction with which the UK has a double taxation agreement or in accordance with that double taxation agreement).

The additional tax charge will be calculated by reference to the whole dividend paid to a holder of excessive rights, and not just by reference to the proportion which exceeds the 10 per cent. threshold. The tax charge will not be incurred if the REIT has taken reasonable steps to avoid paying dividends to such a shareholder. HMRC guidance describes certain actions that a REIT may take to demonstrate that it has taken “**reasonable steps**”. One of these actions is to include restrictive provisions in the articles of association of the principal company of the REIT to address this condition. Such provisions are included in the Articles.

4.2 *Interest Cover*

If the ratio of the Group’s income profits (before capital allowances) in respect of its Property Business to the financing costs incurred in respect of the Property Business is less than 1.25:1 for an accounting period then a tax charge will arise.

The ratio is based on the cost of debt finance taking into account interest, amortisation of discounts or premiums and the financing expense implicit in payments made under finance leases. The amount chargeable to corporation tax is capped at a maximum of 20 per cent. of the profits of the Property Business for the accounting period in question.

4.3 *Certain Tax Avoidance Arrangements*

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

4.4 *Movement of Assets in and out of the Property Business*

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

4.5 *Joint ventures*

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

4.6 *Acquisitions and Takeovers*

If a REIT is taken over by another REIT, the acquired REIT does not necessarily cease to be a REIT and will, provided certain conditions are met, continue to enjoy tax exemptions in respect of the

profits of its Property Business and chargeable gains on disposals of properties in the Property Business.

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

5. Exit from the REIT regime

The Company can give notice to HMRC at any time that it wants the Group to leave the REIT regime.

If the Company voluntarily leaves the REIT regime within ten years of joining and disposes of any asset that was used in the Property Business within two years of leaving the REIT regime then any uplift in base cost of any property held by the Group as a result of the deemed disposal on entry into the REIT regime, movement into the corporation tax ring fence around the Property Business or exit from the REIT regime would be disregarded in calculating the gain or loss on the disposal.

It cannot be guaranteed that the Group will be in continuing compliance with the REIT conditions at all times. HMRC may require the Group to exit the REIT regime if:

- it regards a breach of the conditions relating to the REIT regime (including in relation to the Property Business), or an attempt to obtain a tax advantage, as sufficiently serious;
- the Group or the Company has committed a certain number of breaches in a specified period; or
- HMRC has given members of the Group two or more notices in relation to the obtaining of a tax advantage within a ten-year period.

REIT status is also lost automatically and HMRC must be informed as soon as reasonably practicable if:

- the conditions for REIT status relating to the share capital of the Company and the prohibition on entering into loans with abnormal returns are breached;
- the Company ceases to be UK resident for tax purposes;
- the Company becomes dual-resident;
- the Company becomes an open-ended investment company; or
- in certain circumstances, the Company ceases to fulfil the close companies condition.

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

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

It should be noted that it is possible for the Group to lose its REIT status 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 in other circumstances outside the Company's control.

6. The UK tax treatment of shareholders in a REIT

The following statements do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Ordinary Shares.

They relate only to Shareholders who are resident and domiciled for tax purposes in (and only in) the UK (except insofar as express reference is made to the treatment of non-UK residents), who hold their Ordinary Shares as an investment (other than under an individual savings account, except insofar as express reference is made to the contrary) and who are the absolute beneficial owners of both the Ordinary Shares and any dividends paid on them.

The tax position of certain categories of Shareholder who are subject to special rules, such as persons who acquire (or are deemed to acquire) their Ordinary Shares in connection with an office or their (or another person's) employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the Group, persons holding Ordinary Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or resident in the UK, collective investment schemes and those who hold ten per cent. or more of the Ordinary Shares, is not considered. Nor do the following statements consider the tax position of any person holding investments in any HMRC-approved arrangements or schemes, including the enterprise investment scheme, venture capital scheme or business expansion scheme, or any person able to claim any inheritance tax relief or holding Ordinary Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or, in the case of a corporate Shareholder, a permanent establishment or otherwise).

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.

6.1 Dividends

When a REIT pays a dividend (including a stock dividend), that dividend will be a PID to the extent necessary to satisfy the 90 Per Cent Distribution Condition or the 100 Per Cent Distribution Condition. If the dividend exceeds the amount required to satisfy that condition, the REIT may determine that all or part of the balance is a Non-PID Dividend paid out of the profits of the activities of the Residual Business.

Any remaining balance of the dividend (or other distribution) will be a PID to the extent it is paid out of any remaining profits of the Property Business or gains which are exempt from tax by virtue of the REIT regime. Any further remaining balance (for example any remaining balance attributed to capital gains which are outside the scope of UK taxation) will be a Non-PID Dividend.

6.2 Non-PID Dividends

Non-PID Dividends are treated in 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.

6.2.1 Shareholders who are individuals

There is a nil rate of tax (the “**nil rate band**”) for the first £5,000 of dividend income received by an individual Shareholder who is resident for tax purposes in the UK in any tax year. For the 2018/19 tax year onwards, the nil rate band is reduced to £2,000 per annum.

Non-PID dividend income in excess of the nil rate band (taking account of any other dividend income received by the Shareholder in the same tax year) will be taxed at the following rates: 7.5 per cent. (to the extent it falls below the threshold for higher rate income tax); 32.5 per cent. (to the extent that it falls above the threshold for higher rate income tax and is below the higher rate band); and 38.1 per cent. (to the extent that it is within the additional rate). For the purposes of determining which of the taxable bands Non-PID dividend income falls into, dividend income is treated as the highest part of a Shareholder's income. In addition, dividends within the nil rate band which would (if there was no nil rate band) have fallen within the basic or

higher rate bands will use up those bands respectively for the purposes of determining whether the threshold for higher rate or additional rate income tax is exceeded.

6.2.2 *UK resident corporate Shareholders*

A UK resident corporate Shareholder will be liable to UK corporation tax unless the Non-PID dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009. Exempt classes include dividends in respect of portfolio holdings (where the recipient owns less than 10 per cent. of the share capital of the payer) or dividends that are paid on “**non-redeemable ordinary shares**” for UK tax purposes.

If the conditions for exemption are not, or cease to be, satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on Non-PID dividends received from the Company at 19 per cent. (17 per cent. from 1 April 2020).

Shareholders within the charge to UK corporation tax are advised to consult their independent professional tax advisers to determine whether Non-PID dividends received will be subject to UK corporation tax.

6.3 *PIDs*

6.3.1 *Shareholders who are individuals*

A PID will generally be treated in the hands of 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), subject to certain exceptions. A PID is, together with any PID from any other UK REIT, treated as a separate UK property business carried on by the relevant Shareholder. This means that any surplus expenses from any other property business of a Shareholder cannot be offset against a PID.

A Shareholder who is subject to income tax at the basic rate will be liable to pay income tax at a rate of 20 per cent., higher rate taxpayers will be liable to pay income tax at a rate of 40 per cent. and additional rate taxpayers will be liable to pay income tax at 45 per cent.

The £1,000 property income allowance, that was introduced in Finance (No. 2) Act 2017 does not apply to PIDS.

Please also see paragraph 6.4 (withholding tax) below.

6.3.2 *UK resident corporate Shareholders*

A PID will generally be treated in the hands of its Shareholders who are within the charge to UK corporation tax as the profit of a property business (as defined in Part 4 CTA 2009). A PID is, together with any PID from another UK REIT, treated as a separate property business carried on by the relevant Shareholder and must be accounted for separately. This means that any surplus expenses from any other property business of a Shareholder cannot be offset against a PID.

Please also see paragraph 6.4 (withholding tax) below.

6.3.3 *Shareholders who are not resident for tax purposes in the UK*

Where a Shareholder who is resident for tax purposes outside of 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) CTA 2010, this income is expressly not non-resident landlord income for the purposes of regulation under section 971 Income Tax Act 2007.

In the Autumn Budget 2017, the UK Government announced that non-resident companies that carry on a UK property business will be charged to corporation tax (rather than income tax as

at present). It is expected that the change will have effect from 6 April 2020 with draft legislation published in Summer 2018.

Please also see paragraph 6.4 (withholding tax) below.

6.4 **Withholding Tax**

6.4.1 *General*

Subject to certain exceptions summarised below, the Company is required to withhold income tax at the basic rate from its PIDs. The Company will provide Shareholders with a certificate setting out the gross amount of the PID, the amount of tax withheld, and the net amount of the PID.

6.4.2 *Shareholders solely resident in the UK*

Where UK income tax has been withheld at source, individual Shareholders may, depending on their circumstances, either be liable to further tax on the PID at the applicable marginal rate or be entitled to claim repayment of some or all of the tax withheld on the PID.

Corporate Shareholders may, depending on their circumstances, be liable to pay UK corporation tax on their PID. However, it should be noted that where (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.

6.4.3 *Shareholders who are not resident for tax purposes in the UK*

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

6.4.4 *Exceptions to requirement to withhold income tax*

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

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

In order to pay a PID without withholding tax, the Company will need to be satisfied that the shareholder concerned is entitled to receive the PID gross before paying any PID to such Shareholder. For that purpose, the Company will require such shareholders to submit a valid claim form. 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.

6.5 *Disposal of Ordinary Shares*

6.5.1 *Shareholders who are individuals*

Individual shareholders who are resident in the UK for tax purposes will generally be subject to UK capital gains tax in respect of any gain arising on the disposal of their shares. Subject to the availability of any exemptions, relief and/or allowable losses, a gain on the disposal of shares will be liable to tax at the current rates of 10 per cent. for basic rate tax payers and 20 per cent. for higher and additional rate tax payers. Shareholders who are temporarily non-resident in the UK may still be liable to UK tax on any capital gains realised (subject to any available exemption or relief).

6.5.2 *UK resident corporate Shareholders*

Corporate Shareholders who are resident in the UK for tax purposes will generally be subject to UK corporation tax (currently at 19 per cent.) on chargeable gains arising on a disposal of shares, subject to the availability of any exemptions, reliefs (including indexation allowance, which may reduce the amount of the chargeable gain but may not create or increase any allowable loss) and/or allowable losses.

Capital losses realised on a disposal of shares must be set as far as possible against chargeable gains for the same tax year (or accounting period in the case of a corporate Shareholder) even if this reduces an individual Shareholder's total gain below the annual exemption. Any losses remaining can be carried forward without time limit and set off against net chargeable gains (i.e. after deducting the annual exemption) in the earliest later tax year. Capital losses generally cannot be carried back.

6.5.3 *Shareholders who are not resident for tax purposes in the UK*

In the Autumn Budget 2017, the Government announced its intention that non-UK residents will be chargeable to UK tax on capital gains made on the disposal of all types of UK real property (both directly and indirectly). It is proposed the new rules will apply to the sale of shares in 'property rich' entities (i.e. those where 75 per cent. or more of the value derives from UK land) where the non-resident holds (or has held in the last five years) at least 25 per cent. of the shares in the entity. As discussed above, a REIT can be subject to an additional tax charge under the 10 Per Cent Rule, so a 25 per cent. or more holding may be unlikely. However, the Government has stated that aggregation rules will be introduced for the purposes of the 25 per cent. test (so that investors that fragment their holdings to circumvent the 10 Per Cent Rule could still be caught). The rate of the tax will be the same as for the equivalent disposed by a UK resident.

6.6 *Transfer of assets abroad*

The attention of individual Shareholders is drawn to the provisions contained in Chapter 2, Part 13 ITA 2007. These provisions are aimed at preventing the avoidance of income tax by individuals through the transfer of assets or income to persons (including companies) resident or domiciled outside the UK. These provisions may apply where a UK resident person makes a relevant transfer to a non-resident person and, as a result, income from which the individual may benefit becomes payable to that non-resident person.

There are, however, provisions which provide exemption from a charge to income tax in the above circumstances provided that the individual satisfies the board of HMRC that either: (i) it would not be reasonable to draw the conclusion, from all the circumstances of the case, that the purpose of avoiding liability to taxation was the purpose, or one of the purposes, for which the relevant transactions or any of them were effected; or (ii) all the relevant transactions were genuine commercial transactions and it would not be reasonable to draw the conclusion, from all the circumstances of the case, that any one or more of those transactions was more than incidentally designed for the purpose of avoiding liability to taxation.

6.7 ***Stamp duty and stamp duty reserve tax (“SDRT”)***

The comments in this paragraph 6.7 apply regardless of whether Shareholders are UK tax resident.

No UK stamp duty or SDRT will be payable on the issue of Ordinary Shares.

In practice, UK stamp duty should generally not need to be paid on an instrument transferring the Ordinary Shares, provided that such instrument is executed and retained outside of the UK.

As the Company is incorporated in Guernsey no UK SDRT will be payable in respect of any agreement to transfer Ordinary Shares provided that the Ordinary Shares are not registered in any register of the Company kept in the UK.

6.8 ***ISA, SSAS and SIPP***

Ordinary Shares acquired by a UK resident individual under the Offer for Subscription in the secondary market (but not the Placing or Open Offer) should be eligible to be held in an Individual Savings Account (“ISA”), subject to applicable annual subscription limits. Investments held in ISAs will be free of both UK income tax and capital gains tax. Individuals wishing to invest in shares through an ISA should contact their professional advisers regarding their eligibility. Subject to the rules of the trustees of the relevant scheme, the Ordinary Shares should generally be eligible for inclusion in a small self-administered scheme (“SSAS”) or self-invested personal pension (“SIPP”) provided: (a) no member of the SSAS or SIPP (or person connected with such a member) occupies or uses any residential property held by the Group; and (b) the SSAS or SIPP, alone or together with one or more associated persons, does not directly or indirectly hold 10 per cent. or more of any of the Ordinary Shares, voting rights in the Company, rights to income of the Company, rights to amounts on a distribution of the Company or rights to assets on a winding up of the Company.

PART 15

GUERNSEY TAXATION

The following summary of the anticipated tax treatment in Guernsey applies to persons holding Ordinary Shares as an investment and the potential tax treatment, depending on the individual status of Shareholders, on investors resident in Guernsey. The summary does not constitute legal or tax advice and is based on taxation law and published practice in Guernsey at the date of this document, which is subject to change, possibly with retroactive effect. Prospective investors should be aware that the level and bases of taxation may change from those described and should consult their own professional advisers on the implications of making an investment in, holding or disposing of shares under the laws of the countries in which they are liable to taxation.

1. The Company

The Company has obtained exempt status for Guernsey tax purposes.

Exemption must be applied for annually and will be granted, subject to the payment of an annual fee, which is currently fixed at £1,200 per applicant, provided the applicant qualifies under the applicable legislation for exemption. It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it continues to qualify for exempt company status for the purposes of Guernsey taxation.

As an exempt company, the Company is and will be treated as if it were not resident in Guernsey for the purposes of liability to Guernsey income tax. The exemption from income tax and the treatment of the Company as if it were not resident in Guernsey for the purposes of Guernsey income tax would be effective from the date the exemption is granted and will apply for the year of charge in which the exemption is granted. Under current law and practice in Guernsey, the Company will only be liable to tax in Guernsey in respect of income arising or accruing from a source in Guernsey, other than from a relevant bank deposit. It is not anticipated that such Guernsey source income will arise in this case and therefore the Company is not expected to incur any liability to Guernsey tax.

Guernsey currently does not levy taxes upon capital, inheritances, capital gains, gifts, sales or turnover (unless the varying of investments and the turning of such investments to account is a business or part of a business), nor are there any estate duties (save for registration fees and ad valorem duty for a Guernsey grant of representation where the deceased dies leaving assets in Guernsey which require presentation of such a grant).

No stamp duty or other taxes are chargeable in Guernsey on the issue, transfer, disposal, conversion or redemption of Ordinary Shares.

2. Shareholders

Shareholders not resident for tax purposes in Guernsey (which includes Alderney and Herm for these purposes) will not be subject to income tax in Guernsey and will receive dividends without deduction of Guernsey income tax. Any Shareholders who are resident for tax purposes in Guernsey, Alderney or Herm will be subject to income tax in Guernsey on any dividends paid on Ordinary Shares owned by them but will suffer no deduction of tax by the Company from any such dividend payable by the Company whilst the Company maintains exempt status.

The Company is required to provide the Director of Income Tax in Guernsey with such particulars relating to any distribution paid to Guernsey resident Shareholders as the Director of Income Tax may require, including the names and addresses of the Guernsey resident Shareholders, the gross amount of any distribution paid and the date of the payment. The Director of Income Tax can require the Company to provide the name and address of every Guernsey resident who, on a specified date, has a beneficial interest in Ordinary Shares in the Company, with details of the interest.

Except as mentioned above, Shareholders are not subject to tax in Guernsey as a result of purchasing, owning or disposing of Ordinary Shares or either participating or choosing not to participate in a redemption of Ordinary Shares.

3. FATCA – the US-Guernsey IGA

On 13 December 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the United States (“**US-Guernsey IGA**”) regarding the implementation of FATCA. Under FATCA and legislation enacted in Guernsey to implement the US-Guernsey IGA, certain disclosure requirements will be imposed in respect of certain Shareholders who are, or are entities that are controlled by one or more natural persons who are, residents or citizens of the United States, unless a relevant exemption applies. Certain due diligence obligations will also be imposed. Where applicable, information that will need to be disclosed will include certain information about Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. Although the Company is not tax resident in Guernsey, the Company expects that it will be required to report this information each year in the prescribed format and manner as per local guidance, although it may not be subject to FATCA reporting obligations in Guernsey if and to the extent that it has actual knowledge that FATCA reports are made to HMRC in the UK under the UK’s implementation of FATCA.

Under the terms of the US-Guernsey IGA, Guernsey financial institutions that comply with the due diligence and reporting requirements of Guernsey’s domestic legislation will be treated as compliant with FATCA and, as a result, should not be subject to FATCA withholding on payments they receive and should not be required to withhold under FATCA on payments they make. If the Company does not comply with these obligations, it may be subject to a FATCA deduction on certain payments to it of US source income (including interest and dividends) and (from 1 January 2019) proceeds from the sale of property that could give rise to US source income and (from the later of 1 January 2019 or the date of publication of certain final regulations) a portion of non-US source payments from certain non-US financial institutions to the extent attributable to US source payments. The US-Guernsey IGA is implemented through Guernsey’s domestic legislation in accordance with guidance that is published in draft form.

Under the US-Guernsey IGA and Guernsey’s implementation of that agreement, securities that are “regularly traded on an established securities market”, such as the main market of the London Stock Exchange, are not considered financial accounts and are not subject to reporting. For these purposes, the Ordinary Shares will be considered “regularly traded” if there is a meaningful volume of trading with respect to the Ordinary Shares on an ongoing basis. Notwithstanding the foregoing, an Ordinary Share will not be considered “regularly traded” and will be considered a financial account if the holder of the Ordinary Share (other than a financial institution acting as an intermediary) is registered as the holder of the Ordinary Share on the Company’s share register. Such Shareholders will be required to provide information to the Company to allow the Company to satisfy its obligations under FATCA, although it is expected that whilst an Ordinary Share is held in uncertificated form through CREST, the holder of that Ordinary Share will likely be a financial institution acting as an intermediary. Additionally, even if the Ordinary Share are considered regularly traded on an established securities market, Shareholders that own their Ordinary Shares through financial intermediaries may be required to provide information to such financial intermediaries in order to allow the financial intermediaries to satisfy their obligations under FATCA. Notwithstanding the foregoing, the relevant rules under FATCA may change and, even if the Ordinary Shares are considered regularly traded on an established securities market, Shareholders may, in the future, be required to provide information to the Company in order to allow the Company to satisfy its obligations under FATCA. There can be no assurance that the Company will be treated as a Guernsey Reporting FI, that its Ordinary Shares will be considered to be “regularly traded on an established securities market” or that it would not in the future be subject to withholding tax under FATCA or the US-Guernsey IGA. If the Company becomes subject to a withholding tax as a result of FATCA or the US-Guernsey IGA, the return on investment of some or all Shareholders may be materially adversely affected.

4. Common Reporting Standard

On 13 February 2014, the Organisation for Economic Co-operation and Development released the “Common Reporting Standard” (“**CRS**”) designed to create a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA. On 29 October 2014, fifty-one jurisdictions signed the multilateral competent authority agreement (“**Multilateral Agreement**”) that activates this automatic exchange of FATCA-like information in line with the CRS. Since then further jurisdictions have signed the Multilateral Agreement and in total over 100 jurisdictions have committed to adopting the CRS. Many of these jurisdictions have now adopted the CRS with effect from either 1 January 2016 or 1 January 2017. Guernsey adopted the CRS with effect from 1 January 2016.

Early adopters who signed the Multilateral Agreement (including Guernsey and the UK) have pledged to work towards the first information exchanges taking place by September 2017. Others are expected to follow with information exchange starting in 2018.

Under the CRS and legislation enacted in Guernsey to implement the CRS, certain disclosure requirements will be imposed in respect of certain Shareholders who are, or are entities that are controlled by one or more natural persons who are, residents of any of the jurisdictions that have also adopted the CRS, unless a relevant exemption applies. Certain due diligence obligations will also be imposed. Where applicable, information that would need to be disclosed will include certain information about Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. The Company will be required to report this information each year in the prescribed format and manner as per local guidance. The CRS is implemented through Guernsey’s domestic legislation in accordance with guidance that is published in draft form and which is supplemented by guidance issued by the Organisation for Economic Co-operation and Development.

Under the CRS, there is currently no reporting exemption for securities that are “regularly traded” on an established securities market, although it is expected that whilst an Ordinary Share is held in uncertificated form through CREST, the holder of that Ordinary Share will likely be a financial institution acting as an intermediary. Shareholders that own their Ordinary Shares through a financial intermediary may be required to provide information to such financial intermediary in order to allow the financial intermediary to satisfy its obligations under the CRS.

All prospective investors should consult with their own tax advisers regarding the possible implications of FATCA, the CRS and any other similar legislation and/or regulations on their investment in the Company.

5. Request for Information

The Company reserves the right to request from any Shareholder or potential investor such information as the Company deems necessary to comply with FATCA and the CRS, or any obligation arising under the implementation of any applicable intergovernmental agreement, including the US-Guernsey IGA and the Multilateral Agreement, relating to FATCA, the CRS or the automatic exchange of information with any relevant competent authority.

PART 16

ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names are set out in paragraph 1 of Part 8 (“**Directors, Managers and Corporate Governance**”) of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and general

- 2.1 The Company was incorporated in Guernsey on 22 June 2015 under the name of Regional Commercial REIT Limited, and changed its name to UK Regional REIT Limited on 24 July 2015 and to Regional REIT Limited on 17 September 2015, with registered number 60527 as a non-cellular company limited by shares under the Companies Law.
- 2.2 On 6 November 2015 the then entire issued share capital of the Company was admitted to trading on the London Stock Exchange’s main market for listed securities on 2015 Admission.
- 2.3 The principal legislation under which the Company operates is the Companies Law and the regulations made thereunder. The Ordinary Shares have been and will be duly authorised according to the requirements of the Company’s constitution and have and will have all necessary statutory and other consents. The liability of the members is limited.
- 2.4 The Company’s registered office is at Mont Crevelt House, Bulwer Avenue, St. Sampson, Guernsey, GY2 4LH (telephone number: +44 (0) 871 664 0300) and its principal place of business is at 7th Floor, 90 Long Acre, London WC2E 9RA (telephone number: +44 (0) 20 7845 6100).
- 2.5 The Company commenced operations on 6 November 2015 and has produced the financial information which is incorporated by reference into this document.
- 2.6 The Company is tax resident and domiciled in the United Kingdom and, as at the date of this document, does not have any employees and does not own any premises.
- 2.7 The Company has appointed RSM UK Audit LLP as auditors of the Company. RSM UK Audit LLP is regulated for audit services by the Institute of Chartered Accountants in Scotland.
- 2.8 The accounting date of the Company is 31 December. The annual report of the Company relating to each accounting period is expected to be available within four months of the accounting date of the Company. The first financial year of the Company ended on 31 December 2015.

3. Share capital

- 3.1 The share capital of the Company consists of an unlimited number of shares of no par value which the Directors may classify into such classes as they may determine.
- 3.2 The Company was incorporated with one Ordinary Share issued fully paid at a price of £1.00 which was issued to the sole subscriber to the memorandum of incorporation of the Company. On 16 October 2015 the Company issued a further three Ordinary Shares.
- 3.3 Pursuant to a reorganisation that occurred prior to the 2015 Admission, the Company issued a further 274,217,260 Ordinary Shares fully paid at a price of £1.00 each. On 2015 Admission the Company’s entire issued share capital of 274,217,264 Ordinary Shares was admitted to trading on the London Stock Exchange’s main market for listed securities.

- 3.4 The Company's issued and fully paid share capital as at the date of this document is expected to be as follows:

<i>Class</i>	<i>Number of issued shares</i>
Ordinary Shares	300,543,908

Subject to the passing of the Capital Raising Resolution, the Directors will have authority to allot the New Ordinary Shares to be issued pursuant to the Capital Raising and are expected to resolve to issue such New Ordinary Shares shortly prior to Admission.

- 3.5 Save as disclosed in this document:

3.5.1 no share or loan capital of the Company has, since its incorporation, been issued or agreed to be issued, or is now proposed to be issued (other than pursuant to the Acquisitions and the issue of the New Ordinary Shares), fully or partly paid, either for cash or for a consideration other than cash, to any person;

3.5.2 there has been no change in the amount of the issued share or loan capital of the Company since its incorporation;

3.5.3 no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of any such company; and

3.5.4 no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

- 3.6 The Company will be subject to the continuing obligations of the FCA with regard to the issue of shares for cash.

4. Subsidiary undertakings

- 4.1 As at the Latest Practicable Date the Company has the following the subsidiary undertakings that are significant in terms of the Company's assets and liabilities, financial position or profits and losses:

<i>Name</i>	<i>Business Activity</i>	<i>Ownership interest Percentage of share capital and voting rights held (%)</i>	<i>Country of Incorporation</i>
Blythwood House LLP	Property Investment	100	Scotland
Regional REIT ZDP PLC	Finance Company	100	England & Wales
Regional Commercial Midco Limited	Intermediate parent company	100	Jersey, Channel Islands
RR Aspect Court Limited	Property Investment	100	Jersey, Channel Islands
RR Bristol Limited	Property Investment	100	Jersey, Channel Islands
RR Hounds Gate Limited	Property Investment	100	Jersey, Channel Islands
RR Rainbow (Aylesbury) Limited	Property Investment	100	Jersey, Channel Islands
RR Rainbow (North) Limited	Property Investment	100	Jersey, Channel Islands
RR Rainbow (South) Limited	Property Investment	100	Jersey, Channel Islands
RR Sea Dundee Ltd	Property Investment	100	England & Wales
RR Sea Hanover Street Ltd	Property Investment	100	England & Wales
RR Sea Lamont I Ltd	Property Investment	100	Jersey, Channel Islands
RR Sea Lamont III Ltd	Property Investment	100	Jersey, Channel Islands
RR Sea Lamont II Ltd	Property Investment	100	Jersey, Channel Islands
RR Sea St. Helens Ltd	Property Investment	100	England & Wales
RR Sea Stafford Ltd	Property Investment	100	England & Wales

<i>Name</i>	<i>Business Activity</i>	<i>Ownership interest Percentage of share capital and voting rights held (%)</i>	<i>Country of Incorporation</i>
RR Sea Strand Ltd	Property Investment	100	England & Wales
RR Sea TAPP Ltd	Property Investment	100	Guernsey, Channel Islands
RR Sea TOPP Bletchley Ltd	Property investment	100	Guernsey, Channel Islands
RR Sea TOPP I Ltd	Property investment	100	Guernsey, Channel Islands
RR Wing Portfolio Limited	Property investment	100	Jersey, Channel Islands
Tay Properties Ltd	Property investment	100	England & Wales
TCP Arbos Ltd	Finance Company	100	Jersey, Channel Islands
TCP Channel Ltd	Finance Company	100	Jersey, Channel Islands
Tosca Chandlers Ford Limited	Property Investment	100	Jersey, Channel Islands
Tosca Churchill Way Limited	Property Investment	100	Jersey, Channel Islands
Tosca Garnet Limited	Property Investment	100	Jersey, Channel Islands
Tosca Midlands Limited	Property Investment	100	Jersey, Channel Islands
Tosca North East Limited	Property Investment	100	Jersey, Channel Islands
Tosca North West Limited	Property Investment	100	Jersey, Channel Islands
Tosca Rosalind Limited	Property Investment	100	Jersey, Channel Islands
Tosca Scotland Limited	Property Investment	100	Jersey, Channel Islands
Tosca South East Limited	Property Investment	100	Jersey, Channel Islands
Tosca South West Limited	Property Investment	100	Jersey, Channel Islands
Tosca Swansea Limited	Property Investment	100	Jersey, Channel Islands
Tosca Thorpe Park Limited	Property Investment	100	Jersey, Channel Islands
Tosca UK CP II Ltd	Intermediate parent company	100	Jersey, Channel Islands
Tosca UK CP Ltd	Intermediate parent company	100	Jersey, Channel Islands
Tosca Victory House Limited	Property Investment	100	Jersey, Channel Islands
Tosca Winsford Limited	Property Investment	100	Jersey, Channel Islands
Toscafund Bennett House Ltd	Property Investment	100	Jersey, Channel Islands
Toscafund Bishopgate Street Ltd	Property Investment	100	Jersey, Channel Islands
Toscafund Blythwood Ltd	Property Investment	100	Jersey, Channel Islands
Toscafund Brand Street Ltd	Property Investment	100	Jersey, Channel Islands
Toscafund Chancellor Court Ltd	Property Investment	100	Jersey, Channel Islands
Toscafund Crompton Way Ltd	Property Investment	100	Jersey, Channel Islands
Toscafund Espedair Limited	Property Investment	100	Jersey, Channel Islands
Toscafund Fairfax House Ltd	Property Investment	100	Jersey, Channel Islands
Toscafund Glasgow Ltd	Debt investment	100	Jersey, Channel Islands
Toscafund Glasgow II Ltd	Property investment	100	England & Wales
Toscafund Harvest Ltd	Property investment	100	Jersey, Channel Islands
Toscafund Milburn House Ltd	Property investment	100	Jersey, Channel Islands
Toscafund Minton Place Ltd	Property investment	100	Jersey, Channel Islands
Toscafund Newstead Court Ltd	Property investment	100	Jersey, Channel Islands
Toscafund North Esplanade Ltd	Property investment	100	Jersey, Channel Islands
Toscafund Portland Street Ltd	Property investment	100	Jersey, Channel Islands
Toscafund Sheldon Court Ltd	Property investment	100	Jersey, Channel Islands
Toscafund South Gyle Ltd	Property investment	100	Jersey, Channel Islands
Toscafund St Georges House Ltd	Property investment	100	Jersey, Channel Islands
Toscafund St James Court Ltd	Property investment	100	Jersey, Channel Islands
Toscafund Strathclyde BP Ltd	Property investment	100	Jersey, Channel Islands
Toscafund Wallington Ltd	Property investment	100	Jersey, Channel Islands
Toscafund Welton Road Ltd	Property investment	100	Jersey, Channel Islands
Toscafund Westminster House Ltd	Property investment	100	Jersey, Channel Islands

5. Mandatory bids

- 5.1 The City Code on Takeovers and Mergers (the “Takeover Code”) applies to the Company. The Takeover Code is issued and administered by the Panel on Takeovers and Mergers.
- 5.2 Under Rule 9 of the Takeover Code, (i) where a person acquires an interest in shares which (taken together with the shares in which he and persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of the Company or (ii) where a person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of the Company, but does not hold shares carrying more than 50 per cent. of the voting rights of the Company, and such person, or any persons acting in concert with him, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in the Company in which he is interested, then in either case that person, together with the persons acting in concert with him, is normally required (except with the consent of the Takeover Panel) to extend offers in cash, at the highest price paid by him (or any persons acting in concert with him) for shares in the Company within the preceding 12 months, to the holders of any class of equity share capital of the Company, whether voting or not, and also to the holders of any other transferable securities carrying voting rights.

6. Squeeze-out and sell-out rules

- 6.1 Ordinary Shares may be subject to compulsory acquisition in the event of a takeover offer which satisfies the requirements of Part XVIII of the Companies Law, or in the event of a scheme of arrangement under Part VIII of the Companies Law.
- 6.2 In order for a takeover offer to satisfy the requirements of Part XVIII of the Companies Law, the prospective purchaser must prepare a scheme or contract (in this paragraph, the “**Offer**”) relating to the acquisition of the Ordinary Shares and make the Offer to some or all of the Shareholders. If, within a period of four months following the making of the Offer, the Offer has been accepted by Shareholders holding 90 per cent. in value of the Ordinary Shares affected by the Offer, the purchaser may upon the threshold being reached (provided that the threshold is reached within four months of the making of the Offer) (in this paragraph, a “**Notice to Acquire**”) to any Shareholder to whom the Offer was made but who has not accepted the Offer (in this paragraph, the “**Dissenting Shareholders**”) explaining the purchaser’s intention to acquire their Ordinary Shares on the same terms and, where the terms of the Offer provided a choice of consideration giving particulars of the period and manner in which the Dissenting Shareholders must notify the purchaser of their choice and which consideration will apply, in default of notification. The Dissenting Shareholders have a period of one month from the Notice to Acquire in which to apply to the Court for the cancellation of the Notice to Acquire. Unless, prior to the end of that one month period the Court has cancelled the Notice to Acquire or granted an order preventing the purchaser from enforcing the Notice to Acquire, the purchaser may acquire the Ordinary Shares belonging to the Dissenting Shareholders by paying the consideration chosen by the relevant Dissenting Shareholders, which it will hold on trust for the Dissenting Shareholders.
- 6.3 A scheme of arrangement is a proposal made to the Court by the Company in order to effect an “**arrangement**” or reconstruction, which may include a corporate takeover in which the Ordinary Shares are acquired in consideration for cash or shares in another company. A scheme of arrangement is subject to the approval of a majority in number representing at least 75 per cent. (in value) of the members (or any class of them) present and voting in person or by proxy at a meeting convened by the Court and subject to the approval of the Court. If approved, the scheme of arrangement is binding on all Shareholders.
- 6.4 In addition, the Companies Law permits the Company to effect an amalgamation, in which the Company amalgamates with another company to form one combined entity. The Ordinary Shares would then be shares in the capital of the combined entity.

