

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

A copy of this document, which constitutes a prospectus relating to Bricklane Residential REIT PLC (the "**Company**") prepared in accordance with the Prospectus Rules of the Financial Conduct Authority made pursuant to section 84 of FSMA (the "**Prospectus Rules**"), has been filed with the FCA in accordance with Rule 3.2 of the Prospectus Rules (the "**Prospectus**"). The Prospectus will be made available to the public in accordance with Rule 3.2 of the Prospectus Rules at [www.bricklane.com/plc/residential](http://www.bricklane.com/plc/residential). The Prospectus also constitutes a listing document for the purposes of seeking admission of the Company to the official list of the Channel Islands Securities Exchange Authority Limited (the "**CISEA**").

Application will be made to the Channel Islands Securities Exchange (the "**Exchange**") for all of the Shares issued and to be issued to be admitted to listing and to trading on the official list of the CISEA ("**Admission**"). It is expected that Initial Admission will become effective, and that dealings in the Shares will commence, at 8.00 a.m. on 23 September 2016. The Shares are not dealt in on any other recognised investment exchanges and no applications for the Shares to be traded on such other exchanges have been made or are currently expected.

The Prospectus includes particulars given in compliance with the listing rules of the CISEA (the "**CISEA Listing Rules**") for the purpose of giving information with regard to the Company. The Company and the Directors, whose names appear on page 37 of the Prospectus, accept responsibility for the information contained in the Prospectus. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

**The attention of prospective investors is drawn, in particular, to the Risk Factors set out on pages 18 to 31 of the Prospectus.**



# **BRICKLANE RESIDENTIAL REIT PLC**

(incorporated in England and Wales under the Companies Act with registered number 10301242)

## **Share Issuance Programme for up to 200 million Shares**

### **Admission to the official list of the CISEA**

**Alternative Investment Fund Manager**

**Gallium Fund Solutions Limited**

**CISEA Sponsor**

**Carey Olsen Corporate Finance Limited**

**Investment Adviser**

**Bricklane Investment Services Ltd**

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The Prospectus will be issued in the United Kingdom for the purposes of FSMA by the AIFM, which is authorised and regulated by the FCA.

Neither the admission of the Shares to the official list of the CISEA nor the approval of the Prospectus pursuant to the CISEA Listing Rules shall constitute a warranty or representation by the CISEA as to the competence of the service providers to, or any other party connected with, the Company, the adequacy and accuracy of the information contained in the Prospectus or the suitability of the Company for investment or for any other purpose. The CISEA has been recognised by the HMRC under Section 841 of the Income and Corporation Tax Act 1988.

**The Prospectus does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration,**

**qualification, publication or approval requirements on the Company, the AIFM or the Investment Adviser. The offer and sale of Shares have not been and will not be registered under the applicable securities laws of the United States, Australia, Canada, South Africa or Japan. Subject to certain exceptions, the Shares may not be offered or sold within the United States, Australia, Canada, South Africa or Japan or to any national, resident or citizen of the United States, Australia, Canada, South Africa or Japan.**

Neither the U.S. Securities and Exchange Commission (the "**SEC**") nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of the prospectus. Any representation to the contrary is a criminal offence in the United States.

The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or with any securities or regulatory authority of any state or other jurisdiction of the United States and the Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the Shares in the United States. The Shares are being offered or sold only outside the United States to non U.S. Persons in offshore transactions in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The Company has not been and will not be registered under the U.S. Investment Company Act and investors will not be entitled to the benefits of the U.S. Investment Company Act.

Copies of the Prospectus will be available on the Company's website (<https://www.bricklane.com/plc/residential>) and the National Storage Mechanism of the FCA at [www.morningstar.co.uk/uk/nsm](http://www.morningstar.co.uk/uk/nsm).

Dated: 22 September 2016

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## SUMMARY

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

### Section A – Introduction and warnings

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

### Section B – Issuer

Element	Disclosure Requirement	Disclosure
B.1.	<b>Legal and commercial name</b>	Bricklane Residential REIT plc (the " <b>Company</b> ")
B.2.	<b>Domicile and legal form</b>	The Company was incorporated in England and Wales on 28 July 2016 with registered number 10301242 as a public company limited by shares under the Companies Act. The principal legislation under which the Company operates is the Companies Act.
B.5.	<b>Group description</b>	The Company has a subsidiary and is part of a group. The Company's wholly owned subsidiary is Bricklane Regional Acquisitions Ltd, a limited company incorporated in England and

Element	Disclosure Requirement	Disclosure
		Wales.
<b>B.6.</b>	<b>Major shareholders</b>	<p>As at the date of the Prospectus, insofar as is known to the Company, there are no parties who have a notifiable interest under English law in the Company's capital or voting rights.</p> <p>All Shareholders have the same voting rights in respect of the share capital of the Company.</p> <p>Pending the allotment of Shares pursuant to the Share Issuance Programme, the Company is controlled by Simon Heawood as the sole Shareholder of the Company. The Company and the Directors are not aware of any other person who, directly or indirectly, jointly or severally exercises or could exercise control over the Company.</p>
<b>B.7.</b>	<b>Financial information</b>	Not applicable. The Company is newly incorporated and therefore there is no historical financial information included in the Prospectus.
<b>B.8.</b>	<b>Key pro forma financial information</b>	Not applicable. No pro forma financial information is contained in the Prospectus.
<b>B.9.</b>	<b>Profit forecast</b>	Not applicable. No profit forecast or estimate is included in the Prospectus.
<b>B.10.</b>	<b>Description of the nature of any qualifications in the audit report on the historical financial information</b>	Not applicable. There is no historical financial information included in the Prospectus and therefore there are no audit reports included in the Prospectus.
<b>B.11.</b>	<b>Qualified working capital</b>	Not applicable. The Company is of the opinion that, on the basis that the Minimum Net Proceeds are raised, the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of the Prospectus.
<b>B.34.</b>	<b>Investment policy</b>	<p><b>Investment objective</b></p> <p>The investment objective of the Company is to provide Shareholders with regular and sustainable long term dividends coupled with the potential for capital appreciation over the medium to long term.</p> <p><b>Investment policy</b></p> <p>The Company intends to meet its investment objective by purchasing and then letting, to the extent not already let, a portfolio of residential properties in key locations within UK cities (excluding London), where the Directors believe the income and value potential is greatest.</p> <p>Consistent with its investment objective, it will aim to identify properties which are expected to achieve rental yields and long-term house price growth at an average or above average level for the region. In researching properties and</p>

Element	Disclosure Requirement	Disclosure
		<p>the associated risk, the Investment Adviser will consider factors such as location, property type, demand indicators, and physical and environmental factors.</p> <p>The Company will acquire both houses and flats, which will be both new build and existing properties. Where appropriate, discounts will be sought on purchases that mitigate or eliminate the transactional costs of investment or provide an element of additional performance.</p> <p>The Company will maintain a let Investment Portfolio, but it will not aim to reflect the UK housing market at large, including geographic mix. The Company will specifically avoid exposure to prime property, London and rural areas. Attention will also be given to maintain appropriate diversification and a prudent spread of risk at all times. Initially the Company intends to focus investment in Birmingham, Leeds and Manchester. However the Company reserves the right to invest elsewhere in opportunities that align with its investment objective.</p> <p>Properties will generally be let on an assured shorthold tenancy (“AST”) basis. Where opportunities arise and fit with the Company’s investment objective, units may be let on a ‘part sale, part rent’ basis, or let to specialist operators for use as serviced apartments, or units obtained from residential developers on a sale and leaseback basis. Properties subject to non-AST leases will be managed to ensure that the Company is not unduly exposed to counterparty or liquidity risk.</p> <p>The Company may invest in land or buildings for the purposes of development and sale and/or letting subject to the below investment restrictions. Before purchasing any property for development, the Company, the AIFM and the Investment Adviser will take all reasonable steps to ensure the provenance, reliability and financial stability of third parties issuing the purchase contract. Any deposit monies payable under development contracts will be held in escrow and only released to the third party on phased completion of the development or works.</p> <p>The Company will maintain the ability to invest in property related securities, including shares in other REITs, units in authorised property unit trusts, participation in property partnerships and/or property limited partnerships, units in regulated collective investment schemes, and other transferable securities.</p> <p><b>Investment restrictions</b></p> <p>The Company will, once Fully Invested, observe the following investment restrictions:</p> <ul style="list-style-type: none"> <li>• the value of no single asset at the time of investment will represent more than 20 per cent. of the Gross Asset Value of the Investment Portfolio;</li> </ul>

Element	Disclosure Requirement	Disclosure
		<ul style="list-style-type: none"> <li>• at least 50 per cent. of the Gross Asset Value of the Investment Portfolio will be invested in directly held properties;</li> <li>• no more than 15 per cent. of the Gross Asset Value of the Investment Portfolio may at any time consist of property that is under development. For these purposes, “<b>development</b>” excludes refurbishment work and includes forward funding development and forward commitments;</li> <li>• no more than 20 per cent. of the Gross Asset Value of the Investment Portfolio may consist of property where income in respect of such portion of the Investment Portfolio is dependent on the successful completion of structural refurbishment work; and</li> <li>• no more than 15 per cent. of the Gross Asset Value shall be invested in any one collective investment undertaking.</li> </ul> <p>The Company will at all times invest and manage its assets in a way that is consistent with its objective of spreading investment risk and in accordance with its published investment policy and will not, at any time, conduct any trading activity which is significant in the context of the business of the Company as a whole.</p> <p>The Directors currently intend to conduct the affairs of the Group so as to enable it to qualify as a REIT for the purposes of Part 12 of the CTA 2010 (and the regulations made thereunder) as soon as it meets the qualifying conditions.</p> <p>In the event of a breach of the investment policy and investment restrictions set out above, the Directors upon becoming aware of such breach will consider whether the breach is material, and if it is, notification will be made via a CISEA announcement.</p> <p>Any material change will only be made to the investment policy and investment restrictions in accordance with the CISEA Listing Rules.</p>
B.35.	<b>Borrowing limits</b>	<p>The Company does not currently intend to utilise gearing to amplify returns. However, the Group may use gearing in order to generate short term cash flows.</p> <p>If, in the future, the Group does decide to introduce gearing it will look to maintain a conservative level of gearing and would intend to limit the Group borrowings to a maximum of 40 per cent. of the Group's gross assets at the relevant time.</p> <p>As at the date of the Prospectus, insofar as the Company is aware, there are no restrictions applicable to the Company on the use of its capital resources save that it must comply with its investment policy.</p> <p>Until the Company is Fully Invested and pending re-</p>

Element	Disclosure Requirement	Disclosure
		<p>investment or distribution of cash receipts, cash received by the Company will be invested in cash, cash equivalents, near cash instruments, money market instruments and money market funds and cash funds.</p> <p>The Company does not intend to enter into any derivative contracts for hedging or any other purpose.</p>
B.36.	<b>Regulatory status</b>	<p>The Company is not regulated or authorised by the FCA. From Admission, it will be subject to the CISEA Listing Rules.</p> <p>The Company will give notice to HMRC (in accordance with Section 523 CTA 2010) that the Group will become a REIT once the Group complies with the REIT conditions. The Group will need to comply with certain on-going regulations and conditions (including minimum distribution requirements) thereafter.</p> <p>As a REIT, the Shares will be "excluded securities" under the FCA's rules on non-mainstream pooled investments. Accordingly, the promotion of Shares is not subject to the FCA's restriction on the promotion of non-mainstream pooled investments.</p>
B.37.	<b>Typical investor</b>	<p>A typical investor in the Company is an individual or institution who is seeking capital growth and income from investing in a diversified portfolio of residential properties in UK cities (excluding London) and who understands and accepts the risks inherent in the investment policy. Investors may wish to consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before making an investment in the Company.</p>
B.38.	<b>Investment of 20 per cent. or more in single underlying asset or investment company</b>	<p>Not applicable. The Company will not invest 20 per cent. of gross assets or more in a single underlying issuer or investment company.</p>
B.39.	<b>Investment of 40 per cent. or more in single underlying asset or investment company</b>	<p>Not applicable. The Company will not invest 40 per cent. or more of gross assets in another collective investment undertaking.</p>
B.40.	<b>Applicant's service providers</b>	<p><b>The AIFM</b></p> <p>The Company has appointed Gallium Fund Solutions Limited as the Company's external AIFM. The AIFM will be responsible for the Company's risk and portfolio management. Under the terms of the AIFM Agreement, the fees payable to the AIFM will be paid by the Investment Adviser as further described below.</p> <p><b>Investment Adviser</b></p> <p>The AIFM and the Company have appointed Bricklane Investment Services Ltd, as Investment Adviser to the Company with responsibility for advice in accordance with</p>