7. Summary of the Memorandum and the Articles of Incorporation of the Company

A summary of certain provisions of the Articles is set out below and a copy is available for inspection at the address specified in paragraph 21 of this Part 16 (“**Additional Information**”).

7.1 *Objects*

The memorandum of incorporation of the Company provides that the objects and purposes of the Company are unrestricted.

7.2 *Limited liability*

The liability of the Company’s members is limited to any unpaid amount on the shares in the Company held by them.

7.3 *Change of name*

The Company may change its name by special resolution of the shareholders.

7.4 *Rights attaching to Ordinary Shares*

7.4.1 *As to voting*

Subject to the rights of any Ordinary Shares which may be issued with special rights or privileges, holders of Ordinary Shares shall have the right to receive notice of and to attend and vote at general meetings of the Company.

Each Shareholder being present in person or by proxy or by a duly authorised representative (if a corporation) at a meeting shall upon a show of hands have one vote and upon a poll each such holder present in person or by proxy or by a duly authorised representative (if a corporation) shall, in the case of a separate class meeting, have one vote in respect of each share held by him and, in the case of a general meeting of all Shareholders, have one vote in respect of each Ordinary Share held by him.

7.4.2 *As to return of capital*

As to a winding-up of the Company or other return of capital (other than by way of a repurchase of Ordinary Shares in accordance with the provisions of the Articles and the Companies Law), the surplus assets of the Company attributable to the Ordinary Shares remaining after payment of all creditors shall be divided amongst the holders of Ordinary Shares *pari passu* among the holders of Ordinary Shares in proportion to the number of Ordinary Shares held by them.

The manner in which distributions of capital proceeds realised from investments (net of fees and expenses) and attributable to the Ordinary Shares (“**Capital Proceeds**”) shall be effected shall, subject to compliance with the Companies Law, be determined by the Directors in their absolute discretion and, once determined, shall be notified to Shareholders by way of an RIS announcement.

Without restricting the discretion of the Directors described above, the Directors may effect distributions of Capital Proceeds by (i) compulsorily redeeming a proportion of each Shareholder’s holding of Ordinary Shares and paying the redemption proceeds to Shareholders on such terms and in such manner as the Directors may determine; or (ii) in such other manner as may be lawful.

7.4.3 *As to dividends and distributions*

Subject to the rights of any Ordinary Shares which may be issued with special rights or privileges, the Ordinary Shares carry the right to receive all income of the Company attributable to the Ordinary Shares, and to participate in any distribution of such income made

by the Company, such income shall be divided *pari passu* among the holders of Ordinary Shares in proportion to the number of Ordinary Shares held by them.

The Directors may from time to time authorise dividends and distributions to be paid to Shareholders in accordance with the procedure set out in the Companies Law and subject to any Shareholder's rights attaching to their shares.

All unclaimed dividends and distributions may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. All dividends unclaimed on the earlier of (i) a period of six years after the date when it first became due for payment and (ii) the date on which the Company is wound-up, shall be forfeited and shall revert to the Company without the necessity for any declaration or other action on the part of the Company.

7.5 *Scrip Dividends*

7.5.1 The Directors may, if authorised by an Ordinary Resolution, offer any holders of any particular class of shares (excluding treasury shares) 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. The value of the further shares will be calculated by reference to the average of the middle market quotations for a share listed on the London Stock Exchange, for the day on which such shares are first quoted "ex" the relevant dividend and the four subsequent dealing days or in such other manner as the Directors may decide.

7.5.2 The Directors will give notice to the Shareholders of their rights of election in respect of the scrip dividend and will specify the procedure to be followed in order to make an election.

7.5.3 The further shares so allotted will rank *pari passu* in all respects with the fully paid shares of the same class then in issue except as regards participation in the relevant dividend.

7.5.4 The Board may from time to time establish or vary a procedure for election mandates, under which a holder of shares may, in respect of any future dividends for which a right of election is offered, elect to receive shares in lieu of such dividend on the terms of such mandate.

7.6 *Variation of share rights*

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated:

- with the consent in writing of the holders of more than 75 per cent. in number of the issued shares of that class; or
- with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class.

The necessary quorum at any separate class meeting shall be two persons present holding or representing by proxy at least one-third of the voting rights of the issued shares of that class (provided that if any such meeting is adjourned for lack of a quorum, the quorum at the reconvened meeting shall be one person present holding shares of that class or his proxy) provided always that where the class has only one member, that member shall constitute the necessary quorum and any holder of shares of the class in question may demand a poll.

The special rights conferred upon the holders of any shares or class of shares issued with preferred, deferred or other rights shall (unless otherwise expressly provided by the conditions of issue of such shares) be deemed not to be varied by (a) the creation or issue of further shares ranking *pari passu* therewith or (b) the purchase or redemption by the Company of any of its shares (or the holding of such shares as treasury shares).

7.7 *Pre-emption rights*

There are no provisions of Guernsey law which confer rights of pre-emption in respect of the allotment of the Ordinary Shares. However, the Articles provide that the Company is not permitted to allot (for cash) equity securities (being Ordinary Shares or rights to subscribe for, or convert securities into, Ordinary Shares) or sell (for cash) any Ordinary Shares held in treasury, unless it shall first have offered to allot to each existing holder of Ordinary Shares on the same or more favourable terms a proportion of those Ordinary Shares the aggregate value of which (at the proposed issue price) is as nearly as practicable equal to the proportion of the total Net Asset Value of the Company represented by the Ordinary Shares held by such shareholder. These pre-emption rights may be excluded and disappplied or modified by extraordinary resolution of the Shareholders.

7.8 *Transfer of shares*

Subject to the Articles and the restrictions contained therein, as well as applicable foreign securities laws, a Shareholder may transfer all or any of his Ordinary Shares in any manner which is permitted by the Companies Law or in any other manner which is from time to time approved by the Board.

A transfer of a certificated Share shall be in the usual common form or in any other form approved by the Board. An instrument of transfer of a certificated Share shall be signed by or on behalf of the transferor and, unless the Share is fully paid, by or on behalf of the transferee.

The Articles provide that the Board has power to implement such arrangements as it may, in its absolute discretion, think fit in order for the Ordinary Shares to be admitted to settlement by means of the CREST UK system. If the Board implements any such arrangements, provision of the Articles will apply or have effect to the extent that it is in any respect inconsistent with:

- the holding of shares of the relevant class in uncertificated form;
- the transfer of title to shares of the relevant class by means of the CREST UK system; or
- the Regulations or the RCIS Rules.

Where the Ordinary Shares are, for the time being, admitted to settlement by means of the CREST UK system such securities may be issued in uncertificated form in accordance with and subject to the Regulations. Unless the Board otherwise determines, shares held by the same holder or joint holders in certificated form and uncertificated form will be treated as separate holdings. Ordinary Shares may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject to the Regulations. Title to such of the shares as are recorded on the register as being held in uncertificated form may be transferred only by means of the CREST UK system.

The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any share in certificated or uncertificated form subject to the Articles which is not fully paid or on which the Company has a lien provided that this would not prevent dealings in the shares from taking place on an open and proper basis on the London Stock Exchange.

In addition, the Board may decline to transfer, convert or register a transfer of any share in certificated form or (to the extent permitted by the Regulations and the RCIS Rules) uncertificated form: (a) if it is in respect of more than one class of shares, (b) if it is in favour of more than four joint transferees, (c) if applicable, if it is delivered for registration to the registered office of the Company or such other place as the Board may decide, not accompanied by the certificate for the shares to which it relates and such other evidence of title as the Board may reasonably require, (d) the transfer is in favour of any Non-Qualified Holder; or (e) in the transfer would make the Company a close company.

If any shares are owned directly, indirectly or beneficially by a person believed by the Board to be a Non-Qualified Holder, the Board may give notice to such person requiring him either: (i) to provide the Board within 30 days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Board that such person is not a Non-Qualified Holder, or (ii) to sell or transfer his

Ordinary Shares to a person who is not a Non-Qualified Holder within 30 days and within such 30 days to provide the Board with satisfactory evidence of such sale or transfer and pending such sale or transfer, the Board may suspend the exercise of any voting or consent rights and rights to receive notice of or attend any meeting of the Company and any rights to receive dividends or other distributions with respect to such shares. Where condition (i) or (ii) is not satisfied within 30 days after the serving of the notice, the person will be deemed, upon the expiration of such 30 days, to have forfeited his shares. If the Board in its absolute discretion so determines, the Company may dispose of the shares at the best price reasonably obtainable and pay the net proceeds of such disposal to the former holder.

The Board of Directors may decline to register a transfer of an uncertificated share which is traded through the CREST system in accordance with the CREST Regulations where, in the case of a transfer to joint holders, the number of joint holders to whom uncertificated shares is to be transferred exceeds four.

7.9 *Disclosure of interests in shares*

The Directors shall have power by notice in writing (a “**Disclosure Notice**”) to require a Shareholder to disclose to the Company the identity of any person other than the Shareholder (an “**interested party**”) who has any interest (whether direct or indirect) in the Ordinary Shares held by the Shareholder and the nature of such interest or has been so interested at any time during the three years immediately preceding the date on which the Disclosure Notice is issued. Any such Disclosure Notice shall require any information in response to such Disclosure Notice to be given in writing to the Company within 28 days of the date of service (or 14 days if the Ordinary Shares concerned represent 0.25 per cent. or more of the number of Ordinary Shares in issue).

If any member is in default in supplying to the Company the information required by the Company within the prescribed period (which is 28 days after service of the notice or 14 days if the Ordinary Shares concerned represent 0.25 per cent. or more in number of the issued Ordinary Shares of the relevant class), or such other reasonable period as the Directors may determine, the Directors in their absolute discretion may serve a direction notice on the member (a “**Direction Notice**”). The Direction Notice may direct that in respect of the Ordinary Shares in respect of which the default has occurred (the “**Default Shares**”) and any other Ordinary Shares held by the member shall not be entitled to vote in general meetings or class meetings. Where the Default Shares represent at least 0.25 per cent. in number of the Ordinary Shares in issue, the Direction Notice may additionally direct that dividends on such Default Shares will be retained by the Company (without interest) and that no transfer of the Default Shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

The Directors may be required to exercise their power to require disclosure of interested parties on a requisition of Shareholders holding not less than 10 per cent. of the total voting rights attaching to the Ordinary Shares in issue at the relevant time.

In addition to the rights referred to above, the Board may serve notice on any Shareholder requiring that Shareholder to promptly provide the Company with any information, representations, certificates or forms relating to such Shareholder (or its direct or indirect owners or account holders) that the Board determines from time to time are necessary or appropriate for the Company to:

- satisfy any account or payee identification, documentation or other diligence requirements and any reporting requirements imposed under: (i) FATCA and any agreement relating thereto (including, any amendments, modification, consolidation, re-enactment or replacement thereof made from time to time); (ii) the UK-Guernsey IGA; (iii) the multilateral competent authority agreement signed on 29 October 2014 by fifty-one jurisdictions (including Guernsey) which provides for the automatic exchange of FATCA-like information in line with the Common Reporting Standard issued by the Organisation for Economic Co-operation and Development; and/or the requirements of any similar laws or regulations to which the Company may be subject enacted from time to time by any other jurisdiction (“**Similar Laws**”);

- avoid or reduce any tax otherwise imposed by FATCA or Similar Laws (including any withholding upon any payments to such Shareholder by the Company); or
- permit the Company to enter into, comply with, or prevent a default under or termination of, an agreement of the type described in section 1471(b) of the US Internal Revenue Code of 1986 or under Similar Laws.

If any Shareholder (a “**Defaulting Shareholder**”) is in default of supplying to the Company the information referred to above within the prescribed period (which shall not be less than 28 days after the service of the notice), the Defaulting Shareholder shall be deemed to be a Non-Qualified Holder.

7.10 *Changes in share capital*

The Company may by Ordinary Resolution:

- consolidate all or any of its shares into shares of larger amounts than its existing shares;
- subdivide all or any of its shares into shares of smaller amounts so that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that the resolution whereby any share is subdivided may determine that as between the holders of the shares resulting from subdivision one or more of the shares may have such preferred, deferred or other rights over the others as the Company has power to attach to unissued or new shares;
- cancel any shares which at the date of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of shares so cancelled;
- redesignate or convert the whole, or any particular class, of its shares into shares of another class;
- convert all or any of its fully paid shares the nominal amount of which is expressed in a particular currency into fully paid shares of a nominal amount of a different currency, the conversion being effected at the rate of exchange (calculated to not less than 3 significant figures) current on the date of the resolution or on such other date as may be specified therein; and
- where its share capital is expressed in a particular currency or former currency, denominate or redenominate it, whether by expressing its amount in units or subdivisions of that currency or former currency or otherwise.

The Board on any consolidation of shares may deal with fractions of shares in any manner.

7.11 *Restrictions on voting*

Unless the Board otherwise decides, no member shall be entitled to vote at any general meeting or at any separate meeting of the holders of any class of shares in the Company, either in person or by proxy, in respect of any share held by him unless all calls and other sums presently payable by him in respect of that share have been paid. No member of the Company shall, if the Directors so determine, be entitled in respect of any share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the Company or to exercise any other right conferred by membership in relation to any such meeting if he or any other person appearing to be interested in such shares has failed to comply with a Disclosure Notice (see paragraph 7.9 above) within 14 days, in a case where the shares in question represent at least 0.25 per cent. of their class, or within 28 days, in any other case, from the date of such Disclosure Notice. These restrictions will continue until the information required by the notice is supplied to the Company or until the shares in question are transferred or sold in circumstances specified for this purpose in the Articles.

7.12 *Untraced Shareholders*

The Company shall be entitled to sell at the best price reasonably obtainable the shares of a Shareholder or any shares to which a person is entitled by transmission on death or bankruptcy if and provided that (i) for a period of 12 years no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the Shareholder or to the person so entitled to the share at his address in the register of members of the Company or otherwise the last known address given by the Shareholder or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication has been received by the Company from the Shareholder or the person so entitled provided that in such period of 12 years, the Company has paid out at least three dividends whether interim or final; (ii) the Company has at the expiration of the said period of 12 years by advertisement in a newspaper circulating in the area in which the address referred to in (i) above is located given notice of its intention to sell such shares; (iii) the Company has not during the period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the Shareholder or person so entitled; or (iv) if any part of the share capital of the Company is quoted on any stock exchange and the rules of such stock exchange so require, the Company has given notice in writing to the quotations department of such stock exchange of its intention to sell such shares.

7.13 *General meetings*

General meetings (which are annual general meetings) shall be held at least once in each calendar year and in any event, no more than 15 months since the last annual general meeting. All general meetings (other than annual general meetings) shall be called extraordinary general meetings. Extraordinary general meetings and annual general meetings shall be held in the United Kingdom or such other place as may be determined by the Board from time to time.

The notice must specify the date, time and place of any general meeting and the text of any proposed special and Ordinary Resolution. Any general meeting shall be called by at least ten clear days' notice. A general meeting may be deemed to have been duly called by shorter notice if it is so agreed by all the members entitled to attend and vote thereat. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the proceedings at the meeting.

The Shareholders may require the Board to call an extraordinary general meeting in accordance with the Companies Law.

7.14 *Directors*

7.14.1 *Number*

Unless otherwise determined by the Shareholders by Ordinary Resolution, the number of Directors shall not be less than two and there shall be no maximum number.

7.14.2 *Directors' shareholding qualification*

A Director need not be a Shareholder. A Director who is not a Shareholder shall nevertheless be entitled to attend and speak at Shareholders' meetings.

7.14.3 *Remuneration*

The Directors shall be entitled to receive fees for their services, such sums not to exceed in aggregate £300,000 in any financial year in aggregate (or such sum as the Company in general meeting shall from time to time determine). The Directors may be paid all reasonable travelling, hotel and other out of pocket expenses properly incurred by them in attending board or committee meetings or general meetings, and all reasonable expenses properly incurred by them seeking independent professional advice on any matter that concerns them in the furtherance of their duties as a Director.

The fees per annum of each Director pursuant to the NED Appointment Letters is as follows:

- Kevin McGrath – £70,000 per annum
- William Eason – £50,000 per annum
- Daniel Taylor – £50,000 per annum
- Tim Bee and Stephen Inglis are not remunerated for their services as Directors.

7.14.4 *Rotation and appointment of Directors*

The Directors may be appointed by the Board (either to fill a vacancy or as an additional Director). No person other than a Director retiring at a general meeting shall, unless recommended by the Directors, be eligible for election by the Company to the office of Director unless not less than seven and not more than 42 clear days before the date appointed for the meeting there shall have been left at the Company's registered office (or, if an electronic address has been specified by the Company for such purposes, sent to the Company's electronic address) notice in writing signed by a Shareholder who is duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election together with notice in writing signed by that person of his willingness to be elected and containing a declaration that he is not ineligible to be a Director in accordance with the Companies Law.

No person shall be or become incapable of being appointed a Director, and no Director shall be required to vacate that office, by reason only of the fact that he has attained the age of 70 years or any other age.

Subject to the Articles, at each annual general meeting of the Company, all directors will retire from office and each Director may offer himself for election or re-election by the Shareholders.

A Director who retires at an annual general meeting may, if willing to continue to act, be elected or re-elected at that meeting. If he is elected or re-elected he is treated as continuing in office throughout. If he is not elected or re-elected, he shall remain in office until the end of the meeting or (if earlier) when a resolution is passed to appoint someone in his place or when a resolution to elect or re-elect the Director is put to the meeting and lost.

A Director may resign from office as a Director by giving notice in writing to that effect to the Company at its registered office, which notice shall be effective upon delivery to the registered office.

The office of a Director shall be vacated: (i) if he (not being a person holding for a fixed term an executive office subject to termination if he ceases from any cause to be a Director) resigns his office by one month's written notice signed by him sent to or deposited at the Company's registered office; (ii) if he dies; (iii) if he shall have absented himself (such absence not being absence with leave or by arrangement with the Board on the affairs of the Company) from meetings of the Board for a consecutive period of 12 months and the Board resolves that his office shall be vacated; (iv) if he becomes bankrupt or makes any arrangements or composition with his creditors generally; (v) if he ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under the provisions of any law or enactment; (vi) if he is requested to resign by written notice signed by a majority of his co-Directors (being not less than two in number); (vii) if the Company by Ordinary Resolution shall declare that he shall cease to be a Director; or (viii) if he becomes ineligible to be a Director in accordance with the Companies Law.

7.14.5 *Alternate Directors*

Any Director may, by notice in writing, appoint any other person (subject to the provisions in the paragraph below), who is willing to act as his alternate and may remove his alternate from that office.

Each alternate Director shall be eligible to be a Director under the Companies Law and signs a written consent to act. Every appointment or removal of an alternate Director shall be by notice in writing signed by the appointor and served upon the Company.

7.14.6 *Proceedings of the Board*

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be two. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers and discretion exercisable by the Board.

The Board may elect one of their number as chairman. If no chairman is elected or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairman of the meeting.

Questions arising at any meeting shall be determined by a majority of votes.

The Board may delegate any of its powers to committees consisting of one or more Directors as they think fit. Any committee so formed shall be governed by any regulations that may be imposed on it by the Board and (subject to such regulations) by the provisions of the Articles that apply to meetings of the Board.

7.14.7 *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking, property (present or future) or assets or uncalled capital and to issue other securities whether outright, or as collateral security for any debt, liability or obligation of the Company or of any third party.

7.14.8 *Directors' interests*

Subject to and in accordance with the Companies Law, a Director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose that fact to the Directors (including, if the monetary value of the Director's interest is quantifiable, the nature and monetary value of that interest, or if the monetary value of the Director's interest is not quantifiable, the nature and extent of that interest).

Subject to the provisions of the Companies Law, and provided that he has disclosed to the Directors the nature and extent of any interests of his, a Director notwithstanding his office:

- may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director on such terms as to the tenure of office and otherwise as the Directors may determine;
- may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, a shareholder of or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;
- shall not, by reason of his office, be accountable to the Company for any remuneration or benefit which he derives from any such office or employment or from any such

transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit;

- may act by himself or his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as though he were not a Director of the Company; and
- may be counted in the quorum present at any meeting in relation to any resolution in respect of which he has declared an interest (but he may not vote thereon).

7.14.9 Suspension of the determination of the Net Asset Value

The Board shall have the power to determine that the Company shall suspend the determination of the Net Asset Value in any circumstances in which the Board in its absolute discretion deems necessary or desirable.

7.15 *Communication of documents and information*

A notice, document or other information may be given by the Company to any Shareholder either (i) personally; or (ii) by sending it by prepaid post addresses to such Shareholder at his registered address; or (iii) where appropriate, by sending or supplying it in electronic form to an address notified by the Shareholder for that purpose; (iv) by publishing it in La Gazette Officielle; or (v) where appropriate, by publication on a website in accordance with the Articles.

Subject to any longer periods required by the Companies Law, a notice will, unless the contrary is shown, be deemed to have been received:

- in the case of a notice sent by post to an address in the UK, Channel Islands or the Isle of Man, on the second day of posting;
- in the case of a notice sent by post elsewhere by airmail, on the third day after posting; or
- in the case of a notice sent by electronic means, immediately after it was transmitted in accordance with the Articles,

excluding, in the first two cases, any day which is a Saturday, Sunday, Good Friday, Christmas Day, a bank holiday in Guernsey or a day appointed as a day of public thanksgiving or public mourning in Guernsey. A notice given by advertisement will be published in at least one UK national newspaper and one daily newspaper circulated widely in Guernsey and will be deemed to have been served before noon on the day on which the advertisement appears. A notice given by publication in La Gazette Officielle will also be deemed to have been served before noon on the day on which the notice appears in La Gazette Officielle.

Any notice, document or other information made available on a website will be deemed to have been received on the day on which the notice, document or other information was first made available on the website or, if later, when a notice of availability is received or deemed to have been received pursuant to the Articles.

7.16 *Indemnities*

Subject to applicable law, the Company shall indemnify any Director against any liability except such (if any) as they shall incur by or through their own default, breach of trust, breach of duty or negligence and may purchase and maintain for any Director or any Subsidiary Director insurance against any liability.

The Company may exercise all the powers of the Company to purchase and maintain insurance for or for the benefit of any persons who are or were at any time Directors, officers, employees or auditors of the Company or otherwise associated with the Company or in which the Company has or had any interest, whether direct or indirect, or of any predecessor in business of any of the foregoing, including

(without prejudice to the generality of the foregoing) insurance against any costs, charges, expenses, losses or liabilities suffered or incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or the exercise or purported exercise of their powers and discretion and/or otherwise in relation to or in connection with their duties, powers or offices in relation to the Company or any such other body.

7.17 *Winding up*

If the Company shall be wound up, the liquidator may, with the sanction of an extraordinary resolution and any other sanction required by the Companies Law, divide the whole or any part of the assets of the Company among the members entitled to the same in specie and the liquidator or, where there is no liquidator, the Directors may for that purpose value any assets as he or they deem fair and determine how the division shall be carried out as between the members or different classes of members and, with the like sanction, may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he or they may determine, but no member shall be compelled to accept any assets upon which there is a liability.

Where the Company is proposed to be or is in the course of being wound up and the whole or part of its business or property is proposed to be transferred or sold to another company, the liquidator may, with the sanction of an Ordinary Resolution, receive in compensation shares, policies or other like interests for distribution or may enter into any other arrangements whereby the members may, in lieu of receiving cash, shares, policies or other like interests, participate in the profits of or receive any other benefit from the transferee.

7.18 *Substantial Shareholders*

The Articles contain provisions relating to Substantial Shareholders. The Company is a REIT. Under Part 12 CTA 2010 a tax charge may be levied on the Company if it makes a distribution to a company 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:

- provide the Directors with powers to identify Substantial 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 a Substantial Shareholder);
- provide the Directors with powers to prohibit the payment of dividends on Ordinary Shares that form part of a Substantial Shareholding, if certain conditions are met;
- allow dividends to be paid on Ordinary Shares that form part of a Substantial Shareholding where the Shareholder has disposed of its rights to dividends on its Ordinary Shares;
- seek to ensure that if a dividend is paid on Ordinary Shares that form part of a Substantial Shareholding and arrangements of the kind referred to above are not met, the Substantial Shareholder concerned does not become beneficially entitled to that dividend; and
- provide the Directors with powers if certain conditions are met, to require (1) a Substantial Shareholder; or (2) a Shareholder who has not complied with a notice served in accordance with the power referred to in the first bullet point above; or (3) a Shareholder who has provided materially inaccurate or misleading information in relation to the Substantial 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 a Substantial Shareholder.

8. Directors

8.1 The business address of each of the Directors is set out in Part 6 (“**Directors, Managers and Corporate Governance**”) of this document. The Directors are or have been directors or partners at any time in the five years immediately preceding the date of this document of the following companies and partnerships:

<i>Name</i>	<i>Current</i>	<i>Past</i>
Kevin McGrath	Sayers Court (Ealing) Management Company Limited London South Bank University Amlaps (UK) Limited QPR in the Community Trust M&M Portfolio Limited M&M Retail Portfolio LLP M&M Asset Management Limited Cool Investments Limited The Old Vic Theatre Trust 2000 Victoria League for Commonwealth Friendship Tribune Publications 2009 Limited Luracourt Limited The Clink Restaurant Company Limited Core Technology Ventures LLP Dunwych LP LLC Apreit IV (Two) Limited Apreit IV Nominees (Two) Limited Apreit IV GP LLC Maritview Limited Pelrock Limited Pelrock Nominees Limited Pelford GP LLC Tring Securities Limited Wigham GP LLC The National Council for Civil Liberties Howard League for Penal Reform (incorporating the Howard Centre for Penology) Portfolio Reading UK Limited BMO REP Asset Management plc The Guildford School of Acting Conservatoire Wave Trust Chartered Surveyors Training Trust Prison Advice and Care Trust (PACT) REIT Asset Management Limited	None
William Eason	Henderson International Income The European Investment Trust Plc The Gordon Foundation Teniwood Securities Limited Iowa Land Company Limited Swan Walk Holdings Limited	None

<i>Name</i>	<i>Current</i>	<i>Past</i>
Stephen Inglis	London & Scottish Student Housing Limited LSI West George Street Limited London & Scottish Property Asset Management Limited London & Scottish Property Management Limited London & Scottish Investments Limited Shawglen Limited Squeeze Newco 2 Limited Credential Investment Holdings Limited Pharoahs Distribution (U.K.) Limited Regional REIT ZDP PLC L&S (Straton) Limited L&S (REIT AM) Limited	Clyde Shopping Centre Limited LSI REIT AM Limited LSI SH Crown House LP Limited Quillco 192 Limited IH Property Asset Management Limited Credential Management Investment Limited LS Asset Management Limited Credential Asset Management Limited
Tim Bee	Toscafund GP Limited Toscafund Asset Management LLP Phoenix Film Partners LLP	Fieldfisher LLP Marriott Harrison LLP Regus Avanta Vehicle Limited MH Secretaries Limited
Daniel Taylor	Westchester Capital Limited Scent by Design Limited Bourne Office Space Limited	Avanta Serviced Offices plc Grosvenor Park Media Limited

The above table does not include any member of the Group.

8.2 At the date of this document none of the Directors has:

- any convictions in relation to fraudulent offences for the previous five years;
- been declared bankrupt or been subject to any individual voluntary arrangement or been associated with any bankruptcy, receivership or liquidation in his capacity as a director or senior manager for the previous five years;
- been a director or senior manager, within the previous five years, of any company which has been subject to a receivership or liquidation;
- been a partner or senior manager, within the previous five years, in any partnership which has been subject to a liquidation; and/or
- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including any designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company for the previous five years.

8.3 Save as set out in paragraph 8.1 above, no Director has any potential conflicts of interest between their duties to the Company and their private interests and/or their duties to third parties.

8.4 With the exception of the Acquisition Agreements, Asset Management Agreement and Investment Management Agreement (details of which are set out in paragraph 11 of this Part 17) the Company has not entered into any related party transactions at any time since its incorporation on 22 June 2015.

8.5 The table below sets out the voting rights (within the meaning of the Disclosure Guidance and Transparency Rules) held, directly or indirectly, by any of the Directors in respect of the share capital of the Company at the last practicable date prior to the publication of this document:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>% of voting share capital</i>
Stephen Inglis	752,549	0.25
Daniel Taylor	250,000	0.08
William Eason	200,000	0.06
Tim Bee	150,000	0.05
Derek Porter	438,000	0.14

8.6 Save as set out in paragraph 8.5 of this Part 16, no Director holds, at the last practicable date prior to the publication of this document directly or indirectly, any voting rights in respect of the Company or any of its subsidiaries.

8.7 The table below sets out the voting rights (within the meaning of the Disclosure Guidance and Transparency Rules) held, directly or indirectly, by any of the Asset Manager, Investment Manager or any of their respective directors or senior managers in respect of the share capital of the Company at the last practicable date prior to the publication of this document:

<i>Person</i>	<i>Number of Ordinary Shares</i>	<i>% of voting share capital</i>
Martin Hughes ⁹	27,154,198	9.04
Barrie Clapham	7,516,146	2.50

8.8 So far as the Company is aware by virtue of notifications to it pursuant to the Disclosure Guidance and Transparency Rules as at the last practicable date prior to the publication of this document the following persons (other than the Asset Manager, the Investment Manager, (or their respective senior managers) and Directors) hold, directly or indirectly, voting rights in respect of five per cent or more of the Company's issued share capital:

<i>Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>% of voting share capital</i>
The Conygar Investment Company Plc	26,326,644	8.76
Toscafund Limited	27,154,198	9.04

8.9 Save as set out in paragraphs 8.5, 8.7 and 8.8 of this Part 16, the Company is not aware of any person who, at the last practicable date prior to the publication of this document holds voting rights, directly or indirectly, in respect of five per cent. or more of the issued share capital of the Company.

8.10 The Company is not aware of any person who, at the last practicable date prior to the publication of this document, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

8.11 None of the Shareholders referred to in paragraphs 8.5, 8.7 and 8.8 of this Part 16 has different voting rights from any other holder of Ordinary Shares.

8.12 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 Group, and which:

- were effected by the Company during the current or immediately preceding financial year; or
- were effected by the Company during an earlier financial year and remain in any respect outstanding or unperformed.

9. NED Appointment Letters

9.1 The Non-executive Directors (other than Tim Bee) were appointed on 3 November 2015. Tim Bee was appointed on 7 July 2017. The Non-executive Directors each entered into the NED Appointment Letters (Stephen Inglis on 22 June 2015, William Eason and Kevin McGrath on 16 October 2015 and Tim Bee on 7 July 2017).

⁹ By virtue of Martin Hughes' voting rights control of Toscafund Investment Limited.

- 9.2 There are no agreements with Directors which provide for benefits upon termination of their engagement.
- 9.3 There are no existing or proposed service agreements between any of the Directors and any member of the Group.

10. Pension and retirement benefits

Neither the Company nor the Group (as constituted immediately following the Acquisition) has accrued or set aside any amounts to provide pension, retirement or similar benefits.

11. Material contracts

Below is a summary of (i) each material contract (other than a contract entered into in the ordinary course of business) to which the Company or any member of the Group is a party which has been entered into within the two years immediately preceding the date of this document; and (ii) any other contract (other than a contract entered into in the ordinary course of business) entered into by the Company or any member of the Group which contains obligations or entitlements which are or may be material to the Group as at the date of this document.

11.1 Acquisition Agreements

The Company, Midco and the First Portfolio Seller entered into the First Portfolio Acquisition Agreement on 4 December 2017, pursuant to which the Company has agreed (through Midco) to acquire the First New Property Portfolio from the First Portfolio Seller.

The Company, Midco and the Second Portfolio Seller entered into the Second Portfolio Acquisition Agreement on 4 December 2017, pursuant to which the Company has agreed (through Midco) to acquire the Second New Property Portfolio from the Second Portfolio Seller.

The Acquisition Agreements are conditional upon the Company having raised and being in receipt of (i) £55 million in respect of the First Portfolio Acquisition Agreement, and (ii) £75 million in respect of the Second Portfolio Acquisition Agreement. Further details of the Acquisition Agreements are set out in Part 10 of this document.

11.2 The Placing and Open Offer Agreement

Pursuant to the Placing and Open Offer Agreement between the Company, the Asset Manager, the Investment Manager, Peel Hunt and the Joint Placing Agent on 4 December 2017, subject to certain conditions, Peel Hunt and the Joint Placing Agent have agreed to use their reasonable endeavours to procure subscribers for the Firm Placing Shares and the Placing Shares in each case at the Issue Price.

The obligations of Peel Hunt and the Joint Placing Agent to procure subscribers for Firm Placing Shares and Placing Shares are conditional upon certain conditions that are customary for an agreement of this nature. These conditions include, among others: (i) this document being formally approved by the UKLA; (ii) the Receiving Agent Agreement having been duly executed and delivered; (iii) the Company complying until Admission with its obligations under the Prospectus Rules; and (iv) Admission occurring not later than 8.00 a.m. on 21 December 2017 (or such later date as may be agreed between the Company, Peel Hunt and the Joint Placing Agent, being not later than 31 December 2017).

The Placing and Open Offer Agreement may be terminated by Peel Hunt or the Joint Placing Agent at any time prior to Admission in certain customary circumstances set out in the Placing and Open Offer Agreement. If these termination rights are exercised, Admission will not go ahead and any and all monies received in respect of the Firm Placing and/or the Placing will be returned to Firm Placees and/or Placees.