Element	Disclosure Requirement	Disclosure
		<p>the Company's investment objectives and policy, subject to the overall supervision and control of the AIFM and the Directors.</p> <p>Under the terms of the Investment Advisory Agreement the Investment Adviser is entitled to receive from the Company an Annual Management Charge based on a percentage of the Net Asset Value of the Company. The current Annual Management Charge is 0.85 per cent. per annum of the Net Asset Value of the Company (exclusive of VAT). This Annual Management Charge includes the fees and expenses payable to the AIFM, the CISEA Sponsor, the Depositary and the Auditor which will be paid by the Investment Adviser.</p> <p><b>CISEA Sponsor</b></p> <p>Carey Olsen Corporate Finance Limited is appointed as CISEA Sponsor to the Company. The CISEA Sponsor fees will be paid by the Investment Adviser from its Annual Management Charge.</p> <p><b>Depositary</b></p> <p>Gallium P E Depositary Limited is appointed as depositary to the Company. The Depositary acts as the sole depositary of the Company and is, amongst other things, responsible for ensuring the Company's cash flows are properly monitored and the safe keeping of the assets of the Company.</p> <p>Under the terms of the Depositary Agreement, the Depositary's fees will be paid by the Investment Adviser from its Annual Management Charge.</p> <p><b>Auditor</b></p> <p>Deloitte LLP has been appointed auditor of the Company. The Auditor will be entitled to an annual fee from the Company, which fee will be agreed with the Board each year in advance of the Auditor commencing audit work.</p> <p><b>Registrar</b></p> <p>Neville Registrars Limited has been appointed Registrar of the Company. Under the terms of its agreement, the Registrar is entitled to an annual maintenance fee per Shareholder account per annum, subject to a minimum annual fee. The Registrar is also entitled to activity fees.</p> <p><b>Company Secretary</b></p> <p>Michael Young, a non-executive director of the Company, has been appointed as company secretary to the Company.</p>
<b>B.41.</b>	<b>Regulatory status of Investment Adviser and custodian</b>	<p><b>The AIFM</b></p> <p>The AIFM, Gallium Fund Solutions Limited, was incorporated in England and Wales with company registration number 06634506 on 1 July 2008 and operates under the Companies</p>

Element	Disclosure Requirement	Disclosure
		<p>Act. The AIFM is authorised and regulated by the FCA as a full-scope AIFM with number 487176.</p> <p><b>Investment Adviser</b> The Investment Adviser, Bricklane Investment Services Ltd, is a private company incorporated in England and Wales on 23 February 2016 with registered number 10021399. The Investment Adviser is not authorised by the FCA to carry on regulated activities. The Investment Adviser is an appointed representative of Gallium Fund Solutions Limited.</p> <p>The Company has not appointed a custodian.</p>
<b>B.42.</b>	<b>Calculation of Net Asset Value</b>	<p>The Net Asset Value (and Net Asset Value per Share) will be calculated on a monthly basis by the AIFM, who may undertake more frequent calculations at its discretion. Calculations will be made in accordance with IFRS. Details of each valuation, and of any suspension in the making of such valuations, will be announced by the Company via a CISEA announcement, on the website of the Company and will be notified to and released via the CISEA as soon as practicable after the end of the relevant period. The valuations of the unaudited Net Asset Value (and Net Asset Value per Share) will be calculated on the basis of the most recent valuation of the Investment Portfolio. To the extent required by the AIFM Rules, the Net Asset Value of the Company will be calculated when there is an increase or decrease in the Company's capital.</p> <p>The calculation of the Net Asset Value will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained or in other circumstances (such as a systems failure of the AIFM) which prevents the AIFM from making such calculations. Details of any suspension in making such calculations will be announced via a CISEA announcement as soon as practicable after any such suspension occurs.</p> <p>In the event that a suspension in the calculation of the Net Asset Value occurs, the listing of the Shares on the CISEA will be suspended for the duration of the period of such suspension and the CISEA will also look to suspend the Company until such a time that the Company can resume calculation of the Net Asset Value.</p>
<b>B.43.</b>	<b>Cross liability</b>	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.
<b>B.44.</b>	<b>No financial statements have been made up</b>	The Company is newly incorporated and no financial statements have been made up.
<b>B.45.</b>	<b>Portfolio</b>	As at Initial Admission, the Company will not have acquired any assets. Following Initial Admission it is intended that the

Element	Disclosure Requirement	Disclosure
		<p>Company will use the net proceeds of the Initial Issue to acquire residential rental properties in accordance with the Company's investment policy.</p> <p><b>Potential investors' attention is drawn to the fact that following Initial Admission, the Company's investments will be concentrated in a limited number of properties and the performance of the Company may be substantially adversely affected by the unfavourable performance of a single property. Unless the Company raises further proceeds and successfully invests these in additional properties, initial investors will remain exposed to a very limited Investment Portfolio which may consist of as few as two properties. While the Company will seek to maintain a prudent spread of risk, there will be no assurance as to the degree of diversification in the Company's investments and property portfolio.</b></p>
<b>B.46.</b>	<b>Net Asset Value</b>	<p>The Net Asset Value per Share at Initial Admission is expected to be 100 pence (assuming Gross Proceeds of £503,953).</p> <p>The Directors have the discretion to seek to manage, on an on-going basis, the premium or discount at which the Shares may trade to their Net Asset Value through further issues and buy-backs, as appropriate.</p> <p>The Directors are of the view that the best way to maintain share price and liquidity is to run a well-functioning REIT delivering strong returns to its Shareholders. However, from time to time, the Directors may opt for the Company to buy back its own Shares, if it is in the best interest of Shareholders, and the Company has sufficient resources. Specifically, this could take place in order to prevent Shares trading at large discounts against the Net Asset Value per Share.</p> <p>Any purchase of Shares by the Company will be in accordance with the Articles and the CISEA Listing Rules in force at the time. A special resolution has been passed granting the Directors authority to repurchase up to 30 million Shares expiring on the conclusion of the Company's first annual general meeting.</p>

### Section C – Securities

Element	Disclosure Requirement	Disclosure
<b>C.1.</b>	<b>Type and class of securities</b>	<p>The Company intends to issue up to 200 million Shares pursuant to the Share Issuance Programme.</p> <p>The ISIN (International Security Identification Number) of the</p>

<b>Element</b>	<b>Disclosure Requirement</b>	<b>Disclosure</b>
		Shares is GB00BD8D8185 and the SEDOL code is BD8D818.
<b>C.2.</b>	<b>Currency</b>	Sterling.
<b>C.3.</b>	<b>Number of securities to be issued</b>	The Company may issue up to 200 million Shares pursuant to the Share Issuance Programme. The actual number of Shares to be issued pursuant to the Share Issuance Programme is not known as at the date of the Prospectus. If the Minimum Net Proceeds are not raised, the Initial Issue will not proceed. The nominal value of a Share is £0.01.
<b>C.4.</b>	<b>Description of the rights attaching to the securities</b>	Shares will rank equally with any existing Shares from Admission.
<b>C.5.</b>	<b>Restrictions on the free transferability of the securities</b>	<p>There are no restrictions on the free transferability of the Shares.</p> <p>The Company has appointed Ravenscroft to act as market maker in respect of the Shares. Ravenscroft will be responsible for corporate broking services consisting of making a market in the Company's securities on the official list of the CISEA, acting in accordance with the obligations normally and ordinarily assumed by market makers and specifically as set out in rules 5.13 to 5.19 of Chapter 5 of the CISEA Membership Rules for and on behalf of the Company. However the Company is not able to guarantee that at any particular time Ravenscroft will be willing to make a market in the Shares, nor does it guarantee the price at which a market may be made in the Shares. Accordingly, the dealing price of the Shares may not reflect changes in the Net Asset Value. The Net Asset Value and the trading price of the Shares will be published via the CISEA's website <a href="http://www.thecise.com">www.thecise.com</a>.</p>
<b>C.6.</b>	<b>Admission</b>	Application will be made for all of the Shares issued and to be issued to be admitted to listing and to trading on the official list of the CISEA. It is expected that Initial Admission will become effective and that dealings in the Shares will commence at 8.00 a.m. on 23 September 2016.
<b>C.7.</b>	<b>Dividend policy</b>	<p>The Company intends to pay interim dividends on a quarterly basis. The payment of any dividends will be subject to market conditions and the level of the Company's net income.</p> <p>Under the Articles, the Company has the ability to offer each Shareholder the right to elect to receive further Shares, credited as fully paid, instead of cash in respect of all or any part of any dividend (a scrip dividend).</p> <p>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 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</p>

Element	Disclosure Requirement	Disclosure
		<p>Shareholdings. 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.</p> <p>In order to comply with and maintain REIT status, the Group will be required to meet a minimum distribution test for each accounting period that it is a REIT. This minimum distribution test requires the Company to distribute 90 per cent. of the income profits of the Property Rental Business for each accounting period, as adjusted for tax purposes.</p>

#### Section D – Risks

Element	Disclosure Requirement	Disclosure
D.1.	Key information on the key risks that are specific to the Company or its industry	<p><b><i>The Company is a newly formed company with no operating history</i></b></p> <p>The Company is a newly formed company incorporated on 28 July 2016. The Company has no operating results and it will not commence operations until it has obtained funding through the Initial Issue. As the Company has no operating history, investors have no basis on which to evaluate the Company's ability to achieve its investment objective and provide a satisfactory investment return.</p> <p><b><i>The Company may not meet its investment objective</i></b></p> <p>Meeting the investment objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it can or will be met.</p> <p><b><i>Conditions affecting the UK property market</i></b></p> <p>The Company's performance will be affected by, amongst other things, general conditions affecting the UK property market, as a whole or specific to the Company's investments including a decrease in capital values and weakening of rental yields.</p> <p><b><i>Concentration risk</i></b></p> <p>During the initial period following Initial Admission, the Company's investments will be concentrated in a limited number of properties and, as a consequence, the performance of the Company may be substantially adversely affected by the unfavourable performance of even a single property. While the Company will seek to maintain a prudent spread of risk, Shareholders have no assurance as to the degree of diversification in the Company's investments and property portfolio</p> <p><b><i>Investor returns will be dependent upon the performance of the Investment Portfolio and the Company may experience fluctuations in its operating results</i></b></p> <p>Returns achieved are reliant primarily upon the performance of the Investment Portfolio. No assurance is given, express</p>

Element	Disclosure Requirement	Disclosure
		<p>or implied, that Shareholders will be able to realise the amount of their original investment in the Shares.</p> <p><b><i>The Group's performance will depend on occupancy rates, the rental income it produces and the duration of tenancies which may be affected by external factors outside the Company's control.</i></b></p> <p>The value of the Group's properties and the Group's turnover will be dependent on the rental rates that can be achieved from the properties that the Group owns. 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 and/or the disposable income of tenants. Any failure to maintain or increase the rental rates for the Group's properties generally may have a material adverse effect on the Company's profitability, the Net Asset Value, the price of the Shares and the Group's ability to meet interest and capital repayments on any debt facilities.</p> <p><b><i>The Company is dependent on the AIFM, the Investment Adviser and other third party suppliers</i></b></p> <p>The Company's ability to provide returns to Shareholders and achieve its investment objective is substantially dependent on the performance of the AIFM and the Investment Adviser for identifying, acquiring and disposing of investments. The AIFM and Investment Adviser will have significant discretion as to the implementation of the Company's investment policy and there can be no assurance that the AIFM or the Investment Adviser's investment selection will result in the Company meeting its investment objective. Failure by the AIFM and/or the Investment Adviser to identify and acquire properties and the loss of any key employee of the Investment Adviser could have a material adverse effect on the Company's financial results.</p> <p><b><i>Changes in laws, regulations and/or government policy may adversely affect the Group's business</i></b></p> <p>The Group and its operations are subject to laws and regulations enacted by central and local government and central government policy. Any change in the laws, regulations and/or central government policy affecting the Group (examples of which include a cap on rent increases, more onerous building, environmental and/or planning legislation, a limit on housing benefit caps, a limit on free movement of workers) may have a material adverse effect on the ability of the Group to successfully pursue its investment policy and meet its investment objective.</p> <p><b><i>Property valuation is inherently subjective and uncertain</i></b></p> <p>The valuation of the Investment Portfolio is inherently subjective, in part because all property valuations are made on the basis of assumptions that may not prove to be accurate, and, in part, because of the individual nature of each property. This is particularly so where there has been more limited transactional activity in the market against which the Group's property valuations can be benchmarked by the Group's independent third-party valuation agents. Valuations</p>

Element	Disclosure Requirement	Disclosure
		<p>of the Group's investments may not reflect actual sale prices or optimal purchase prices even where any such transactions occur shortly after the relevant valuation date.</p> <p><b>Availability of investment opportunities</b></p> <p>The availability of potential investments which meet the Company's investment objective will depend on the state of the economy and financial markets in the UK. The Company can offer no assurance that it will be able to identify and make investments that are consistent with its investment objective and investment policy or that it will be able to fully invest its available capital. The inability to find or agree terms of such investment opportunities could have a material adverse effect on the Company's financial position and results of operations.</p> <p><b>If the Company fails to maintain REIT status for UK tax purposes, its profits and gains will be subject to UK corporation tax</b></p> <p>Minor breaches of certain conditions within the REIT regime may only result in additional tax being payable or may not be penalised if remedied within a given period of time, provided that the regime is not breached more than a certain number of times. A serious breach of these regulations may lead to the Company ceasing to be a REIT. If the Company fails to meet certain of the statutory requirements to maintain its status as a REIT, it may be subject to UK corporation tax on its property rental income profits and any chargeable gains on the sale of some or all properties. This could reduce the reserves available to make distributions to Shareholders and the yield on the Shares. In addition, incurring a UK corporation tax liability might require the Company to borrow funds, liquidate some of its assets or take other steps that could negatively affect its operating results. Moreover, if the Company's REIT status is withdrawn altogether because of its failure to meet one or more REIT qualification requirements, it may be disqualified from being a REIT from the end of the accounting period preceding that in which the failure occurred.</p>
D.3.	Key information on the key risks that are specific to the Shares	<p><b>The Shares may trade at a discount to NAV per Share and Shareholders may be unable to realise their investments through the secondary market at NAV per Share</b></p> <p>The Shares may trade at a discount to NAV per Share for a variety of reasons, including adverse market conditions, a deterioration in investors' perceptions of the merits of the Company's investment objective and investment policy, an excess of supply over demand in the Shares, and to the extent investors undervalue the management activities of the AIFM and/or Investment Adviser or discount the valuation methodology and judgments made by the Company. While the Directors may seek to mitigate any discount to NAV per Share through such discount management mechanisms as they consider appropriate, there can be no guarantee that they will do so or that such mechanisms will be successful.</p>

Element	Disclosure Requirement	Disclosure
		<p><b><i>The value and/or market price of the Shares may go down as well as up</i></b></p> <p>Prospective investors should be aware that the value and/or market price of the Shares may go down as well as up and that the market price of the Shares may not reflect the underlying value of the Company. Investors may, therefore, realise less than, or lose all of, their investment.</p> <p><b><i>An investment in the Shares may be illiquid</i></b></p> <p>Although, following Admission, the Shares will be listed on the official list of the CISEA there can be no assurance, and it is not expected, that an active secondary market in the Shares will develop. Accordingly, there may be no or very limited opportunity for a Shareholder to realise an investment in the Shares otherwise than by way of a privately negotiated sale.</p> <p><b><i>The Company intends to issue new equity in future issues, which may dilute Shareholders' equity</i></b></p> <p>The Company intends to issue new equity in the future pursuant to further Share issuances. While the Companies Act contains statutory pre-emption rights for Shareholders in relation to issues of Shares in consideration for cash, such rights can be disapplied, and have been disapplied in relation to the maximum amount of Shares that may be issued pursuant to the Share Issuance Programme. Where statutory pre-emption rights are disapplied, any additional equity financing will be dilutive to those Shareholders who cannot, or choose not to, participate in such financing.</p> <p><b><i>Future sales of Shares could cause the share price to fall</i></b></p> <p>Sales of Shares by significant investors could depress the market price of the Shares. A substantial amount of Shares being sold, or the perception that sales of this type could occur, could also depress the market price of the Shares. Both scenarios may make it more difficult for Shareholders to sell the Shares at a time and price that they deem appropriate.</p>

#### Section E – Offer

Element	Disclosure Requirement	Disclosure
E.1.	<b>Proceeds and Expenses</b>	<p>The maximum aggregate number of Shares that may be made available under the Share Issuance Programme is 200 million. The net proceeds of the Share Issuance Programme are dependent on the number and Issue Price of Shares issued pursuant to the Share Issuance Programme.</p> <p>All expenses in relation to the Share Issuance Programme (including the Initial Issue) will be paid by the Investment</p>



Element	Disclosure Requirement	Disclosure
		<p>Adviser.</p> <p>The Minimum Net Proceeds of the Initial Issue are £503,953</p>
E.2.a.	<b>Reason for offer and use of proceeds</b>	<p>The Share Issuance Programme is being created to enable the Company to raise capital on an on-going basis. The Share Issuance Programme is intended to satisfy market demand for the Shares and to raise further money for investment in accordance with the Company's investment policy.</p>
E.3.	<b>Terms and conditions of the offer</b>	<p>The Company will institute the Share Issuance Programme pursuant to which Shares will be made available to investors at the Issue Price calculated by reference to the Net Asset Value per Share at the time of allotment together with a premium intended to at least cover the costs and expenses of the initial investment of the amounts raised. Each issue of Shares will be conditional, <i>inter alia</i>, on Admission of the Shares.</p> <p>In relation to the Initial Issue, where the Minimum Net Proceeds are not raised, the Initial Issue will not proceed. If this occurs, any application monies that have been banked and/or received, will be returned without interest to the accounts from which such monies were received at the risk of the person(s) entitled thereto.</p>
E.4.	<b>Material interests</b>	<p>Not applicable. No interest is material to the Share Issuance Programme.</p>
E.5.	<b>Name of person selling securities</b>	<p>Not applicable. No person or entity is offering to sell Shares as part of the Share Issuance Programme.</p>
E.6.	<b>Dilution</b>	<p>Not applicable.</p>
E.7.	<b>Estimated Expenses</b>	<p>The Issue Price may include a premium intended, <i>inter alia</i>, to at least cover the costs and expenses of the initial investment of the amounts raised.</p>

## **RISK FACTORS**

**The Directors believe the risks described below are the material risks relating to an investment in the Shares and the Company at the date of the Prospectus. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of the Prospectus, may also have an adverse effect on the performance of the Company and the value of the Shares.**

### **RISKS RELATING TO THE COMPANY, ITS INVESTMENT POLICY AND OPERATIONS**

#### **The Company is a newly formed company with no separate operating history**

The Company is a newly formed company incorporated on 28 July 2016. The Company has no operating results, and it will not commence operations until it has obtained funding through the Initial Issue. As the Company lacks an operating history, investors have no basis on which to evaluate the Company's ability to achieve its investment objective and provide a satisfactory investment return.

The Company's returns and operating cash flows will depend on many factors, including the performance of its investments, the availability and liquidity of investment opportunities falling within the Company's investment objective and policy, conditions in the financial markets, real estate market and economy and the Company's ability to successfully operate its business and execute its investment objective and investment policy. There can be no assurance that the Company's investment objective and investment policy will be successful.

#### **The Concert Party will hold a material interest in the Shares following Initial Admission**

Potential investors' attention is drawn to the fact that the Concert Party is expected to hold in aggregate Shares carrying more than 50 per cent. of the voting rights of the Company following Initial Admission. Members of the Concert Party will therefore be able to acquire interests in further Shares without incurring any further obligation under Rule 9 to make a general offer, although individual members of a Concert Party will not be able to increase their percentage interests in Shares through or between a Rule 9 threshold without Panel consent.

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

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

The Company's investment objective includes the aim of providing Shareholders with regular, sustainable and growing long-term dividends. The declaration, payment and amount of any future dividends by the Company are subject to the discretion of the Directors and will depend upon, amongst other things, the Company successfully pursuing its investment policy and the Company's earnings, financial position, cash requirements, level and rate of borrowings and availability of profit, as well the provisions of relevant laws or generally accepted accounting principles from time to time. There can be no assurance as to the level and/or payment of future dividends by the Company.

The Company's investment objective includes the aim of providing Shareholders with capital appreciation over the medium to long term. The amount of any capital appreciation will depend upon,

amongst other things, the Company successfully pursuing its investment policy and the performance of the Company's investments. There can be no assurance as to the level of any capital appreciation over the long term.

### **Conditions affecting the UK property market**

The Company's performance will be affected by, amongst other things, general conditions affecting the UK property market, as a whole or specific to the Company's investments, including decrease in capital values and weakening of rental yields.

The performance of the Company could be adversely affected in the longer term by downturns in the property market due to, *inter alia*, capital values weakening, rental values falling, and longer void periods. In the event of a default by a tenant or during any void period, the Company will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveyor's costs in re-letting, maintenance costs, insurances, council tax and marketing costs. In addition, certain significant expenditures, including operating expenses, must be met by the Company when a property is vacant.

Both rental income and capital values may also be affected by other factors specific to the real estate market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of the insolvency of tenants or otherwise, the periodic need to renovate, repair and re-lease space and the costs thereof, the costs of maintenance and insurance, and increased operating costs. Similarly, rent reviews may not result in rental income from any property being received at the expected rental value.

If conditions affecting the investment market negatively impact the price at which the Company is able to dispose of its assets, or if the Company suffers a material decrease in property rental income, or if the Company suffers a material increase in its operating costs, this may have a material adverse effect on the Company's business and results of operations.

### **The ability to invest the proceeds of the Share Issuance Programme and the acquisition of real estate assets**

Whilst a number of potential investment opportunities have been identified there can be no guarantee that the Company will be able to make any such investments. Until such time as the net proceeds of the Share Issuance Programme are applied by the Company to fund investments, they will be held by the Company on interest bearing deposit (or invested in other investments or funds in accordance with the Investment Policy) in anticipation of future investment and to meet the running costs of the Company. Such deposits or investments are very likely to yield lower returns than the expected returns from property investments. The Company can give no assurance as to how long it will take it to invest any or all of the net proceeds of the Share Issuance Programme, if at all, and the longer the period the greater the likely adverse effect on the Company's performance, financial condition and business prospects.

In addition, to the extent that the proceeds of the Share Issuance Programme or the Company's other cash receipts are held in cash in an account which is not segregated from the assets of the bank, custodian or sub-custodian holding the cash on behalf of the Company, in the event of insolvency (or equivalent) of the relevant bank, custodian or sub-custodian, the Company may only have a contractual right to the return of cash so deposited and would rank in respect of such contractual right

as an unsecured creditor and may not be able to recover any of the cash so held in full or at all. In respect of cash equivalents, near cash instruments and money market instruments that are held in a segregated account for the benefit of the Company, the insolvency (or equivalent) of, fraud or other adverse actions affecting the custodian or sub-custodian holding the assets on behalf of the Company may impact the Company's ability to recover or deal expeditiously with these assets and the Company may not be able to recover equivalent assets in full or at all. This would have a material adverse effect on the Company's financial position, results of operations, business prospects and returns to investors.

The Company will face competition from other property investors. Competitors may have greater financial resources than the Company and a greater ability to borrow funds to acquire properties. Accordingly, the existence and extent of such competition may have a material adverse effect on the Group's ability to acquire properties at satisfactory prices and otherwise on satisfactory terms, in accordance with its strategy.

In addition, the acquisition of real estate assets involves a number of risks inherent in assessing values, strengths, weaknesses and profitability of properties and, despite due diligence on assets prior to acquisition, risks associated with unanticipated problems and latent liabilities or contingencies such as environmental problems may exist. Additional risks inherent in property acquisitions include risks that the acquired properties will not achieve anticipated rental rates or occupancy levels and/or that judgments with respect to improvements to increase the financial returns of acquired properties will prove inaccurate.

Going forward, once the net proceeds of the Share Issuance Programme have been invested, to the extent that it does not have cash reserves pending further investment, the Company will need to finance further investments either by borrowing or by issuing further Shares. There can be no guarantee that the Company will have access to further financing or identify and execute any additional property acquisitions, both of which may adversely impact the secondary market liquidity in the Shares and leave investors subject to greater concentration risk than would otherwise be the case.

### **Concentration risk**

During the initial period following Initial Admission, the Company's investments will be concentrated in a limited number of properties and, as a consequence, the performance of the Company may be substantially adversely affected by the unfavourable performance of even a single property. During the life of the Company, the Company's investments might become concentrated again during the period after the sale of significant asset(s) until redeployment of such proceeds or for other reasons. While the Company will seek to maintain a prudent spread of risk, Shareholders have no assurance as to the degree of diversification in the Company's investments and property portfolio.

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

Investors contemplating an investment in the Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant primarily upon the performance of the Company's property investments. No assurance is given, express or implied, that Shareholders will receive back the amount of their original investment in the Shares.

The Company may experience fluctuations in its operating results due to a number of factors, including: (i) changes in the values of investments made by the Group; (ii) changes in the Group's

operating expenses; (iii) occupancy rates and rental income; (iv) the degree to which the Company encounters competition; and (v) general economic and market conditions. Such variability may lead to volatility in the trading price of the Shares and cause the Company's results for a particular period not to be indicative of its performance in a future period.

The Company's performance will depend to a significant extent on property values in the United Kingdom. A decrease in property values and/or rental income may materially and adversely impact the Net Asset Value and earnings of the Company. Conversely, any significant upturn in the UK property market and the availability of credit to the UK property sector may also have a materially adverse effect upon the Company's ability to acquire properties and ultimately upon the Net Asset Value and the ability of the Company to generate revenues.

**The Company's performance will depend on occupancy rates, the rental income it produces and the duration of tenancies which may be influenced by external factors outside the Company's control**

Rental returns from an investment in property depend largely upon occupancy rates, the amount of rental income that can be generated from the properties that the Group will own, the duration of the tenancies, the costs and expenses incurred in the management of the property, as well as changes in its market value.

Whilst rental yields in UK cities (excluding London) are higher than in other regions in the UK, there can be no guarantee that rents will not fall. The rental income and volumes of lettings in the UK are generally affected by overall conditions in the economy as well as political factors all of which are beyond the Group's control such as: (i) the condition of the financial markets; (ii) the availability and affordability of finance to business and consumers; and (iii) changes in government legislation, regulatory or tax regimes. These factors may have an effect on: (i) the levels of household income and disposable income which are available to tenants; (ii) the level of unemployment; and (iii) the amount of migrant workers entering the UK which together or in isolation, may adversely impact the level of demand for property by tenants, the ability of the Group to increase rents, the duration of tenancies and the level of bad debts incurred as a result of tenant default, which in turn may adversely affect the Net Asset Value and the earnings of the Company.

Demand for the Group's properties may also be affected by market sentiment for a particular local area in which the Group's properties are located. Changes to local community services as well as changes to local transport infrastructure and demographics may result in rapid and substantial increases and/or decreases in property valuations and rental revenues.

**The Company is dependent on the attractiveness of the UK as a place to live, work and study**

All of the Group's properties will be located in UK cities (excluding London and Greater London's commuter network). Accordingly, the Company is dependent on the attractiveness of the UK as a place to live, work and study. If the UK's economy stagnates or contracts or if there are significant concerns or uncertainty regarding the strength of the UK's economy, due to domestic, international or global macroeconomic trends or other factors, the UK may become a less attractive place to live, work, or study. The attractiveness of the UK as a place to live, work or study may also be negatively affected by other factors, including high residential property rents, high costs of living, and negative perceptions surrounding quality of life, safety and security.

Any reduction in the attractiveness of the UK as a place to live and any matters which adversely affect the UK 's status as an international centre for business and commerce could result in a reduction in occupancy rates and this could have an adverse effect on the Net Asset Value and the earnings of the Company.