The Placing and Open Offer Agreement provides for Peel Hunt and the Joint Placing Agent to be paid (i) an amount equal to 1.75 per cent. of the Issue Price multiplied by the aggregate number of New

Ordinary Shares issued pursuant to the Capital Raising; and (ii) an amount equal to up to 0.5 per cent. of the Issue Price multiplied by the aggregate number of New Ordinary Shares issued pursuant to the Capital Raising, the amount of such commission (if any) to be determined in the Company's sole discretion. The total commissions payable under the Placing and Open Offer Agreement are to be shared as to 70 per cent. in favour of Peel Hunt and as to 30 per cent. in favour of the Joint Placing Agent. Peel Hunt and the Joint Placing Agent may retain any commissions, fees or other amounts payable to them for their own account.

The Company has agreed to pay the costs and property incurred expenses (excluding any amounts of or in respect of tax) of, and incidental to, the Capital Raising, including the fees payable to the UKLA and the LSE.

The Company, the Asset Manager and the Investment Manager have each given warranties and undertakings to Peel Hunt and the Joint Placing Agent, including concerning the accuracy of the information contained in this document. The Company has given certain indemnities to Peel Hunt and the Joint Placing Agent, including for liabilities under applicable securities laws. The warranties and indemnities given by the Company are standard for an agreement of this nature.

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

11.3 *Fund Acquisition Agreement*

The Company and the general partners of the Funds entered into the Fund Acquisition Agreement on 3 November 2015 pursuant to which the Company indirectly acquired the Initial Property Portfolio from the Funds and agreed to issue a total of 274,217,260 Ordinary Shares to the general partners of the Funds in consideration which, together with the four subscriber shares, were admitted to trading on the London Stock Exchange's main market for listed securities on 2015 Admission.

11.4 *Asset Management Agreement*

The Company, Midco, the Asset Manager and the Investment Manager entered into the Asset Management Agreement on 3 November 2015, pursuant to which the Asset Manager provides property management services and advice to the Company, Midco and SPVs, subject to the investment objective of the Company and the Investment Policy and the overall supervision of the boards of the entity to which the particular property management services are provided. The Asset Manager and the Company are required to procure that, in respect of each Portfolio Interest which is acquired by an SPV, a Property Manager is appointed pursuant to a Property Management Agreement.

The Asset Management Agreement is terminable by either party on 12 months' written notice and such notice may only be served after the fifth anniversary of the Asset Management Agreement. The Asset Management Agreement may be terminated with immediate effect in certain circumstances, including a material unremedied breach by the Asset Manager (by notice from the Company or Midco) or by the Investment Manager, Company, Midco or any SPV (by notice from the Asset Manager). The Company or Midco may terminate the Asset Management Agreement with immediate effect by giving written notice to the Asset Manager in the event of the Asset Manager's liquidation or insolvency (or certain analogous events). Further details of the Asset Management Agreement are set out in paragraph 11.4 of Part 16 ("**Additional Information**") of this document.

The Asset Management Agreement shall continue in full force and effect for an initial period of five years from 6 November 2015 (the "**Initial Period**"). The Company or Midco or the Asset Manager may terminate the Asset Management Agreement by giving notice at any time on or before the expiry of the Initial Period, in which case it shall terminate one year after the expiry of the Initial Period. If no notice is given on or before the expiry of the Initial Period, the Asset Management Agreement shall continue for recurring three year periods ("**Subsequent Periods**"). The Company, Midco or the Asset Manager may terminate the Asset Management Agreement by giving notice no later than one year prior to the end of that Subsequent Period, in which case it shall terminate at the end of that Subsequent Period.

Notwithstanding the initial term, the Asset Management Agreement may also be terminated with immediate effect earlier in certain circumstances, including a material unremedied breach by the Asset Manager (by notice from the Company or Midco) or by the Investment Manager, the Company, Midco or any SPV (by notice from the Asset Manager). The Company or Midco may terminate the Asset Management Agreement with immediate effect by giving written notice to the Asset Manager in the event of the liquidation or insolvency (or analogous event) of the Asset Manager.

At any time after the later of (i) the fifth anniversary of the date of the Asset Management Agreement and (ii) the first date on which EPRA NAV exceeds £750,000,000, the Board, the Asset Manager and the Investment Manager may decide, with the approval of an Ordinary Resolution (upon which neither the Asset Manager nor its associates may vote) that individuals providing the services under the Asset Management Agreement are to become an internal resource of the Company in lieu of the appointment of the Asset Manager under the Asset Management Agreement.

The Asset Manager shall only be liable (on an indemnity basis) to the Company, Investment Manager, Midco and any SPV in respect of resulting from the fraud, negligence, bad faith or wilful default of or breach of the agreement by the Asset Manager. The Asset Manager and its associates and their respective officers, directors and employees shall be entitled to be indemnified by the Company, Midco and the SPVs against any liabilities, costs and expenses incurred or threatened against them, except for losses resulting from the fraud, negligence, bad faith or wilful default of or breach of the agreement by the relevant person.

The Asset Manager shall be entitled in each financial year (or part thereof) to 50% the following fees:

- An annual management fee on a scaled rate of 1.1% of EPRA NAV, reducing to 0.9 per cent. on assets over £500,000,000 or higher (the “**Management Fee**”). The Management Fee shall be calculated by reference to the most recent of the half-yearly calculated EPRA NAV.
- A performance fee at a rate equal to the product of (i) 15% of Shareholder Returns in excess of the Hurdle for each Performance Period and (ii) the number of Ordinary Shares in issue as at the last day of such Performance Period (the “**Performance Fee**”). A Performance Fee is only payable in respect of a performance period where the year-end EPRA NAV per Share for such Performance Period exceeds the High Water Mark.
- “**Shareholder Returns**” for any financial year means the sum of (i) any increase or decrease in EPRA NAV per Ordinary Share and (ii) the total dividends per Ordinary Share that are declared, in each case during such financial year (each such financial year, a “Performance Period”), save that the first Performance Period shall commence on the date of 2015 Admission and end on 31 December 2018. “Hurdle”, in any given Performance Period, means 8% of the year-end EPRA NAV per Ordinary Share in the previous Performance Period provided that the Hurdle for the first Performance Period is 8% per annum (pro-rated for periods of less than a year) of the EPRA NAV per Ordinary Share on 2015 Admission before costs and expenses of the Transaction (being 100p) from the date of 2015 Admission to 31 December 2018. The “High Water Mark” is equal to the greater of the highest year-end EPRA NAV per Ordinary Share in any previous Performance Period and the Issue Price.

The Asset Management Agreement contains a provision whereby the Performance Fee can be adjusted by the Administrator upon the instruction of the Company, if necessary, to take into account the effect on it of corporate actions entailing changes to the Company’s issued share capital, including, without limitation, new issues, share buy-backs, consolidations, sub-divisions or bonus issues or other restructurings or reorganisations affecting the Company’s issued share capital.

The Performance Fee will be payable as follows:

- the first Performance Fee is to be calculated on 31 December 2018 and paid as to (i) 50 per cent. in cash; and (ii) 50 per cent. in Ordinary Shares; and
- the second and all subsequent Performance Fees are to be calculated and paid annually (commencing 1 January 2019) and paid as to (i) 34 per cent. in cash; and (ii) 66 per cent. in Ordinary Shares (33 per cent. of which are subject to a one year lock-in period, and 33 per cent.

are subject to a two year lock-in period), provided that any such Ordinary Shares shall be issued at the prevailing price per Ordinary Share on the date of issue.

There is no direct contractual relationship between the Shareholders and the Asset Manager. Shareholders therefore have no direct contractual rights against the Asset Manager and there are only limited circumstances in which a Shareholder may potentially bring a claim against the Asset Manager.

11.5 *Investment Management Agreement*

The Company, Midco and the Investment Manager entered into the Investment Management Agreement on 3 November 2015, pursuant to which the Investment Manager provides such services to the Company that are required to be carried out by an AIFM under the AIFM Directive (subject to the investment objective of the Company, the Investment Policy and the overall supervision of the Board) and certain other services to Midco and the SPVs (subject to the overall supervision of the boards of the entity to which the particular services are provided). The Investment Management Agreement shall continue in full force and effect for an initial period of five years from 6 November 2015 (the “**Initial Period**”). The Company or the Investment Manager may terminate the Investment Management Agreement by giving notice at any time on or before the expiry of the Initial Period, in which case it shall terminate one year after the expiry of the Initial Period. If no notice is given on or before the expiry of the Initial Period, the Investment Management Agreement shall continue for recurring three year periods (“**Subsequent Periods**”). The Company or the Investment Manager may terminate the Investment Management Agreement by giving notice no later than one year prior to the end of that Subsequent Period, in which case it shall terminate at the end of that Subsequent Period.

Notwithstanding the initial term, the Investment Management Agreement shall terminate with immediate effect earlier in certain circumstances, including the Investment Manager ceasing for any reason to be authorised under FSMA to carry out the regulated activity of managing an AIF, or the Investment Manager committing a material breach of its obligations either (i) not capable of being remedied (after the Company has served notice to terminate) or (ii) which is capable of being remedied and failing to remedy the same within 30 days after service of notice by the Company requesting the same to be remedied.

At any time after the later of (i) the fifth anniversary of the date of the Investment Management Agreement and (ii) the first date on which EPRA NAV exceeds £750,000,000, the Board and the Investment Manager may decide, with the approval of an Ordinary Resolution (upon which neither the Investment Manager nor its associates may vote) that individuals providing the services under the Investment Management Agreement are to become an internal resource of the Company in lieu of the appointment of the Investment Manager under the Investment Management Agreement.

None of the Investment Manager, its associates or its associates’ members, managers, directors, officers, partners, controlling persons, shareholders, employees or agents (the “**Indemnified Persons**”) will be liable for any losses, and they will be entitled to be indemnified by the Company, save in respect of an Indemnified Party’s fraud, gross negligence or wilful misconduct. The Company, Midco and the SPVs shall indemnify the Indemnified Parties in respect of any liability they incur in connection with the Investment Manager’s services under the Investment Management Agreement, except in respect of the Indemnified Party’s fraud, gross negligence or wilful misconduct.

The Investment Manager shall be entitled in each financial year (or part thereof) to 50% the following fees:

- An annual management fee on a scaled rate of 1.1% of EPRA NAV, reducing to 0.9% on assets over £500,000,000 or higher (the “**Management Fee**”). Such fee shall be payable in cash quarterly in arrears. The Management Fee shall be calculated by reference to the most recent half-yearly calculated EPRA NAV.
- A performance fee at a rate equal to the product of (i) 15% of Shareholder Returns in excess of the Hurdle for each Performance Period and (ii) the number of Ordinary Shares in issue as

at the last day of such Performance Period (the “**Performance Fee**”). A Performance Fee is only payable in respect of a performance period where the year-end EPRA NAV per Share for such Performance Period exceeds the High Water Mark.

- “**Shareholder Returns**” for any financial year means the sum of (i) any increase or decrease in EPRA NAV per Ordinary Share and (ii) the total dividends per Ordinary Share that are declared, in each case during such financial year (each such financial year, a “**Performance Period**”), save that the first Performance Period shall commence on the date of 2015 Admission and end on 31 December 2018. “**Hurdle**”, in any given Performance Period, means 8% of the year-end EPRA NAV per Ordinary Share in the previous Performance Period provided that the Hurdle for the first Performance Period is 8% per annum (pro-rated for periods of less than a year) of the EPRA NAV per Ordinary Share on 2015 Admission before costs and expenses of the Transaction (being 100p) from the date of 2015 Admission to 31 December 2018. The “**High Water Mark**” is equal to the greater of the highest year-end EPRA NAV per Ordinary Share in any previous Performance Period and the issue price.
- The Investment Management Agreement contains a provision whereby the Performance Fee can be adjusted by the Administrator upon the instruction of the Company, if necessary, to take into account the effect on it of corporate actions entailing changes to the Company’s issued share capital, including, without limitation, new issues, share buy-backs, consolidations, sub-divisions or bonus issues or other restructurings or reorganisations affecting the Company’s issued share capital.
- The Performance Fee will be payable as follows:
 - the first Performance Fee is to be calculated on 31 December 2018 and paid as to (i) 50 per cent. in cash; and (ii) 50 per cent. in Ordinary Shares; and
 - the second and all subsequent Performance Fees are to be calculated and paid annually (commencing 1 January 2019) and paid as to (i) 34% in cash; and (ii) 66% in Ordinary Shares (33 per cent. of which are subject to a one year lock-in period, and 33 per cent. are subject to a two year lock-in period), provided that any such Ordinary Shares shall be issued at the prevailing price per Ordinary Share on the date of issue.

There is no direct contractual relationship between the Shareholders and the Investment Manager. Shareholders therefore have no direct contractual rights against the Investment Manager and there are only limited circumstances in which a Shareholder may potentially bring a claim against the Investment Manager.

11.6 *Property Management Agreements*

In respect of each Portfolio Interest, the Asset Manager has procured and shall, with the Company, in future procure, that London & Scottish Property Asset Management Limited or such other suitably qualified property manager as the Asset Manager may determine is appointed to act as property manager (the “**Property Manager**”). Any future appointment shall be effected under a Property Management Agreement, the form of which has been agreed pursuant to the Asset Management Agreement (which form is substantially the same as all Property Management Agreements entered into prior to the date of the Asset Management Agreement). The counterparty to each Property Management Agreement is, and shall be, an SPV.

Under the Property Management Agreement, the Property Manager has duties in relation to the collection of income, settlement of outgoings, maintenance of accounts, inspections, property and maintenance contracts, rent reviews, lease renewals, break options and re-lettings, repairs, employment of staff, marketing and promotion.

The Property Manager is entitled to a fee equal to 4% per annum of the gross rental yield from the Portfolio Interest for each quarter. “**Gross rental yield**” shall mean for this purpose the rents due under the Portfolio Interest’s lease for the peaceful enjoyment of the Portfolio Interest, including any

value paid in respect of rental renunciations but excluding any sums paid in connection with service charges or insurance costs.

Except in cases arising out of the negligent or wrongful acts or default of the Property Manager or any person, firm or company employed by the Property Manager, the SPV will indemnify the Property Manager against claims arising in connection with the Portfolio Interest. The SPV will also indemnify the Property Manager in respect of certain claims made by employees engaged pursuant to the Property Management Agreement including certain claims arising in connection with the termination of the appointment of the Property Manager or following the disposal of a Portfolio Interest. The Property Manager shall not be liable to the SPV for any loss incurred in relation to injury to persons or property arising out of the condition of a Portfolio Interest unless such condition has been previously advised and not acted upon or unless arising from the failure of the Property Manager to perform its duties.

11.7 *Introduction and Sponsor Agreement*

Peel Hunt, the Company, the Asset Manager, the Investment Manager and the Directors entered into the Introduction and Sponsor Agreement on 3 November 2015, pursuant to which Peel Hunt was appointed as the Company's sole sponsor and financial adviser in connection with 2015 Admission.

In consideration for its services under the Introduction and Sponsor Agreement, the Company paid a corporate finance fee to Peel Hunt. The Company also paid commissions to Peel Hunt in connection with 2015 Admission pursuant to the Introduction and Sponsor Agreement.

The Company, the Investment Manager, the Asset Manager and the Directors gave certain customary warranties to Peel Hunt and the Company also gave customary indemnities to Peel Hunt pursuant to the Introduction and Sponsor Agreement.

11.8 *Vendor Deeds of Authority*

Peel Hunt, the Company and certain holders of Ordinary Shares entered into a vendor deed of authority ("**Vendor Deed of Authority**") on 3 November 2015. Pursuant to the Vendor Deed of Authority, Peel Hunt procured placees for the Ordinary Shares which certain shareholders sold on 2015 Admission. Such selling shareholders gave customary warranties to Peel Hunt.

11.9 *Administration Agreement*

The Company and the Administrator entered into the Administration Agreement on 23 October 2015 pursuant to which the Administrator was appointed as administrator of the Company. Under the terms of the Administration Agreement, the Administrator is be responsible for certain of the Company's general administrative functions such as maintaining Company's records and statutory registers, and acting as the Company's designated Administrator.

An annual fee of £35,880 is payable by the Company to the Administrator.

The Administration Agreement shall be for an initial term of one year, following which it will automatically renew for 12 month periods unless notice of termination is served by either party at least 90 days prior to the end of each period.

There is no direct contractual relationship between the Shareholders and the Administrator. Shareholders therefore have no direct contractual rights against the Administrator and there are only limited circumstances in which a Shareholder may potentially bring a claim against the Administrator.

11.10 *Company Secretary Agreement*

The Company and the Company Secretary entered into the Company Secretary Agreement on 2 November 2015, pursuant to which the Company Secretary was appointed as company secretary of the Company. Under the terms of the Company Secretary Agreement, the Company Secretary is responsible for providing secretarial functions to the Company such as board and committee support,

providing corporate governance advice, providing regulatory and compliance advice and overseeing the production of accounts.

A fee of £5,000 in respect of support at each quarterly board meeting, and £7,500 in respect of support at each annual general meeting, will be payable by the Company to the Company Secretary. Advice in respect of AIC Code of Corporate Governance, the Listing Rules and the Disclosure Guidance and Transparency Rules compliance is charged at £25,000 per annum.

The Company Secretary Agreement shall be for an initial term of one year, following which it will automatically renew for 12 month periods unless notice of termination is served by either party at least six months prior to the end of each period.

There is no direct contractual relationship between the Shareholders and the Company Secretary. Shareholders therefore have no direct contractual rights against the Company Secretary and there are only limited circumstances in which a Shareholder may potentially bring a claim against the Company Secretary.

11.11 *Registrar Agreement*

The Company and the Registrar entered into the Registrar Agreement on 3 November 2015, pursuant to which the Registrar was appointed as registrar of the Company. Under the terms of the Registrar Agreement, the Registrar is responsible for functions such as maintaining and updating the register of members of the Company on a daily basis, daily reconciliation of CREST account movements with Euroclear, and preparing, sealing and issuing new share certificates of the Company in accordance with the Articles.

An annual fee of £2.05 per holder of Ordinary Shares appearing on the Company's register during the fee year (subject to a minimum charge per annum of £7,000 shall be payable by the Company to the Registrar. In addition, the Registrar will charge the Company (i) a £0.26 fee for each CREST transfer; (ii) a £5.13 fee for each non-CREST transfer; and (iii) £1,500 fee for each dividend declared and paid.

The Registrar Agreement shall be for an initial term of one year, following which it will automatically renew for 12 month periods unless notice of termination is served at least 90 days prior to the end of each period.

There is no direct contractual relationship between the Shareholders and the Registrar. Shareholders therefore have no direct contractual rights against the Registrar and there are only limited circumstances in which a Shareholder may potentially bring a claim against the Registrar.

11.12 *Receiving Agent Agreement*

Pursuant to the Receiving Agent Agreement, Link Asset Services has been appointed as receiving agent for the Company. The Receiving Agent will provide receiving agent duties and services to the Company in respect of the Capital Raise.

Under the Receiving Agent Agreement, the Receiving Agent will receive fees in such amount as agreed in writing from time to time between the Receiving Agent and the Company.

The Receiving Agent Agreement limits the Receiving Agent's liability thereunder to the lesser of £250,000 or an amount equal to five times the fee payable to the Receiving Agent pursuant to the Receiving Agent Agreement.

The Receiving Agent Agreement is governed by the laws of England.

11.13 *Depository Agreement*

The Company, the Investment Manager and the Depository entered into the Depository Agreement on 2 November 2015, pursuant to which the Depository was appointed as the depository of the Company. Under the terms of the Depository Agreement, the Depository is responsible for ensuring that the

Company's cash flows are properly monitored, the safekeeping of certain property entrusted to it by the Company and the oversight and supervision of the Company and the Investment Manager.

The Depositary is entitled to a fee of £42,500 per annum. If additional SPVs are added to the Group, there will be a one-off fee of £500 and the annual fee will also increase by £250 per annum.

The Depositary Agreement may be terminated by any party by giving at least 90 days' notice of termination.

There is no direct contractual relationship between the Shareholders and the Company Secretary. Shareholders therefore have no direct contractual rights against the Company Secretary and there are only limited circumstances in which a Shareholder may potentially bring a claim against the Company Secretary.

11.14 *Facility agreements*

Certain Group companies have obtained external debt finance in relation to certain of the properties within the Existing Property Portfolio. A summary of the borrowings of the Group in relation to the Existing Property Portfolio is set out in the table below.

<i>Provider</i>	<i>Borrower</i>	<i>Total Amount Outstanding as at 4 December 2017 (£m)</i>	<i>Maturity Date</i>
Santander UK	TCP Channel Ltd	£20,840	December 2018
Regional REIT ZDP PLC	Midco	£37,219	January 2019
Lloyds Banking Group	Lamont and Tapp portfolio	£48,100	April 2019
Royal Bank of Scotland	TCP Arbos Ltd	£24,450	June 2019
ICG Longbow Ltd	Tosca UK CP Ltd	£65,000	August 2019
Santander UK	RR Wing Portfolio	£30,990	January 2021
Royal Bank of Scotland	RR Rainbow Portfolio	£39,848	March 2021
HSBC	Sea Portfolio	£21,998	December 2021
Santander UK	Toscafund Glasgow Ltd	£52,381	November 2022
Total borrowings		339,713	

Source: Investment Manager

The table below sets out (i) loan to value ratios in respect of the facility in each relevant special purpose vehicle in relation to the aggregate value of the secured assets of that facility; and (ii) the aggregate loan to value ratio of all facilities of the Group in relation to the aggregate value of the secured and unsecured assets of the Group.

<i>Borrower</i>	<i>Gross LTV Ratio* (company valuation)</i>
Toscafund Glasgow Ltd	45.4
TCP Channel Ltd	49.4
RR Wing Portfolio	46.7
TCP Arbos Ltd	41.1
Tosca UK CP Ltd	43.7
RR Rainbow Portfolio	48.4
Lamont and Tapp portfolio	53.8
Sea Portfolio	53.6
Aggregate Net LTV	46.7

*Based on cash balance as at 30 June 2017.

Source: Investment Manager

The proceeds of these external financings were on-loaned by the relevant borrowing companies to certain of their subsidiaries and, in the case of Toscafund Glasgow Limited, to partially refinance the

shareholder debt used to fund the purchase of the CIHL Receivables and secured over the assets of the CIHL Group, with such loans (and as regard Toscafund Glasgow Limited, security over the CIHL Group) being subordinated to the liabilities owed to the relevant lender of the external financings (and, in the case of the CIHL Group, security).

The arrangements pursuant to each facility agreement are as follows.

11.14.1 *Toscafund Glasgow Limited*

Toscafund Glasgow Limited has borrowed monies from Santander UK (of which approximately £52.4 million remains outstanding as at 4 December 2017, being the latest practicable date prior to the publication of this document) to refinance the prior acquisition by Toscafund Glasgow Limited of a portfolio of loan receivables owed by Credential Investment Holdings Limited (and described in further detail at paragraph 2.6 of Part 9 (“**The Existing Property Portfolio**”) of this document). This facility is secured against the assets of a number of subsidiaries of Credential Investment Holdings Limited and the New Properties, as set out at paragraph 6.3 of Cushman & Wakefield’s valuation report in Section B of the appendix to Part 9 of this document.

On 23 November 2017, the Company announced that it has reached agreement with Santander UK regarding the refinancing of this facility, with a new five year facility (the “**Amended TGL Facility**”).

The applicable rate of interest is LIBOR plus 2.15 per cent. per annum plus mandatory costs. The agreement relating to the Amended TGL Facility contains customary undertakings and events of default.

The agreement relating to the Amended TGL Facility contains certain financial covenants. Historic interest cover must not be less than 400 per cent. at all times. Projected interest cover must be not less than 350 per cent. at all times. Loan to value must be not more than; 57.5 per cent. at all times.

11.14.2 *TCP Channel Limited*

TCP Channel Limited has borrowed £20.8 million from Santander UK and on-lent such monies to seven property-holding special purpose vehicles. These property-holding special purpose vehicles have each guaranteed the obligations of TCP Channel Limited to Santander UK and granted security over their assets in favour of Santander UK.

The applicable rate of interest is LIBOR plus 2.0 per cent. per annum plus mandatory costs on £14.3 million and LIBOR plus 2.3 per cent. per annum on £6.5 million. The facility agreement contains customary undertakings and events of default.

The facility agreement contains certain financial covenants. Historic interest cover must not be less than 450 per cent. at all times. Projected interest cover must be not less than 400 per cent. at all times. Loan to value must be not more than (i) 50 per cent. at all times prior to the second anniversary of the facility agreement; (ii) 45 per cent. at all times following the second anniversary and prior to the fourth anniversary of the date of the facility agreement and (iii) not more than 40% following the fourth anniversary of the date of the facility agreement. Total loan to value (being all loans to the “**Shareholder**” (Midco) and its subsidiaries and CIHL and its subsidiaries (other than loans between those parties) as a percentage of the gross assets of the Shareholder and their subsidiaries and CIHL and its subsidiaries) must be not more than 50 per cent. at all times.

11.14.3 *Midco*

Regional REIT ZDP PLC (“**ZDP**”) (LSE: RGLZ) is a wholly owned subsidiary of Midco, itself a wholly owned subsidiary of Regional REIT Limited. ZDP was acquired on 24 March 2017 as part of a transaction for a portfolio of commercial property assets. Midco has

assumed the obligations to fund the repayment of the zero dividend preference shares issued by ZDP. Those obligations are guaranteed by the Company

On the scheduled repayment date, 9 January 2019, shareholders in ZDP (“**ZDP Shareholders**”) are entitled to receive a final capital entitlement of 132.9 pence per ordinary share in ZDP (a “**ZDP Share**”). The total amount repayable at maturity will be £39.9 million. This is an amount equal to 100 pence per ZDP Share increased daily at an equivalent annual rate of 5.5 per cent. for the period 10 January 2014 to 23 March 2017; for the period 24 March 2017 until 9 January 2019, the ZDP Share equivalent annual rate is 6.5 per cent. per annum.

ZDP’s articles of association and associated documentation prohibit certain corporate actions by the Company and its Group (including issuing prior ranking shares or shares ranking *pari passu* with the ZDP Shares, redeeming shares, reducing capital or paying dividends) unless certain covenants are met.

The definitions and conditions of issue of the zero dividend preference shares are set out in the listing prospectus, a copy of which is available on the Group’s website at www.regionalreit.com.

11.14.4 *Lamont and TAPP Portfolio*

RR Sea Lamont I Ltd., RR Sea Lamont II Ltd., RR Sea Lamont III Ltd. RR Sea TOPP Ltd., RR Sea TOPP Bletchley Ltd., and RR Sea TAPP Ltd. borrowed £48.1 million from the Lloyds Bank PLC which is secured against the property assets held by the companies.

The applicable rate of interest is LIBOR plus 2.15 per cent. per annum. The facility agreement contains customary undertakings and events of default.

The facility agreement contains certain financial covenants. Historic interest cover must not be less than 200 per cent. at all times. Loan to value must be not be more than 55 per cent. at all times. Debt rent cover must not be less than 110 per cent. at all time.

11.14.5 *TCP Arbos Limited*

TCP Arbos Limited has borrowed £24.5 million from Royal Bank of Scotland and on-lent such monies to nine property-holding special purpose vehicles. These property-holding special purpose vehicles have each guaranteed the obligations of TCP Arbos Limited to Royal Bank of Scotland and granted security over their assets in favour of Royal Bank of Scotland.

The applicable rate of interest is LIBOR plus 2.15 per cent. per annum. The facility agreement contains customary undertakings and events of default.

The facility agreement contains certain financial covenants. The interest cover ratio must be not less than 300 per cent. Loan to value: (i) until the third anniversary of the date of the facility agreement must not exceed 55 per cent.; (ii) from the third anniversary of the date of the facility agreement to the fourth anniversary of the date of the facility agreement must not be less than 50 per cent. and (iii) from the fourth anniversary of the date of the facility agreement, 45 per cent..

11.14.6 *Tosca UK CP Limited*

Tosca UK CP Limited has borrowed £65 million from ICG Longbow and on-lent such monies to nine property-holding special purpose vehicles, which are wholly-owned by Tosca UK CP Limited. These property-holding special purpose vehicles have each guaranteed the obligations of Tosca UK CP Limited to ICG Longbow and granted security over their assets in favour of ICG Longbow.

The applicable rate of interest under the tranche A facility is 5 per cent. per annum. The applicable rate of interest under the tranche B facility is LIBOR plus 3.2 per cent. per annum.

The tranche A facility is for £53,203,520, the tranche B facility is for £11,796,480. The facility agreement contains customary undertakings and events of default.

The facility agreement contains certain financial covenants. Actual interest cover must be at least 240 per cent. Projected interest cover must be at least 275 per cent. Loan to value must not exceed 68.8 per cent. at any time.

11.14.7 *RR Wing Portfolio Limited*

RR Wing Portfolio Limited has borrowed £31.0 million from Santander UK, which is secured against the property assets held by that company.

The applicable rate of interest is LIBOR plus 2.15 per cent. per annum. The facility agreement contains customary undertakings and events of default.

The facility agreement contains certain financial covenants. Historic interest cover must not be less than 275 per cent. at all times. Projected interest cover must be not less than 325 per cent. at all times. Loan to value must be not more 55 per cent. at all times.

11.14.8 *RR Rainbow Portfolio*

RR Rainbow portfolio, consisting of RR Rainbow (North) Ltd., RR Rainbow (South) Ltd., and RR Rainbow (Aylesbury) Ltd, has borrowed £39.9 million from the Royal Bank of Scotland, which is secured against the property assets held by the companies.

The applicable rate of interest is LIBOR plus 2.4 per cent. per annum. The facility agreement contains customary undertakings and events of default.

The facility agreement contains certain financial covenants. Historic interest cover must not be less than (i) 200 per cent. at all times prior to the second anniversary of the facility agreement (ii) 250 per cent. at all times following the second anniversary of the facility agreement. Loan to value must be not be more than (i) 55 per cent. at all times prior to the third anniversary of the facility agreement (ii) 50 per cent. at all times following the third anniversary and prior to the fourth anniversary date of the facility agreement (iii) and not more than 45 per cent. following the fourth anniversary. Debt rent cover must not be less than (i) 1100 per cent. at all time prior to the second anniversary of the facility agreement (ii) and not less than 1000 per cent. following the second anniversary.

11.14.9 *Sea Portfolio*

RR Sea St. Helens Ltd., RR Sea Dundee Ltd., RR Sea Hanover Street Ltd., and RR Sea Strand Ltd., borrowed £21.4 million from HSBC Bank PLC which is secured against the property assets held by the companies.

The applicable rate of interest is LIBOR plus 2.15 per cent. per annum. The facility agreement contains customary undertakings and events of default.

The facility agreement contains certain financial covenants. Historic and projected interest cover must not be less than 200 per cent. at all times. Historic and projected debt service cover must not be less than 120 per cent. at all times. Loan to value must not be greater than 65 per cent. at all times.

11.15 *First Portfolio Loan Facility Agreement*

The First Portfolio Target Companies and the Royal Bank of Scotland Plc (“**RBS**”) intend to enter into the First Portfolio Loan Facility Agreement in relation to refinancing the First New Portfolio. The First New Portfolio Facility is fully committed.

The facility is a term loan facility of an amount equal to the lower of (i) £19,366,000 and (ii) 40 per cent. of the market value of the First New Property Portfolio. The First Portfolio Facility

Agreement will endure for a term of three years, provided that Midco may request for an extension by one year each following the first and second anniversaries of the date of the First Portfolio Facility Agreement. The granting of these extensions is at the discretion of RBS.

The First Portfolio Facility will be drawn down in one amount within the five Business Days following the date of the First Portfolio Facility Agreement, and will be repaid in full on the date of termination of the First Portfolio Facility Agreement.

On any prepayment and/or cancellation, a fee is payable, calculated on a sliding scale with reference to the amount of time that has elapsed prior to such prepayment and/or cancellation.

Interest is payable quarterly, and is an amount equal to the aggregate of (i) two per cent. per annum and (ii) LIBOR for sterling for the relevant quarter.

The First Portfolio Facility Agreement will contain customary undertakings and events of default.

11.16 *Second Portfolio Loan Facility indicative terms and conditions*

As part of the Company's refinancing of Toscafund Glasgow Limited's loan from Santander UK (the "**TGL Facility**"), further details of such refinancing are set out at paragraph 11.14.1 of this Part 16 ("**Additional Information**"), and as part of the refinancing of the Second New Portfolio Acquisition, the Company has agreed indicative terms and conditions with Santander UK, pursuant to which the TGL Facility will be increased by approximately £18 million in aggregate (the "**Amended TGL Facility**"). Under the Amended TGL Facility, Archimedes Real Estate Investment S.a r.l., the Second New Portfolio Target Company (as defined in paragraph 1 of Section B of Part 10 of this document), will become a borrower.

The Amended TGL Facility is credit approved but drawdown is conditional upon completion of the Refinancing described in paragraph 6 of Part 5 ("**Letter from the Chairman**") of this document.

Following completion of the Refinancing and the Second New Portfolio Acquisition, the Company intends for the Second New Portfolio Target Company to drawdown up to approximately £18 million under the Amended TGL Facility, such amount to be used to refinance the Second New Portfolio Acquisition.

Pursuant to the indicative terms and conditions agreed between the Company and Santander UK, the total facility amount under the Amended TGL Facility is intended to be up to approximately £71 million, for a term of five years from the date the agreement relating to the Amended TGL Facility is signed. The Amended TGL Facility will continue to be secured over existing secured assets, as well as the Second New Portfolio.

The Amended TGL Facility will contain customary undertakings and events of default, further details of which are set out at paragraph 11.14.1 of this Part 16.

11.17 *Hedging arrangements*

Hedging is considered in each case as debt is procured, and independent advice obtained on the appropriateness and structure taking into account the type of assets acquired, lease lengths and anticipated hold period. Hedging is, where appropriate, profiled to accommodate the timescales for which the assets in aggregate are likely to be held. The hedging strategy of the Group also takes into account anticipated debt costs and the volatility in the market against which the structure is developed.

The hedging instruments entered into are therefore different and the table below sets out summary details of each hedging instrument.

<i>Debt provider</i>	<i>Borrower</i>	<i>Hedging instrument</i>	<i>Amount (£m)</i>	<i>Rate</i>
Santander UK	Toscafund Glasgow Ltd	Swap	24.15	1.014%
		Cap	24.15	1.014%
Santander UK	TCP Channel Ltd	Swap	2.65	2.246%
		Cap	2.65	1.500%
		Swap	10.02	1.010%
		Cap	10.02	1.010%
Santander UK	RR Wing Portfolio	Swap	9.38	1.086%
		Cap	9.38	1.086%
		Swap	7.04	1.203%
		Swap	5.20	1.444%
Royal Bank of Scotland	TCP Arbos Ltd	Swap	12.50	1.110%
		Cap	6.67	1.110%
		Cap	5.83	1.790%
Royal Bank of Scotland	RR Rainbow Portfolio	Swap	19.92	1.395%
		Cap	19.92	1.395%
Lloyds Banking Group	Lamont and Tapp portfolio	Cap	37.00	2.000%

Tosca UK CP Limited has entered into a fixed rate facility with ICG Longbow at 5 per cent. per annum overall cost for a fixed term of five years.

11.18 *Call option agreement*

Toscafund Glasgow Limited has the benefit of a call option pursuant to an agreement dated 28 November 2013 (as amended). Under this agreement, Toscafund Glasgow Limited has the option to acquire properties of the CIHL Group (after repayment of the debt owed to Toscafund Glasgow Limited by the CIHL Group) at a price of £1.00 per property by giving one month's notice in writing.

11.19 *Lock-up agreements*

Please see the summary of the lock-up agreements set out at paragraph 14 of this Part 16 (“**Additional Information**”).

12. **Regulatory status**

The Company is registered with the GFSC as a closed-ended collective investment scheme under the POI Law and the RCIS Rules. The Company is subject to the Listing Rules, the Prospectus Rules, the Disclosure Guidance and Transparency Rules, and MAR. As a REIT, the Group needs to comply with certain ongoing regulations and conditions (including minimum distribution requirements).

13. **Legal implications of contractual documentation**

The Company is a registered closed-ended investment scheme registered pursuant to the POI Law, and the RCIS Rules. The GFSC, in granting registration, has not reviewed this document and has relied solely upon specific warranties provided by the Administrator, the Company's designated administrator for the purposes of the RCIS Rules. Neither the GFSC nor the States of Guernsey Policy Council accepts any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

The Articles are governed by, and construed in accordance with, the laws of Guernsey. Upon being issued New Ordinary Shares, an investor becomes a member of the Company and the Articles take effect as a statutory contract between Shareholders and the Company. The Articles may only be amended by way of a special resolution passed in accordance with the Companies Law.

As a matter of Guernsey law, it is the Directors, and not the Investment Manager, who owe certain fiduciary duties to the Company. These require the Directors, among other things, to act in good faith and in what they

consider to be the best interests of the Company. In exercising their discretions (including in determining to cause the Company to enter into any side letters), the Directors will act in accordance with such fiduciary duties. This requires them to ensure that their actions do not result in the unfair treatment of Shareholders.

14. Lock-up

14.1 The Company and Peel Hunt entered into lock-up agreements dated on 3 November 2015 with the Asset Manager, the Investment Manager and certain other persons connected with the Asset Manager and the Investment Manager (the “**Locked-in Shareholders**”). The restrictions of Ordinary Shares contained in the lock-up agreements have expired with regards to Ordinary Shares which were held by the Locked-in Shareholders at 2015 Admission but the Locked-In Shareholders remain subject to the provisions of the lock-up agreements with respect to Ordinary Shares acquired after the date of 2015 Admission as follows:

The Investment Manager has agreed that, subject to certain exceptions, it will not without the consent of the Company and Peel Hunt dispose of any class of shares in the capital of the Company awarded to the Investment Manager in satisfaction of performance fees under the Investment Management Agreement:

14.1.1 in respect of any such shares awarded for the period from 2015 Admission to 31 December 2018, 31 December 2019; and

14.1.2 in respect of any share awarded in respect of each calendar year after 31 December 2018: (a) in respect of 50 per cent. of such shares awarded in respect of that calendar year to the date falling 12 months after the end of that calendar year; and (b) in respect of 50 per cent. of such shares awarded in respect of that calendar year to the date falling 24 months after the end of that calendar year.

The Asset Manager has agreed that, subject to certain exceptions, it will not without the consent of the Company and Peel Hunt dispose of any class of shares in the capital of the Company awarded to the Asset Manager in satisfaction of performance fees under the Asset Management Agreement:

14.1.3 in respect of any such shares awarded for the period from 2015 Admission to 31 December 2018, 31 December 2019; and

14.1.4 in respect of any share awarded in respect of each calendar year after 31 December 2018: (a) in respect of 50 per cent. of such shares awarded in respect of that calendar year to the date falling 12 months after the end of that calendar year; and (b) in respect of 50 per cent. of such shares awarded in respect of that calendar year to the date falling 24 months after the end of that calendar year.

The lock-up agreements referred to above also contain customary orderly market provisions. There are currently no shares the subject of these lock-up arrangements.

14.2 The Company entered into a lock-up arrangement with The Conygar Investment Company Plc on 24 March 2017 in respect of 26,326,644 Ordinary Shares. The Conygar Investment Company Plc has agreed that, subject to certain exceptions, it will not without the consent of the Company dispose of such shares for 6 months for the first one-third, 12 months for the second third and 18 months for the final third, in each case commencing on 24 March 2017.

15. Liquidity risk management

The Company is a closed-end fund investing in illiquid assets. Shareholders do not have the right to redeem their investment prior to the liquidation of the Company, except that the Company may permit or require such redemption in very limited circumstances generally involving situations where retaining a Company interest would violate certain laws or regulations. As Shareholders have no redemption rights, it is not anticipated that the Company will be subject to any material liquidity risk.

16. Working capital

The Company is of the opinion that, taking into account available bank and other facilities, the working capital available to the Group is sufficient for the Group's present requirements and, in particular, is sufficient for at least the 12 month period from the date of this document.

17. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the period of 12 months preceding the date of this document which may have, or have had in the recent past, a significant effect on the Company's or the Group's financial position or profitability.

18. Significant change

Other than as set out in paragraph 7.2 of Part 5 of this document, there has been no significant change in the financial or trading position of the Group since the 2017 Unaudited Interim Financial Statements.

19. Consents

- 19.1 The Reporting Accountant has given and has not withdrawn its written consent to the incorporation of its report on the pro forma statement of net assets reproduced in Part 12 ("**Pro Forma Financial Information**") of this document in the form and context in which it appears, and has authorised the content of that part of this document which comprises its report and the said references for the purposes of paragraph 5.5.3R(2)(f) of the Prospectus Rules.
- 19.2 The Valuers have given and not withdrawn their written consent to the issue of this document and the inclusion herein of their names and the references to it in the form and context in which they appear.
- 19.3 The Asset Manager has given and 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.
- 19.4 The Investment Manager has given and 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.

20. General

- 20.1 The Net Capital Raising Proceeds will depend on the number of New Ordinary Shares issued. On the assumption that Gross Capital Raising Proceeds amount to £100 million, the costs and expenses of the Capital Raising payable by the Company will be approximately £2,835,606, resulting in Net Capital Raising Proceeds of £97,164,394.
- 20.2 No commission, fees or expenses will be charged by the Company to Shareholders who acquire New Ordinary Shares through the Capital Raising.
- 20.3 The Investment Manager has not delegated portfolio management or risk management in relation to the Company. The Investment Manager has appointed the Valuers to provide valuations of the Company's potential acquisitions as well as periodic valuations for financial reporting purposes. However, the Investment Manager retains oversight and will remain responsible for these valuations.
- 20.4 The Depositary has not delegated any safekeeping functions in respect of the Company.
- 20.5 The Depositary, its affiliates or third parties to whom safekeeping duties are delegated under the Depositary Agreement may not reuse the assets.
- 20.6 In order to meet the requirements of paragraphs 4 and 5 of Article 23 of the AIFM Directive, the Company intends to disclose annually in the Company's annual report: (i) the percentage of the Company's assets that are subject to any special arrangements arising from their illiquid nature, if applicable; (ii) any new arrangements for managing the liquidity of the Company; and (iii) the current

risk profile of the Company and the risk management systems employed by the Investment Manager to manage those risks. Information will also be provided to investors regarding any changes to (i) the maximum level of leverage that the Investment Manager may employ on behalf of the Company; (ii) any right of reuse of collateral or any guarantee granted under a leverage arrangement; and (iii) the total amount of leverage employed by the Company.

20.7 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.

21. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of the Company during usual business hours on any weekday (Saturdays and public holidays excepted) for a period of 14 days from the date of this document:

21.1 the memorandum of incorporation of the Company and the Articles;

21.2 the historical financial information on the Group incorporated by reference in Part 13 of this document;

21.3 the written consents referred to in paragraph 19 of this Part 16;

21.4 the Valuation Reports; and

21.5 this document.

PART 17

GLOSSARY OF TERMS AND DEFINITIONS

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

“2010 PD Directive”	2010 Prospectus Directive Amending Directive (2010/73/EU);
“2015 Admission”	the admission of the Existing Ordinary Shares to the Official List and trading on the London Stock Exchange’s main market for listed securities which occurred on 6 November 2015;
“2015 Annual Report”	has the meaning given in paragraph 1 of Part 13 of this document;
“2015 Financial Statements”	the audited consolidated financial statements of the Group prepared in accordance with IFRS for the financial period ended 31 December 2015;
“2016 Annual Report”	has the meaning given in paragraph 1 of Part 13 of this document;
“2016 Financial Statements”	the audited consolidated financial statements of the Group prepared in accordance with IFRS for the year ended 31 December 2016;
“2017 Unaudited Interim Financial Statements”	the unaudited consolidated financial statements of the Group prepared in accordance with IFRS for the six months ended 30 June 2017;
“Acquisition Agreements”	the First Portfolio Acquisition Agreement and the Second Portfolio Acquisition Agreement;
“Acquisitions”	the First New Portfolio Acquisition and the Second New Portfolio Acquisition;
“Administration Agreement”	the agreement entered into between the Company and the Administrator on 23 October 2015 in respect of administration services;
“Administrator”	Jupiter Fund Services Limited;
“Admission”	admission of New Ordinary Shares to be issued pursuant to the Capital Raising to (i) the Official List and (ii) trading on the London Stock Exchange’s main market for listed securities becoming effective in accordance with, respectively, the Listing Rules and the Admission and Disclosure Standards;
“Admission and Disclosure Standards”	the requirements contained in the publication “Admission and Disclosure Standards” issued by the London Stock Exchange (as amended from time to time) containing, inter alia, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange’s market for listed securities;
“Affiliate”	has the meaning given to it in Rule 501(b) of Regulation D or Rule 405 of the US Securities Act (as applicable);
“AIC”	the Association of Investment Companies;
“AIC Code”	the AIC Code of Corporate Governance;

“AIF”	an alternative investment fund within the meaning of the AIFM Directive;
“AIFM”	when used in a general context, an alternative investment fund manager within the meaning of the AIFM Directive; or when used in respect of the Company, its alternative investment fund manager, the Investment Manager;
“AIFM Directive”	the Alternative Investment Fund Managers Directive, 2011/61/EU, as amended;
“AIFM Regulations”	the Alternative Investment Fund Managers Regulations 2013, as amended from time to time;
“Annual Reports”	the 2015 Annual Report and the 2016 Annual Report;
“Articles”	the articles of incorporation of the Company;
“Asset Management Agreement”	the agreement entered into between the Company, Midco and the Asset Manager dated 3 November 2015;
“Asset Manager”	London & Scottish Investments Limited, a private limited company incorporated in Scotland with registered number SC407794 and whose registered office is at 8 Elmbank Gardens, Glasgow, G2 4NQ;
“ATED”	Annual Tax on Enveloped Dwellings;
“Audit Committee”	the Company’s audit committee;
“Board”	the board of Directors of the Company;
“Business Day”	any day (other than a Saturday or Sunday or any public holiday in England and Wales) on which banks generally are open for the transaction of normal banking business in the City of London;
“certificated” or “in certificated form”	in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in certificated form (that is, not in CREST);
“Capital Raising”	the Firm Placing, the Placing, the Open Offer and the Offer for Subscription;
“Capital Raising Resolution”	the resolution to be proposed at the Extraordinary General Meeting (and set out in the Notice of Extraordinary General Meeting) to approve the allotment of New Ordinary Shares pursuant to the Capital Raising;
“Chairman”	the chairman of the Company;
“CIHL Group”	Credential Investment Holdings Limited and its subsidiaries;
“CIHL Receivables”	a portfolio of loan receivables owed by certain members of the CIHL Group;
“Closing Price”	the closing middle market quotation of an Existing Ordinary Share on the Business Day prior to the date of announcement of the Capital Raising;
“Code”	US Internal Revenue Code of 1986, as amended;

“Companies Law”	The Companies (Guernsey) Law 2008, as amended;
“Company”	Regional REIT Limited, a limited company incorporated in Guernsey, Channel Islands with registered number 60527 and whose registered office is at Mont Crevelt House, Bulwer Avenue, St Sampson, Guernsey GY2 4LH;
“Company Secretary”	Link Asset Services;
“Company Secretary Agreement”	the agreement entered into between the Company Secretary and the Company on 2 November 2015 in respect of company secretarial services;
“CREST”	the paperless settlement procedure operated by Euroclear enabling system securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument;
“CREST Deposit Form”	the form used to deposit securities into the CREST system in the United Kingdom;
“CREST courier” and “sorting service” or “CCSS”	the CREST courier and sorting service operated by Euroclear to facilitate, <i>inter alia</i> , the deposit and withdrawal of securities;
“CREST Manual”	the rules governing the operation of CREST as published by Euroclear;
“CREST member”	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations);
“CREST Proxy Instruction”	the appropriate CREST message required in order for a proxy appointment or instruction made using the CREST service to be valid;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
“CRS”	the United Kingdom’s International Tax Compliance Regulations 2015 (SI 2015/878), Guernsey’s The Income Tax (Approved International Agreements) (Implementation) (Common Reporting Standard) Regulations 2015, the Common Standard on Reporting and Due Diligence for Financial Account Information published by the OECD and the EU Directive on administrative co-operation in the field of taxation (2011/16/EC), together with any forms, instructions or other guidance issued thereunder (now or in the future);
“CTA 2009”	the Corporation Tax Act 2009, as amended;
“CTA 2010”	the Corporation Tax Act 2010, as amended;
“Daily Official List”	the daily official list of the London Stock Exchange;
“Depositary”	Heritage Depositary Company (UK) Limited;
“Depositary Agreement”	the agreement entered into between the Company, the Investment Manager and the Depositary on 2 November 2015 in respect of depositary services;
“Directors”	the directors of the Company whose names are set out in Part 8 (“ Directors, Managers and Corporate Governance ”) of this document (each a “ Director ”);

“Disapplication Resolution”	the resolution to disapply pre-emption rights to be proposed at the Extraordinary General Meeting (and set out in the Notice of Extraordinary General Meeting);
“Disclosure Guidance and Transparency Rules”	the disclosure guidance and transparency rules made by the FCA pursuant to Part 6 FSMA, as amended from time to time;
“Enlarged Issued Share Capital”	the Existing Ordinary Shares together with the New Ordinary Shares to be issued pursuant to the Capital Raising;
“EEA”	the European Economic Area;
“EPRA”	the European Public Real Estate Association;
“EPRA NAV”	a measure of net asset value designed by EPRA to present net asset value excluding the value of instruments that are held for long term benefit, net of tax;
“ERISA”	the US Employee Retirement Income Security Act of 1974, as amended;
“ERV”	estimated recovery value;
“ESMA”	European Securities and Market Authority;
“Euroclear”	Euroclear UK & Ireland Limited, a company registered in England and Wales under registered number 02878738;
“Ex-Entitlements Date”	8.00 a.m. on 5 December 2017;
“Excess Application Facility”	the facility for Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlements;
“Excess Open Offer Entitlements”	in respect of each Qualifying CREST Shareholder who has taken up his Open Offer Entitlement in full, the entitlement (in addition to the Open Offer Entitlement) to apply for Excess Shares, up to the number of Open Offer Shares, credited to his stock account in CREST pursuant to the Excess Application Facility, which may be subject to scaling-back in accordance with the terms of this document;
“Excess Shares”	Open Offer Shares which may be applied for in addition to Open Offer Entitlements;
“Existing Ordinary Shares”	the existing Ordinary Shares in issue at the date of this document;
“Existing Portfolio Valuation Reports”	the reports set out in the appendices to Part 9 of this document;
“Existing Property Portfolio”	the properties which the Company indirectly owns as at the date of this document;
“Extraordinary General Meeting”	the extraordinary general meeting of the Company proposed to be held at 11.00 a.m. on 19 December 2017 to consider the Capital Raising Resolution, the Disapplication Resolution, the notice of which (being the Notice of Extraordinary General Meeting) is set out in Part 18 of this document;
“FATCA”	(i) sections 1471 to 1474 of the Code or any associated regulations,

	(ii) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in (i) above; or
	(iii) any agreement pursuant to the implementation of any treaty, law or regulation referred to in (i) or (ii) above with the Internal Revenue Service of the US, the US government or any governmental or taxation authority in any other jurisdiction;
“FCA”	the UK Financial Conduct Authority (or any successor regulatory organisation);
“Firm Placee”	any person that has conditionally agreed to subscribe for Firm Placing Shares;
“Firm Placing”	the placing by Peel Hunt and the Joint Placing Agent as agents of and on behalf of the Company, of the Firm Placing Shares on the terms and subject to the conditions contained in the Placing and Open Offer Agreement;
“Firm Placing Shares”	49,504,950 New Ordinary Shares proposed to be allotted and issued by the Company pursuant to the Firm Placing;
“First New Portfolio”	the property portfolio which the Company (through Midco) has agreed to indirectly acquire pursuant to the First Portfolio Acquisition Agreement;
“First New Portfolio Acquisition”	the acquisition by Midco of the First New Portfolio;
“First New Portfolio Acquisition Agreement”	the conditional agreement entered into on 4 December 2017 between the Company, Midco and the First Portfolio Seller pursuant to which, <i>inter alia</i> , Midco has agreed to acquire the First New Property Portfolio;
“First New Portfolio Valuation Report”	the Cushman & Wakefield valuation report in relation to the First New Portfolio set out in Section A of the Appendix to Part 10 of this document;
“First Portfolio Seller”	NW UK III Limited;
“Form of Proxy”	the form of proxy for use at the Extraordinary General Meeting which accompanies this document;
“FRC”	UK Financial Reporting Council;
“FSMA”	the Financial Services and Markets Act 2000, as amended;
“Fund Acquisition Agreement”	the agreement entered into on 3 November 2015 between each of the Funds, Midco and the Company pursuant to which, <i>inter alia</i> , the Company indirectly acquired the Initial Property Portfolio;
“Fund I”	Tosca Fund I, comprising Main Fund I and Parallel Fund I;
“Fund II”	Tosca Fund II, comprising Main Fund II and Parallel Fund II;
“Funds”	Fund I and Fund II;
“GDP”	gross domestic product;

“GFSC”	the Guernsey Financial Services Commission;
“Gross Asset Value”	the aggregate value of the total assets of the Company as determined in accordance with the accounting principles adopted by the Company from time to time;
“Gross Capital Raising Proceeds”	up to £100 million;
“Gross Investment Properties Value”	the aggregate value of the investment properties of the Group, as determined in accordance with the accounting principles adopted by the Company from time to time;
“Group”	the Company and its subsidiary undertakings from time to time and “Group Company” shall mean any one of them;
“Group Undertaking”	has the meaning given to it in section 1161(5) of the Companies Act 2006;
“HMRC”	Her Majesty’s Revenue and Customs;
“IAS”	an international accounting standard established by the International Accounting Standards Board;
“IFRS”	International Financial Reporting Standards as adopted by the European Commission for use in the European Union;
“Initial Property Portfolio”	the properties which the Company acquired in connection with the 2015 Admission;
“Introduction and Sponsor Agreement”	the introduction and sponsor agreement entered into between the Company and Peel Hunt on 3 November 2015;
“Investment Management Agreement”	the agreement entered into between the Company, Midco and the Investment Manager on 3 November 2015 in respect of investment management services;
“Investment Manager”	Toscafund Asset Management LLP, registered in England and Wales with registered number OC320318;
“Investment Policy”	the investment policy of the Company as detailed in paragraph 7 of Part 7 (“ Business Overview ”) of this document;
“IRS”	US Internal Revenue Service;
“ISIN”	International Securities Identification Number;
“Issue Price”	101 pence per New Ordinary Share;
“Joint Placing Agent”	Cenkos Securities plc;
“Latest Practicable Date”	4 December 2017;
“Link Asset Services”	a trading name of Link Market Services Limited;
“Lisbon Treaty”	the Treaty on European Union, as amended by the Treaty of Lisbon in its EU Official Journal version dated 17 December 2007;
“Listing Rules”	the rules and regulations made by the FCA under section 73A of FSMA;
“London Stock Exchange”	London Stock Exchange plc;
“LTV”	loan-to-value;

“Main Fund I”	Tosca Commercial Property Fund LP, a limited partnership established in England and Wales with registered number LP015572;
“Main Fund II”	Tosca UK Commercial Property II LP, a limited partnership established in England and Wales with registered number LP016014;
“Management Engagement and Remuneration Committee”	the Company’s management engagement and remuneration committee;
“Managers”	the Asset Manager and the Investment Manager;
“MAR”	the Market Abuse Regulation of the European Parliament and of the Council of 16 April 2014 No 596/2014;
“member account”	the identification code or number attached to any member account in CREST;
“Member State”	a member state of the European Union;
“Midco”	Regional Commercial Midco Limited, a private limited company incorporated in Jersey, Channel Islands with registered number 118888 and whose registered office is at First Floor, Le Masurier House, La Rue Le Masurier, St Helier, Jersey JE2 4YE;
“MiFID”	Markets in Financial Instruments Directive;
“Minimum Proceeds”	the minimum gross proceeds of the Capital Raising, being £65 million (or such lesser amount as the Company, Peel Hunt and the Joint Placing Agent may determine and notify to investors via a Regulatory Information Service and a supplementary prospectus);
“NED Appointment Letters”	the letters of appointment pursuant to which William Eason, Stephen Inglis and Daniel Taylor were appointed as non-executive directors of the Company;
“Net Asset Value” or “NAV”	the aggregate value of the assets of the Company after deduction of all liabilities, determined in accordance with the accounting policies adopted by the Company from time to time;
“Net Asset Value per Share” or “NAV per Share”	at any time the Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue (other than Ordinary Shares held in treasury) at the date of calculation;
“Net Capital Raising Proceeds”	the Gross Capital Raising Proceeds less applicable fees and expenses of the Capital Raising;
“New Ordinary Shares”	the Firm Placing Shares, the Placing Shares, the Open Offer Shares and the Offer for Subscription Shares;
“New Portfolio Valuation Reports”	the reports set out in the appendices to Part 10 of this document;
“New Property Portfolios”	the First New Property Portfolio and the Second New Property Portfolio;
“Non-executive Directors”	the non-executive Directors of the Company;

“Non-Qualified Holder”	<p>any person whose ownership of Ordinary Shares, or the transfer of Ordinary Shares to such person, may:</p> <ul style="list-style-type: none"> • cause the Company’s assets to be deemed “plan assets” for the purposes of the Code or ERISA; • cause the Company to be required to register as an “investment company” under the US Investment Company Act; • cause the Company or any of its securities to be required to register under the US Exchange Act, the US Securities Act or any similar legislation; • cause the Company not being considered a “Foreign Private Issuer” as such term is defined in rule 3b-4(c) under the US Exchange Act; • cause the Investment Manager to be required to register as a municipal advisor under the US Exchange Act; • result in the Company being disqualified from issuing securities pursuant to Rule 506 of Regulation D; • cause a loss of partnership status for US federal income tax purposes or a termination of the US partnership under Code Section 708; • result in a person holding Ordinary Shares in violation of the transfer restrictions put forth in any prospectus published by the Company from time to time; or <p>cause the Company to be a “controlled foreign corporation” for the purposes of Section 957 of the Code, or may cause the Company to suffer any pecuniary or tax disadvantage or any person who is deemed to be a Non-Qualified Holder by virtue of their refusal to provide the Company with information that it requires in order to comply with its obligations under exchange of information agreements (including, but not limited to, FATCA);</p>
“Notice of Extraordinary General Meeting”	the Notice of Extraordinary General Meeting set out in Part 18 of this document;
“Offer for Subscription”	the offer for subscription of New Ordinary Shares at the Issue Price on the terms set out in this document;
“Offer for Subscription Shares”	New Ordinary Shares proposed to be allotted and issued by the Company pursuant to the Offer for Subscription;
“Official List”	the Official List of the UKLA;
“Open Offer”	the invitation by the Company to Qualifying Shareholder(s) to apply for Open Offer Shares, on the term and conditions set out in this document and, in the case of Qualifying non-CREST shareholders, in the Open Offer Application Form;
“Open Offer Application Form”	the personalised application form through which Qualifying Non-CREST Shareholders may apply for New Ordinary Shares under the Open Offer;

“Open Offer Entitlements”	the entitlement of a Qualifying Shareholder to apply for 1 Open Offer Share for every 8 Existing Ordinary Share held by him on the Record Date;
“Open Offer Shares”	the 37,567,988 New Ordinary Shares being offered to Qualifying Shareholders pursuant to the Open Offer;
“Ordinary Resolution”	a resolution passed by more than a 50 per cent. majority in accordance with the Companies Law;
“Ordinary Shares”	ordinary shares of no par value in the capital of the Company;
“Overseas Shareholders”	Shareholders who are resident in, ordinarily resident in, located in or citizens of, jurisdictions outside the United Kingdom;
“Panel on Takeovers and Mergers”	the United Kingdom Panel on Takeovers and Mergers;
“Parallel Fund I”	Tosca Commercial II LP, a limited partnership established in Jersey with registered number 1652;
“Parallel Fund II”	TUKCP Jersey LP, a limited partnership established in Jersey with registered number 1795;
“participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other system participant (as defined in the CREST Regulations);
“Peel Hunt”	Peel Hunt LLP;
“Placing”	the conditional placing by Peel Hunt and the Joint Placing Agent, as agents of and on behalf of the Company, of the Placing Shares on the terms and subject to the conditions contained in the Placing and Open Offer Agreement;
“Placing and Open Offer Agreement”	the Placing and Open Offer Agreement dated 4 December 2017 between the Company, Peel Hunt, the Asset Manager, the Investment Manager and the Joint Placing Agent, details of which are set out in paragraph 11.2 of Part 17 of this document;
“Placing Placee”	any person who has conditionally agreed to subscribe for the Placing Shares;
“Placing Shares”	New Ordinary Shares proposed to be allotted and issued by the Company pursuant to the Placing;
“POI Law”	Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended;
“Portfolio Interest”	any real estate asset, debt or other security or other interest acquired by the Group;
“Property Business”	has the meaning given to it in paragraph 1 of Part 14 (“ UK Taxation ”) of this document;
“Property Management Agreement”	an agreement described in paragraph 11.4 of Part 16 (“ Additional Information ”) of this document;
“Property Manager”	the manager of the relevant property in the Property Portfolio appointed pursuant to a Property Management Agreement;

“Property Portfolio”	the portfolio of properties and debt receivables that the Group will acquire from time to time, including the Existing Property Portfolio and with effect from Completion the New Property Portfolios;
“Prospectus Directive”	EU Prospectus Directive (2003/71/EU), and amendments thereto, including the 2010 PD Directive to the extent implemented in the Relevant Member State) and includes any relevant implementing measure;
“Prospectus Directive Regulation”	Commission Regulation (EC) No 809/2004;
“Prospectus Rules”	the prospectus rules made by the FCA pursuant to Part 6 FSMA, as amended from time to time;
“Qualified Investor”	persons in member states of the EEA who are “qualified investors” within the meaning of Article 2(1)(e) of the Prospectus Directive;
“Qualifying CREST Shareholders”	Qualifying Shareholders holding Ordinary Shares in uncertificated form;
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders holding Ordinary Shares in certificated form;
“Qualifying Shareholder”	holders of Ordinary Shares on the register of members of the Company at the Record Time other than Restricted Shareholders;
“RCIS Rules”	The Registered Collective Investment Schemes Rules 2015;
“Record Date”	17 December 2017;
“Record Time”	6.00 p.m. on 1 December 2017;
“Receiving Agent”	Link Asset Services;
“Receiving Agent Agreement”	the agreement entered into between the Company and the Receiving Agent on or around the date of this document in respect of receiving agent services;
“Refinancing”	the long term debt refinancing of five of the Group’s existing bank facilities, further details of which are set out in paragraph 6 of Part 5 of this document;
“Registrar”	Link Market Services (Guernsey) Limited;
“Registrar Agreement”	the agreement entered into between the Company and the Registrar on or around the date of this document in respect of registrar services;
“Regulation D”	Regulation D under the US Securities Act;
“Regulation S”	Regulation S under the US Securities Act;
“Regulations”	the Uncertificated Securities (Guernsey) Regulations 2001 (SI 2001/3755);
“Regulatory Information Service” or “RIS”	any channel recognised as a channel for the dissemination of regulatory information by listed companies as defined in the Listing Rules;
“REIT”	a company or group to which Part 12 CTA 2010 applies;

“REIT Group”	has the meaning given to it in paragraph 6.1 of Part 1 (“ Risk Factors ”) of this document;
“Relevant Member State”	each member state of the EEA which has implemented the Prospectus Directive;
“Reporting Accountant”	RSM Corporate Finance LLP, registered in England and Wales with registered number OC325347;
“Restricted Jurisdiction”	any jurisdiction, including but not limited to Australia, New Zealand, Canada, the Republic of South Africa, Japan and the United States, where the extension or availability of the Capital Raising (and any other transaction contemplated thereby) would (i) result in a requirement to comply with any governmental or other consent or any registration filing or other formality which the Company regards as unduly onerous; or (ii) otherwise breach any applicable law or regulation;
“Restricted Shareholder”	subject to certain exceptions, Shareholders who have registered addresses in, who are incorporated in, registered in or otherwise resident or located in, the United States or any other Restricted Jurisdiction;
“RICS”	Royal Institution of Chartered Surveyors;
“SDRT”	UK stamp duty reserve tax;
“Second New Portfolio”	the property portfolio which the Company (through Midco) has agreed to indirectly acquire pursuant to the Second Portfolio Acquisition Agreement;
“Second New Portfolio Acquisition”	the acquisition by Midco of the Second New Portfolio;
“Second New Portfolio Acquisition Agreement”	the conditional agreement entered into on 4 December 2017 between the Company, Midco and the Second Portfolio Seller pursuant to which, <i>inter alia</i> , Midco has agreed to acquire the Second New Property Portfolio;
“Second New Portfolio Valuation Report”	the Cushman & Wakefield valuation report in relation to the Second New Portfolio set out in Section B of the Appendix to Part 10 of this document;
“Second Portfolio Seller”	Archimedes Real Estate Investment LP;
“Securities and Exchange Commission” or “SEC”	the US Securities and Exchange Commission;
“SEDOL”	Stock Exchange Daily Official List;
“Sellers”	the First Portfolio Seller and the Second Portfolio Seller;
“Shareholder”	a holder of an Ordinary Share (together “ Shareholders ”);
“Sole Sponsor and Sole Bookrunner”	Peel Hunt LLP, registered in England and Wales with registered number OC357088;
“Sterling”	pounds sterling, the lawful currency of the United Kingdom;
“Subscription Form”	the application form in Appendix D to this document for use in connection with the Offer for Subscription;

“Substantial Shareholder”	means 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 CTA 2010 as a “holder of excessive rights”);
“Substantial Shareholding”	means the holding of Ordinary Shares by a Substantial Shareholder;
“Takeover Code”	the City Code on Takeovers and Mergers
“Takeover Panel”	the United Kingdom Panel on Takeovers and Mergers;
“Total Shareholder Return”	the internal rate of return of all cash flows to a Shareholder during the holding period of an investment (including capital gain and dividends and other distributions);
“UCITS”	undertakings for collective investment in transferable securities within the meaning of Directive 2009/65/EC;
“UK Corporate Governance Code”	the corporate governance code dated September 2014 and issued by the FRC;
“UK Property Business”	the qualifying property rental business in the UK and elsewhere of UK resident companies within the Group and the qualifying property rental business in the UK of non-UK resident companies within the Group;
“UKLA”	the UK Listing Authority, being a division of the FCA and the competent authority in the United Kingdom for the purposes of Part VI of FSMA;
“uncertificated” or “in uncertificated form”	in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (that is, in CREST) and title to which may be transferred by using CREST;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia, and all other areas subject to its jurisdiction, including its territories;
“US Advisers Act”	the United States Investment Advisers Act of 1940, as amended;
“US Exchange Act”	the United States Securities Exchange Act of 1934, as amended;
“US holder”	a beneficial owner of Ordinary Shares that is for US federal income tax purposes: <ul style="list-style-type: none"> (i) a citizen or resident alien of the United States; (ii) a corporation or other entity treated as a corporation of US federal income tax purposes created or organised in or under the laws of the United States or any state thereof (including the District of Columbia); (iii) an estate, the income of which is subject to US federal income tax regardless of its source;

- (iv) a trust if
 - (a) a court within the United States is able to exercise primary supervision over its administration and (b) one or more of the United States persons (as defined in the Code) have the authority to control all of the substantial decisions of such trust;

“US Investment Company Act”	the United States Investment Company Act of 1940, as amended;
“US Person”	has the meaning given to it in Rule 902 under the US Securities Act, except where such term is used in connection with taxation;
“US Securities Act”	the United States Securities Act of 1933, as amended;
“USE Instruction”	an Unmatched Stock Event instruction;
“Valuers”	Debenham Tie Leung Limited (trading as Cushman & Wakefield) and Jones Lang LaSalle Limited;
“VAT”	value added tax; and
“WAULT”	weighted average unexpired lease term.