The Group faces uncertainty following the referendum held on 23 June 2016 that voted in favour of the UK leaving the European Union, which may directly impact property valuations and potentially impact on the attractiveness of the UK as a place to live, work and study.

**The Company's performance may be affected by the refurbishment, enhancements and maintenance of properties**

The Group may be required to undertake minor refurbishment and enhancement of its properties as well as maintenance in the ordinary course in order to maintain and enhance the valuation and earning capability of its portfolio. The refurbishment, enhancement and maintenance may be adversely affected by a number of factors including constraints on location, the need to obtain licences, consents and approvals, reliance on third party contractors to provide such services in accordance with the terms of its appointment and due care and skill. This may cause the revenues resulting from any refurbishment or improvement project to be lower than budgeted or cause the cost of such projects to be greater than budgeted, consequently impacting on the financial condition of the Company.

**The Company's performance may be affected by tenants defaulting on rents**

The Company will derive its revenue from rental income. A downturn in the economy may lead to tenants defaulting on their rental obligations. Such a default could result in significant loss of rental income and void costs. This could have a material adverse effect on the Company's business, financial condition, results of operations or future prospects.

**The Company may suffer losses in excess of insurance proceeds, if any, or from uninsurable events**

The Group's properties may suffer physical damage resulting in losses (including loss of rent) which may not be fully compensated for by insurance, or at all. Should an uninsured loss or a loss in excess of insured limits occur, the Company may lose capital invested in the affected property as well as anticipated future revenue from that property and the Company might also remain liable for any debt or other financial obligations related to that property. Any material uninsured losses may have a material adverse effect on the Company's financial position and results of operations.

**The Company is dependent on the AIFM, the Investment Adviser and other third party suppliers**

The Company's ability to provide returns to Shareholders and achieve its investment objective is substantially dependent on the performance of the AIFM and the Investment Adviser for identifying, acquiring and disposing of investments. The Board will monitor the performance of the AIFM and the Investment Adviser but the AIFM and Investment Adviser will have significant discretion as to the implementation of the Company's investment policy and there can be no assurance that the AIFM and/or Investment Adviser's investment selection will result in the Company meeting its investment objective. Failure by the AIFM and/or Investment Adviser to identify and acquire properties and the

loss of any key employee of the Investment Adviser could have a material adverse effect on the Company's financial results.

There can be no assurance that the Directors will be able to find a replacement AIFM or Investment Adviser on acceptable terms if the AIFM and/or the Investment Adviser were to resign or if the Directors terminate the AIFM Agreement and/or the Investment Advisory Agreement. The Directors would, in these circumstances, have to find a replacement AIFM and/or Investment Adviser for the Company and there can be no assurance that such a replacement with the necessary skills and experience could be appointed on terms acceptable to the Company. If the Directors could not find suitable replacements in a timely manner, the Directors would formulate and put to Shareholders proposals for the future of the Company, which may include a change in its investment policy, the merger of the Company with another company, a reconstruction or winding up.

There is no certainty that those personnel of the AIFM and/or the Investment Adviser who will perform significant functions in relation to the Company will continue to perform their roles throughout the life of the Company. Although the Investment Advisory Agreement contains certain protections for the Company, loss of the services of such personnel or such personnel devoting all or a significant part of their business time to their other affairs and activities could have an adverse effect on the Company's performance.

The termination of the Company's relationship with any other third party service provider or any delay in appointing a replacement for such service provider could disrupt the business of the Company materially and could have a material adverse effect on the Company's performance and returns to holders of Shares.

Further, misconduct or misrepresentations by employees of the AIFM, the Investment Adviser or other third party service providers could cause significant losses to the Company.

#### **Lack of control over future investments**

The Company has the ability to enter into a variety of investment structures, such as joint ventures, acquisitions of controlling interests or acquisitions of minority interests (although the Directors do not expect to make investments where the ownership stake is less than 100 per cent., nor would the Company take a passive or minority interest in investments).

In the event the Company does acquire, directly or indirectly, less than a 100 per cent. interest in a particular asset, the remaining ownership interest would be held by third parties and the subsequent management and control of such an asset may entail risks associated with multiple owners and decision-makers. Any such investment also involves the risk that third party owners might become insolvent or fail to fund their share of any capital contribution which might be required. In addition, such third parties may have economic or other interests which are inconsistent with the Company's interests, or they may obstruct the Company's plans, or they may propose alternative plans. If such third parties are in a position to take or influence actions contrary to the Company's interests and plans, the Company may face the potential risk of impasses on decisions that affect the ability to implement its strategies and/or dispose of the real estate asset. The above circumstances may have a material adverse effect on the Company's performance, financial condition and business prospects.

In addition, there is a risk of disputes between the Company and third parties who have an interest in the asset in question. Any litigation or arbitration resulting from any such disputes may increase the

Company's expenses and distract the Directors, the AIFM and the Investment Adviser from focusing their time to fulfil the investment objective of the Company. The Company may also, in certain circumstances, be liable for the actions of such third parties.

### **Changes in laws, regulations and/or government policy may adversely affect the Group's business**

The Group and its operations are subject to laws and regulations enacted by central and local government and central government policy. Any change in the laws, regulations and/or central government policy affecting the Group may have a material adverse effect on the ability of the Group to successfully pursue its investment policy and meet its investment objective and on the value of the Company and the Shares. In such event, the investment returns of the Company may be materially adversely affected. Such potential changes in law, regulation and/or government policy include: (i) a cap on rent increases which may affect the Company's rental yield; (ii) more onerous health and safety, building and environmental legislation and regulation which may increase the costs of compliance and reduce the Company's earnings; (iii) less onerous planning legislation and regulation which may result in increased supply of rental accommodation and adversely impact occupancy rates and reduce rents; (iv) the introduction of immigration policies which may prevent the free movement of workers throughout the EU and/or restrict the migration of other overseas workers which may limit the demand for rental properties; (v) a limit or reduction on housing benefit caps which may result in tenants defaulting on their rental obligations; and (vi) other measures or legislation designed to encourage property purchases.

### **Planning consents**

Improving returns to Shareholders may rely partly on the redevelopment of properties acquired. Such redevelopment or other management proposals may be subject to obtaining planning consents. There can be no guarantee that such planning consents will be provided and if consent is not granted, this may adversely affect the Investment Portfolio.

### **Delays in executing investments**

Locating suitable properties and negotiating acceptable purchase contracts, conducting due diligence and ultimately investing in a property typically requires a significant amount of time. The Company may face delays in locating and acquiring suitable investments and, once the properties are identified, there could also be delays in obtaining the necessary approvals. The Company's inability to select and invest in properties on a timely basis may have a material adverse effect on the potential returns to Shareholders and delay or limit distributions to Shareholders by the Company.

### **Changes in portfolio profile**

As the Company acquires further investments, it is intended that the overall composition of the portfolio of properties owned by the Company will change. Investors should ensure that they are comfortable with the investment policy as a whole.

### **Use of third party contractors and sub-contractors**

The Company may seek to create value by undertaking development of assets or investing in development-stage assets, in which case it will be dependent on the performance of third party



contractors and subcontractors to complete the development satisfactorily. While the Company will seek to negotiate appropriate contracts to contain suitable warranty protection, any failure to perform against contractual obligations on the part of a contractor could adversely affect the value of the Company's assets and in turn, on the Company's performance.

In addition, there is a risk of disputes with third party contractors or sub-contractors should they fail to perform against contractual obligations. Any litigation or arbitration resulting from any such disputes may increase the Company's expenses and distract the Directors, the Investment Adviser and/or the AIFM from focusing their time on fulfilling the strategy of the Company.

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

The Company will invest in buy-to-let properties within UK cities (excluding London and Greater London's commuter network), where the Directors believe income and value potential is greatest. However, by virtue of the Company's investment policy it may acquire properties which it will look to sell. Additionally, properties purchased by the Group may, at a later date, cease to conform with its existing investment policy and again it may look to sell them. Investments in real estate are relatively illiquid and are typically more difficult, and/or take longer to realise than certain other investments. This illiquidity may affect the Group's ability to dispose of or liquidate assets from its property portfolio expeditiously, on reasonable terms and/or at satisfactory prices if required to do so in response to changes in economic, residential property market or other conditions. If the price achieved on any such realisation is at a discount to the prevailing valuation of the relevant investment this may materially and adversely impact the Net Asset Value and the earnings of the Company.

**Property valuation is inherently subjective and uncertain**

The valuation of the Investment Portfolio is inherently subjective, in part because all property valuations are made on the basis of assumptions that may not prove to be accurate, and, in part, because of the individual nature of each property. This is particularly so where there has been more limited transactional activity in the market against which the Group's property valuations can be benchmarked by the Group's independent valuer. Valuations of the Group's investments may not reflect actual sale prices or optimal purchase prices even where any such transactions occur shortly after the relevant valuation date.

**Availability of investment opportunities**

The availability of potential investments which meet the Company's investment objective will depend on the state of the economy and financial markets in the UK. The Company can offer no assurance that it will be able to identify and make further investments that are consistent with its investment objective and investment policy or that it will be able to fully invest its available capital.

Investment opportunities that may be identified by the Company as being potential investments for the Company may be in the process of due diligence and/or negotiation or discussion. There is no guarantee that these investment opportunities will continue to be available in the future at a time or in a form which is convenient for the Group or that the Group will or will be able to invest in these opportunities. The inability to find, or agree terms for, such investment opportunities could have a material adverse effect on the Company's profitability, the Net Asset Value and the value of the Shares.

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

Prior to entering into an agreement to acquire any property, the Company 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 such third parties underestimate or fail to identify risks and liabilities (including any environmental liabilities) associated with the investment in question, the Company may be subject to defects in title, to environmental, structural or operational defects requiring remediation, or the Company may be unable to obtain necessary permits which may have a material adverse effect on the Company's profitability, the Net Asset Value and the price of the Shares.

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

### **Any costs associated with potential investments that do not proceed to completion will affect the Company's performance**

The Company may be required to put down a deposit and expects to incur certain third-party costs in respect of potential acquisitions, including in connection with financing, valuations and professional services associated with the sourcing and analysis of suitable assets. There can be no assurance that the Company will not forfeit any deposit or as to the level of such costs. The forfeiture of a deposit may have a material adverse effect on the Company's profitability, the Net Asset Value and the price of the Shares and there can be no guarantee that the Company will be successful in its negotiations to acquire any given potential pipeline investment.

### **Borrowings**

Whilst it is not the current intention of the Directors to secure borrowing facilities, if in the future the Group decided to utilise gearing, it is not certain that it will be able to secure any facilities on terms acceptable to the Directors or at all. Lack of access to debt or unfavourable credit market conditions prevailing at the time could inhibit the Group's ability to secure borrowing facilities and this may adversely affect the Company's investment returns.

Any amounts that are secured under a bank facility are likely to rank ahead of Shareholders' entitlements and accordingly, should the Group's assets not grow at a rate sufficient to cover the costs of establishing and operating the Group, on a liquidation of the Company, Shareholders may not recover their initial investments

Prospective investors should be aware that, whilst the use of borrowings should enhance Net Asset Value per Share 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 Company's Investment Portfolio falls, including as a result of defaults by tenants pursuant to their leases/licences with the Company, the use of borrowings will increase the impact of such falls on the net revenue of the Company and, accordingly, this will have an adverse effect on the Company's ability to pay dividends to Shareholders.

Any increase in UK Sterling interest rates could have an adverse impact on the Company's cost of borrowing or its ability to secure borrowing facilities and could result in the expected dividends of the Company being reduced and/or a reduction in the value of the Shares.

## **RISKS RELATING TO THE SHARES**

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

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

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

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

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

### **An investment in the Shares may be illiquid**

Although, following Admission, the Shares will be listed on the official list of the CISEA there can be no assurance, and it is not expected, that an active secondary market in the Shares will develop. Accordingly, there may be no or very limited opportunity for a Shareholder to realise an investment in the Shares otherwise than by way of a privately negotiated sale.

### **Issue Price under the Share Issuance Programme**

The Issue Price of the Shares issued on a non-pre-emptive basis under the Share Issuance Programme cannot be lower than the latest published NAV per Share. The Issue Price will be

calculated by reference to the latest published unaudited NAV per Share. Such NAV per Share is determined on the basis of the information available to the Company at the time and may be subject to subsequent revisions. Accordingly, there is a risk that, had the Issue Price been calculated by reference to information that emerged after the calculation date, it could have been greater or lesser than the Issue Price actually paid by the investors. If such Issue Price should have been less than the Issue Price actually paid, investors will have borne a greater premium than intended. If such Issue Price should have been greater than the Issue Price actually paid, investors will have paid less than intended and, in certain circumstances, the Net Asset Value of the Shares may have been diluted.

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

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

#### **The Company intends to issue new equity in the future, which may dilute Shareholders' equity**

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

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

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

#### **The Company may not have adequate distributable profits to allow the Company to return capital to Shareholders**

Investors are reminded that, in accordance with the Companies Act, Shares may only be repurchased out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or out of distributable profits. There can be no assurance that the Company will have any such proceeds or distributable profits to allow the Company at any time to utilise any granted buy-back authority and to thereby return capital to Shareholders.

The Company has not set a target dividend for the Shares, and there is no assurance that the Company will achieve its stated policy on dividends. Any future target dividend is a target only and there is no guarantee that it can or will be achieved and they should not be seen as an indication of the Company's expected or actual return. Accordingly, investors should not place any reliance on any target dividend in deciding whether to invest in the Shares.

Dividend growth on the Shares will depend principally on growth in rental and other income returns on the underlying assets (which may fluctuate), capital gains realised as the underlying assets are sold and the extent to which the Company's cash is invested. The net proceeds of the Share Issuance Programme will be used by the Company to make investments in accordance with the investment policy. The timing of any investment in such assets will depend, *inter alia*, on the availability of suitable properties that the Company may let to tenants at reasonable prices. Accordingly, there may be a period of time between completion of the Initial Issue (or any subsequent issue pursuant to the Share Issuance Programme) and the proceeds of the Initial Issue (or any subsequent issue pursuant to the Share Issuance Programme) being fully invested by the Company. Until the proceeds of the Initial Issue (or any subsequent issue pursuant to the Share Issuance Programme) are invested they are not expected to generate significant amounts of income and the dividends payable in respect of the Shares are likely to exceed the income generated by the proceeds of the Issue until such proceeds are substantially invested in UK residential properties in accordance with the investment policy. Additionally the Company may only pay dividends from reserves and/or profits deemed distributable under the Act. Following Admission the Company may have negative reserves due to the accounting treatment of its initial costs and will be reliant on rental income to create a surplus.

In the event of a winding-up of the Company, the Shares will rank behind any creditors of the Company and, therefore, any positive return for holders of Shares will depend on the Company's assets being sufficient to meet the prior entitlements of any creditors.

## **RISKS RELATING TO TAXATION AND REGULATION**

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

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

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

### **There is no guarantee that the Company will achieve and maintain REIT status**

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

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

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

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

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

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

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

The requirements for maintaining REIT status are complex. Minor breaches of certain conditions within the REIT regime may only result in additional tax being payable or will not be penalised if remedied within a given period of time, provided that the regime is not breached more than a certain number of times. A serious breach of these regulations may lead to the Company ceasing to be a REIT. If the Company fails to meet certain of the statutory requirements to maintain its status as a REIT, it may be subject to UK corporation tax on its property rental income profits and any chargeable gains on the sale of some or all properties. This could reduce the reserves available to make distributions to Shareholders and the yield on the Shares. In addition, incurring a UK corporation tax liability might require the Company to borrow funds, liquidate some of its assets or take other steps that could negatively affect its operating results. Moreover, if the Company's REIT status is withdrawn altogether because of its failure to meet one or more REIT qualification requirements, it may be disqualified from being a REIT from the end of the accounting period preceding that in which the failure occurred.

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

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

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

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

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

A REIT may become subject to an additional tax charge if it makes a distribution to, or in respect of, a Substantial Shareholder, that is broadly a company which has rights to 10 per cent. or more of the distributions or Shares or controls at least 10 per cent. of the voting rights. This additional tax charge will not be incurred if the Company has taken reasonable steps to avoid paying distributions to a Substantial Shareholder. Therefore, the Articles contain provisions designed to avoid the situation where distributions may become payable to a Substantial Shareholder and these provisions are summarised at paragraph 1.4 of Part 6 of the Prospectus. These provisions provide the Directors with powers to identify Substantial Shareholders and to prohibit the payment of dividends on Shares that form part of a Substantial Shareholding, unless certain conditions are met. The Articles also allow the Directors to require the disposal of Shares forming part of a Substantial Shareholding in certain circumstances where the Substantial Shareholder has failed to comply with the above provisions.

Accordingly, potential investors should be careful to avoid a situation where they may have a holding of ten per cent. or more of the Shares, as this could adversely affect their ability to receive dividends and may result in a tax charge for the Company which the Shareholder was obliged to reimburse, or a requirement to sell all or some of their Shares.

## IMPORTANT INFORMATION

### GENERAL

The Prospectus should be read in its entirety before making any application for Shares. In assessing an investment in the Company, investors should rely only on the information in the Prospectus. No person has been authorised to give any information or make any representations other than those contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, the AIFM, the Investment Adviser or any of their respective affiliates, directors, officers, employees or agents or any other person.

Without prejudice to any obligation of the Company to publish a supplementary prospectus, neither the delivery of the Prospectus nor any subscription or purchase of Shares made pursuant to the Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of the Prospectus.

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 the Shares, for whom an investment in the 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. The Directors believe that the profile of a typical investor in the Company is an individual or institution who is seeking capital growth and income from investing in a diversified portfolio of UK residential properties and who understands and accepts the risks inherent in the investment policy. Investors may wish to consult an independent financial adviser before making an investment in the Company.

It is intended that the Company be treated by HMRC as a real estate investment trust or a REIT, in which case the Company will not be deemed to be a non-mainstream pooled investment for the purposes of COBS 4.12 of the FCA Handbook.

No broker, dealer or other person has been authorised by the Company to issue any advertisement or to give any information or to make any representations in connection with the offering or sale of Shares other than those contained in the Prospectus and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company.

Prospective investors should not treat the contents of the Prospectus 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 Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of 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 Shares. Prospective investors must rely upon their own legal advisers, accountants and other financial advisers as to legal, tax, investment or any other related matters concerning the Company and an investment in the Shares.

The Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to



whom it is unlawful to make such offer or solicitation. The distribution of the Prospectus and the offering of Shares in certain jurisdictions may be restricted and accordingly persons into whose possession the Prospectus is received are required to inform themselves about and to observe such restrictions.

The Shares are designed to be held over the long term and may not be suitable as short term investments. There is no guarantee that any appreciation in the value of the Company's investments will occur or that the Company will achieve any distribution targets (which for the avoidance of doubt will be targets only and not profit forecasts), and investors may not get back the full value of their investment.

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Articles of Association of the Company, which investors should review. A summary of the Articles of Association can be found in Part 7 of the Prospectus and a copy of the Articles of Association is available on the Company's website at [www.bricklane.com/plc/residential](http://www.bricklane.com/plc/residential).

Statements made in the Prospectus are based on the law and practice in force in England and Wales as at the date of the Prospectus and are subject to changes therein.

## **FORWARD-LOOKING STATEMENTS**

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

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

Nothing in the preceding two paragraphs should be taken as qualifying the working capital statement in paragraph 12 of Part 7 of the Prospectus.

## **PRESENTATION OF INFORMATION**

### ***Market, economic and industry data***

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

### ***Latest Practicable Date***

Unless otherwise indicated, the latest practicable date for the inclusion of information in the Prospectus is at close of business on 21 September 2016.

***Definitions***

A list of defined terms used in the Prospectus is set out at pages 121 to 127 of the Prospectus.

**NO INCORPORATION OF WEBSITE INFORMATION**

The Company's website address is [www.bricklane.com/plc.residential](http://www.bricklane.com/plc.residential). The contents of the Company's website do not form part of the Prospectus. Investors should base their decision to invest on the contents of the Prospectus alone and should consult their professional advisers prior to making an application to subscribe for Shares.

**FINANCIAL INFORMATION**

The Company has not commenced operations since incorporation, consequently no financial statements have been made up as at the date of the Prospectus.

## EXPECTED TIMETABLE

### Initial Issue

Publication of Prospectus and opening of Share Issuance Programme	22 September 2016
Latest time and date for receipt of Applications in the Initial Issue	11.00 p.m. on 22 September 2016
Announcement of the results of the Initial Issue	23 September 2016
Initial Admission of the Shares to the CISEA and dealing in Shares commences	23 September 2016
Crediting of CREST stock accounts in respect of the Shares	23 September 2016

### Further issues of Shares pursuant to the Share Issuance Programme

Anticipated dates of further issues of Shares	Last Business Day of each month during the Share Issuance Programme offer period together with such other dates as the Directors may in their discretion determine
Admission and crediting of CREST accounts in respect of subsequent issues of Shares	8.00 a.m. on the Business Day on which the Shares are issued
Share Issuance Programme offer period	22 September 2016 to 22 March 2017

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

## INITIAL ISSUE STATISTICS

Initial Issue Price	100 pence
Gross Proceeds of the Initial Issue	£503,953
Minimum Net Proceeds*	£503,953
Maximum aggregate number of Shares to be issued pursuant to the Initial Issue	503,953

*\* If the Minimum Net Proceeds are not raised, the Initial Issue will not proceed. All expenses in relation to the Initial Issue will be paid by the Investment Adviser resulting in the Minimum Net Proceeds being equivalent to the Gross Proceeds.*

## SHARE ISSUANCE PROGRAMME STATISTICS

Maximum number of Shares being made available under the Share Issuance Programme	200 million
Share Issuance Programme price	NAV per Share together with any premium applied by the Company from time to time

## DEALING CODES

The dealing codes for the Shares are as follows:

<i>ISIN</i>	GB00BD8D8185
<i>SEDOL</i>	BD8D818
<i>Ticker</i>	BRKR

## DIRECTORS, MANAGEMENT AND ADVISERS

**Directors** Simon Heawood (*Chairman & Non-Executive Director*)  
Michael Young (*Non-Executive Director*)  
Craig Hallam (*Non-Executive Director*)  
Paul Windsor (*Non-Executive Director*)

all of the registered office below:

**Registered Office** 20 Ropemaker Street  
London EC2Y 9AR  
Tel: +44(0)203 1111 432  
  
Website: [www.bricklane.com/plc/residential](http://www.bricklane.com/plc/residential)

**AIFM** Gallium Fund Solutions Limited  
Gallium House Unit 2,  
Station Court,  
Borough Green,  
Sevenoaks, Kent,  
TN15 8AD

**Investment Adviser** Bricklane Investment Services Ltd  
20 Ropemaker Street  
London  
EC2Y 9AR

**Depository** Gallium P E Depository Limited  
Gallium House Unit 2,  
Station Court,  
Borough Green,  
Sevenoaks, Kent,  
TN15 8AD

**Legal Adviser to the Company  
(English Law)** Gowling WLG (UK) LLP  
4 More London Riverside  
London  
SE1 2AU

**Legal Adviser to the Company  
(Guernsey Law)** Carey Olsen  
Carey House  
Les Banques  
St Peter Port  
Guernsey  
GY1 4BZ

**Auditor** Deloitte LLP  
2 New Street Square

London EC4A 3BZ

**Registrar**

Neville Registrars Limited  
Neville House  
18 Laurel Lane  
Halesowen  
B63 3DA

**CISEA Sponsor**

Carey Olsen Corporate Finance Limited  
47 Esplanade  
St. Helier  
Jersey JE1 0BD

**Market maker**

Ravenscroft Limited  
Level 5, The Market Buildings  
Fountain Street  
St Peter Port  
Guernsey GY1 4JG

## PART 1

### INFORMATION ON THE GROUP

#### INTRODUCTION

The Company is a newly established closed-ended investment company incorporated in England and Wales on 28 July 2016 with an indefinite life and registered as an investment company under section 833 of the Companies Act. The Company intends to carry on business as a REIT, subject to meeting the necessary qualifying conditions.

The Company has been established for the purpose of delivering income and capital returns to Shareholders through investment in residential property in UK cities (excluding London). The Company will accordingly purchase residential property, in accordance with its investment objective.

Bricklane Investment Services Ltd has been appointed as the Investment Adviser to the Company. The Investment Adviser benefits from the experience of its principals who are drawn from experts in fund management, acquisitions, property strategy and portfolio management. It manages the investment platform at [www.bricklane.com](http://www.bricklane.com) which is anticipated to be one of the primary methods of marketing the Company. Alongside, it has a long-term partnership with Zoopla Property Group plc, through which it is able to access unique data sources, supporting effective property targeting, as well as relationships with its network of estate agents and developers of new homes. The Investment Adviser aims to use technology to drive down typical costs of acquisitions and management, as well to drive better identification of appropriate targets.

Gallium Fund Solutions Limited has been appointed as AIFM to the Company and accordingly is responsible for the portfolio and risk management of the Company. The Investment Adviser will provide investment advice to the Company and to the AIFM in respect of the Company in order to assist the AIFM to discharge its functions as AIFM.

The Company intends to purchase individual houses and flats in certain target areas, with a mix of new-build and existing properties, in line with its investment objective. A range of indicative targets are set out in Part 3 of the Prospectus. Accordingly, the Company proposes, pursuant to the Share Issuance Programme, to raise equity capital to fund acquisitions in accordance with its investment objective.

Application will be made for the Shares in issue and to be issued pursuant to the Share Issuance Programme to be admitted to listing and trading on the official list of the CISEA. The Shares will be admitted to listing and trading on the CISEA through use of the CISEA's extended offer facility.

#### BACKGROUND AND REASONS FOR THE SHARE ISSUANCE PROGRAMME

The Company is proposing to issue up to 200 million Shares under the Share Issuance Programme.

The Minimum Net Proceeds from the Initial Issue is expected to be invested by the Company in properties in UK cities (excluding London).

The Company also intends to issue further Shares in order to acquire additional properties to add to its Investment Portfolio in accordance with its investment objective.

**Potential investors' attention is drawn to the fact that following Initial Admission, the Company's investments will be concentrated in a limited number of properties and the performance of the Company may be substantially adversely affected by the unfavourable performance of a single property. Unless the Company raises further proceeds and successfully invests these in additional properties, initial investors will remain exposed to a very limited Investment Portfolio which may consist of as few as two properties. While the**

**Company will seek to maintain a prudent spread of risk, there will be no assurance as to the degree of diversification in the Company's investments and property portfolio.**

## **INVESTMENT OBJECTIVE**

The investment objective of the Company is to provide Shareholders with regular and long term dividends coupled with the potential for capital appreciation over the medium to long term.

## **INVESTMENT POLICY**

The Company intends to meet its investment objective by purchasing and then letting, to the extent not already let, a portfolio of residential properties in key locations within UK cities (excluding London), where the Directors believe the income and value potential is greatest.