PART 18

NOTICE OF EXTRAORDINARY GENERAL MEETING

REGIONAL REIT LIMITED

(Incorporated under Guernsey law and registered in Guernsey, Channel Islands with registered number 60527)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Regional REIT Limited (the “**Company**”) will be held at the office of Macfarlanes LLP at 20 Cursitor Street, London E4A 1LT at 11.00 a.m. on 19 December 2017 (the “**General Meeting**”) to consider and, if thought fit, to pass the following resolutions. Unless expressly stated otherwise, terms defined in the prospectus of the Company dated 5 December 2017 shall have the same meaning in this Notice of Extraordinary General Meeting.

Extraordinary Resolution 1 – disapplication of pre-emption rights for issue of New Ordinary Shares in connection with the Capital Raising

THAT the Directors be authorised, in addition to any authority granted at the annual general meeting of the Company held on 25 May 2017 to issue, allot and/or sell equity securities (within the meaning of Article 5.1(a) of the Articles) in connection with the Capital Raising for cash, including for cash at a price below the Net Asset Value per Share for the purposes of Listing Rule 15.4.11, as if Article 5.2 of the Articles did not apply to any such allotment, issue and/or sale in connection with the Capital Raising, such authority to be limited to the allotment, issue and/or sale of equity securities up to a maximum number of 123,762,375 shares. Such authority shall expire at the conclusion of the next annual general meeting of the Company or, if sooner, 18 March 2019.

Extraordinary Resolution 2 – disapplication of pre-emption rights for a further issue of New Ordinary Shares

THAT the Directors be authorised, in addition to any authority granted under resolution 1, to allot, issue and/or sell equity securities (within the meaning of Article 5.1(a) of the Articles) for cash as if Article 5.2 of the Articles did not apply to any such allotment, issue and/or sale, provided that this power shall expire (unless previously revoked, varied or renewed by the Company in general meeting) at the end of the next annual general meeting of the Company or, if sooner, 18 March 2019. This power shall be limited to the allotment, issue and/or sale of equity securities:

- of up to an aggregate number of the lower of: (i) 21,215,314 equity securities; and (ii) five per cent. of the Enlarged Issued Share Capital, but the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted, issued and/or sold after this power expires and the Directors may allot, issue and/or sell equity securities in pursuance of such offer or agreement as if this power had not expired; and
- further, limited to the allotment, issue and/or sale of equity securities up to an additional maximum number of the lower of: (i) 21,215,314 equity securities; and (ii) an additional five per cent. of the Enlarged Issued Share Capital used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice, provided that this power shall expire (unless previously revoked, varied or renewed by the Company in general meeting) at the end of the next annual general meeting or, if sooner, 18 March 2019, but, prior to its expiry, the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted, issued and/or sold after the authority expires and the directors may allot, issue and/or sell equity securities under any such offer or agreement as if the authority had not expired.

Important Notes

Rights to appoint a proxy

A member entitled to attend, speak and vote at the meeting is entitled to appoint a proxy (or more than one proxy) to attend, speak and vote in his stead. A proxy may demand, or join in demanding, a poll providing they meet the conditions determined in the Company's Articles of Incorporation. A proxy need not be a member of the Company. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them. A member may appoint more than one proxy to attend the meeting provided that each proxy is appointed to exercise rights attached to different shares.

Procedure for appointing a proxy

For the convenience of members who may be unable to attend the meeting, a Form of Proxy is enclosed which should be completed in accordance with the instructions. To be valid, the Form of Proxy (together with the power of attorney or other authority (if any) under which it is signed or notarially certified copy of such authority) must be deposited with the Company's registrars, Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time fixed for the meeting. The fact that members may have completed Forms of Proxy will not prevent them from attending, speaking and voting in person at the meeting should they afterwards decide to do so. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by Link (ID RA10) not less than 48 hours before the time fixed for the annual general meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Link Asset Services is able to retrieve the message by enquiry to CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages and normal system timings and limitations will apply in relation to the input of a CREST Proxy Instruction. It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 34(1) of the Uncertificated Securities (Guernsey) Regulations 2009.

When two or more valid but differing appointments of a proxy are received in respect of the same share for use at the same meeting or poll, the one which is last received (regardless of its date or of the date of its signature) shall be treated as replacing and revoking the others as regards that share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that share.

Corporate representatives

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares provided that, except in relation to a vote on a show of hands, if two or more corporate representatives of one member purport to exercise a power in respect of the same shares, then (i) they exercise the power in the same manner, it shall be exercised in the same manner; but (ii) if they exercise the power in a different manner, it shall be deemed not to have been exercised.

Changing or revoking proxy instructions

To change your proxy instructions simply submit a new proxy appointment using the methods set out in the paragraph above titled "Procedure for appointing a proxy". Any amended proxy appointment must be received no later than the time referred to in the paragraph above titled "Procedure for appointing a proxy" and any amended proxy appointment received after the relevant cut-off time will be disregarded.

If you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, and ask for another proxy form.

In order to revoke a proxy instruction you will need to inform the Company by sending notice in writing clearly stating your intention to revoke your proxy appointment by one of the methods referred to in the paragraph above titled "Procedure for appointing a proxy" (accompanied by the power of attorney or other authority (if any) under which the revocation notice is signed or a copy of such power or authority). The revocation notice must be received by the commencement of the meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified above then your proxy appointment will remain valid.

Record Date

Members who hold Ordinary Shares must have been entered on the Company's Register of Members 48 hours prior to the meeting in order to attend, speak and vote at the meeting. Such members may only vote at the meeting in respect of Ordinary Shares in the Company held at that time.

Resolution thresholds

To be passed, an extraordinary resolution requires a majority of at least 75 per cent. of the votes cast by those shareholders voting either in person or by proxy at the annual general meeting (excluding any votes which are withheld) to be voted in favour of the resolution.

Total voting rights

As at 4 December 2017 (being the latest practicable date prior to the printing of this notice) the Company's issued share capital comprised 300,543,908 Ordinary Shares. Each Ordinary Share carries the right to one vote on a poll at a general meeting of the Company and, therefore, the total voting rights in the Company as at that date are 300,543,908. As at 4 December 2017, the Company held no Ordinary Shares as treasury shares.

Other rights of members

Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered

Communications

Members who have general enquiries about the meeting should email the Company Secretary, Link Company Matters Limited, shareholder.services@linkcompanymatters.com.

You may not use any electronic address provided in this notice of extraordinary general meeting or any related documents (including the proxy form) for communicating with the Company for any purposes other than those expressly stated.

Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that members subject all messages to virus checking procedures prior to use. Please note that any electronic communication received by the Company that is found to contain any virus will not be accepted.

APPENDIX A

TERMS OF AND CONDITIONS TO THE OPEN OFFER

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, the Open Offer Application Form), and pursuant to the Placing and Open Offer Agreement, each Qualifying Shareholder who is not a Restricted Shareholder is being given an opportunity to apply for New Ordinary Shares at the Issue Price (payable in full on application and free of all expenses) on the following pro rata basis:

1 Open Offer Share for every 8 Existing Ordinary Shares

held and registered in their name at the Record Time and so on in proportion to any other number of Existing Ordinary Shares then held.

Qualifying Shareholders may apply for any whole number of New Ordinary Shares. Applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements. Excess applications will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their pro rata entitlements. If there is an over-subscription resulting from excess applications, allocations in respect of such excess applications will be scaled-back at the absolute discretion of Peel Hunt, in consultation with the Board, who will have regard to the pro rata number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. Fractional entitlements will be disregarded. No assurances can therefore be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

Any fractional entitlements to New Ordinary Shares will be rounded down in calculating entitlements to New Ordinary Shares. Fractional entitlements to New Ordinary Shares will be aggregated and will ultimately accrue for the benefit of the Company. Accordingly, Qualifying Shareholders holding fewer than 8 Existing Ordinary Shares will have no entitlement to subscribe under the Open Offer but may apply under the Excess Application Facility. Holders of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate accounts for the purposes of calculating Qualifying Shareholders' entitlements under the Open Offer, as will holdings under different designations and in different accounts.

The Issue Price represents a discount of approximately 2.415 per cent. to the Closing Price of 103.5 pence. Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating the Open Offer.

If you have sold or otherwise transferred all your Existing Ordinary Shares on or after the Ex-Entitlements Date, you are not entitled to participate in the Open Offer. Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Open Offer Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, the Open Offer Entitlements and Excess Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim.

New Ordinary Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. Any New Ordinary Shares which are not applied for under the Open Offer Entitlements and Excess Open Offer Entitlements may be allocated to Firm Places with the proceeds ultimately accruing for the benefit of the Company.

The attention of Shareholders and any persons (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this document or an Open Offer Application Form into a jurisdiction other than the UK is drawn to paragraph 6 of Appendix A

relating to Overseas Shareholders, which forms part of the terms and conditions of the Capital Raising. In particular, Restricted Shareholders will not be sent this document or the Open Offer Application Form. Unless instructed otherwise by the Company or Peel Hunt, if you are resident or located in, or have a registered address in the United States and receive an Open Offer Application Form, please destroy it.

The New Ordinary Shares issued pursuant to the Capital Raising will rank *pari passu* in all respects with the Existing Ordinary Shares. The New Ordinary Shares are not being made available in whole or in part to the public except under the terms of the Open Offer and the Offer for Subscription.

The Capital Raising is not underwritten. Peel Hunt has conditionally placed all of the Firm Placing Shares with institutional investors at the Issue Price.

The Capital Raising is conditional upon: (i) the Capital Raising Resolution being passed by Shareholders at the Extraordinary General Meeting (without material amendment); (ii) the Placing and Open Offer Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms before Admission; and (iii) Admission becoming effective by not later than 8.00 a.m. on 21 December 2017 (or such later time and/or date as the Company and Peel Hunt may agree, being not later than 8.00 a.m. on 31 December 2017).

In the event that these conditions are not satisfied, the Capital Raising will not proceed. In such circumstances, application monies will be returned (at the applicant's sole risk) without payment of interest, as soon as practicable thereafter. No temporary documents of title will be issued in respect of the New Ordinary Shares held in uncertificated form. Definitive certificates in respect of New Ordinary Shares taken up are expected to be posted to the Qualifying Shareholders who have validly elected to hold their New Ordinary Shares in certificated form within five Business Days of Admission. Following Admission, the Placing and Open Offer Agreement will not be subject to any condition and will not be revoked. A summary of the principal terms of the Placing and Open Offer Agreement is set out in paragraph 11.2 of Part 16 of this document.

The Existing Ordinary Shares are already CREST-enabled. No further application for admission to CREST is required for the New Ordinary Shares and all of the New Ordinary Shares when issued and fully paid may be held and transferred by means of CREST. In respect of those Qualifying Shareholders who have validly elected to hold their New Ordinary Shares in uncertificated form, the New Ordinary Shares are expected to be credited to their CREST stock accounts as soon as possible on 6 December 2017.

Subject to the conditions above being satisfied and save as provided in this Appendix A, it is expected that:

- Link Asset Services will instruct Euroclear to credit the appropriate stock accounts of Qualifying CREST Shareholders with such Qualifying CREST Shareholders' Open Offer Entitlements and Excess Open Offer Entitlements on 6 December 2017;
- New Ordinary Shares in uncertificated form will be credited to the appropriate stock accounts of relevant Qualifying CREST Shareholders who validly take up their Open Offer Entitlements and, if applicable, any Excess Open Offer Entitlements on 14 December 2017; and
- share certificates for the New Ordinary Shares will be despatched within five Business Days of Admission to relevant Qualifying Non-CREST Shareholders who validly take up their Open Offer Entitlements and Excess Open Offer Entitlements. Such certificates will be despatched at the risk of such Qualifying Non-CREST Shareholders.

All monies received by the Receiving Agent in respect of the Open Offer Shares will be placed on deposit in a non-interest bearing account by the Receiving Agent.

A Qualifying Shareholder who does not take up their Open Offer Entitlement (and does not receive any other New Ordinary Shares pursuant to the Capital Raising) will have their shareholding in the Company diluted by 24.8 per cent. as a result of the Capital Raising.

All Qualifying Shareholders taking up their Open Offer Entitlements and, if applicable, any Excess Open Offer Entitlements, will be deemed to have given the representations and warranties set out in paragraphs 2.8 and 8.1 below (in the case of Qualifying Non-CREST Shareholders) and paragraphs 3.12 and 8.2 below (in the case of Qualifying CREST Shareholders) unless, in each case, such requirement is waived in writing by the Company.

All documents and cheques posted to or by Qualifying Shareholders and/or their transferees or renouces (or their agents, as appropriate) will be posted at their own risk.

The attention of Overseas Shareholders is drawn to paragraph 6 this Appendix A which forms part of the terms and conditions of the Open Offer.

References to dates and times in this document should be read as subject to adjustment. The Company will make an appropriate announcement to a Regulatory Information Service giving details of any revised dates or times.

1. Action to be taken in connection with the Open Offer

The action to be taken in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has received an Open Offer Application Form in respect of his entitlement under the Open Offer, including the Excess Application Facility, or has had his Open Offer Entitlements and Excess Open Offer Entitlements credited to his CREST stock account.

If you are a Qualifying Non-CREST Shareholder and you are not a Restricted Shareholder, please refer to paragraph 2 and paragraphs 4 to 10 (inclusive) of this Appendix A.

If you are a Qualifying CREST Shareholder and you are not a Restricted Shareholder, please refer to paragraph 3 and paragraphs 4 to 10 (inclusive) of this Appendix A and to the CREST Manual for further information on the CREST procedures referred to above.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors as only their CREST sponsors will be able to take the necessary actions specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to above.

Qualifying Shareholders who do not want to take up or apply for the New Ordinary Shares under the Open Offer should take no action and should not complete or return the Open Offer Application Form or follow the procedures set out in paragraph 3 below to apply for New Ordinary Shares through CREST, as the case may be. Shareholders are, however, encouraged to vote at the Extraordinary General Meeting by attending in person or by completing and returning the enclosed Form of Proxy (either in hard copy or electronically) or by completing and transmitting a CREST Proxy Instruction.

2. Actions to be taken in relation to Open Offer Entitlements represented by Open Offer Application Forms

2.1 General

Save as provided in paragraph 6 of this Appendix A below, Qualifying Non-CREST Shareholders will have received an Open Offer Application Form with this document.

Their Open Offer Application Forms set out:

2.1.1 in Box 6 on the Open Offer Application Form, the number of Existing Ordinary Shares registered in such person's name at the Record Time (on which a Qualifying Non-CREST Shareholder's Open Offer Entitlement to New Ordinary Shares is based);

2.1.2 in Box 7, the Open Offer Entitlement to New Ordinary Shares for which such persons are basically entitled to apply under the Open Offer, taking into account that any fractional

entitlements to New Ordinary Shares will be rounded down to the nearest whole number in calculating entitlements, such fractional entitlements being aggregated and ultimately accruing for the benefit of the Company;

- 2.1.3 in Box 8, how much they would need to pay in pounds sterling if they wish only to take up their Open Offer Entitlement in full;
- 2.1.4 the procedures to be followed if a Qualifying Non-CREST Shareholder wishes to dispose of all or part of his entitlement or to convert all or part of his entitlement into uncertificated form; and
- 2.1.5 instructions regarding acceptance and payment, consolidation and splitting.

Multiple applications will not be accepted. In the event of receipt of multiple applications, the Company may in its sole discretion (with the consent of Peel Hunt) determine which application is valid and binding on the person by whom or on whose behalf it is lodged. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

Qualifying Non-CREST Shareholders may apply for less than their maximum Open Offer Entitlement should they wish to do so.

Subject to applying to take up their Open Offer Entitlement in full, Qualifying Non-CREST Shareholders may also apply for any Excess Shares (i.e. New Ordinary Shares in excess of their Open Offer Entitlement which have not been applied for by other Qualifying Shareholders) pursuant to the Excess Application Facility.

Qualifying Non-CREST Shareholders may also hold such an Open Offer Application Form by virtue of a bona fide market claim.

The instructions and other terms set out in the Open Offer Application Form constitute part of the terms and conditions of the Open Offer to Qualifying Non-CREST Shareholders.

The latest time and date for acceptance of the Open Offer Application Forms and payment in full will be 11.00 a.m. on 19 December 2017. The New Ordinary Shares are expected to be issued on 21 December 2017. After such date the New Ordinary Shares will be in registered form, freely transferable by written instrument of transfer in the usual, common form, or if they have been issued in, or converted into, uncertificated form, in electronic form under the CREST system.

2.2 *Bona fide market claims*

Applications to acquire New Ordinary Shares may only be made on the Open Offer Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a bona fide market claim in relation to a purchase of Ordinary Shares through the market prior to 8.00 a.m. on 5 December 2017 (the date upon which the Ordinary Shares were marked 'ex' the entitlement to participate in the Open Offer (the "**Ex-Entitlements Date**")). Open Offer Application Forms may not be assigned, transferred or split, except to satisfy bona fide market claims prior to 3.00 p.m. on 15 December 2017.

The Open Offer Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Ordinary Shares prior to the date upon which the Ordinary Shares were marked 'ex' the entitlement to participate in the Open Offer, being 8.00 a.m. on 5 December 2017, should consult his broker or other professional adviser as soon as possible as the invitation to acquire New Ordinary Shares under the Open Offer may be a benefit which may be claimed by the transferee.

Qualifying Non-CREST Shareholders who have sold or otherwise transferred all of their registered holdings prior to 6.00 p.m. on 14 December 2017 should, if the market claim is to be settled outside CREST, complete Box 10 on the Open Offer Application Form and immediately send it, together with

this document, to the broker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee, or directly to the purchaser or transferee, if known. The Open Offer Application Form and this document should not, however, be forwarded to, or transmitted in or into, any Restricted Jurisdiction, including the United States. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Open Offer Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 3 below.

Qualifying Non-CREST Shareholders who have sold or otherwise transferred part only of their Existing Ordinary Shares shown in Box 6 of their Open Offer Application Form prior to 14 December 2017 should, if the market claim is to be settled outside CREST, complete Box 15 of the Open Offer Application Form and immediately deliver the Open Offer Application Form, together with a letter stating the number of Open Offer Application Forms required (being one for the Qualifying Non-CREST Shareholder in question and one for each of the purchasers or transferees), the total number of Existing Ordinary Shares to be included in each Open Offer Application Form (the aggregate of which must equal the number shown in Box 2 of the Open Offer Application Form) and the total number of Open Offer Entitlements to be included in each Open Offer Application Form (the aggregate of which must equal the number shown in Box 7), to the broker, bank or other agent through whom the sale or transfer was effected or return it by post to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received by no later than 11.00 a.m. on 19 December 2017. The Receiving Agent will then create new Open Offer Application Forms, mark the Open Offer Application Forms “Declaration of sale or transfer duly made” and send them, together with a copy of this document, by post to the person submitting the original Open Offer Application Form. The Open Offer Application Form and this document should not, however, be forwarded to or transmitted in or into any Restricted Jurisdiction, including the United States.

2.3 *Application procedures*

Qualifying Non-CREST Shareholders who wish to apply to subscribe for all or any of the New Ordinary Shares in respect of their Open Offer Entitlement or any Excess Shares pursuant to the Excess Application Facility must return the Open Offer Application Form in accordance with the instructions printed thereon. Completed Open Offer Application Forms should be posted in the accompanying pre-paid envelope (in the UK only) or returned by post or by hand (during normal office hours only) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received by no later than 11.00 a.m. on 19 December 2017, after which time, subject to the limited exceptions set out below, Open Offer Application Forms will not be valid. Applications delivered by hand will not be checked upon delivery and no receipt will be provided. Qualifying Non-CREST Shareholders should note that applications, once made, will, subject to the very limited withdrawal rights set out in this document, be irrevocable and receipt thereof will not be acknowledged. If an Open Offer Application Form is being sent by first-class post in the United Kingdom, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

Completed Open Application Forms should be returned together with payment in accordance with paragraph 2.4 below. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant’s own risk. If Ordinary Shares have already been allocated to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder’s cheque or banker’s draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder’s application is subsequently deemed invalid, the Company will be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements for the sale of such Qualifying Non-CREST Shareholder’s New Ordinary Shares and for the proceeds of sale (which for this purpose, shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of Link Asset Services, Peel Hunt, the Group, nor any other person, shall be responsible for or have any liability for any loss, expense or damage suffered by such Qualifying Non-CREST Shareholder as a member.

2.4 *Payment*

All payments must be made by cheque or banker's draft in pounds sterling payable to "Link Market Services Limited re: Regional REIT Limited Open Offer A/C" and crossed "A/C payee only". Cheques must be for the full amount payable on acceptance, and sent by post to Link Asset Services, so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 19 December 2017. A pre-paid envelope for use within the United Kingdom only will be sent with the Open Offer Application Form.

Cheques must be drawn on the personal account of the individual investor where they have sole or joint title to the funds. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the name of the account holder and the building society cheque or banker's draft has been stamped with the building society or bank branch stamp on the back of the cheque or banker's draft. The name of the building society or bank account holder must be the same as the name of the relevant Qualifying Non-CREST Shareholder. Cheques or banker's drafts must be drawn in pounds sterling and on an account at a bank or building society or a branch of a bank or building society which must be in the United Kingdom, the Channel Islands or the Isle of Man and which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner. Post-dated cheques will not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted. Please do not send cash.

The Company reserves the right to have cheques and banker's drafts presented for payment on receipt. No interest will be paid. It is a term of the Open Offer that cheques must be honoured on first presentation and the Company may, in consultation with Peel Hunt, elect to treat as invalid any acceptances in respect of which cheques are not honoured. Return of the Open Offer Application Form with a cheque will constitute a warranty that the cheque will be honoured on first presentation.

If cheques or banker's drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies will be kept in a non-interest-bearing account retained for the Company until all conditions are met. If the Open Offer does not become unconditional, no New Ordinary Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable, following the lapse of the Open Offer.

If New Ordinary Shares are allotted to a Qualifying Non-CREST Shareholder and a cheque for that allotment is subsequently not honoured or such Qualifying Shareholder's application is subsequently otherwise deemed to be invalid, the Receiving Agent shall be authorised to (in its absolute discretion as to manner, timing and terms, but after consultation with Peel Hunt and the Company) make arrangements for the sale of such shares on behalf of the Company and for the proceeds of sale (which, for these purposes, shall be deemed to be payments in respect of successful applications) to be paid and retained by the Company. None of the Company, Link Asset Services, Peel Hunt, nor any other person, shall be responsible for, or have any liability for, any loss, expenses or damage suffered by any Qualifying Shareholder as a result.

If you have any questions relating to the completion and return of your Open Offer Application Forms, please contact Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

2.5 *Excess Application Facility*

Provided Qualifying Non-CREST Shareholders choose to take up their Open Offer Entitlements in full, the Excess Application Facility enables a Qualifying Non-CREST Shareholder to apply for Excess Shares.

The total number of Open Offer Shares is fixed and will not be increased in response to excess applications under the Excess Application Facility. Applications for Excess Shares will therefore be satisfied only to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full. If applications under the Excess Application Facility are received for more than the maximum number of Open Offer Shares available, then such applications will be scaled-back in the absolute discretion of Peel Hunt, in consultation with the Board, who will have regard to the pro rata number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. No assurances can therefore be given that applications by Qualifying Non-CREST Shareholders under the Excess Application Facility will be met in full, in part or at all.

Qualifying Non-CREST Shareholders who wish to apply for Open Offer Shares in excess of their Open Offer Entitlement must complete the Open Offer Application Form in accordance with instructions set out on the Open Offer Application Form.

Qualifying Non-CREST Shareholders who make applications for Excess Shares under the Excess Application Facility which are not met in full and from whom payment in full has been made will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for, but not allocated to, the relevant Qualifying Non-CREST Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

Fractions of Excess Shares will not be issued under the Excess Application Facility and fractions of Excess Shares will be rounded down to the nearest whole number. Fractional entitlements to New Ordinary Shares will be aggregated and will ultimately accrue for the benefit of the Company.

Shareholders who hold fewer than 8 shares at the Record Date will be able to apply under the Excess Application Facility.

2.6 *Firm Placee and Placee participation*

To the extent that a Firm Placee and/or Placee is a holder of Existing Ordinary Shares, such Firm Placee and/or Placee may additionally apply for, or take up, its Open Offer Entitlement and apply under the Excess Application Facility.

2.7 *Discretion as to validity of acceptances*

If payment is not received in full by 11.00 a.m. on 19 December 2017, the offer to subscribe for New Ordinary Shares will be deemed to have been declined and will lapse. However, after consultation with Peel Hunt, the Company may, but shall not be obliged to, treat as valid (a) Open Offer Application Forms and accompanying remittances that are received through the post not later than 11.00 a.m. on 19 December 2017 (the cover bearing a legible postmark not later than 11.00 a.m. on 19 December 2017; and (b) acceptances in respect of which a remittance is received prior to 11.00 a.m. on 19 December 2017 from an authorised person (as defined in section 31(2) of FSMA) specifying the number of New Ordinary Shares to be acquired and undertaking to lodge the relevant Open Offer Application Form, duly completed, by 11.00 a.m. on 19 December 2017 and such Open Offer Application Form is lodged by that time.

The Company may also (in its absolute discretion, but after consultation with Peel Hunt) treat an Open Offer Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney where required.

The Company reserves the right to treat as invalid any application or purported application for the New Ordinary Shares pursuant to the Open Offer that appears to the Company to have been executed in, despatched from, or that provides an address for delivery of definitive share certificates for New Ordinary Shares in, a Restricted Jurisdiction, including the United States.

The Company may, but shall not be obliged to, treat an Open Offer Application Form as valid if the number of New Ordinary Shares for which the application is made is inconsistent with the remittance that accompanies the Open Offer Application Form. In such case, the Company will be entitled to, in its absolute discretion, deem application to have been made for: (i) where an insufficient sum is paid, the greatest whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price; and (ii) where an excess sum is paid, the greatest number of New Ordinary Shares inserted in Boxes 2 and 4 of the Open Offer Application Form.

2.8 *Effect of application*

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Open Offer Application Form the applicant:

- 2.8.1 represents and warrants to each of the Company and Peel Hunt that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares or acting on behalf of any such person on a non-discretionary basis;
- 2.8.2 agrees with each of the Company and Peel Hunt that all applications under the Open Offer and any contracts resulting therefrom, and any non-contractual obligations related thereto, shall be governed by, and construed in accordance with, the laws of England and Wales;
- 2.8.3 agrees with each of the Company and Peel Hunt that the Open Offer Shares and/or Excess Shares are issued subject to, and in accordance with, the Articles;
- 2.8.4 agrees with each of the Company and Peel Hunt that applications, once made, will be valid and binding and, subject to the very limited withdrawal rights set out in this document, be irrevocable;
- 2.8.5 confirms to each of the Company and Peel Hunt that, in making the application, he is not relying on any information or representation other than that contained in (or incorporated by reference in) this document and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any information or representation not so contained and further agrees that, having had the opportunity to read this document (including any documentation incorporated into it by reference), he will be deemed to have had notice of all information contained in this document (including information incorporated into it by reference);
- 2.8.6 confirms to each of the Company and Peel Hunt that, in making the application, he is not relying on, and has not relied on Peel Hunt or any other person affiliated with Peel Hunt in connection with any investigation of the accuracy of any information contained in (or incorporated by reference in) this document or his investment decision;
- 2.8.7 confirms to each of the Company and Peel Hunt that no person has been authorised to give any information or to make any representation concerning the Group and/or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be, and has not been, relied upon as having been authorised by the Company or Peel Hunt;
- 2.8.8 represents and warrants to the Company and Peel Hunt that, if he has received some or all of his Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a bona fide market claim;

- 2.8.9 represents and warrants to each of the Company and Peel Hunt that the New Ordinary Shares are acquired in an “offshore transaction” as defined in, and pursuant to regulations under, the US Securities Act or otherwise in a transaction exempt from, or not subject to, the registration requirements under the US Securities Act;
- 2.8.10 represents and warrants to each of the Company and Peel Hunt that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he received such Open Offer Entitlements by virtue of a bona fide market claim;
- 2.8.11 represents and warrants to the Company and Peel Hunt that he is not, nor is he applying on behalf of any person who is: (a) located, a citizen or resident, or a corporation, partnership or other entity created or organised in or under any laws, in or of any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares is prevented by law; and (b) he is not applying with a view to re-offering, reselling, transferring or delivering any of the New Ordinary Shares which are the subject of his application to, or for the benefit of, a person who is located, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, in or of any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares is prevented by law, nor acting on behalf of any such person on a non-discretionary basis nor a person(s) otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares under the Open Offer;
- 2.8.12 represents and warrants to each of the Company and Peel Hunt that: (a) he is not in the United States or a US Person, nor is he applying for the account of any person who is located in the United States or who is a US Person; and (b) he is not applying for the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any New Ordinary Shares into the United States in violation of federal or state securities laws;
- 2.8.13 represents and warrants to each of the Company and Peel Hunt that he is not, and nor is he 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 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986;
- represents and warrants to each of the Company and Peel Hunt that he is not, and nor is he applying as a nominee or agent for, a person who is a Placee; and
 - requests that the New Ordinary Shares to which he will become entitled be issued to him on the terms set out in this document and the Open Offer Application Form and subject to the Articles.

2.9 *Money Laundering Regulations*

To ensure compliance with the Money Laundering Regulations, Link Asset Services may require, at its absolute discretion, verification of the identity of the beneficial owner by whom or on whose behalf the Open Offer Application Form is lodged with payment (which requirements are referred to below as the “**verification of identity requirements**”). If an application is made by a UK-regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of Link Asset Services. In such case, the lodging agent’s stamp should be inserted on the Open Offer Application Form.

The person lodging the Open Offer Application Form with payment (the “**applicant**”), including any person who appears to Link Asset Services to be acting on behalf of some other person, shall thereby be deemed to agree to provide Link Asset Services with such information and other evidence as Link Asset Services may require to satisfy the verification of identity requirements. Submission of an Open Offer Application Form shall constitute a warranty that the Money Laundering Regulations will not be breached by the acceptance of remittance and an undertaking by the applicant to provide promptly to Link Asset Services such information as may be specified by Link Asset Services as being required for the purpose of the Money Laundering Regulations.

If Link Asset Services determines that the verification of identity requirements apply to any applicant or application, the relevant New Ordinary Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application. Link Asset Services is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and neither Link Asset Services nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays and potential rejection of an application. If, within a reasonable period of time following a request for verification of identity, Link Asset Services has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, after consultation with Peel Hunt, treat the relevant application as invalid, in which event the application monies will be returned (at the applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

The verification of identity requirements will not usually apply if:

- 2.9.1 the applicant is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- 2.9.2 the applicant is an organisation required to comply with the EU Money Laundering Directive (No.91/308/EEC) as amended by Directives 2001/97/EC and 2005/60/EC;
- 2.9.3 the applicant is a company whose securities are listed on a regulated market subject to specified disclosure obligations;
- 2.9.4 the applicant (not being an applicant who delivers his/her application in person) makes payment through an account in the name of such applicant with a credit institution which is subject to the Money Laundering Regulations or with a credit institution situated in a non-EEA State which imposes requirements equivalent to those laid down in that directive; or
- 2.9.5 the aggregate subscription price for the relevant New Ordinary Shares is less than €15,000 (or its pounds sterling equivalent).

Submission of the Open Offer Application Form with the appropriate remittance will constitute a representation and warranty to each of the Company and Peel Hunt from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

Where the verification of identity requirements apply, please note the following as this will assist in satisfying the requirements (but does not limit the right of Link Asset Services to require verification of an identity stated above). Satisfaction of these requirements may be facilitated in the following ways:

- 2.9.6 if payment is made by cheque or banker's draft drawn on a branch of a bank or building society in the United Kingdom and bears a UK bank sort code number in the top right hand corner, the following applies. Cheques, which are recommended to be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to "Link Market Services Limited re: Regional REIT Limited Open Offer A/C" and crossed "A/C payee only". Third party cheques may not be accepted except for building society cheques or banker's drafts where the building society or bank has inserted details on the back of the cheque or banker's draft of the name of the account holder and the building society cheque or banker's draft has been stamped with the building society or bank branch stamp. The account name should be the same as that shown on the application;
- 2.9.7 if the Open Offer Application Form is lodged with payment by an agent which is an organisation of the kind referred to in sub-paragraph 2.9.2 above or which is subject to

anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the current non-EU members of which are Argentina, Australia, Brazil, Canada, members of the Gulf Co-operation Council (being Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), Hong Kong, Iceland, India, Japan, Malaysia, Mexico, New Zealand, Norway, the People's Republic of China, the Republic of Korea, the Russian Federation, Singapore, South Africa, Switzerland, Turkey and the US), the agent should provide written confirmation that it has that status with the Open Offer Application Form(s) and written assurances that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to Link Asset Services and/or any relevant regulatory or investigatory authority; or

2.9.8 if an Open Offer Application Form is lodged by hand by the applicant in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his address.

To confirm the acceptability of any written assurance referred to in paragraph (ii) above, or in any other case, the applicant should contact Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 a.m. – 5.30 p.m, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

2.10 *Issue of New Ordinary Shares in certificated form*

Definitive share certificates in respect of the New Ordinary Shares to be held in certificated form are expected to be despatched by post within five Business Days of Admission, at the risk of the person(s) entitled to them, to accepting Qualifying Non-CREST Shareholders or their agents or, in the case of joint holdings, to the first-named Qualifying Non-CREST Shareholder, in each case, at their registered address (unless lodging agent details have been completed on the Open Offer Application Form).

3. **Action to be taken in relation to Open Offer Entitlements credited in CREST**

3.1 *General*

Save as provided in paragraph 6 of this Appendix A in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder is expected to receive a credit to his CREST stock account of his Open Offer Entitlement equal to the basic number of New Ordinary Shares for which he is entitled to apply to acquire under the Open Offer and also his Excess Open Offer Entitlement (see paragraph 4.3 below). Any fractional entitlements to New Ordinary Shares will be rounded down in calculating entitlements to New Ordinary Shares. Fractional entitlements to New Ordinary Shares will be aggregated and will ultimately accrue for the benefit of the Company.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Ordinary Shares held at the Record Time by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlement and Excess Open Offer Entitlement have been allocated.

If for any reason it is not possible to admit the Open Offer Entitlements and/or Excess Open Offer Entitlements to CREST, or it is impracticable to credit the stock accounts of Qualifying CREST Shareholders by 3.00 p.m. on 6 December 2017 (or such later time and/or date as the Company (after consultation with Peel Hunt) shall decide), Open Offer Application Forms shall be sent out in substitution for the Open Offer Entitlements and Excess Offer Entitlements which should have been so credited and the expected timetable as set out in this document may be adjusted, as appropriate. References to dates and times in this document should be read as subject to any such adjustment. The Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates but Qualifying CREST Shareholders may not receive any further written communication.

Qualifying CREST Shareholders who wish to take up all or part of their Open Offer Entitlements and any Excess Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to take up your entitlement, as only your CREST sponsor will be able to take the necessary action to take up your Open Offer Entitlements and any Excess Shares. If you have any questions relating to the completion and return of your Forms of Proxy, please contact Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

In accordance with the instructions in this Appendix A, the CREST instruction must have been settled by 11.00 a.m. on 19 December 2017.

3.2 *Bona fide market claims*

The Open Offer Entitlements and Excess Open Offer Entitlements will constitute a separate security for the purposes of CREST and will have a separate ISIN. Although Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the Excess Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess Open Offer Entitlement(s) will thereafter be transferred accordingly.

3.3 *Excess Application Facility*

Provided Qualifying CREST Shareholders choose to take up their Open Offer Entitlement in full, the Excess Application Facility enables Qualifying CREST Shareholders to apply for New Ordinary Shares in excess of their Open Offer Entitlement.

The total number of Open Offer Shares is fixed and will not be increased in response to excess applications under the Excess Application Facility. Applications for Excess Shares will therefore be satisfied only to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full. If applications under the Excess Application Facility are received for more than the maximum number of Open Offer Shares available, then such applications will be scaled-back in the absolute discretion of Peel Hunt, in consultation with the Board, who will have regard to the pro rata number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. No assurances can therefore be given that applications by Qualifying CREST Shareholders under the Excess Application Facility will be met in full, in part or at all.

All enquiries in connection with the procedure for application for Excess Open Offer Entitlements should be made to contact Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

An Excess Open Offer Entitlement in CREST may not be sold or otherwise transferred. Save as provided in paragraph 6 of this Appendix A in relation to certain Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST. The credit of such Excess Open Offer Entitlement does not in any way give Qualifying CREST Shareholders a right to

the New Ordinary Shares attributable to the Excess Open Offer Entitlement as an Excess Open Offer Entitlement is subject to scaling-back in accordance with the terms of this document.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the relevant Open Offer Entitlement(s) be transferred, the Excess Open Offer Entitlement(s) will not transfer with the Open Offer Entitlement(s) claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more bona fide market claims, the Excess Open Offer Entitlement credited to CREST, and allocated to the relevant Qualifying CREST Shareholder, will be transferred to the purchaser. Please note that an additional Unmatched Stock Event instruction (“**USE Instruction**”) must be sent in respect of any application under the Excess Open Offer Entitlement.

A Qualifying CREST Shareholder who has made a valid application for Excess Shares under the Excess Application Facility which is not met in full, and from whom payment in full for Excess Shares has been received, will receive a pounds sterling amount equal to the number of Excess Shares applied and paid for, but not allocated to, the relevant Qualifying CREST Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant’s sole risk.

Fractions of Excess Shares will not be issued under the Excess Application Facility and fractions of Excess Shares will be rounded down to the nearest whole number.

3.4 *USE Instructions for all or some of the Open Offer Entitlements*

Qualifying CREST Shareholders who are CREST members and who wish to apply for New Ordinary Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an USE Instruction to Euroclear which, on its settlement, will have the following effect:

- 3.4.1 the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of New Ordinary Shares applied for; and
- 3.4.2 the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of New Ordinary Shares referred to in 3.4.1 above.

3.5 *Content of USE Instructions in respect of Open Offer Entitlements*

The USE Instruction must be properly authenticated in accordance with Euroclear’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- 3.5.1 the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
- 3.5.2 the ISIN of the Open Offer Entitlement. This is GG00BF41RT19;
- 3.5.3 the CREST participant ID of the CREST member;
- 3.5.4 the CREST member account ID of the CREST member from which the Open Offer Entitlements are to be debited;
- 3.5.5 the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 7RA33;

- 3.5.6 the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 29239REG;
- 3.5.7 the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- 3.5.8 the intended settlement date. This must be on or before 11.00 a.m. on 19 December 2017;
- 3.5.9 the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST;
- 3.5.10 a contact name and telephone number (in the free format shared note field); and
- 3.5.11 a priority of at least 80.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 19 December 2017 CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 19 December 2017 in order to be valid is 11.00 a.m. on that day.

If the conditions to the Open Offer are not fulfilled on or before 8.00 a.m. on 21 December 2017, or such other time and/or date as may be agreed between the Company and Peel Hunt, the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

3.6 *USE Instructions for the Excess Open Offer Entitlements*

Qualifying CREST Shareholders who are CREST members and who wish to apply for New Ordinary Shares in respect of the Excess Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE Instruction to Euroclear which, on its settlement, will have the following effect:

- 3.6.1 the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Excess Open Offer Entitlements corresponding to the number of Excess Shares applied for; and
- 3.6.2 the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of Excess Shares referred to in 3.6.1 above.

3.7 *Content of USE Instructions in respect of Excess Open Offer Entitlements*

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- 3.7.1 the number of Excess Shares for which application is being made (and hence the number of the Excess Open Offer Entitlement(s) being delivered to the Receiving Agent);
- 3.7.2 the ISIN of the Excess Open Offer Entitlement. This is GG00BF41RV31;
- 3.7.3 the CREST participant ID of the CREST member;
- 3.7.4 the CREST member account ID of the CREST member from which the Excess Open Offer Entitlements are to be debited;

- 3.7.5 the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 7RA33;
- 3.7.6 the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 29239REG;
- 3.7.7 the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Excess Shares referred to in (i) above;
- 3.7.8 the intended settlement date. This must be on or before 11.00 a.m. on 19 December 2017;
- 3.7.9 the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST;
- 3.7.10 a contact name and telephone number (in the free format shared note field); and
- 3.7.11 a priority of at least 80.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above, and must settle on or before 11.00 a.m. on 19 December 2017. CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 19 December 2017 in order to be valid is 11.00 a.m. that day.

If the conditions to the Open Offer are not fulfilled on or before 8.00 a.m. on 21 December 2017 or such other time and/or date as may be agreed between the Company and Peel Hunt, the Open Offer will lapse, the Excess Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

The interest earned on such monies, if any, will be retained for the benefit of the Company.

3.8 ***CREST procedures and timings***

Qualifying CREST Shareholders who are CREST members and CREST sponsors (on behalf of CREST sponsored members) should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE Instruction and its settlement in connection with the Open Offer. It is the responsibility of the Qualifying CREST Shareholder concerned to take (or, if the Qualifying CREST Shareholder is a CREST sponsored member, to procure that his CREST sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11.00 a.m. on 19 December 2017. Qualifying CREST Shareholders and (where applicable) CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

3.9 ***Validity of application***

A USE Instruction complying with the requirements as to authentication and contents set out above which settles by not later than 11.00 a.m. on 19 December 2017 will constitute a valid application under the Open Offer.

3.10 ***Incorrect or incomplete applications***

If a USE Instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

- 3.10.1 to reject the application in full and refund the payment to the CREST member in question (without interest);

3.10.2 in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of New Ordinary Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest);

3.10.3 in the case that an excess sum is paid, to treat the application as a valid application for all the New Ordinary Shares referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest).

3.11 ***Placee participation***

To the extent that a Placee is a holder of Existing Ordinary Shares, such Placee may additionally apply for, or take up, its Open Offer Entitlement and apply under the Excess Application Facility.

3.12 ***Effect of application***

A CREST member or CREST sponsored member who makes, or is treated as making, a valid application in accordance with the above procedures thereby:

3.12.1 represents and warrants to each of the Company and Peel Hunt that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares or acting on behalf of any such person on a non-discretionary basis;

3.12.2 agrees with each of the Company and Peel Hunt to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay the amount payable on application);

3.12.3 agrees with each of the Company and Peel Hunt that all applications under the Open Offer and any contracts resulting therefrom, and any non-contractual obligations relating thereto, shall be governed by, and construed in accordance with, the laws of England and Wales;

3.12.4 agrees with each of the Company and Peel Hunt that the Open Offer Shares and/or Excess Shares are issued subject to, and in accordance with, the Articles;

3.12.5 agrees with each of the Company and Peel Hunt that applications, once made, will, be valid and binding, and subject to the very limited withdrawal rights set out in this document, be irrevocable;

3.12.6 confirms to each of the Company and Peel Hunt that, in making the application, he is not relying on any information or representation other than that contained in (or incorporated by reference in) this document and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, including any documentation incorporated by reference, he will be deemed to have had notice of all the information contained in this document (including information incorporated by reference);

3.12.7 confirms to each of the Company and Peel Hunt that, in making the application, he is not relying, and has not relied, on Peel Hunt or any other person affiliated with Peel Hunt in connection with any investigation of the accuracy of any information contained in (or incorporated by reference in) this document or his investment decision;

- 3.12.8 confirms to each of the Company and Peel Hunt that no person has been authorised to give any information or to make any representation concerning the Group and/or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be, and has not been, relied upon as having been authorised by the Company or Peel Hunt;
- 3.12.9 represents and warrants to the Company and Peel Hunt that if he has received some or all of his Open Offer Entitlements and Excess Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements and Excess Open Offer Entitlements by virtue of a bona fide market claim;
- 3.12.10 represents and warrants to each of the Company and Peel Hunt that he is the Qualifying CREST Shareholder originally entitled to the Open Offer Entitlements and Excess Open Offer Entitlements or that he has received such Open Offer Entitlements and Excess Open Offer Entitlements by virtue of a bona fide market claim;
- 3.12.11 represents and warrants to each of the Company and Peel Hunt that he is not, and is not acting on behalf of any person who is: (a) located, a citizen or resident, or a corporation, partnership or other entity created or organised in or under any laws, in or of any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares is prevented by law; and (b) applying with a view to re-offering, reselling, transferring or delivering any of the New Ordinary Shares which are the subject of his application to, or for the benefit of, a person who is located, a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws, in or of any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares is prevented by law, nor acting on behalf of any such person on a non-discretionary basis nor a person(s) otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares under the Open Offer;
- 3.12.12 represents and warrants to each of the Company and Peel Hunt that: (a) he is not in the United States or a US Person, nor is he applying for the account of any person who is located in the United States or who is a US Person; and (b) he is not applying for the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any New Ordinary Shares into the United States in violation of federal or state securities laws;
- 3.12.13 represents and warrants to each of the Company and Peel Hunt that he has not become aware of the Open Offer by any means of “directed selling efforts”, as that term is used under Regulation S;
- 3.12.14 represents and warrants to each of the Company and Peel Hunt that he is not, and nor is he 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 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986;
- 3.12.15 requests that the New Ordinary Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the Articles; and
- 3.12.16 represents and warrants to each of the Company and Peel Hunt that he is not, and nor is he applying as a nominee or agent for, a person who is a Placee.
- 3.13 ***Discretion as to rejection and validity of acceptances***
The Company may (with the consent of Peel Hunt):
- 3.13.1 reject any acceptance constituted by a USE Instruction, which is otherwise valid, in the event of a breach of any of the representations, warranties and undertakings set out or referred to in paragraph 3.12 of this Appendix A. Where an acceptance is made as described in this paragraph 3 which is otherwise valid, and the USE Instruction concerned fails to settle by

11:00 a.m. on 19 December 2017 (or by such later time and date as the Company and Peel Hunt may determine), the Company shall be entitled to assume, for the purposes of its right to reject an acceptance as described in this paragraph 3.13.1, that there has been a breach of the representations, warranties and undertakings set out or referred to in paragraph 3.12 above unless the Company is aware of any reason outside the control of the Qualifying CREST Shareholder or CREST sponsor (as appropriate) concerned for the failure of the USE Instruction to settle;

- 3.13.2 treat as valid (and binding on the Qualifying CREST Shareholder concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this paragraph 3;
- 3.13.3 accept an alternative properly authenticated dematerialised instruction from a Qualifying CREST Shareholder or (where applicable) a CREST sponsor as constituting a valid acceptance in substitution for, or in addition to, a USE Instruction and subject to such further terms and conditions as the Company may determine;
- 3.13.4 treat a properly authenticated dematerialised instruction (in this sub-paragraph, the “first instruction”) as not constituting a valid acceptance if, at the time at which Link Asset Services receives a properly authenticated dematerialised instruction giving details of the first instruction, either the Company or Link Asset Services has received actual notice from Euroclear of any of the matters specified in CREST Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- 3.13.5 accept an alternative instruction or notification from a Qualifying CREST Shareholder or (where applicable) a CREST sponsor, or extend the time for acceptance and/or settlement of a USE Instruction or any alternative instruction or notification if, for reasons or due to circumstances outside the control of any Qualifying CREST Shareholder or (where applicable) CREST sponsor, a Qualifying CREST Shareholder is unable validly to take up all or part of his Open Offer Entitlement by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by Link Asset Services in connection with CREST.

3.14 *Money Laundering Regulations*

If you hold your New Ordinary Shares in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a bank, a broker or another UK financial institution), then, irrespective of the value of the application, Link Asset Services is required to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. Such Qualifying CREST Shareholders must therefore contact Link Asset Services before sending any USE Instruction or other instruction so that appropriate measures may be taken.

Submission of a USE Instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty and undertaking by the applicant to the Company and Peel Hunt to provide promptly to Link Asset Services any information Link Asset Services may specify as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to Link Asset Services as to identity,

Link Asset Services, having consulted with the Company, may take, or omit to take, such action as it may determine to prevent or delay settlement of the USE Instruction. If satisfactory evidence of identity has not been provided within a reasonable time, Link Asset Services will not permit the USE Instruction concerned to proceed to settlement (without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure by the applicant to provide satisfactory evidence).

3.15 *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Open Offer Application Form including the entitlement to apply under the Excess Application Facility, may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Open Offer Application Form or into the name of a person entitled by virtue of a bona fide market claim). Similarly, Open Offer Entitlements and Excess Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer and entitlements under the Excess Application Facility are reflected in an Open Offer Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal (and, in the case of a deposit into CREST, as set out in the Open Offer Application Form).

A Qualifying Non-CREST Shareholder who wishes to make such a deposit should sign Box 9 and complete Box 16 of their Open Offer Application Form, entitled "CREST Deposit Form" and then deposit their Open Offer Application Form with the CREST Courier and Sorting Service ("CCSS"). In addition, the normal CREST stock deposit procedures will need to be carried out, except that (a) it will not be necessary to complete and lodge a separate CREST transfer form (as prescribed under the Stock Transfer Act 1963) with the CCSS; and (b) only the Open Offer Entitlement shown in Box 7 of the Open Offer Application Form may be deposited into CREST. After depositing their Open Offer Entitlements into their CREST account, CREST holders will shortly thereafter receive a credit for their Excess Open Offer Entitlements, which will be managed by Link Asset Services.

If you have received your Open Offer Application Form by virtue of a bona fide market claim, the declaration in Box 10 must have been made or (in the case of an Open Offer Application Form which has been split) marked "Declaration of sale or transfer duly made". If you wish to take up your Open Offer Entitlement, the CREST Deposit Form in Box 16 of your Open Offer Application Form must be completed and deposited with the CCSS in accordance with the instructions above. A holder of more than one Open Offer Application Form who wishes to deposit Open Offer Entitlements shown on those Open Offer Application Forms into CREST must complete Box 16 of each Open Offer Application Form.

In particular, having regard to normal processing times in CREST and on the part of Link Asset Services the recommended latest time for depositing an Open Offer Application Form with the CCSS, where the person entitled wishes to hold the Open Offer Entitlement set out in such Open Offer Application Form as an Open Offer Entitlement in CREST and the entitlement to apply under the Excess Application Facility in CREST, is 3.00 p.m. on 14 December 2017. CREST holders inputting the withdrawal of their Open Offer Entitlement and any Excess Open Offer Entitlement from their CREST account are recommended that they withdraw their Open Offer Entitlement by 4.30 p.m. on 13 December 2017.

Delivery of an Open Offer Application Form with the CREST deposit form duly completed, whether in respect of a deposit into the account of the Qualifying Shareholder named in the Open Offer Application Form or into the name of another person, shall constitute a representation and warranty to the Company, Peel Hunt and Link Asset Services by the relevant CREST member(s) that it is/they are not in breach of the provisions of the notes under the paragraph headed "Application Letter" on page 3 of the Open Offer Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that it is/they are, not located in, or citizen(s) or resident(s) of, any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares is prevented by law, and that it is/they are, not located in the United States and, where such deposit is made by a beneficiary or a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a bona fide market claim.

4. **Taxation**

Information on taxation with regard to the Capital Raising for Qualifying Shareholders who are resident in the United Kingdom for UK tax purposes is set out in paragraph 6 of Part 14 of this document. The

information contained in paragraph 6 of Part 14 of this document is intended only as a general guide to the current tax position in the United Kingdom and Qualifying Shareholders resident in the United Kingdom for UK tax purposes should consult their own tax advisers regarding the tax treatment of the Capital Raising in light of their own circumstances. Shareholders who are in any doubt as to their tax position or who are subject to tax in any other jurisdiction should consult their professional advisers immediately.

5. Withdrawal rights

Qualifying Shareholders wishing to exercise the withdrawal rights under section 87Q(4) of FSMA after the issue by the Company of a prospectus supplementing this document (if any) must do so by lodging a written notice of withdrawal or by email to withdraw@linkgroup.co.uk, which shall not include a notice sent by facsimile, that must include the full name and address of the person wishing to exercise such statutory withdrawal rights and, if such person is a Qualifying CREST Shareholder, the participant ID and the member account ID of such Qualifying CREST Shareholder at Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received no later than two Business Days after the date on which the supplementary prospectus is published or by email to withdraw@linkgroup.co.uk. Notice of withdrawal given by any other means or which is deposited with or received by Link Asset Services after expiry of such period will not constitute a valid withdrawal. Furthermore, it is the Company's view that Qualifying Shareholders will not be capable of exercising their withdrawal rights after payment by the relevant person for the New Ordinary Shares applied for in full and the allotment of such New Ordinary Shares to such person becoming unconditional save to the extent required by statute. In such circumstances, any such accepting Qualifying Shareholder or renounee, wishing to withdraw is advised to seek independent legal advice. If you have any questions relating to the completion and return of your Forms of Proxy, please contact Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

6. Overseas Shareholders

This document has been approved by the FCA, being the competent authority in the United Kingdom. It is expected that Shareholders in each EEA State (other than any Restricted Jurisdiction) will be able to participate in the Open Offer.

It is the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside the United Kingdom wishing to participate in the Open Offer to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The comments set out in this paragraph 7 are intended as a general guide only and any Overseas Shareholder who is in doubt as to his, her or its position should consult his, her or its professional adviser without delay.

7. General

The distribution of this document and the Open Offer Application Form and the making of the Open Offer to persons resident in, or who are citizens of, or who have a registered address in countries other than the United Kingdom may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to participate in the Open Offer.

No action has been, or will be, taken by the Company or any other person to permit a public offer or distribution of this document or the Open Offer Application Form in any jurisdiction where action for that purpose may be required, other than in the United Kingdom. This section sets out the restrictions applicable to Shareholders who have registered addresses outside the United Kingdom, who are physically located outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are persons (including, without limitation, custodians, nominees and trustees) who have a contractual

or legal obligation to forward this document to a jurisdiction outside the United Kingdom, or who hold Ordinary Shares for the account or benefit of any such person.

Open Offer Entitlements and Excess Open Offer Entitlements will be issued to all Qualifying Shareholders holding Ordinary Shares at the Record Time. However, Open Offer Application Forms have not been, and will not be, sent to, and neither Open Offer Entitlements nor New Ordinary Shares will be credited to CREST accounts of, Restricted Shareholders, or to their agents or intermediaries.

Having considered the circumstances, the Directors have formed the view that it is necessary or expedient to restrict the ability of any Shareholders in the United States and other Restricted Jurisdictions to participate in the Open Offer due to the time and costs involved in the registration of the document and/or compliance with the relevant local legal or regulatory requirements in those jurisdictions.

Receipt of this document and/or an Open Offer Application Form or the crediting of Open Offer Entitlements and/or Excess Open Offer Entitlements to a stock account in CREST will not constitute an offer in or into any Restricted Jurisdiction, including the United States, and, in those circumstances, this document and/or an Open Offer Application Form must be treated as sent for information only and should not be copied or redistributed. No person receiving a copy of this document and/or an Open Offer Application Form and/or receiving a credit of Open Offer Entitlements and/or Excess Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use the Open Offer Application Form or deal with Open Offer Entitlements and/or Excess Open Offer Entitlements in CREST unless, in the relevant jurisdiction (other than any Restricted Jurisdictions), such an invitation or offer could lawfully be made to him and the Open Offer Application Form or Open Offer Entitlements and/or Excess Open Offer Entitlements in CREST could lawfully be used or dealt with without contravention of any unfulfilled registration or other legal or regulatory requirements.

Accordingly, persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Open Offer Application Form or whose stock account in CREST is credited with Open Offer Entitlements and/or Excess Open Offer Entitlements should not, in connection with the Capital Raising, distribute or send the same in or into, or transfer Open Offer Entitlements or Excess Open Offer Entitlements to any person in, any Restricted Jurisdiction, including the United States. If an Open Offer Application Form or credit of Open Offer Entitlements and/or Excess Open Offer Entitlements in CREST is received by any person in any Restricted Jurisdiction, including the United States, or by their agent or nominee in any such territory, he must not seek to take up the entitlements referred to in the Open Offer Application Form or in this document or renounce the Open Offer Application Form or transfer the Open Offer Entitlements and/or Excess Open Offer Entitlements in CREST. Any person who does forward this document or an Open Offer Application Form into any Restricted Jurisdiction (whether under contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

None of the Company, Peel Hunt nor any of their respective representatives is making any representation to any offeree or purchaser of the New Ordinary Shares regarding the legality of an investment in the New Ordinary Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

The Company may, with the consent of Peel Hunt, treat as invalid any acceptance, or purported acceptance, of the offer of the Open Offer Entitlements and/or Excess Open Offer Entitlements which appears to the Company or its agents to have been executed, effected or despatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if it believes or they believe that the same may violate applicable legal or regulatory requirements or if, in the case of an Open Offer Application Form, it provides an address for delivery of the definitive share certificates for New Ordinary Shares in, or, in the case of a credit of New Ordinary Shares in CREST, the Shareholder's registered address is in, a Restricted Jurisdiction, including the United States, or if the Company believes, or its agents believe, that the same may violate applicable legal or regulatory requirements.

Notwithstanding any other provisions of this document or the Open Offer Application Form, the Company reserves the right to permit any Overseas Shareholder (other than Restricted Shareholders) to take up his entitlements if the Company in its sole and absolute discretion, after consultation with Peel Hunt, is satisfied

that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restriction in question. If the Company is so satisfied, the Company will arrange for the relevant Overseas Shareholder to be sent an Open Offer Application Form if he is reasonably believed to be a Qualifying Non-CREST Shareholder or, if he is reasonably believed to be a Qualifying CREST Shareholder, arrange for the CREST Open Offer Entitlements and Excess Open Offer Entitlements to be credited to the relevant CREST stock account.

Those Overseas Shareholders who wish, and are permitted, to take up their entitlements should note that payments must be made as described in paragraphs 3 and 4 of this Appendix A.

The provisions of this paragraph 7 will apply generally to Restricted Shareholders and other Overseas Shareholders who do not or are unable to take up New Ordinary Shares.

Specific restrictions relating to certain jurisdictions are set out below.

8. Offering restrictions relating to the United States

The New Ordinary Shares have not been and will not be registered under the US Securities Act or any relevant securities laws of any state or other jurisdiction of the United States and may not be offered, sold, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States absent applicable exemption from registration under federal and state securities laws. The New Ordinary Shares are being offered or sold only (i) outside the United States to non-US Persons in offshore transactions, in reliance on the exemption from the registration requirements of the US Securities Act provided by Regulation S thereunder and (ii) in the United States, or to US Persons, to persons reasonably believed to be “accredited investors” as defined in Regulation D under the US Securities Act, who are “qualified purchasers” as defined in the US Investment Company Act and who are existing shareholders of the Company.

No offering of Open Offer Shares is being made in the United States and neither this document nor the Open Offer Application Form constitutes or will constitute an offer or an invitation to apply for, or an offer or an invitation to acquire or subscribe for, any Open Offer Shares in the United States. The Open Offer Application Forms will not be sent to, and the Open Offer Entitlements and Excess Open Offer Entitlements will not be credited to a stock account in CREST of, any Shareholder with a registered address in the United States.

Open Offer Application Forms should not be postmarked in the United States, or otherwise despatched from the United States, and all persons acquiring New Ordinary Shares and wishing to hold such shares in registered form must provide an address for registration of the New Ordinary Shares issued upon exercise thereof outside of the United States. No investment decision with respect to acquisition of the New Ordinary Shares should be made from within the United States.

Neither the New Ordinary Shares, the Form of Proxy, the Open Offer Application Form, this document nor any other document connected with the Capital Raising have been, or will be, approved or disapproved by the SEC or by the securities commissions of any state or other jurisdiction of the United States or any other regulatory authority, nor have any of the foregoing authorities or any securities commission passed upon or endorsed the merits of the offering of the New Ordinary Shares, the Form of Proxy, the Open Offer Application Form, or the accuracy or adequacy of this document or any other document connected with this Capital Raising. Any representation to the contrary is a criminal offence.

Any person who subscribes for New Ordinary Shares will be deemed to have declared, represented, warranted and agreed to, by accepting delivery of this document or the Open Offer Application Form or by applying for New Ordinary Shares in respect of Open Offer Entitlements and/or Excess Open Offer Entitlements credited to a stock account in CREST, and delivery of the New Ordinary Shares, the representations and warranties set out in paragraph 8 of this Appendix A.

Any person who subscribes for New Ordinary Shares shall be deemed to represent and warrant to the Company and Peel Hunt that no portion of the assets used to purchase, and no portion of the assets used to hold, the New Ordinary 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 US Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Code; or (iii) 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 US Code. In addition, if an investor 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 US Code, its purchase, holding, and disposition of the New Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law.

If a person who subscribes for Open Offer Shares is an entity formed by a US Person principally for the purpose of investing in securities not registered under the US Securities Act that is organised or incorporated, and owned solely by “accredited investors” (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates, or trusts, then it represents and warrants to the Company and Peel Hunt that it was not formed for the purposes of evading the requirements of Section 7(d) of the US Investment Company Act.

Banking entities and other financial institutions should be aware that the Company may, or in the future may, be regarded as a “covered fund” and that the New Ordinary Shares are likely to be regarded as “ownership interests” for purposes of Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the “Volcker Rule.” Accordingly, the ability of certain regulated financial institutions to invest or hold New Ordinary Shares may be limited.

The Company reserves the right, with the consent of Peel Hunt, to treat as invalid any Open Offer Application Form: (i) that appears to the Company or its agents to have been executed in or despatched from the United States; or (ii) where the Company believes acceptance of such Open Offer Application Form may infringe applicable legal or regulatory requirements, and the Company shall not be bound to issue any New Ordinary Shares in respect of any such Open Offer Application Form. In addition, the Company reserves the right, in its absolute discretion, with the consent of Peel Hunt, to reject any USE Instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of the New Ordinary Shares.

8.1 *Other overseas territories*

Open Offer Application Forms will be posted to Qualifying Non-CREST Shareholders (other than those Qualifying Non-CREST Shareholders who have registered addresses in the Restricted Jurisdictions) and Open Offer Entitlements and Excess Open Offer Entitlements will be credited to the CREST stock accounts of Qualifying CREST Shareholders (other than those Qualifying CREST Shareholders who have registered addresses in the Restricted Jurisdictions). No offer of or invitation to subscribe for New Ordinary Shares is being made by virtue of this document or the Open Offer Application Form into the Restricted Jurisdictions. Overseas Shareholders in jurisdictions other than the Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, accept their entitlements under the Capital Raising in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Open Offer Application Form.

Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the United Kingdom should consult their appropriate professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Open Offer Entitlements and any Excess Open Offer Entitlements. If you are in any doubt as to your eligibility to accept the offer of New Ordinary Shares, you should contact your appropriate professional adviser immediately.

9. Representations and warranties relating to overseas territories

9.1 *Qualifying Non-CREST Shareholders*

Any person completing and returning an Open Offer Application Form or requesting registration of the New Ordinary Shares comprised therein represents and warrants to the Company that: (i) such person is not completing and returning such Open Offer Application Form from within the United

States or any other Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for New Ordinary Shares or to use the Open Offer Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within the United States or any other Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept or renounce was given; and (iv) such person is not acquiring New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States or any other Restricted Jurisdiction or any territory referred to in (ii) above.

The Company may, with the consent of Peel Hunt, treat as invalid any acceptance or purported acceptance of the allotment of New Ordinary Shares comprised in, or renunciation or purported renunciation of, an Open Offer Application Form if it: (a) appears to the Company to have been executed in or despatched from the United States or any other Restricted Jurisdiction or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if the Company believes the same may violate any applicable legal or regulatory requirement; (b) provides an address in any Restricted Jurisdiction, including the United States, for delivery of definitive share certificates for New Ordinary Shares (or any jurisdiction outside the UK in which it would be unlawful to deliver such certificates); or (c) purports to exclude the representation and warranty required by this section.

9.2 *Qualifying CREST Shareholders*

A Qualifying CREST Shareholder who makes a valid acceptance in accordance with the procedure set out in paragraph 4 of this Appendix A represents and warrants to the Company and Peel Hunt that: (i) he is not within any of the Restricted Jurisdictions, including the United States; (ii) he is not in any territory in which it is unlawful to make or accept an offer to acquire or subscribe for New Ordinary Shares; (iii) he is not acting on a non-discretionary basis for a person located within the United States or any other Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) he is not acquiring New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States or any other Restricted Jurisdiction or any territory referred to in (ii) above.

The Company may, with the consent of Peel Hunt, treat as invalid any USE Instruction which: (a) appears to the Company to have been despatched from the United States or any other Restricted Jurisdiction or otherwise in a manner which may involve a breach of the laws of any jurisdiction or which they or their agents believe may violate any applicable legal or regulatory requirement; or (b) purports to exclude the representation and warranty required by this paragraph.

10. **Further information**

Your attention is drawn to the further information set out in this document and also, in the case of Qualifying Non-CREST Shareholders to whom the Company has sent Open Offer Application Forms, to the terms, conditions and other information printed on the accompanying Open Offer Application Form.

10.1 *Waiver*

The provisions of paragraphs 7 and 8 of this Appendix A and of any other terms of the Capital Raising relating to Restricted Shareholders may be waived, varied or modified as regards specific Shareholder(s) or on a general basis by the Company in its absolute discretion after consultation with Peel Hunt. Subject to this, the provisions of paragraphs 7 and 8 of this Appendix A supersede any terms of the Capital Raising inconsistent herewith. References in paragraphs 7 and 8 of this Appendix A and in this paragraph 10 to Shareholders shall include references to the person or persons executing an Open Offer Application Form and, in the event of more than one person executing an Open Offer Application Form, the provisions of this paragraph 10 shall apply jointly to each of them.

10.2 *Admission, settlement and dealings*

The result of the Open Offer is expected to be announced on 20 December 2017. The New Ordinary Shares will be issued credited as fully paid and will rank pari passu in all respects with the Existing Ordinary Shares. The New Ordinary Shares will be created under the Companies Law and the legislation made thereunder, will be issued in registered form and will be capable of being held in both certificated and uncertificated form.

Applications will be made for the New Ordinary Shares to be admitted to listing on the premium segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities. It is expected that Admission of the New Ordinary Shares will become effective and dealings in the New Ordinary Shares will commence by 8.00 a.m. on 21 December 2017 (whereupon an announcement will be made by the Company to a Regulatory Information Service).

10.3 *Times and dates*

The Company shall in its discretion, after consultation with Peel Hunt, be entitled to amend the dates that Open Offer Application Forms are despatched or dealings in New Ordinary Shares commence and amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall announce such amendments via a Regulatory Information Service and, if appropriate, notify Shareholders.

If a supplementary prospectus is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this document, the latest date for acceptance under the Open Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

10.4 *Jurisdiction*

The Courts of England and Wales are to have exclusive jurisdiction to settle any dispute, whether contractual or non-contractual, which may arise out of or in connection with the Capital Raising, this document and the Open Offer Application Form. By accepting entitlements under the Capital Raising in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Open Offer Application Form, Qualifying Shareholders irrevocably submit to the exclusive jurisdiction of the Courts of England and Wales and waive 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.