Consistent with its investment objective, it will aim to identify properties which are expected to achieve long-term house price growth and rental yields at an average or above average level for the region. In researching properties and the associated risks, the Investment Adviser will consider factors such as location, property type, demand indicators, and physical and environmental factors.

The Company will acquire both houses and flats, which will be both new build and existing properties. Where appropriate, discounts will be sought on acquisitions that mitigate or eliminate the transactional costs of investment or provide an element of additional performance.

The Company will maintain a let Investment Portfolio, but it will not aim to reflect the UK housing market at large, including geographic mix. The Company will specifically avoid exposure to prime property, London and rural areas. Attention will also be given to maintain appropriate diversification and a prudent spread of risk at all times. Initially the Company intends to focus investment in Birmingham, Leeds and Manchester. However the Company reserves the right to invest elsewhere in opportunities that align with its investment objective.

Properties will generally be let on an assured shorthold tenancy ("AST") basis. Where opportunities arise and fit with the Company's investment objective, units may be let on a 'part sale, part rent' basis, or let to specialist operators for use as serviced apartments, or units obtained from residential developers on a sale and leaseback basis. Properties subject to non-AST leases will be managed to ensure that the Company is not unduly exposed to counterparty or liquidity risk.

The Company may invest in land or buildings for the purposes of development and sale and/or letting subject to the below investment restrictions. Before purchasing any property for development, the AIFM and the Investment Adviser will take all reasonable steps to ensure the provenance, reliability and financial stability of third parties issuing the purchase contract. Any deposit monies payable under development contracts will be held in escrow and only released to the third party on phased completion of the development or works.

The Company will maintain the ability to invest in property related securities, including shares in other REITs, units in authorised property unit trusts, participation in property partnerships and/or property limited partnerships, units in regulated collective investment schemes, and other transferable securities.

## **INVESTMENT RESTRICTIONS**

The Company will, once Fully Invested, observe the following investment restrictions:

- the value of no single asset at the time of investment will represent more than 20 per cent. of the Gross Asset Value of the Investment Portfolio;



- at least 50 per cent. of the Gross Asset Value of the Investment Portfolio will be invested in directly held properties;
- no more than 15 per cent. of the Gross Asset Value of the Investment Portfolio may at any time consist of property that is under development. For these purposes, “development” excludes refurbishment work and includes forward funding development and forward commitments;
- no more than 20 per cent. of the Gross Asset Value of the Investment Portfolio may consist of property where income in respect of such portion of the Investment Portfolio is dependent on the successful completion of structural refurbishment work; and
- no more than 15 per cent. of the Gross Asset Value shall be invested in any one collective investment undertaking.

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

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

In the event of a breach of the investment policy and investment restrictions set out above, the Directors, upon becoming aware of such breach, will consider whether the breach is material, and if it is, notification will be made via a CISEA announcement.

Any material change will only be made to the investment policy and investment restrictions in accordance with the CISEA Listing Rules.

## **BORROWING POLICY**

The Company does not currently intend to utilise gearing to amplify returns. The Group may, in the future use gearing in order to generate short term cash flows. If, in the future, the Group does decide to introduce gearing it will look to maintain a conservative level of gearing and would intend to limit the Group borrowings to a maximum of 40 per cent. of the Group's gross assets at the relevant time.

As at the date of the Prospectus, insofar as the Company is aware, there are no restrictions applicable to the Company on the use of its capital resources save that it must comply with the investment policy. Until the Company is fully invested and pending re-investment or distribution of cash receipts, cash received by the Company will be invested in cash, cash equivalents, near cash instruments, money market instruments and money market funds and cash funds.

The Company does not intend to enter into any derivative contracts for hedging or any other purpose.

## **DIVIDEND POLICY AND TARGET RETURNS**

The Company intends to pay interim dividends on a quarterly basis either in cash or further Shares. The payment of any dividends will be subject to market conditions and the level of the Company's net

income. The first interim dividend is expected to be declared in April 2017 in respect of the period ending March 2017.

Under the Articles, the Company has the ability to offer each Shareholder the right to elect to receive further 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 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. 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.

In order to comply with and maintain REIT status, the Group will be required to meet a minimum distribution test for each accounting period that it is a REIT. This minimum distribution test requires the Company to distribute 90 per cent. of the income profits of the Property Rental Business for each accounting period, as adjusted for tax purposes. Further details of the tax treatment of an investment in the Company are set out in Part 6 of the Prospectus.

## **MANAGEMENT**

The Company is an alternative investment fund for the purposes of the AIFM Rules and as such is required to have an alternative investment fund manager who is duly authorised to undertake that role. The Company has appointed Gallium Fund Solutions Limited as its external AIFM, who is authorised and regulated by the FCA. The Company has also appointed Bricklane Investment Services Ltd as its Investment Adviser. The AIFM is responsible for the portfolio and risk management of the Company. The Investment Adviser will, in turn, provide investment advice to the Company and to the AIFM in respect of the Company in order to assist the AIFM to discharge its functions as AIFM.

Further details on the AIFM and the Investment Adviser are set out in Part 7 of the Prospectus.

## **INVESTMENT PROCESS AND PIPELINE**

Pursuant to the Investment Advisory Agreement, the Investment Adviser will advise the AIFM and the Company on property acquisitions and disposals by the Company.

All further investments, whether originated by the Investment Adviser or otherwise, will be subject to appropriate due diligence and agreement on acquisition price, and RICS valuation by an independent third party. There can be no assurance that the Company will invest in any opportunities originated by the Investment Adviser.

The Investment Adviser takes a location-led approach to sourcing opportunities. Areas of interest in UK cities will be identified based on analysis of past price and rent trends, planned supply, demographic shifts, length of commute, customer demand indicators and other key data points.

Opportunities will be sourced by the Investment Adviser for approval by the AIFM and the Company from new build developers, estate agents managing existing properties and, in time, directly from individuals themselves. Where possible, properties will be bought at a discount in order to seek to minimise Stamp Duty Land Tax and other costs of acquisition.

Before presentation to the AIFM and the Company, the Investment Adviser will undertake comprehensive and rigorous due diligence on each opportunity, its alignment to the Company's investment objective and its suitability with the Investment Portfolio as a whole. The Investment

Adviser will undertake investment monitoring on behalf of the Company and AIFM, with reports on performance delivered on a quarterly basis.

## **VALUATION POLICY**

The Directors intend to use a professional independent valuer as property valuer to the Company. Full valuations of the Company's properties will be conducted each month, with an in-person inspection once a year. The valuations of the Group's properties will be at fair value as determined by the Valuer on the basis of market value in accordance with the internationally accepted RICS Red Book.

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

## **CALCULATION OF NET ASSET VALUE**

The Net Asset Value (and Net Asset Value per Share) will be calculated on a monthly basis by Gallium Fund Solutions Limited, the AIFM, who may do more frequent calculations at their discretion. Calculations will be made in accordance with IFRS. Details of each valuation, and of any suspension in the making of such valuations, will be announced by the Company via a CISEA announcement and on the website of the Company as soon as practicable after the end of the relevant period. The valuations of the Net Asset Value (and Net Asset Value per Share) will be calculated on the basis of the most recent valuation of the Investment Portfolio. To the extent required by the AIFM Rules, the Net Asset Value of the Company will be calculated when there is an increase or decrease in the Company's capital.

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

## **MEETINGS, REPORTS AND ACCOUNTS**

The audited accounts of the Company will be prepared in Sterling under IFRS and in accordance with the Companies Act, the AIFM Rules and the CISEA Listing Rules. The Company's annual report and accounts will be prepared up to 31 December each year, with the first period ending on 31 December 2017. It is expected that copies of the report and accounts will be sent to Shareholders by the end of June each year. Shareholders will also receive an unaudited half-yearly report covering the six months to 30 June each year, which is expected to be dispatched within the following two months.

All general meetings of the Company will be held in the United Kingdom.

## **APPLICATION OF THE TAKEOVER CODE**

As a UK public company which has its shares admitted to listing and trading on the official list of the CISEA, the Company is subject to the Takeover Code. Under Rule 9 of the Takeover Code, any person who acquires an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he is already interested and shares in which persons acting in concert with him

are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares (subject to certain limited exceptions).

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of such a company, but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person (subject to certain limited exceptions).

Rule 37.1 of the Takeover Code further provides that when a company redeems or purchases its own voting shares, any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9.

An offer required under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

## **THE CONCERT PARTY**

Following Initial Admission the Company will be subject to the Takeover Code.

It is anticipated that a group of persons consisting of Simon Heawood, Michael Young, family members, and certain other individuals will together be deemed to be acting in concert for the purposes of the Takeover Code shall be referred to as the “**Concert Party**”.

It is anticipated that, following Initial Admission, the Concert Party will hold, in aggregate, approximately 54% per cent. of the issued Shares. It is further anticipated that the aggregate Shareholding of the Concert Party will be diluted following further issuances of Shares pursuant to the Share Issuance Programme occurring after the Initial Admission.

**Potential investors’ attention is drawn to the fact that, following Initial Admission, it is expected that the Concert Party will, in aggregate, hold Shares carrying more than 50 per cent. of the voting rights of the Company. Members of the Concert Party will be able to acquire interests in further Shares without incurring any further obligation under Rule 9 to make a general offer, although individual members of the Concert Party will not be able to increase their percentage interests in Shares through or between a Rule 9 threshold without Panel consent.**

## **SHARE PREMIUM AND DISCOUNT MANAGEMENT**

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

## **SHARE BUY-BACKS**

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

The Directors are of the view that the best way to maintain share price and liquidity is to run a well-functioning REIT delivering strong returns to its shareholders. However, from time to time, the Directors may opt for the Company to buy back its own shares, if it is in the best interest of shareholders, and the Company has sufficient resources. Specifically, this could take place in order to prevent shares trading at large discounts against the Net Asset Value per share.

A special resolution has been passed granting the Directors authority to repurchase up to 30 million Shares expiring on the conclusion of the Company's first annual general meeting.

The Directors will have regard to the Company's REIT status when making any repurchase and will only make such repurchase through the market at prices (after allowing for costs) below the relevant prevailing Net Asset Value per Share and otherwise in accordance with guidelines established from time to time by the Board. Purchases of Shares may be made only in accordance with the Companies Act and the CISEA Listing Rules.

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

## **FURTHER ISSUES**

The Directors have authority to issue up to 200 million Shares on a non-pre-emptive basis. The Directors intend to issue these Shares throughout the year in line with investor demand pursuant to the Share Issuance Programme. Such authority will expire at, and renewal of such authority will be sought at, the Company's first annual general meeting.

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

Further issues of Shares will only be issued for cash at a price that is equal to, or represents a premium to, the prevailing Net Asset Value per Share.

## **TREASURY SHARES**

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

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

## **REIT STATUS AND TAXATION**

The Company will give notice to HMRC (in accordance with Section 523 CTA 2010) that the Group will become a REIT once the Group meets the REIT conditions. The Group will need to comply with certain on-going regulations and conditions (including minimum distribution requirements) thereafter.

Potential investors are referred to Part 6 of the Prospectus for details of the REIT regime and the taxation of the Group in the UK. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own professional advisers immediately.

## **RISK FACTORS**

The Company's performance is dependent on many factors and potential investors should read the whole of this document and in particular the section entitled "Risk Factors" on pages 18 to 31.

## PART 2

### INFORMATION ON THE PRIVATE RESIDENTIAL RENTAL SECTOR

Residential property is a key factor in determining quality of life for individuals throughout the UK, whether they rent or own their home. Not only do we spend a large portion of our lives within our homes, but residential property's impact on our financial wellbeing is significant. UK private renters spend 47 per cent. of their disposable monthly income on rent, a proportion which has risen since 2003 (*Source: The Guardian July 2016*). As owners, it has become a critical means of storing and gaining wealth, with over 50 per cent. of Britons' net worth now invested in the housing market (*Source: ONS*). A first home purchase is the largest financial transaction many of us will ever undertake, and requires significant investment of cash and time.

The residential property market is very large (£6.1trillion), bigger than equities and commercial property combined (*Source: Savills*). Owner occupation remains the most common form of tenure, but has been decreasing in recent years as affordability challenges increase. From its peak of 71 per cent. in 2003, the proportion of adults owning their home is currently 64 per cent. (*Source: UK Government – English Housing Survey*).

The rise of "Generation Rent" is well documented. The number of households privately renting has more than doubled since 2001, and currently stands at 5.4million, with a further 1.8million anticipated to be renting by 2025 (*Source: PwC UK Housing Market Outlook July 2015*). Although customer preferences in other industries are shifting towards renting over ownership (for instance, entertainment through Netflix and Spotify, transport through Uber), the desire to own a home remains strong in the UK, with 86 per cent. of individuals wanting to own a home, according to British Social Attitudes Survey (*Source: UK Government*). However, many expect to be frustrated - the proportion of private renters who expect to buy in the future has fallen to 57 per cent. (*Source: UK Government – English Housing Survey*).

Despite the expected growth of the private rented sector, and its importance to the individuals who rely on it, the provision of service remains dominated by amateur buy-to-let landlords. With 29 per cent. of privately rented homes below the government's decent home standard (*Source: UK Government – English Housing Survey*), there is an important need for the industry to become more professional in its approach, as the sector grows.

Recent governments have shown continuing support for the housing market, and in particular homeownership, with incentives for both buyers and builders – primarily through tax incentives (Help to Buy ISA), and cost-advantaged debt (Help to Buy, Builders' Finance Fund). However, the problem of undersupply remains real. It is estimated that, on average, over 200,000 households will be formed each year between 2012 and 2037. In 2014-15, only 150,000 new homes were completed (*Source: Global Counsel Report: Firm Foundations?*). In order to make up the deficit, building needs to increase significantly.