APPENDIX B

TERMS OF AND CONDITIONS TO THE FIRM PLACING AND THE PLACING

1. Eligible participants

Members of the public are not eligible to take part in the Firm Placing or the Placing. This Appendix B and the terms and conditions set out herein are for information purposes only and are directed only at:

- 1.1 persons in member states of the European Economic Area who are “qualified investors” within the meaning of article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC, as amended by the 2010 PD Amending Directive (Directive 2010/73/EU)) (“**Qualified Investors**”); and
- 1.2 where addressed to and directed to persons in the United Kingdom, to persons who are also those:
 - 1.2.1 who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the “**FPO**”); or
 - 1.2.2 who are high net worth entities as described in article 49(2) of the FPO; or
 - 1.2.3 to whom it may otherwise be lawfully communicated and in all cases who are capable of being categorised as a professional client or an eligible counterparty for the purposes of the FCA Conduct of Business Rules (all such persons being together referred to as “**Relevant Persons**”). These terms and conditions must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which these terms and conditions relates is available only to Relevant Persons and will be engaged in only with Relevant Persons; and
- 1.3 certain persons in the United States who the Company reasonably believes to be “accredited investors” as defined in Regulation D under the US Securities Act, who are “qualified purchasers” as defined in the US Investment Company Act and existing shareholders of the Company, or who are qualified institutional buyers as defined in Rule 144A under the US Securities Act each of whom will be required to provide the Company with additional representations as to their status under the US Securities Act and US Investment Company Act, among other things (the “**Representation Letter**”).

2. Introduction

- 2.1 Participation in the Firm Placing and/or the Placing is only available to persons who are invited to participate by Peel Hunt and the Joint Placing Agent. These terms and conditions apply to persons making an offer to subscribe for Firm Placing Shares under the Firm Placing and/or Placing Shares under the Placing. Each of the Firm Placees and the Placing Placees (together, for the purposes of this Appendix B, the “**Placees**” and each a “**Placee**”) agrees with Peel Hunt, the Joint Placing Agent and the Company to be bound by these terms and conditions as being the terms and conditions upon which Firm Placing Shares will be sold under the Firm Placing and Placing Shares will be sold under the Placing. A Placee shall, without limitation, become so bound if Peel Hunt and the Joint Placing Agent confirm its allocation of Firm Placing Shares under the Firm Placing and/or Placing Shares under the Placing to such Placee at the Issue Price.

- 2.2 Upon being notified of its allocation of Firm Placing Shares under the Firm Placing and/or Placing Shares under the Placing (whether orally or in writing, which includes e-mail) by Peel Hunt or the Joint Placing Agent, a Placee shall, subject to the provisions of paragraph 7 of this Appendix B in relation to the Firm Placing, be contractually committed to acquire the number of Firm Placing Shares and/or Placing Shares allocated to them at the Issue Price and to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate or otherwise withdraw from such commitment (the “**Placing Commitment**”). Peel Hunt and/or the Joint Placing Agent may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it may, in its absolute discretion, see fit and/or may require such Placee to execute a separate placing letter. Dealing may not begin before any notification is made.
- 2.3 Neither this document nor the New Ordinary Shares have been or will be registered under the US Securities Act, or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States without exemptions from such registration.
- 2.4 This document will not constitute an offer or an invitation to apply for or an offer or an invitation to acquire any New Ordinary Shares in the United States. Subject to certain exceptions, all persons applying for New Ordinary Shares and wishing to hold such New Ordinary Shares in registered form must provide an address for registration of the New Ordinary Shares outside the United States or to any US Person.
- 2.5 Subject to certain exceptions, any person who applies for New Ordinary Shares will be deemed to have declared, warranted and agreed that they are not, and that at the time of application they will not be, in the United States, or acting on a non-discretionary basis for a person located within the United States.
- 2.6 The Company reserves the right to treat as invalid any application for New Ordinary Shares which (i) does not contain a warranty to the effect that the person applying for New Ordinary Shares does not have a registered address and is not otherwise located in the United States and is not applying for New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of the New Ordinary Shares in the United States or where the Company believes application for such New Ordinary Shares may infringe applicable legal or regulatory requirements and (ii) does not contain additional representations as to persons with a registered address or otherwise located in the United States, in form and substance acceptable to the Company and Peel Hunt, regarding their status as an “accredited investor” as defined in Regulation D and as a “qualified purchaser” as defined in the US Investment Company Act.
- 2.7 The New Ordinary Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Ordinary Shares or the Capital Raising may be publicly distributed or otherwise made publicly available in Switzerland.
- 2.8 Neither this document, the Open Offer Application Form nor the Form of Proxy nor any other offering or marketing material relating to the Capital Raising, the Company or the New Ordinary Shares have been, or will be, filed with, or approved by, any Swiss regulatory authority. In particular, this document, the Open Application Form and the Form of Proxy will not be filed with, and the offer of New Ordinary Shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of New Ordinary Shares has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of New Ordinary Shares.

3. Agreement to acquire Firm Placing Shares and/or Placing Shares

Each of the Firm Placing and the Placing is conditional upon the following conditions, amongst others:

- 3.1 the Minimum Proceeds being raised pursuant to the Capital Raising;
- 3.2 the Capital Raising Resolution being passed at the Extraordinary General Meeting;
- 3.3 the Placing and Open Offer Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms before Admission; and
- 3.4 Admission becoming effective by not later than 8.00 a.m. on 21 December 2017 (or such later time and/or date as the Company and Peel Hunt may agree (being no later than 31 December 2017)).

Subject to the above conditions, a Placee agrees to become a Shareholder and agrees to acquire Firm Placing Shares and/or Placing Shares (as applicable) at the Issue Price. The number of Firm Placing Shares issued to a Placee under the Firm Placing and/or Placing Shares issued to a Placing Placee under the Placing (as applicable) shall be in accordance with the arrangements described above, subject to the provisions of paragraph 7 of this Appendix B of this document with respect to Firm Placing Shares.

The Company has undertaken that the Firm Placing Shares and the Placing Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares and will have the same rights and restrictions as each Existing Ordinary Share, including in respect of any dividends or distributions declared in respect of the New Ordinary Shares following Admission.

4. Payment for Firm Placing Shares and/or Placing Shares

Each Placee undertakes to pay the Issue Price for the Firm Placing Shares and/or the Placing Shares issued to such Placee (the “**Total Amount**”) in such manner as shall be directed by Peel Hunt and/or the Joint Placing Agent. In the event of any failure by a Placee to pay as so directed by Peel Hunt and/or the Joint Placing Agent, the relevant Placee shall be deemed hereby to have appointed Peel Hunt, the Joint Placing Agent or any of their nominees to sell (in one or more transactions) any or all of the Firm Placing Shares and/or Placing Shares (as applicable) in respect of which payment shall not have been made as so directed and to have agreed to indemnify on demand Peel Hunt and/or the Joint Placing Agent in respect of any liability for UK stamp duty and/or stamp duty reserve tax arising in respect of any such sale or sales. A sale of all or any of such Firm Placing Shares and/or Placing Shares (as the case may be) shall not release the relevant Placee from the obligation to make such payment for Firm Placing Shares and/or Placing Shares (as the case may be) to the extent that Peel Hunt, the Joint Placing Agent or their nominee has failed to sell such Placing Shares at a consideration which after deduction of expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, is equal to or exceeds the Issue Price per Firm Place Share and/or Placing Share.

5. Representations and warranties

By receiving this announcement, each Placee and/or any person confirming his agreement to subscribe for Placing Shares on behalf of a Placee or authorising Peel Hunt and/or the Joint Placing Agent to notify a Placee’s name to the Receiving Agent, is deemed to acknowledge, agree, undertake, represent and warrant to each of Peel Hunt, the Joint Placing Agent, the Receiving Agent and the Company that:

- 5.1 it has read and understood this document in its entirety and that its acquisition of the New Ordinary Shares is made solely on the terms and subject to the conditions, representations, warranties, acknowledgements, agreements and undertakings contained herein and in the Representation Letter, if applicable;
- 5.2 it has made its own assessment of the New Ordinary Shares and has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing;

- 5.3 neither Peel Hunt, the Joint Placing Agent nor any of their affiliates or any person acting on behalf of any of them has provided, or will provide the Placee, with any material or information regarding the New Ordinary Shares, the Firm Placing or the Placing other than this document; nor has the Placee requested Peel Hunt, the Joint Placing Agent, the Company or any of its or their respective affiliates or any person acting on behalf of any of them to provide it with any such information;
- 5.4 the content of this document is exclusively the responsibility of the Company and that none of Peel Hunt and/or the Joint Placing Agent, its respective affiliates or any person acting on their behalf has or shall have any responsibility or liability for any information, representation or statement contained in this document or any information previously or subsequently published by or on behalf of the Company;
- 5.5 it has made its own assessment of the Company and the terms of the Firm Placing and the Placing based on this document and the Company's publicly available information, such information being all that it deems necessary to make an investment decision in respect of the New Ordinary Shares and that it has neither received nor relied on any information given or representations, warranties or statements made by Peel Hunt, the Joint Placing Agent or the Company or any of their affiliates or any person acting on behalf of any of them and neither Peel Hunt, the Joint Placing Agent nor the Company nor any of its or their affiliates nor any person acting on behalf of any of them will be liable for any Placee's decision to accept an invitation to participate in the Firm Placing and/or the Placing based on any information, representation, warranty or statement other than that contained in this document;
- 5.6 it will not hold Peel Hunt, the Joint Placing Agent or any of their respective affiliates or any person acting on their behalf responsible or liable for any misstatements in, or omission from, any publicly available information relating to the Company and that none of Peel Hunt, the Joint Placing Agent nor any person acting on its behalf makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of such information or accepts any responsibility for any such information;
- 5.7 it acknowledges that the New Ordinary Shares will be admitted to the Official List of the FCA and the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of the FCA and the Placee is able to obtain or access such information without undue difficulty and is able to obtain access to such information or comparable information concerning any other publicly traded company without undue difficulty;
- 5.8 it has the funds available to pay the Total Amount payable pursuant to its Placing Commitment and acknowledges, agrees and undertakes that it will pay the Total Amount in accordance with the terms of this Appendix B on the due time and dates notified by Peel Hunt and/or the Joint Placing Agent, failing which the relevant New Ordinary Shares may be placed with other placees or sold at such price as Peel Hunt and/or the Joint Placing Agent determines;
- 5.9 it:
- 5.9.1 if an entity, is duly incorporated and validly existing under the laws of its jurisdiction of incorporation or organisation;
- 5.9.2 is entitled to subscribe for the New Ordinary Shares under the laws of all relevant jurisdictions which apply to it;
- 5.9.3 has fully observed such laws;
- 5.9.4 has the requisite capacity and authority and is entitled to enter into and to perform its obligations as a subscriber for New Ordinary Shares and to execute and deliver all documents necessary for such subscription and will honour such obligations; and
- 5.9.5 has obtained all necessary consents and authorities (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the

terms set out or referred to in this Appendix B of this document) to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto and, in particular, if it is a pension fund or investment company it is aware of and acknowledge it is required to comply with all applicable laws and regulations with respect to its subscription for the New Ordinary Shares;

- 5.10 after giving effect to its subscription of the New Ordinary Shares comprised in its Placing Commitment, it will inform Peel Hunt and/or the Joint Placing Agent if such acquisition will cause it to be required to make a notification to the Company in accordance with Rule 5.1.2R of the Disclosure Guidance and Transparency Rules;
- 5.11 after giving effect to its subscription of the New Ordinary Shares comprised in its Placing Commitment, its total aggregate holding of issued Ordinary Shares, together with any such Ordinary Shares held by any person acting in concert with its (as that term is used for the purposes of the City Code), will not exceed 29.9 per cent. of the voting rights of the Company;
- 5.12 unless it otherwise notifies in writing to the Company, Peel Hunt and the Joint Placing Agent, it is not, and any person who it is acting on behalf of is not, and at the time the New Ordinary Shares are subscribed will not be, a resident of, or with an address in, Australia, New Zealand, The Republic of South Africa, Canada, Japan or the United States, and it acknowledges and agrees that the New Ordinary Shares have not been and will not be registered or otherwise qualified under the securities legislation of Australia, New Zealand, The Republic of South Africa, Canada, Japan or the United States and, subject to certain exceptions, may not be offered, sold, or acquired, directly or indirectly, within those jurisdictions;
- 5.13 if it is acquiring New Ordinary Shares in uncertificated form, unless otherwise agreed by the Company, it is located outside the United States, it is not a US Person, it is acquiring the shares in an “offshore transaction” (within the meaning of Regulation S), it is not acquiring the New Ordinary Shares for the benefit of a US Person and it will not offer, sell or deliver, directly or indirectly, any New Ordinary Shares in or into the United States; and if in the future it decides to offer, sell, transfer, assign, pledge or otherwise dispose of New Ordinary Shares or any beneficial interest therein, it will do so only (i) in an “offshore transaction” (within the meaning of Regulation S) to a person outside the United States not known by the transferor to be a US Person, or (ii) to the Company;
- 5.14 if it is acquiring New Ordinary Shares in certified form, either (i) it is located outside the United States, it is not a US Person, it is acquiring the shares in an “offshore transaction” (within the meaning of Regulation S), it is not acquiring the New Ordinary Shares for the benefit of a US Person and it will not offer, sell or deliver, directly or indirectly, any New Ordinary Shares in or into the United States or (ii) it is both an accredited investor as defined in Regulation D under the US Securities Act and a qualified purchaser as defined in the US Investment Company Act and it is acquiring the New Ordinary Shares pursuant to an exemption from the registration requirements of the Securities Act and in compliance with the applicable securities laws of any state or other jurisdiction of the United States and in a manner which would not require the Company to register as an investment company under the US Investment Company Act;
- 5.15 it acknowledges that New Ordinary Shares issued in certificated form will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH THE SECURITIES REGULATORY AUTHORITY OF ANY STATE. IN ADDITION, REGIONAL REIT LIMITED (THE “COMPANY”) IS NOT REGISTERED AS AN INVESTMENT COMPANY UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “INVESTMENT COMPANY ACT”). THIS SECURITY MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED, ASSIGNED OR OTHERWISE DISPOSED OF EXCEPT (1) IN

AN “OFFSHORE TRANSACTION” COMPLYING WITH REGULATION S UNDER THE SECURITIES ACT, (2) TO A PERSON WHO IS BOTH A “QUALIFIED PURCHASER” AS DEFINED IN THE INVESTMENT COMPANY ACT AND AN “ACCREDITED INVESTOR” AS DEFINED IN RULE 501 OF THE SECURITIES ACT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND OTHERWISE IN COMPLIANCE WITH ALL STATE SECURITIES LAWS WITH DELIVERY BY THE TRANSFEREE TO THE COMPANY OF WRITTEN CERTIFICATIONS TO THAT EFFECT, (3) TO A QUALIFIED INSTITUTIONAL BUYER UNDER RULE 144A UNDER THE SECURITIES ACT, OR (4) TO THE COMPANY, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS AND UNDER CIRCUMSTANCES THAT WOULD NOT REQUIRE THE COMPANY TO REGISTER UNDER THE INVESTMENT COMPANY ACT. ANY OFFER, SALE, TRANSFER, PLEDGE, ASSIGNMENT OR DISPOSAL MADE OTHER THAN IN COMPLIANCE WITH THE FOREGOING RESTRICTIONS WILL BE SUBJECT TO THE COMPULSORY TRANSFER PROVISIONS SET OUT IN THE ARTICLES OF THE COMPANY.”

- 5.16 it acknowledges and agrees that there is no present intention to register any of the New Ordinary Shares for sale or re-sale under the US Securities Act and that there can be no representation as to the availability of any exemption under the US Securities Act;
- 5.17 it is not acquiring the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any New Ordinary Shares into the United States and, unless otherwise disclosed to Peel Hunt, the Joint Placing Agent and the Company in writing, it is not acting on a non-discretionary basis for the account or benefit of a person located within the United States at the time the undertaking to subscribe for New Ordinary Shares is given;
- 5.18 if it is a “municipal entity” within the meaning of Section 15B(e)(8) of the US Exchange Act or an “obligated person” within the meaning of Section 15B(e)(10) of the US Exchange Act, the amounts invested by it in the Company will not constitute “proceeds of municipal securities” or “municipal escrow investments”, and it acknowledges that neither the Company, the Asset Manager, the Investment Manager nor their respective affiliates provide, or intend to provide, advice to the Company with respect to investment strategies that are plans or programs for the investment of the proceeds of municipal securities or the recommendation of or brokerage of municipal escrow investments;
- 5.19 if it is an entity formed by a US Person principally for the purpose of investing in securities not registered under the US Securities Act that is organised or incorporated, and owned solely by “accredited investors” (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts, it was not formed for the purposes of evading the requirements of Section 7(d) of the US Investment Company Act;
- 5.20 it is aware and acknowledges that the Company may be regarded as a “covered fund” and that the New Ordinary Shares may be regarded as “ownership interests” for purposes of Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the “Volcker Rule”, and accordingly the ability of certain regulated financial institutions to invest or hold New Ordinary Shares may be limited;
- 5.21 it is:
- 5.21.1 a person described in Article 19(5) (Investment Professionals) and/or 49(2) (high net worth companies etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “FPO”), and/or an authorised person as defined in section 31 of the FSMA; or
 - 5.21.2 a high net worth entity as described in Article 49(2) of the FPO; or
 - 5.21.3 a “qualified investor” falling within Articles 2.1(e)(i), (ii) or (iii) of the Prospectus Directive; or

5.21.4 a person to whom this document may otherwise lawfully be communicated and in all cases who is capable of being categorised as a professional client or an eligible counterparty for the purposes of the FCA Conduct of Business Rules.

For such purposes, it undertakes that it will acquire, hold, manage and (if applicable) dispose of any New Ordinary Shares that are allocated to it for the purposes of its business only;

- 5.22 it has such knowledge, sophistication and experience in financial and business matters that it is capable of evaluating the merits and risks of its purchase of the New Ordinary Shares comprised in its Placing Commitment, and it is able to bear the economic risk and financial risk (including sustaining a complete loss) of the purchase of such New Ordinary Shares and it has had sufficient time to consider and conduct its own investigation with respect to its purchase of the New Ordinary Shares including the legal, regulatory, tax, business, currency and other economic and financial considerations relevant to such investment and it will not look to the Company, Peel Hunt, the Joint Placing Agent or any of their respective affiliates or any person acting on their behalf for all or part of any loss it may suffer in connection with its purchase of such New Ordinary Shares;
- 5.23 it has only communicated, or caused to be communicated, and will only communicate, or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the New Ordinary Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person and it acknowledges and agrees that this document is not being issued by Peel Hunt or the Joint Placing Agent in its capacity as an authorised person under section 21 of the FSMA and it may not therefore be subject to the controls which would apply if it were made or approved as a financial promotion by an authorised person;
- 5.24 it is aware of and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the New Ordinary Shares in, from or otherwise involving, the United Kingdom;
- 5.25 it will not make any offer to the public of the New Ordinary Shares and has not offered or sold, and will not offer or sell, any New Ordinary Shares to persons in the United Kingdom or elsewhere in the European Economic Area prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted in, and which will not result in, an offer to the public in the United Kingdom within the meaning of section 85(1) of the FSMA or an offer to the public in any EEA State within the meaning of the Prospectus Directive (which includes any relevant implementing measure in any EEA State);
- 5.26 it has not been engaged to subscribe for the New Ordinary Shares on behalf of any other person who is not a Qualified Investor unless the terms on which it is engaged to enable it to make decisions concerning the acceptance of offers of transferable securities on the client's behalf without reference to the client as described in section 86(2) of the FSMA;
- 5.27 it is aware of, and acknowledges that it is required to comply with, its obligations in connection with money laundering under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering Regulations and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by such laws and regulations;
- 5.28 it is aware of, and has complied with, its obligations under the Criminal Justice Act 1993 and the Market Abuse Regulation and confirms that it will continue to comply with those obligations;

- 5.29 the allocation, allotment, issue and delivery to the Placee, or the person specified by it for registration as a holder of New Ordinary Shares, will not give rise to a stamp duty or stamp duty reserve tax liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that no instrument under which it subscribes for New Ordinary Shares (whether as principal, agent or nominee) would be subject to stamp duty or the increased rates referred to in those sections and that it, or the person specified by it for registration as a holder of New Ordinary Shares, is not participating in the Firm Placing and/or the Placing as nominee or agent for any person or persons to whom the allocation, allotment, issue or delivery of New Ordinary Shares would give rise to such a liability;
- 5.30 it, or the person specified by it for registration as a holder of the New Ordinary Shares, will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto), if any, payable on acquisition of any of the New Ordinary Shares or the agreement to subscribe for the New Ordinary Shares and acknowledges and agrees that none of Peel Hunt, the Joint Placing Agent nor the Company nor any of its or their respective affiliates nor any person acting on behalf of any of them will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement;
- 5.31 neither Peel Hunt, the Joint Placing Agent nor any of their affiliates nor any person acting on behalf of them is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Firm Placing and/or the Placing and that its participation in the Firm Placing and/or the Placing is on the basis that it is not, and will not be, a client of Peel Hunt or the Joint Placing Agent and that Peel Hunt and the Joint Placing Agent do not have any duties or responsibilities to it for providing the protections afforded to their clients or customers under the rules of the FCA or for providing advice in relation to the Firm Placing and/or the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing and Open Offer Agreement nor for the exercise or performance of any of their respective rights and obligations thereunder, including any rights to waive or vary any conditions or exercise any termination right. In addition, any payment by them will not be treated as client money governed by the rules of the FCA;
- 5.32 in order to ensure compliance with the Money Laundering Regulations, Peel Hunt or the Joint Placing Agent (for themselves and as agents on behalf of the Company) or the Company's registrars may, in its or their absolute discretion, require verification of any Placee's identity. Pending the provision to Peel Hunt or the Joint Placing Agent or the Receiving Agent, as applicable, of evidence of identity, definitive certificates in respect of the New Ordinary Shares may be retained at its or their absolute discretion or, where appropriate, delivery of the New Ordinary Shares to it in uncertificated form, may be retained at Peel Hunt's or the Joint Placing Agent's or the Receiving Agent's, as the case may be, absolute discretion, if within a reasonable time after a request for verification of identity Peel Hunt or the Joint Placing Agent (for themselves and as agents on behalf of the Company) or the Receiving Agent have not received evidence satisfactory to them, Peel Hunt and/or the Joint Placing Agent and/or the Company may, at the absolute discretion of each, terminate its commitment in respect of the Placing, in which event the monies payable on acceptance of allotment will, if already paid, be returned without interest to the account of the drawee's bank from which they were originally debited;
- 5.33 save in the event of fraud (and to the extent permitted by the rules of the FCA), neither Peel Hunt, the Joint Placing Agent nor any of their respective affiliates, shall be liable to a Placee for any matter arising out of the role of Peel Hunt and the Joint Placing Agent as the Company's brokers under the Firm Placing and/or the Placing and each Placee waives any claim against Peel Hunt and the Joint Placing Agent or any of their respective affiliates with it may have in respect thereof;
- 5.34 the Placee irrevocably appoints any duly authorised officer of Peel Hunt and the Joint Placing Agent as its agent for the purpose of executing and delivering to the Company and/or the Receiving Agent any documents on its behalf necessary to enable it to be registered as the holder of any of the Firm Placing Shares and/or Placing Shares for which it agrees to subscribe or purchase upon the terms of this Appendix B of this document;

- 5.35 it agrees to indemnify and hold the Company, Peel Hunt and the Joint Placing Agent and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of any breach of the representations, warranties, undertakings, agreements and acknowledgements set out in this Appendix B of this document; and
- 5.36 no portion of the assets used to purchase, and no portion of the assets used to hold, the New Ordinary 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 US Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Code; or (iii) 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 US Code. In addition, if an investor 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 US Code, its purchase, holding, and disposition of the New Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law.

Notwithstanding anything to the contrary set forth immediately above, the New Ordinary Shares made available under the Firm Placing and Placing may be offered and sold in the United States only to persons reasonably believed to be (a) QIBs who are also QPs and (b) Accredited Investors who are also QPs and, in each such case, in reliance on Section 4(a)(2) of, and Rule 506(b) under, the US Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. In addition to the applicable acknowledgements, agreements, undertakings, representations and warranties set forth above, each Placee in the United States will be deemed to have made the following additional acknowledgements, agreements, undertakings, representations and warranties to each of Peel Hunt, the Joint Placing Agent, the Receiving Agent and the Company:

- (A) None of the New Ordinary Shares or the Open Offer Entitlements have been, or will be, registered under the US Securities Act or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons except in reliance on an exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States and under circumstances that will not require the Company to register under the US Investment Company Act. There will be no public offer of the New Ordinary Shares or the Open Offer Entitlements in the United States. The Company has not been, and will not be, registered under the US Investment Company Act and investors will not be entitled to the benefits of that Act. The New Ordinary Shares made available under the Firm Placing and Placing are being offered and sold in the United States only to persons reasonably believed to be (a) QIBs who are also QPs and (b) Accredited Investors who are also QPs and, in each such case, in reliance on Section 4(a)(2) of, and Rule 506(b) under, the US Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Accordingly, the Company is not extending the Open Offer into the United States or to, or for the account or benefit of, US Persons unless an exemption from the registration requirements of the US Securities Act is available and, subject to certain exceptions set out below. The Company reserves the right to treat as invalid any Open Offer subscription that appears to the Company or its agents to have been executed in, or despatched from, the United States, or that provides an address in the United States for the receipt of New Ordinary Shares, or where the Company believes acceptance of such subscription may infringe applicable legal or regulatory requirements. Notwithstanding the foregoing, New Ordinary Shares may be made available under the Open Offer to a limited number of qualifying shareholders in the United States or who are US Persons who are both (i) QIBs and QPs or (ii) Accredited Investors and QPs, in the sole discretion of or as otherwise agreed by the Company, in consultation with Peel Hunt and the Joint Placing Agent, and in a manner designed not to require registration of the New Ordinary Shares under the US Securities Act or registration of the Company under the US

Investment Company Act. Any person in the United States or any US Person into whose possession this document comes should inform himself or herself about and observe any applicable legal restrictions; any such person in the United States or US Person who is not a QIB and a QP or an Accredited Investor and a QP is required to disregard this announcement. No representation has been, or will be, made by the Company or any of Peel Hunt and the Joint Placing Agent as to the availability of Rule 144 under the US Securities Act or any other exemption under the US Securities Act or any state securities laws for the reoffer, pledge or transfer of the New Ordinary Shares.

The Placee acknowledges and understands that the Company, Peel Hunt and the Joint Placing Agent will rely upon the truth and accuracy of the foregoing representations, warranties, agreements, acknowledgements and undertakings.

The Placee indemnifies on an after-tax basis and holds harmless Peel Hunt, the Joint Placing Agent and each person affiliated with either of them and any person acting on its behalf from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings set out in this Appendix B of this document and further agrees that the provisions of this Appendix B of this document shall survive after completion of the Firm Placing and the Placing.

6. Miscellaneous

The rights and remedies of Peel Hunt, the Joint Placing Agent, the Receiving Agent and the Company under these terms and conditions as set out in this Appendix B of this document 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, each Placee may be asked to disclose, in writing or orally to Peel Hunt or the Joint Placing Agent (as the case may be):

6.1.1 if he is an individual, his nationality; or

6.1.2 if he is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.

All documents will be sent at the Placee's risk. They may be sent by post to such Placee at an address notified to Peel Hunt or the Joint Placing Agent.

The provisions of these terms and conditions of the Firm Placing and/or the Placing may be waived, varied or modified as regards specific Placees or on a general basis by Peel Hunt and the Joint Placing Agent without reference to any Placee and with no liability to any Placee whatsoever.

The contract to subscribe for New Ordinary Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Peel Hunt, the Joint Placing Agent, the Company and the Receiving Agent, each Placee irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against a Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for New Ordinary Shares, references to a "Placee" in these terms and conditions are to each of such Placees and such joint Placees' liability is joint and several.

Peel Hunt and the Company each expressly reserve the right to modify the Placing (including, without limitation, its timetable and settlement) at any time before allocations of Placing Shares under the Placing are determined.

APPENDIX C

TERMS OF AND CONDITIONS TO THE OFFER FOR SUBSCRIPTION

1. Introduction

These terms and conditions apply to persons agreeing to subscribe for New Ordinary Shares under the Offer for Subscription at a price of 101 pence per New Ordinary Share. The New Ordinary Shares will, when issued and fully paid, include the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

Applications to acquire New Ordinary Shares must be made on the Subscription Form attached as Appendix D to this document or otherwise published by the Company.

Each person to whom these terms and conditions apply, as described above, who confirms its agreement to Peel Hunt or the Joint Placing Agent to subscribe for New Ordinary Shares (an “Investor”) hereby agrees with Peel Hunt and the Joint Placing Agent, the Company, and the Registrar to be bound by these terms and conditions as being the terms and conditions upon which New Ordinary Shares will be issued and sold under the Offer for Subscription. An Investor shall, without limitation, become so bound if Peel Hunt and the Joint Placing Agent confirm to the Investor its allocation of New Ordinary Shares, and Peel Hunt and the Joint Placing Agent so notifies the Registrar on behalf of the Company.

2. Acceptance of your offer

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

2.1.1 the Company having raised the Minimum Proceeds;

2.1.2 the passing of the Capital Raising Resolution without amendment to be proposed at the Extraordinary General Meeting;

2.1.3 Admission occurring on or prior to 8.00 a.m. on 21 December 2017 (or such later time and/or date as the Company, Peel Hunt and the Joint Placing Agent may agree, being not later than 3.00 p.m. on 31 December 2017); and

2.1.4 the Placing and Open Offer Agreement becoming otherwise unconditional in all respects and not having been terminated on or before Admission.

2.2 To the fullest extent permitted by law, each Investor acknowledges and agrees that it will not exercise any remedy of rescission, termination or withdrawal at any time after acceptance. This does not affect any other rights such Investor may have.

3. Payment for New Ordinary Shares

3.1 Each Investor undertakes to pay the Issue Price in full for the New Ordinary Shares issued and/or sold (as applicable) under the Offer for Subscription to such Investor in such manner as shall be directed by Peel Hunt or the Joint Placing Agent. Liability for stamp duty and SDRT is described in the section entitled “**Stamp Duty and Stamp Duty Reserve Tax**” contained in paragraph 6.7 of Part 14 (“**UK Taxation**”) of this document.

3.2 In the event of any failure by any Investor to pay as so directed by Peel Hunt or the Joint Placing Agent, the relevant Investor shall be deemed hereby to have appointed the Investment Manager or any nominee thereof to sell (in one or more transactions) any or all of the New Ordinary Shares in respect of which payment shall not have been made as directed by the Investment Manager and to have agreed to indemnify on demand the Investment Manager in respect of any liability for stamp duty and/or SDRT arising in respect of any such sale or sales.

- 3.3 To ensure compliance with the Money Laundering Regulations, the Company (or any of its agents) may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf a Subscription Form is lodged with payment. If the Subscription Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Company (or any of its agents). Failure to provide the necessary evidence of identity within a reasonable time may result in delays or applications being rejected.
- 3.4 The person lodging the Subscription Form with payment and in accordance with the other terms as described above, including any person who appears to the Company (or any of its agents) to be acting on behalf of some other person, accepts the Offer for Subscription in respect of such number of offered New Ordinary Shares as is referred to therein and shall thereby be deemed to agree to provide the Company (or any of its agents) with such information and other evidence as the Company (or any of its agents) may require to satisfy the verification of identity requirements.
- 3.5 Submission of a Subscription Form with the appropriate remittance will constitute a warranty to each of the Company, the Administrator and the Receiving Agent from the Applicant that the Money Laundering Regulations will not be breached by application of such remittance. The verification of identity requirements will not usually apply:
- 3.5.1 if the Applicant is an organisation required to comply with the Money Laundering Directive (2015/849 of the European Parliament and of the EC Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing); or
- 3.5.2 if the Applicant is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- 3.5.3 if the aggregate subscription price for the offered New Ordinary Shares is less than €15,000 (approximately £13,000).
- 3.6 If the Subscription Form(s) is/are in respect of New Ordinary Shares with an aggregate subscription price of more than €15,000 (approximately £13,000) and is/are lodged by hand by the Applicant in person, or if the Subscription Form(s) in respect of New Ordinary Shares is/are lodged by hand by the Applicant and the accompanying payment is not the Applicant's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.
- 3.7 If, within a reasonable period of time following a request for verification of identity, and in any case by 11.00 a.m. on 19 December 2017, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent may, as agent of the Company and upon instruction from the Company, reject the relevant Application, in which event the monies submitted in respect of that Application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).
- 3.8 All payments must be made by cheque or banker's draft in pounds sterling drawn on a branch in the United Kingdom of a bank or a building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by those companies or committees: cheques and banker's drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to Link Market Services Limited re: "Regional REIT Limited – OFS A/C" in respect of an Application and crossed "A/C Payee Only". Cheques should be for the full amount payable on Application. Post-dated cheques and payment via CHAPS, BACS or electronic transfer will not be accepted.

- 3.9 Third party cheques may not be accepted, with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the cheque/banker's draft to such effect. The account name should be the same as that shown on the Subscription Form.
- 3.10 The following is provided by way of guidance to reduce the likelihood of difficulties, delays and potential rejection of an Subscription Form (but without limiting the Receiving Agent's right to require verification of identity as indicated above):
- 3.10.1 applicants should make payment by a cheque drawn on an account in their own name from a UK bank account and write their name and address on the back of the banker's draft or cheque and, in the case of an individual, record his date of birth against his name; banker's drafts should be duly endorsed by the bank or building society on the reverse of the cheque as described above; and
- 3.10.2 if an Applicant makes the Application as agent for one or more persons, he should indicate on the Subscription Form whether he is a UK or EU-regulated person or institution (for example a bank or stockbroker) and specify his status. If an Applicant is not a UK or EU-regulated person or institution, he should contact the Receiving Agent.