Historically, the residential market has delivered strong risk-adjusted returns through rental income and price growth. The Investment Property Databank (IPD) estimates 10 year annualised total returns of 9.2 per cent. from UK-wide residential market lets, versus 5.7 per cent. from commercial property, 4.7 per cent. from equities, with inflation at 3.0 per cent. (*Source: IPD UK Annual Residential Investment Index*). As well as capital growth, rental income is a key component of this total return in delivering a revenue stream closely linked to inflation (*Source: Knight Frank*).

Since 2005, there have been at least 900,000 UK property transactions per year with over 1.2 million in 2014 (*Source: ONS*), providing a steady source of potential liquidity for properties to be acquired and sold, and a rich dataset for market analytics, supporting a data-driven investment strategy in a manner unfeasible in other property markets.

Residential property in regional cities has many attractions. Bricklane will target economic centres outside London, with strong national and international transport links, with cultural benefits attractive to potential renters and owners. Initially, the REIT intends to focus investment on Birmingham, Leeds and Manchester. However, it reserves the right to invest elsewhere in opportunities that fit with its Investment Objective.

Affordability in UK cities remains a key issue for residents, with the UK average first home costing over 7x average earnings (*Source: PwC UK Housing Market Outlook*), and with the UK average first home deposit at £33,000 (*Source: Halifax*).

Gross rental yields in target cities are strong (averaging 6%+ according to Zoopla), and potentially attractive in the context of low interest rates (*Source: Zoopla Area Guides – Leeds, Manchester and Birmingham*). Prices in the largest centres track closely to each other, and have not grown more slowly than London since 2008 (*Source: Hometrack – UK Cities House Prices Index*). With increased private and public investment in the "Northern Powerhouse" concept, and a continuing imbalance of supply and demand, the Directors believe there is significant long-term headroom on today's prices, and good potential buying opportunities. The advent of high speed rail links in 10+ years stands to make regional cities more attractive for living and working.

The Directors believe that regional cities are an attractive place to live and work and, with strong rental yields and potential price growth, represent an attractive investment universe for the Company.



## PART 3

### INDICATIVE ACQUISITION TARGETS

In the first year of operations, the Company intends to purchase individual houses and flats in its target areas, with a mix of new-build and existing properties, conforming to the investment objective.

As at the date of this document, the Investment Adviser is analysing two potential properties for the Investment Portfolio.

Address	Beds	Price	Gross Rental Yield (Est.)	Annual Rental Income (Est.)
Aytoun Street, Manchester	2	£205k	7.00%	£14,400
Greek Street, Leeds	2	£285k	6.50%	£18,600

**There can be no assurance that any of these potential properties will be acquired by the Company.**

A range of further indicative targets are given below (*source: Zoopla listings accessed on 31/08/2016, rental estimates based on Zoopla area guides*):

Address	Beds	Price	Gross Rental Yield (Est.)	Annual Rental Income (Est.)
Northern Quarter, Manchester	1	£210k	5.82%	£12,214
Castlefield, Manchester	1	£235k	5.82%	£13,668
Aytoun Street, Manchester	1	£150k	6.39%	£9,584
Jewellery Quarter, Birmingham	2	£210k	6.01%	£12,629
Hockley, Birmingham	2	£186k	6.01%	£11,183
Jewellery Quarter, Birmingham	2	£185k	5.96%	£11,016
Bedford Street, Leeds	1	£200k	6.85%	£13,708
York Place, Leeds	2	£220k	6.85%	£15,079
Armouries Way, Leeds	2	£155k	6.85%	£10,624

**There can be no assurance that any of these indicative targets will be acquired by the Company.**

## PART 4

### DIRECTORS AND ADMINISTRATION

#### DIRECTORS

The Board comprises four Directors, all of whom are independent of the AIFM, and two of whom are independent of the Investment Adviser. The Directors are responsible for managing the Company's business in accordance with its Articles and the investment policy and have overall responsibility for the Company's activities, including its investment activities and reviewing the performance of the Company's portfolio.

The Directors may delegate certain functions to other parties such as the AIFM and/or the Investment Adviser. In particular, the Directors have delegated responsibility for the Company's risk and portfolio management to the AIFM pursuant to the terms of the AIFM Agreement. The Investment Adviser has been appointed by the Company and the AIFM to provide investment advice to the Company and to the AIFM on the terms of the Investment Advisory Agreement. The Directors have responsibility for exercising overall control and supervision of the activities of the AIFM and the Investment Adviser.

The Directors are as follows:

**Simon Heawood** (*Chairman and Non-Executive Director*) (aged 30)

Simon Heawood is a Chairman and non-executive Director of the Company and is a Director of Bricklane Investment Services Ltd, the Investment Adviser.

Simon founded Bricklane in August 2014, and has since led strategy, business development, fundraising and financial and software product management. Previously, Simon was service portfolio director of Rightster Group plc, a technology company which listed on AIM in November 2013. Reporting to the CEO, and interfacing directly with the Board, his responsibilities included a key role in the IPO and three acquisitions, management of a software product supported by a team of 60 software engineers, marketing and strategy.

Prior to Rightster, Simon was a strategy consultant at Oliver Wyman, leading analytics driven projects for large consumer brands.

**Michael Young** (*Non-Executive Director*) (aged 31)

Michael Young is a non-executive Director and company secretary for the Company and is a Director of Bricklane Investment Services Ltd, the Investment Adviser.

Previously a manager at PwC in London and Australia, Michael specialised for six years in the asset management and insurance sector. During that time, he primarily co-ordinated and executed the audit of multi-national insurance and asset management groups, including JP Morgan Asset Management International.

In addition, Michael worked as part of the regulatory advisory and transaction services teams, which advised financial services clients on global restructuring, as well as financial and regulatory due diligence projects. While on secondment, Michael was Head of UK FP&A for a listed insurance group.

**Craig Hallam** (*Non-Executive Director*) (*aged 45*)

Craig is an independent non-executive Director of the Company.

Craig is currently the Managing Director of Property Services at Salamanca Group. Craig manages an in-house team from Mayfair to deliver quality solutions across London in the areas of property management, estate management and sales. His accumulation of over 20 years of expertise in the industry, including senior roles at LSL Property Services, Hometrack and Clearsprings Management, has accentuated his in-depth knowledge of the full life-cycle of property ownership; from acquisition, management through to sale. Craig also holds an MBA from Anglia Ruskin University.

**Paul Windsor** (*Non-Executive Director*) (*aged 59*)

Paul is an independent non-executive Director of the Company.

Paul is Managing Director of Crestbridge London. Crestbridge provides specialist corporate and fund accounting services to the real estate sector. Paul is a Chartered Accountant, having begun his career at KPMG. He then founded WSM Partners LLP, a top 100 UK accounting practice based in South London, at which he was Senior Partner for 21 years. The firm has been at the leading edge of UK property tax work and deals with complex partnership and offshore property structures. During this period Paul was non-executive chairman of Xenomorph Holdings Ltd, a supplier of software to the banking and finance sector and a non-executive director of Gold Telecom Ltd, a pan-European telecoms provider.

## **MANAGEMENT OF THE COMPANY**

### **THE AIFM**

Pursuant to the AIFM Agreement, a summary of which is set out in paragraph 8.1 of Part 7 of the Prospectus, the Company has appointed Gallium Fund Solutions Limited to act as the Company's external AIFM.

The AIFM will be responsible for the portfolio and risk management functions of the Company. The AIFM will work closely with the Investment Adviser in implementing appropriate risk measurement and management standards and procedures. The AIFM will carry out the on-going oversight functions and supervision and ensure compliance with the applicable requirements of the AIFM Rules. The AIFM will also be responsible for calculating the Net Asset Value of the Company.

The AIFM is legally and operationally independent of the Company and the Investment Adviser.

Details of the fees and expenses payable to the AIFM are set out in the section headed "Fees and Expenses" below.

### **THE INVESTMENT ADVISER**

Pursuant to the Investment Advisory Agreement, a summary of which is set out in paragraph 8.2 of Part 7 of the Prospectus, the Company has appointed Bricklane Investment Services Ltd as the Investment Adviser for the Company. The Investment Adviser will provide investment advice to the Company and the AIFM, such as locating, evaluating and negotiating investment opportunities for the Company, subject to the overall control and supervision of the Directors. As the AIFM is responsible for the Company's risk and portfolio management, the AIFM will make investment and divestment decisions

in respect of the Company's Investment Portfolio with the benefit of the Investment Adviser's property advice. The Investment Adviser is an appointed representative of the AIFM.

The Board of Directors for the Investment Adviser is as follows:

Simon Heawood, and  
Michael Young

Details of the fees and expenses payable to the Investment Adviser are set out in the section headed "Fees and Expenses" below.

## **OTHER ARRANGEMENTS**

### **CISEA Sponsor**

Carey Olsen Corporate Finance Limited has been appointed as CISEA Sponsor to the Company.

### **Depository**

Gallium P E Depository Limited has been appointed as depository to the Company. The Depository acts as the sole depository of the Company and is, amongst other things, responsible for: ensuring the Company's cash flows are properly monitored; the safe keeping of the assets of the Company; and the oversight and supervision of the Company in conjunction with the AIFM.

### **Auditor**

Deloitte LLP provides audit services to the Company. The annual report and accounts will be prepared according to the accounting standards laid out under IFRS.

### **Market maker**

Ravenscroft Limited has been appointed by the Company to act as market maker in respect of the Shares. Ravenscroft will be responsible for corporate broking services consisting of making a market in the Company's securities on the official list of the CISEA, acting in accordance with the obligations normally and ordinarily assumed by market makers and specifically as set out in rules 5.13 to 5.19 of Chapter 5 of the CISEA Membership Rules for and on behalf of the Company.

The Company is not able to guarantee that at any particular time Ravenscroft will be willing to make a market in the Shares, nor does it guarantee the price at which a market may be made in the Shares. Accordingly, the dealing price of the Shares may not reflect changes in the Net Asset Value. The Net Asset Value and the trading price of the Shares will be published via the CISEA's website [www.thecise.com](http://www.thecise.com).

## **FEES AND EXPENSES**

### **Initial Issue expenses**

On the assumption that Gross Proceeds of £503,953 are raised, the costs and expenses in connection with the Initial Issue will be approximately £80,000 and will be borne by the Investment Adviser, resulting in Minimum Net Proceeds of £503,953.

## **Share Issuance Programme expenses**

The costs and expenses in connection with the Share Issuance Programme will be borne by the Investment Adviser. The Company will not bear any broker or placement agent fees or commission on Shares issued pursuant to the Share Issuance Programme.

## **On-going annual expenses**

The principal annual running costs of the Company include the fees payable to its service providers and the costs involved with the management of the Investment Portfolio and the associated tenants. The Company will incur fees and expenditure in relation to its Investment Portfolio, including (without limitation) fees and expenses relating to any acquisitions, disposals and day-to-day management of its Investment Portfolio along with all fees and expenses payable to professionals, contractors and other services providers engaged by the Company for the provision of the following: third party property management fees, lettings fees, property repairs and maintenance, insurance, ground rents and property service charges.

The Company anticipates having a total expense ratio of circa 0.85 to 1.00 per cent. and a property expense ratio between 1.50 to 2.50 per cent. per annum based on gross issue proceeds under the Share Issuance Programme of £5 million. If such gross issue proceeds are below this level, the total expense ratio may be higher.

Shareholders do not bear any fees, charges or expenses directly, other than any fees, charges and expenses incurred as a consequence of acquiring, transferring or otherwise selling Shares.

## **Investment Adviser**

Pursuant to the terms of the Investment Advisory Agreement, the Investment Adviser is entitled to an annual management charge, which accrues daily and is payable monthly (the "**Annual Management Charge**"). The Annual Management Charge is based on a percentage of the Net Asset Value. The current Annual Management Charge is 0.85 per cent. per annum of the Net Asset Value (exclusive of VAT).

Details of the calculation of the Net Asset Value are set out in Part 1 of the Prospectus.

Out of the Annual Management Charge, the Investment Adviser will pay the fees and expenses payable to the AIFM, the Investment Adviser, the CISEA Sponsor, the Depositary and the Auditor. Although third party supplier fees and expenses may be separately charged to the Company, they will not exceed the Annual Management Charge. If these fees and expenses exceed the Annual Management Charge, the balance will be paid by the Investment Adviser.

## **Directors**

Paul Windsor will be paid an annual fee by the Company of £29,000 per annum. None of the other Directors will not be entitled to a fee from the Company.

## **Other operational expenses**

The Investment Adviser has agreed to pay other on-going operational expenses (excluding fees paid to service providers as detailed above) of the Company. These may include travel, accommodation, printing, audit, finance costs, legal fees (including those incurred on behalf of the Company by the AIFM and/or the Investment Adviser), corporate broking fees and annual CISEA fees. This also

includes all reasonable out-of-pocket expenses of the AIFM, the Investment Adviser and the Directors relating to the Company. The Directors and Investment Adviser will review this policy from time to time. In the event that this agreement is withdrawn, these expenses will be deducted from the assets of the Company (which includes any income).

Given that many of the fees are irregular in their nature, the maximum amount of fees, charges and expenses that Shareholders will bear in relation to their investment cannot be disclosed in advance.

## **CONFLICTS OF INTEREST**

Simon Heawood and Michael Young, in addition to being directors of the Company, are also directors of, and shareholders in, the Investment Adviser.