4. Representations and warranties

- 4.1 By completing a Subscription Form, each Investor and, if you sign the Subscription Form on behalf of another person or a corporation, that person or corporation, is deemed to represent and warrant to the Company that.
- 4.1.1 it will offer to subscribe for the number of New Ordinary Shares specified in your Subscription Form (or such lesser number for which your Application is accepted) on the terms of and subject to this document (and any supplementary prospectus published by the Company), including these terms and conditions, and subject to the Articles;
- 4.1.2 in consideration of the Company agreeing to process your Application, your Application cannot be revoked (subject to any legal right to withdraw your application which arises as a result of the publication of a supplementary prospectus) and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand during normal business hours only) on receipt by, the Receiving Agent of your Subscription Form;
- 4.1.3 your cheque or banker's draft may be presented for payment on receipt and will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive the New Ordinary Shares until you make payment in cleared funds for the New Ordinary Shares and such payment is accepted by the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it, and the Receiving Agent, against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by the Company of such late payment, the Company may (without prejudice to its other rights) avoid the agreement to subscribe for such New Ordinary Shares and may issue or allot such New Ordinary Shares to some other person, in which case you will not be entitled to any payment in respect of such New Ordinary Shares other than the refund to you at your risk of the proceeds (if any) of the cheque or banker's draft accompanying your Application, without interest;
- 4.1.4 (i) any monies returnable to you may be retained pending clearance of your remittance and the completion of any verification of identity required by the Money Laundering Regulations and (ii) monies pending allocation will be retained in a separate account and that such monies will not bear interest;

- 4.1.5 you undertake to provide satisfactory evidence of your identity within such reasonable time (in each case to be determined in the absolute discretion of the Company and the Receiving Agent) to ensure compliance with the Money Laundering Regulations;
- 4.1.6 in respect of those New Ordinary Shares for which your Application has been received and is not rejected, acceptance of your Application shall be constituted, at the election of the Company, either (i) by notification to the London Stock Exchange of the basis of allocation (in which case acceptance shall be on that basis) or (ii) by notification of acceptance thereof to the Receiving Agent;
- 4.1.7 you authorise the Receiving Agent to procure that your name (together with the name(s) of any other joint Applicant(s)) is/are placed on the register of members of the Company in respect of such New Ordinary Shares and to send a crossed cheque for any monies returnable by post without interest, at the risk of the persons entitled thereto, to the address of the person (or in the case of joint holders the first-named person) named as an Applicant in the Subscription Form;
- 4.1.8 you acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this document (and any supplementary prospectus published by the Company) and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Receiving Agent, or any of their affiliates or any other person;
- 4.1.9 if you sign the Subscription Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person or corporation, and such person or corporation will also be bound accordingly and will be deemed to have given the confirmations, warranties and undertakings contained herein and undertake to enclose your power of attorney, or a copy thereof duly certified by a solicitor or bank, with the Subscription Form;
- 4.1.10 all Applications, acceptances of Applications and contracts resulting from such acceptances shall be governed by and construed in accordance with English law, and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- 4.1.11 in making such Application, neither you nor any person on whose behalf you are applying are relying on any information or representation in relation to the Company other than the information contained in this document and any supplementary prospectus and, accordingly, you agree that no person (responsible solely or jointly for this document or any part thereof or involved in the preparation thereof) shall have any liability for any such information or representation;
- 4.1.12 your Application is made solely on the terms of this document (and any supplementary prospectus published by the Company) and subject to the Articles;
- 4.1.13 you irrevocably authorise the Company or any person authorised by it to do all things necessary to effect registration of any New Ordinary Shares subscribed by or issued to you into your name(s) or into the name(s) of any person(s) in whose favour the entitlement to any such New Ordinary Shares has been transferred and authorise any representative of the Company to execute any document required therefor;
- 4.1.14 having had the opportunity to read this document, you shall be deemed to have had notice of all information and representations concerning the Company and the New Ordinary Shares contained therein;
- 4.1.15 you have reviewed the restrictions contained in these terms and conditions;

- 4.1.16 if you are an individual, you are not under the age of 18;
- 4.1.17 all documents and cheques sent by post to, by or on behalf of the Company or the Receiving Agent, will be sent at the risk of the person(s) entitled thereto;
- 4.1.18 in connection with your Application you have observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your Application in any territory and that you have not taken any action which will or may result in the Company or any person responsible solely or jointly for the prospectus or any part of its or involved in the preparation thereof acting in breach of the regulatory or legal requirements of any territory (including in particular FSMA) in connection with the Offer for Subscription or your Application;
- 4.1.19 save where you have satisfied the Company that an appropriate exemption applies so as to permit you to subscribe, you are not a resident of Australia, New Zealand, Canada, the Republic of South Africa, Japan or the United States;
- 4.1.20 on request by the Company or the Receiving Agent on behalf of the Company, to disclose promptly in writing to the Company or the Receiving Agent any information which the Company or the Receiving Agent may reasonably request in connection with your Application, and authorise the Company or the Receiving Agent on behalf of the Company to disclose any information relating to your Application as it considers appropriate;
- 4.1.21 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for New Ordinary Shares under the Offer for Subscription, it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Investment Manager, the Asset Manager, Peel Hunt, the Joint Placing Agent or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Offer for Subscription;
- 4.1.22 it acknowledges that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this document (and any supplementary prospectus published by the Company) and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Investment Manager, the Asset Manager or Peel Hunt or the Joint Placing Agent;
- 4.1.23 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);
- 4.1.24 if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Offer for Subscription constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for New Ordinary Shares pursuant to the Offer for Subscription 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 Ordinary 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;

- 4.1.25 it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the New Ordinary Shares and it is not acting on a non-discretionary basis for any such person;
- 4.1.26 it has complied and will comply with all applicable provisions of the Criminal Justice Act 1993 and the Market Abuse Regulation with respect to anything done by it in relation to the Placing and/or the New Ordinary Shares;
- 4.1.27 it accepts that if the Offer for Subscription does not proceed or the conditions to the Placing and Open Offer Agreement are not satisfied or the New Ordinary Shares for which valid applications are received and accepted are not admitted to listing and/or trading on the premium segment of the Official List for any reason whatsoever then neither Peel Hunt nor the Joint Placing Agent, 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;
- 4.1.28 it acknowledges and agrees that information provided by it to the Company, Peel Hunt or the Registrar will be stored both on the Registrar's and the Administrator's computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection Act 1998 (the "**DP Act**") and other relevant data protection legislation which may be applicable, 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:
- 4.1.28.1 process its personal data (including sensitive personal data) as required by or in connection with its holding of New Ordinary Shares, including processing personal data in connection with credit and money laundering checks on it;
- 4.1.28.2 communicate with it as necessary in connection with its affairs and generally in connection with its holding of New Ordinary Shares;
- 4.1.28.3 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 Ordinary Shares or as the DP Act may require, including to third parties outside the EEA;
- 4.1.28.4 without limitation, provide such personal data to the Company or the Investment Manager and each of their respective associates for processing, notwithstanding that any such party may be outside the EEA; and
- 4.1.28.5 process its personal data for the Registrar's or the Administrator's internal administration;
- 4.1.29 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 above). For the purposes of this document, "**data subject**", "**personal data**" and "sensitive personal data" shall have the meanings attributed to them in the DP Act;
- 4.1.30 Peel Hunt, the Joint Placing Agent and the Company are entitled to exercise any of their rights under the Placing and Open Offer Agreement or any other right in their absolute discretion without any liability whatsoever to it;
- 4.1.31 the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that Peel Hunt, the Joint Placing Agent and the Company and their respective

affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription for the New Ordinary Shares are no longer accurate, it shall promptly notify Peel Hunt, the Joint Placing Agent and the Company;

- 4.1.32 it irrevocably authorises the Company, or the Receiving Agent or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any of the New Ordinary Shares subscribed for by or issued to you in your name and authorise any representatives of the Company and/or Receiving Agent to execute any documents required thereby and to enter your name on the register of members of the Company; and
- 4.1.33 you are not subscribing for the New Ordinary Shares having a loan which would not have been given to you or any associate, or not given to you on such favourable terms, if you had not been proposing to subscribe for the New Ordinary Shares.
- 4.2 If you are applying on behalf of someone else you will not, and will procure that none of your affiliates will, circulate, distribute, publish or otherwise issue (or authorise any other person to issue) any document or information in connection with the Capital Raising, or make any announcement or comment (whether in writing or otherwise) which states or implies that it has been issued or approved by or prepared in conjunction with the Company or any person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof or which contains any untrue statement of material fact or is misleading or which omits to state any material fact necessary in order to make the statements therein not misleading.
- 4.3 No person receiving a copy of this document or supplementary prospectus issued by the Company and/or an Subscription Form in any territory other than the UK may treat the same as constituting an invitation or an offer to him; nor should he in any event use an Subscription Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or the Subscription Form could lawfully be used without contravention of any, or compliance with, any unfulfilled registration or other legal or regulatory requirements. It is the responsibility of any person outside the UK wishing to apply for New Ordinary Shares under the Offer for Subscription to satisfy himself as to full observance of the laws of any relevant territory in connection with any such Application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in any such territory and paying any issue, transfer or other taxes required to be paid in any such territory.
- 4.4 The New Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, US Persons. The Company has not been and will not be registered as an “investment company” under the US Investment Company Act, and investors will not be entitled to the benefits of the US Investment Company Act. In addition, relevant clearances have not been, and will not be, obtained from the securities commission (or equivalent) of any province of Australia, New Zealand, Canada, the Republic of South Africa, Japan or the United States and, accordingly, unless an exemption under any relevant legislation or regulations is applicable, none of the New Ordinary Shares may be offered, sold, renounced, transferred or delivered, directly or indirectly, in Australia, New Zealand, Canada, the Republic of South Africa, Japan or the United States. Unless the Company has expressly agreed otherwise in writing, you represent and warrant to the Company that you are not a US Person or a resident of Australia, New Zealand, Canada, the Republic of South Africa, Japan or the United States and that you are not subscribing for such New Ordinary Shares for the account of any US Person or resident of Australia, New Zealand, Canada, the Republic of South Africa, Japan or the United States and that you will not offer, sell, renounce, transfer or deliver, directly or indirectly, New Ordinary Shares subscribed for by you in Australia, New Zealand, Canada, the Republic of South Africa, Japan or the United States or to any US Person or resident of Australia, New Zealand, Canada, the Republic of South Africa, Japan or the United States. Subject to certain exceptions, no Application will be accepted if it bears an address in the Australia, New Zealand, Canada, the Republic of South Africa, Japan or the United States unless an appropriate exemption is available as referred to above.

- 4.5 The basis of allocation will be determined by Peel Hunt and the Joint Placing Agent (following consultation with the Company, the Investment Manager and the Asset Manager), in its absolute discretion. The right is reserved to reject in whole or in part and/or scale down and/or ballot any Application or any part thereof. The right is reserved to treat as valid any Application not in all respects completed in accordance with the instructions relating to the Subscription Form, including if the accompanying cheque or banker's draft is for the wrong amount.

5. United States purchase and transfer restrictions

- 5.1 Each subscriber of New Ordinary Shares in the Offer for Subscription and each subsequent investor in the Ordinary Shares will be deemed to have represented, warranted, acknowledged and agreed as follows:

- 5.1.1 it is located outside the United States, it is not a US Person, it is acquiring the shares in an "offshore transaction" (within the meaning of Regulation S), it is not acquiring the New Ordinary Shares for the benefit of a US Person and it will not offer, sell or deliver, directly or indirectly, any New Ordinary Shares in or into the United States, and if in the future it decides to offer, sell, transfer, assign, pledge or otherwise dispose of New Ordinary Shares or any beneficial interest therein, it will do so only (i) in an "offshore transaction" (within the meaning of Regulation S) to a person outside the United States not known by the transferor to be a US Person, or (ii) to the Company;
- 5.1.2 it acknowledges that the New Ordinary Shares have not been and will not be registered under the US 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 exemptions from registration under the US Securities Act and applicable state securities laws;
- 5.1.3 it acknowledges that the Company has not been registered under the US 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 US Investment Company Act;
- 5.1.4 it has not become aware of the Open Offer, the Placing or the Offer for Subscription by any means of "directed selling efforts", as that term is used under Regulation S;
- 5.1.5 no portion of the assets used to purchase, and no portion of the assets used to hold, the New Ordinary 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 US Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Code; or (iii) 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 US Code. In addition, if an investor 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 US Code, its purchase, holding, and disposition of the New Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- 5.1.6 if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the New Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act and under circumstances which will not require the Company to register under the US 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;

- 5.1.7 it is purchasing the New Ordinary 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 Ordinary Shares in any manner that would violate the US Securities Act, the US Investment Company Act or any other applicable securities laws;
- 5.1.8 it acknowledges that the Company reserves the right to make inquiries of any holder of the New Ordinary Shares or interests therein at any time as to such person's status under the 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 the US securities laws to transfer such New Ordinary Shares or interests in accordance with the Articles;
- 5.1.9 it acknowledges and understands that the Company is required to comply with FATCA and CRS 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 and CRS;
- 5.1.10 it is entitled to acquire the New Ordinary 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 Ordinary 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 Investment Manager, Peel Hunt or the Joint Placing Agent, or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Capital Raising or its acceptance of participation in the Offer for Subscription;
- 5.1.11 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 Ordinary Shares to within the United States or to any US Persons (other than its legal and financial advisers), nor will it do any of the foregoing;
- 5.1.12 if it is an entity formed by a US Person principally for the purpose of investing in securities not registered under the US Securities Act that is organised or incorporated, and owned solely by "accredited investors" (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts, it was not formed for the purposes of evading the requirements of Section 7(d) of the US Investment Company Act;
- 5.1.13 it is aware and acknowledges that the Company is likely to be regarded as a "covered fund" and that the New Ordinary Shares are likely to be regarded as "ownership interests" for purposes of Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the "Volcker Rule", and accordingly the ability of certain regulated financial institutions to invest or hold New Ordinary Shares may be limited;
- 5.1.14 if it is acquiring any New Ordinary Shares as a fiduciary or agent for one or more accounts, the investor 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; and
- 5.1.15 the Company, the AIFM, the Asset Manager, the Investment Manager, Peel Hunt, the Joint Placing Agent, the Administrator 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.

6. Tax Residency Self-Certification

In addition to completing and returning the Subscription Form to the Receiving Agent, you will also need to complete and return a Tax Residency Self Certification Form. The "tax residency self-

certification” form can be found at the end of this document and further copies of this form and the relevant form for joint holdings or Corporate Entity holdings can be requested from Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

It is a condition of application that (where applicable) a completed version of that form is provided with the Subscription Form before any application can be accepted.

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APPENDIX D

SUBSCRIPTION FORM FOR THE OFFER FOR SUBSCRIPTION

Important: before completing this form, you should read the accompanying notes.

To: Link Asset Services, Corporate Actions
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

1. Application

I/We the person(s) detailed in section 3 below offer to subscribe for the number of New Ordinary Shares shown in Box 1 subject to the Terms and Conditions set out in Appendix C of the Prospectus dated 5 December 2017 and subject to the Memorandum and Articles of Association of the Company.

Box 1 (minimum subscription of 1,000 New Ordinary Shares and then in multiples of 1,000 New Ordinary Shares thereafter).

2. Amount payable

Box 2 (the number in Box 1 multiplied by the Issue Price, being 101 pence per New Ordinary Share).

Payment Method:
(tick appropriate box)

Cheque

CREST Settlement
via DVP

3. Details of Holder(s) in whose name(s) New Ordinary Shares will be issued (BLOCK CAPITALS)

Mr, Mrs, Miss or Title

Forenames (in full)

Surname/Company Name

Date of Birth

Address (in full)

Designation (if any)

Telephone number

Mr, Mrs, Miss or Title

Forenames (in full)

Surname/Company Name



Date of Birth.....

Address (in full).....

Designation (if any).....

Telephone number

Mr, Mrs, Miss or Title

Forenames (in full)

Surname/Company Name.....

Date of Birth.....

Address (in full).....

Designation (if any).....

Telephone number

Mr, Mrs, Miss or Title

Forenames (in full)

Surname/Company Name.....

Date of Birth.....

Address (in full).....

Designation (if any).....

Telephone number

4. CREST details

(Only complete this section if New Ordinary Shares allotted are to be deposited in a CREST Account which must be in the same name as the holder(s) given in section 3).

CREST Participant ID

CREST Member Account ID

5. Signature(s) all holders must sign

Execution by individuals:

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

Execution by a company:

Executed by (Name of Company):		Date	
Name of Director:		Date	
Signature:			
Name of Director/Secretary:		Date	
Signature:			
If you are affixing a company seal, please mark a cross here:		Affix Company Seal here:	

6. Settlement details

(a) *Cheque/Banker's Draft*

If you are subscribing for Ordinary Shares and paying by cheque or banker's draft pin or staple to this form your cheque or banker's draft for the exact amount shown in Box 2 made payable to "**Link Market Services Limited Re: Regional REIT Limited – OFS A/C**". Cheques and banker's drafts must be drawn on an account at a branch of a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man and must bear the appropriate sort code in the top right hand corner.

(b) *CREST Settlement*

If you so choose to settle your application within CREST, that is DVP, you or your settlement agent/custodian's CREST account must allow for the delivery and acceptance of New Ordinary Shares to be made against payment of the Issue Price, following the CREST matching criteria set out below:

Trade date: 19 December 2017

Settlement date: 21 December 2017

Company: Regional REIT Limited

Security description: Ordinary Shares of no par value

SEDOL: BYV2ZQ3

ISIN: GG00BYV2ZQ34

Should you wish to settle DVP, you will need to input your instructions to Link Asset Services' Participant account RA06 by no later than 11.00 a.m. on 19 December 2017.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

Applicants wishing to settle DVP will still need to complete and submit a valid Subscription Form to be received by no later than 11.00 a.m. on 19 December. You should tick the relevant box in section 2.

Applicants will also need to ensure that their settlement instructions have been input to Link Asset Services' Participant account (RA06) by no later than 11.00 a.m. on 19 December 2017. Note: Link Asset Services' will not take any action until a valid DEL message has been received by the Participant account from the applicant.



No acknowledgement of receipt or input will be provided.

Applicants should also ensure that their settlement agent/custodian has a sufficient “debit cap” within the CREST system to facilitate settlement in addition to their usual daily trading and settlement requirements.

In the event of late/non settlement the Company reserves the right to deliver shares outside of CREST in certificated form provided that payment has been made in terms satisfactory to the Company and all other conditions of the Capital Raising have been satisfied.

7. Reliable introducer declaration

Completion and signing of this declaration by a suitable person or institution may avoid presentation being requested of the identity documents detailed in section 8 of the notes on how to complete this Subscription Form.

The declaration below may only be signed by a person or institution (being a regulated financial services firm) (the “**firm**”) which is itself subject in its own country to operation of “customer due diligence” and anti-money laundering regulations no less stringent than those which prevail in the United Kingdom. Acceptable countries include Austria, Belgium, Bulgaria, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Portugal, Slovenia, Spain, Sweden and the UK.

7.1 Declaration: To the Company and the Receiving Agent

With reference to the holder(s) detailed in section 3, all persons signing at section 5 and the payor if not also the Applicant (together the “**subjects**”) WE HEREBY DECLARE:

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

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

Signed:

Name:

Position:

having authority to bind the firm:.....

Name of regulatory authority:

Firm's Licence number:

Website address or telephone number of regulatory authority:

STAMP of firm giving full name and business address

8. Contact details

To ensure the efficient and timely processing of this application please enter below the contact details of a person the Company (or any of its agents) may contact with all enquiries concerning this application. Ordinarily this contact person should be the (or one of the) person(s) signing in section 5 on behalf of the first named holder. If no details are entered here and the Company (or any of its agents) requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

Contact Name	E-mail address
Address	
Telephone No	Fax No



NOTES ON HOW TO COMPLETE THE SUBSCRIPTION FORM

Applications should be returned so as to be received by Link Asset Services no later than 11.00 a.m. on 19 December 2017.

In addition to completing and returning the Subscription Form to Link Asset Services, you will also need to complete and return a Tax Residency Self Certification Form. The “individual tax residency self-certification – sole holding” form can be found at the end of this document. Further copies of this form and the relevant form for joint holdings or corporate entity holdings can be requested from Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. **It is a condition of application that (where applicable) a completed version of the Tax Residency Self Certification Form is provided with the Application Form before any application can be accepted.**

HELPLINE: If you have a query concerning the completion of this Subscription Form, please telephone Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

1. Application

Fill in (in figures) in Box 1 the number of New Ordinary Shares being subscribed for. The number being subscribed for must be a minimum of 1,000 New Ordinary Shares and then in multiples of 1,000 New Ordinary Shares thereafter. Financial intermediaries who are investing on behalf of clients should make separate applications for each client.

2. Amount payable

Fill in (in figures) the total amount payable for the New Ordinary Shares for which your application is made which is the number inserted in Box 1 of the Offer for Subscription Application Form, multiplied by the Issue Price, being 101 pence per New Ordinary Share. You should also mark in the relevant box to confirm your payment method, i.e. cheque, banker’s draft or settlement via CREST (DVP).

3. Holder details

Fill in (in block capitals) the full name(s) of each holder and the address of the first named holder. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference. A maximum of four joint holders is permitted. All holders named must sign the Subscription Form in section 5.

4. CREST

If you wish your New Ordinary Shares to be deposited in a CREST account in the name of the holders given in section 3, enter in section 4 the details of that CREST account. Where it is requested that New Ordinary Shares be deposited into a CREST account please note that payment for such New Ordinary Shares must be made prior to the day such New Ordinary Shares might be allotted and issued. It is not possible for an applicant to request that New Ordinary Shares be deposited in their CREST account on an against payment basis. Any Subscription Form received containing such a request will be rejected.

5. Signature

All holders named in section 3 must sign section 5 and insert the date and the date of birth of each holder. The Subscription Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which originals will be returned by post at the addressee’s risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Offer for Subscription Application Form.

6. Settlement details

(a) Cheque/Banker’s draft

All payments by cheque or banker’s draft must accompany your application and be for the exact amount inserted in Box 2 of the Subscription Form. Your cheque or banker’s draft must be made payable to “**Link Market Services Limited Re: Regional REIT Limited – OFS A/C**” in respect of an Application and crossed “**A/C Payee Only**”. Applications accompanied by a post-dated cheque will not be accepted.

Cheques or banker’s drafts must be drawn on an account where the applicant has sole or joint-title to the funds and on an account at a branch of a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which is a member of either of the Committees of Scottish or Belfast clearing houses or which has arranged for its cheques and banker’s drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner.

Third party cheques may not be accepted, with the exception of building society cheques or banker’s drafts where the building society or bank has inserted on the back of the cheque the full name of the building society or bank account holder and have

added the building society or bank branch stamp. The name of the building society or bank account holder must be the same as the name of the current shareholder or prospective investor. Please do not send cash. Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity.

(b) **CREST settlement**

The Company will apply for the New Ordinary Shares issued pursuant to the Offer for Subscription in uncertificated form to be enabled for CREST transfer and settlement with effect from Admission (the "**Relevant Settlement Date**"). Accordingly, settlement of transactions in the New Ordinary Shares will normally take place within the CREST system.

The Subscription Form contains details of the information which the Company's Receiving Agent, Link Asset Services, will require from you in order to settle your application within CREST, if you so choose. If you do not provide any CREST details or if you provide insufficient CREST details for Link Asset Services to match to your CREST account, Link Asset Services will deliver your New Ordinary Shares in certificated form provided payment has been made in terms satisfactory to the Company.

The right is reserved to issue your New Ordinary Shares in certificated form should the Company, having consulted with Link Asset Services, consider this to be necessary or desirable. This right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST or any part of CREST or on the part of the facilities and/or system operated by Link Asset Services in connection with CREST.

The person named for registration purposes in your Subscription Form must be: (a) the person procured by you to subscribe for or acquire the New Ordinary Shares; or (b) yourself; or (c) a nominee of any such person or yourself, as the case may be. Neither Link Asset Services nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. You will need to input the delivery versus payment ("**DVP**") instructions into the CREST system in accordance with your application. The input returned by Link Asset Services of a matching or acceptance instruction to our CREST input will then allow the delivery of your New Ordinary Shares to your CREST account against payment of the Issue Price through the CREST system upon the Relevant Settlement Date.

By returning your Subscription Form you agree that you will do all things necessary to ensure that you or your settlement agent/custodian's CREST account allows for the delivery and acceptance of New Ordinary Shares to be made prior to 11.00 a.m. on 19 December 2017 against payment of the Issue Price. Failure by you to do so will result in you being charged interest at the rate of two percentage points above the then published bank base rate of a clearing bank selected by Link Asset Services.

To ensure that you fulfil this requirement it is essential that you or your settlement agent/custodian follow the CREST matching criteria set out below:

Trade Date: 19 December 2017

Settlement Date: 21 December 2017

Company: Regional REIT Limited

Security Description: Ordinary shares of no par value

SEDOL: BYV2ZQ3

ISIN: GG00BYV2ZQ34

Should you wish to settle DVP, you will need to input your instructions to Link Asset Services Participant account RA06 by no later than 11.00 a.m. on 19 December 2017.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

Applicants wishing to settle DVP will still need to complete and submit a valid Subscription Form to be received by no later than 11.00 a.m. on 19 December 2017. You should tick the relevant box in section 2.

Applicants will also need to ensure that their settlement instructions have been input to Link Asset Services Participant account (RA06) by no later than 11.00 a.m. on 19 December 2017. Note: Link Asset Services will not take any action until a valid DEL message has been received by the Participant account from the applicant.

No acknowledgement of receipt or input will be provided.

Applicants should also ensure that their settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to their usual daily trading and settlement requirements.

In the event of late/non settlement the company reserves the right to deliver shares outside of CREST in certificated form provided that payment has been made in terms satisfactory to the company and all other conditions of the Capital Raising have been satisfied.

In the event of late CREST settlement, the Company, after having consulted with Link Asset Services, reserves the right to deliver New Ordinary Shares outside CREST in certificated form provided payment has been made in terms satisfactory to the Company and all other conditions in relation to the Capital Raising have been satisfied.

7. Reliable introducer declaration

Applications with a value greater than €15,000 (approximately £13,000) will be subject to verification of identity requirements. This will involve you providing the verification of identity documents listed below UNLESS you can have the declaration provided at section 7 of the Subscription Form given and signed by a firm acceptable to the Company (or any of its agents). In order to ensure your Application is processed in a timely and efficient manner all Applicants are strongly advised to have the declaration provided in section 7 of the Subscription Form completed and signed by a suitable firm.

If the declaration in section 7 cannot be completed and the value of the application is greater than €15,000 (approximately £13,000) the documents listed below must be provided with the completed Subscription Form, as appropriate, in accordance with internationally recognised standards for the prevention of money laundering. Notwithstanding that the declaration in section 7 has been completed and signed, the Company (or any of its agents) reserves the right to request of you the identity documents listed below and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time your application may be rejected or revoked. Where certified copies of documents are requested below, such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

8. For each holder being an individual enclose:

- 8.1 a certified clear photocopy of one of the following identification documents which bears both a photograph and the signature of the person: current passport, government or Armed Forces identity card, or driving licence; and
- 8.2 certified copies of at least two of the following documents which purport to confirm that the address given in section 3 is that person's residential address: a recent gas, electricity, water or telephone (not mobile) bill, a recent bank statement, a council rates bill or similar document issued by a recognised authority; and
- 8.3 if none of the above documents show the Applicant's date and place of birth, enclose a note of such information; and
- 8.4 details of the name and address of the Applicant's personal bankers from which the Company (or any of its agents) may request a reference, if necessary.

9. For each holder being a company (a "holder company") enclose:

- 9.1 a certified copy of the certificate of incorporation of the holder company; and
- 9.2 the name and address of the holder company's principal bankers from which the Company (or any of its agents) may request a reference, if necessary; and
- 9.3 a statement as to the nature of the holder company's business, signed by a director; and
- 9.4 a list of the names and residential addresses of each director of the holder company; and
- 9.5 for each director provide documents and information similar to that mentioned in 8 above; and
- 9.6 a copy of the authorised signatory list for the holder company; and
- 9.7 a list of the names and residential/registered address of each ultimate beneficial owner interested in more than three per cent. of the issued share capital of the holder company and, where a person is named, also complete 10 below and, if another company is named (hereinafter a "**beneficiary company**"), also complete 11 below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.

10. For each person named in 9.7 as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in 9.1 to 9.4.

11. For each beneficiary company named in 9.7 as a beneficial owner of a holder company enclose:

- 11.1 a certified copy of the certificate of incorporation of that beneficiary company; and
- 11.2 statement as to the nature of that beneficiary company's business signed by a director; and
- 11.3 the name and address of that beneficiary company's principal bankers from which the Company (or any of its agents) may request a reference, if necessary; and
- 11.4 enclose a list of the names and residential/registered address of each beneficial owner owning more than five per cent. of the issued share capital of that beneficiary company.

The Company (or any of its agents) reserves the right to ask for additional documents and information.

12. Contact details

To ensure the efficient and timely processing of your Subscription Form, please provide contact details of a person the Company (or any of its agents) may contact with all enquiries concerning your Application. Ordinarily this contact person should be the person signing in section 5 on behalf of the first named holder. If no details are entered here and the Company (or any of its agents) requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

TAX RESIDENCY SELF-CERTIFICATION FORM

Name of Company in which shares are held:	REGIONAL REIT LIMITED
Part 1 – Identification of Individual Shareholder <i>A separate form is required for each holder</i>	
Name of Holder:	
Address of Holder:	
A. Please provide your Tax Residence Address – If different from above	
Address: <i>Include your Postal or ZIP Code & Country:</i>	
B. Date of Birth (DD/MM/YYYY)	
Part 2 – Country/Countries of Residence for Tax Purposes	
Country of residence for tax purposes	Tax Identification Number <i>In the UK this would be your NI number</i>
1	1
2	2
3	3
4	4
Part 2b – US Person Please mark the box ONLY if you are a US Person (see Definitions) <input type="checkbox"/>	
Part 3 – Declarations and Signature	
<p>I acknowledge that the information contained in this form and information regarding my shares may be reported to the local tax authority and exchanged with tax authorities of another country or countries in which I may be tax resident where those countries have entered into Agreements to exchange Financial Account information.</p> <p>I undertake to advise the Company within 30 days of any change in circumstances which causes the information contained herein to become incorrect and to provide the Company with a suitably updated Declaration within 30 days of such change in circumstances.</p> <p>I certify that I am the shareholder (or am authorised to sign for the shareholder).</p> <p>If this relates to a joint holding: I also acknowledge that as a joint holder I may be reported to the relevant tax authority if all the other holders do not provide a Tax Residency Self-Certification.</p> <p>I declare that all statements made in this declaration are, to the best of my knowledge and belief, correct and complete.</p>	
Signature:	
Print Name:	
Date:	
Daytime telephone number/email address	

If signing under a power of attorney, please also attach a certified copy of the power of attorney. We will only contact you if there is a question around the completion of the self-certification form.



Introduction

The law requires that Financial Institutions collect, retain and report certain information about their account holders, including their tax residency.

Please complete the form above and provide any additional information requested.

If your declared country/countries of residence for tax purposes is not the same as that of the Financial Institution and is either the US or is on the OECD list of countries which have agreed to exchange information (<http://www.oecd.org/tax/transparency/AEOI-commitments.pdf>), the Financial Institution will be obliged to share this information with its local tax authority who may then share it with other relevant local tax authorities.

Failure to validly complete and return this form will result in you being reported onwards to the relevant local tax authority. Additionally, if this form has been issued in conjunction with an application for a new holding, then your application may be adversely impacted.

Definitions of terms used in this form can be found below.

If your address (or name) has changed from that shown on the form, then you must advise us separately. Any details you enter in the "Tax Residence Address" will be used for tax purposes only and will not be used to update your registered details.

If any of the information about your tax residency changes, you are required to provide the Company with a new, updated, self-certification form within 30 days of such change in circumstances

Joint Holders (if relevant)

All joint holders are treated as separate holders for these tax purposes and every joint holder is required to give an Individual Tax Residency Self-Certification. If any one or more is reportable, the value of the whole shareholding will be reported for that/those joint shareholder(s).

If we do not receive the self-certification from each joint shareholder, then the whole holding will be treated as undocumented and all holders (including those who have completed the self-certification form) will be reported to the relevant tax authorities.

If you have any remaining questions about how to complete this form or about how to determine your tax residency status you should contact your tax adviser.

Definitions

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ("The Common Reporting Standard") <http://www.oecd.org/tax/automatic-exchange/common-reporting-standard/> contains definitions for the terms used within it. However, the following definitions are for general guidance only to help you in completing this form.

"Account Holder"

The Account Holder is either the person(s) whose name(s) appears on the share register of a Financial Institution. Or where Capita holds the shares on your behalf, the person whose name appears on the register of entitlement that Capita maintains.

"Country / Countries of residence for tax purposes"

You are required to list the country or countries in which you are resident for tax purposes, together with the tax reference number which has been allocated to you, often referred to as a tax identification number (TIN). Special circumstances (such as studying abroad, working overseas, or extended travel) may cause you to be resident elsewhere or resident in more than one country at the same time (dual residency). The country/countries in which you might be obliged to submit a tax return are likely to be your

country/countries of tax residence. If you are a US citizen or hold a US passport or green card, you will also be considered tax resident in the US even if you live outside the US.

“Tax Identification Number or TIN”

The number used to identify the shareholder in the country of residence for tax purposes.

Different countries (or jurisdictions) have different terminology for this and could include such as a National Insurance number, social security number or resident registration number. Some jurisdictions that do issue TINs have domestic law that does not require the collection of the TIN for domestic reporting purposes so that a TIN is not required to be completed by a shareholder resident in such jurisdictions. Some jurisdictions do not issue a TIN or do not issue a TIN to all residents.

“US Person”

All US citizens. An individual is a citizen if that person was born in the United States or if the individual has been naturalized as a US citizen.

You can also be a US citizen, even if born outside the United States if one or both of your parents are US citizens.

You are a ‘tax resident’ of the United States. You can become a tax resident under two rules: 1) The ‘substantial presence test’. This is a ‘day count test and based on the number of days you are in the US over a three year period and 2) the ‘green card’ test. A person who has obtained a ‘green card’ has been granted the right to lawful permanent residence in the United States.

If you have any questions about these definitions or require further details about how to complete this form then please contact your tax adviser.

NOTHING IN THIS DOCUMENT CAN BE CONSIDERED TO BE TAX ADVICE.