The Company's AIFM will be required to comply with the requirements on conflicts set out in the AIFM Rules, including but without limiting the general requirement of taking all reasonable steps to avoid conflicts of interest and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of Shareholders.

In addition, the Investment Adviser, the Depositary and any of their members, directors, officers, employees and connected persons and the Directors and any person or company with whom they are affiliated or by whom they are employed may be involved in other financial, investment or other professional activities which may cause potential conflicts of interest with the Company and its investments and which may affect the amount of time allocated by such persons to the Company's business. In particular, subject to the CISEA Listing Rules and other applicable regulation these parties may, without limitation: provide services similar to those provided to the Company to other entities; buy, sell or deal with assets on its own account (including dealings with the Company); and/or take on engagements for profit to provide services including but not limited to origination, development, financial advice, transaction execution, asset and special purpose vehicle management with respect to assets that are or may be owned directly or indirectly by the Company, but will not in any circumstances be liable to account for any profit earned from any such services.

In addition, members of the Investment Adviser's team and their families, and certain existing associated parties, intend to subscribe for Shares pursuant to the Share Issuance Programme, and will therefore be Shareholders from Initial Admission.

Notwithstanding the Board's belief that the fees and conflicts policy of the Investment Adviser and the AIFM have been structured to provide an alignment of interest between the AIFM, the Investment Adviser and the Shareholders, the interests of the AIFM and/or the Investment Adviser may differ from those of the Shareholders.

## **CORPORATE GOVERNANCE**

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

The full Board will meet at least six times a year to consider general matters affecting the Company and otherwise as required. Committee meetings comprising any two or more Directors will meet on an ad hoc basis to consider transactional and related matters concerning the Company's business.

The Board has established an audit committee. This committee undertakes specific activities through delegated authority from the Board. Terms of reference for the audit committee have been adopted and will be reviewed on a regular basis by the Board.

### **Audit Committee**

The audit committee comprises Paul Windsor (who is chairman and is considered to have recent and relevant financial experience) and Craig Hallam. The audit committee meets at least twice a year. There are likely to be a number of regular attendees at meetings of the audit committee, including other members of the Board and the Company's external auditors. The chairman of the audit committee will also meet with external auditors without the Directors present.

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported and monitored. The Audit Committee reviews the annual and interim accounts, the accounting policies of the Group and key areas of accounting judgment, management information statements, financial announcements, internal control systems, risk management and the continuing appointment of auditors. It also monitors the whistle blowing policy and procedures over fraud and bribery.

### **Directors' share dealings**

Share dealings by any of the Directors of the Company are subject to the CISEA Model Code for Securities Transactions by Directors.

## **PART 5**

### **THE SHARE ISSUANCE PROGRAMME**

#### **INTRODUCTION**

The Company has authority to issue up to 200 million Shares on a non-pre-emptive basis pursuant to the Share Issuance Programme.

The maximum number of Shares available under the Share Issuance Programme should not be taken as an indication of the number of Shares to be issued. The allotment and issue of Shares under the Share Issuance Programme is at the discretion of the Directors. Allotments and issuances may take place at any time prior to the final closing date of 22 March 2017. The Share Issuance Programme is intended to satisfy market demand for the Shares and to raise further money for investment in accordance with the Company's investment policy. The Share Issuance Programme is not underwritten.

#### **DETAILS OF THE SHARE ISSUANCE PROGRAMME**

The offer period of the Share Issuance Programme will commence on 22 September 2016 and close on 22 March 2017 (or any earlier date on which it is fully subscribed) using the extended offer facility as provided by the CISEA.

The Company shall make Shares available for subscription directly by potential investors through the Share Issuance Programme. The Company shall utilise various distribution channels for the Shares, including making subscription available via connected websites. Subscriptions received shall be aggregated together, and Shares issued pursuant to the Share Issuance Programme in tranches on a monthly basis, with the option reserved to add extra issuances more regularly.

The Issue Price will be calculated by reference to the unaudited estimated prevailing Net Asset Value of the existing Shares (cum-income) together with a premium intended to at least cover the amortisation of purchase costs and taxes in relation to the acquisition of additional investment properties as a result of further issues of Shares under the Share Issuance Programme. Fractions of Shares will not be issued.

Where Shares are issued, the total assets of the Company will increase by that number of Shares multiplied by the Issue Price. It is not expected that there will be any material impact on the earnings and Net Asset Value per Share, as the net proceeds of the Share Issuance Programme, after providing for the Company's operational expenses, will be used to purchase investments sourced by the Investment Adviser in line with the Company's investment policy (details of which are set out in Part 1 of the Prospectus).

It is anticipated that (subject to demand) further issues of Shares will be made on the last Business Day of each month together with such other dates as the Directors may in their discretion determine prior to the final closing date of 22 March 2017. An announcement of each issue of Shares including details of the number of Shares and the applicable Issue Price will be released via a CISEA announcement.

The Shares will rank pari passu with the Shares then in issue and will have the rights set out in the Company's Articles which are summarised in paragraph 6 of Part 7 of the Prospectus (save for any



dividends or distributions which are declared, made or paid by reference to a record date prior to the issue of the new Shares).

The ISIN number of the Shares is GB00BD8D8185.

The Company does not guarantee that at any particular time market-makers will be willing to make a market in the Shares, nor does it guarantee the price at which a market will be made in the Shares. Accordingly, the dealing price of the Shares may not necessarily reflect changes in the NAV per Share.

## **CONDITIONS**

The Terms and Conditions which shall apply to any subscription for new Shares pursuant to the Share Issuance Programme are set out in Part 9 of the Prospectus.

The issue of new Shares pursuant to the Share Issuance Programme (including the Initial Issue) is conditional upon Admission of the relevant Shares occurring pursuant to an issuance of Shares. In circumstances where this condition is not fully met, the relevant issue of Shares pursuant to the Share Issuance Programme will not take place.

In relation to the Initial Issue, where the Minimum Net Proceeds are not raised, the Initial Issue will not proceed. If this occurs, any application monies that have been banked and/or received, will be returned without interest to the accounts from which such monies were received at the risk of the person(s) entitled thereto.

## **ADMISSION**

Applications will be made on a per issue basis, using the extended offer facility as provided by the CISEA, for the new Shares to be admitted to the Official List of the CISEA. It is expected that Initial Admission will become effective, and that dealings in the Shares will commence, at 8.00 a.m. on 23 September 2016. It is anticipated that (subject to demand) further issues of Shares pursuant to the Share Issuance Programme will be made on the last Business Day of each month together with such other dates as the Directors may in their discretion determine. No new Shares will be issued if they will not be so admitted. No application is expected to be made for the Shares to be listed or dealt in on any stock exchange or investment exchange other than the CISEA.

## **CERTIFICATES AND CREST**

Shares will be issued in registered form and transferred to successful applicants through the CREST system. CREST is a voluntary system and holders of Shares who wish to receive and retain share certificates will be able to do so. Dealings in the Shares in advance of the crediting of the relevant CREST account or the issue of share certificates will be at the risk of the persons concerned. It is expected that share certificates will be despatched approximately two weeks after Admission of the relevant Shares. No temporary documents of title will be issued.

## **MONEY LAUNDERING**

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK, the Company and its agents, the Investment Adviser and the AIFM may require evidence in

connection with any application for Shares, including further identification of the applicant(s), before any Shares are issued.

The Company and its agents, the Investment Adviser and the AIFM reserve the right to request such information as is necessary to verify the identity of the prospective Shareholder and (if any) the underlying prospective beneficial owner of the Shares. In the event of delay or failure by the prospective Shareholder to produce any information required for verification purposes, the Directors, in consultation with the AIFM, may refuse to accept any subscription for Shares.

### **TYPICAL INVESTOR**

A typical investor is an individual or institution who is seeking capital growth and income from investing in a diversified portfolio of UK residential properties and who understands and accepts the risks inherent in the investment policy. Investors may wish to consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before making an investment in the Company.

## PART 6

### REIT STATUS AND TAXATION

#### 1 INTRODUCTION

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

The principal advantage of REIT status is that the Group will be exempt from UK corporation tax on both rental profits and chargeable gains on disposals of properties held by the Property Rental Business. This will remove the effective double tax charge currently suffered by many investors in UK companies (see paragraph 2.1 of this Part 6 for more information).

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

The principal disadvantages of REIT status are as follows:

1.2.1 in order for it to remain a REIT, the Group and the Company will have to comply with the various tests outlined in paragraph 2.2 of this Part 6 on an on-going basis; and

1.2.2 withholding tax of 20 per cent. must be deducted from certain distributions made to certain Shareholders (see paragraph 3 of this Part 6 for further details).

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

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

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

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

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

A summary of the Articles is set out at paragraph 7 of Part 7 and the relevant provisions intended to give the Board the powers it needs to demonstrate to HMRC that "reasonable steps" have been taken to avoid making distributions to Substantial Shareholders are set out in paragraphs 4 and 5 of this Part 6.

## 1.5 *Non-close company condition*

As mentioned below in paragraph 1.6 of this Part 6, the Company must not be a close company other than only by virtue of having as a participator an institutional investor. An institutional investor includes the trustee or manager of an authorised unit trust (or overseas equivalent) or a pension scheme, an insurance company, a charity, a limited partnership, a registered social landlord or an open-ended investment company. However the Company may be close for tax purposes for up to three years after joining the regime. If the non-close company requirement is not met at the start of the first day after the end of the first three-year period, the Group will lose its REIT status at the end of the three-year period. If the non-close company requirement is not met at any time after the first day following the first three-year period, the Group will cease to be a REIT at the end of the accounting period preceding the accounting period in which the breach began or, if later, the end of the first three-year period. Loss of REIT status would have a material impact on the Group because of the loss of tax benefits conferred by the REIT regime.

Although the Board does not expect the close company condition to be breached in the ordinary course of events, there is a risk that the Company may fail to meet this condition for reasons beyond its control. However, under certain circumstances a breach of this condition may be disregarded if the reason for the breach is because the Company becomes a member of another group REIT or if the breach is the result of anything done (or not done) by a person other than the Company and the Company remedies the breach before the end of the accounting period after that in which the breach began.

## 1.6 *Exit from the REIT regime*

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

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

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

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

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

- 1.6.4 the conditions for REIT status relating to the share capital of the Company and the prohibition on entering into loans with abnormal returns are breached;
- 1.6.5 the Company ceases to be UK resident for tax purposes;
- 1.6.6 the Company becomes dual resident for tax purposes; or
- 1.6.7 the Company becomes an open-ended company.

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

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

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

## 2 THE REIT REGIME

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

### 2.1 *Overview*

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

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

Provided certain conditions and tests are satisfied (see "Qualification as a REIT" below), REITs will not pay UK corporation tax on the profits of their Property Rental Business. Instead, distributions in respect of the Property Rental Business will be treated for UK tax

purposes as property income in the hands of shareholders. However, UK corporation tax will still be payable in the normal way in respect of income and gains from any Residual Business (generally including any property trading business) not included in the Property Rental Business.

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

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

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

Subject to certain exceptions, PIDs will be subject to withholding tax at the basic rate of income tax (currently 20 per cent.). Further details of the UK tax treatment of Shareholders after entry into the REIT regime are contained in paragraph 3 of this Part 6.

## 2.2 *Qualification as a REIT*

A group becomes a REIT by serving notice on HMRC on or before the date from which it wishes to come under the REIT regime. In order to qualify as a REIT, the Company and the Group must satisfy certain conditions set out in Part 12 of CTA 2010. A non-exhaustive summary of the material conditions is set out below. Broadly, the Company and the Group must satisfy the conditions set out in paragraphs 2.2.1 to 2.2.4 below.

### 2.2.1 *Company conditions*

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

insurance company, a charity, a limited partnership, a registered social landlord or an open-ended investment company.

#### 2.2.2 Share capital restrictions

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

#### 2.2.3 Interest restrictions

The principal company of a REIT must not be party to any loan in respect of which the lender is entitled to interest which exceeds a reasonable commercial return on the consideration lent or where the interest depends to any extent on the results of any of its business or on the value of any of its assets. A loan is not treated as carrying results-dependant interest by reason only that the terms of the loan provide for interest to reduce if the results improve or to increase if the results deteriorate. In addition, the amount repayable must either not exceed the amount lent or must be reasonably comparable with the amount generally repayable (in respect of an equal amount lent) under the terms of issue of securities listed on a recognised stock exchange.

#### 2.2.4 Conditions for the Property Rental Business

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

- the Property Rental Business must, throughout the accounting period, involve at least three properties. A self-contained studio flat or a one to three bedroom flat within a residential block counts as a single property for these purposes;
- throughout the accounting period, no one property may represent more than 40 per cent. of the total value of all the properties involved in the Property Rental Business. Assets must be valued in accordance with IFRS, and at fair value when IFRS offers a choice between a cost basis and a fair value basis;
- at least 90 per cent. of the amounts shown in the financial statements of the group as income profits (broadly, calculated using normal tax rules) must be distributed to shareholders of the REIT in the form of a PID on or before the filing date for the REIT's tax return for the accounting period (the "**90 per cent. distribution test**"). For the purpose of satisfying the 90 per cent. distribution test, any dividend withheld in order to comply with the rule relating to Substantial Shareholders (as described in paragraph 2.3.2 below) will be treated as having been paid. The issue of stock dividends will count towards the 90 per cent. threshold;
- the income profits arising from the qualifying Property Rental Business must represent at least 75 per cent. of the company's total profits for the accounting period (the "**75 per cent. profits test**"). Profits for this purpose

means profits before deduction of tax and excludes realised and unrealised gains and losses (for example, gains and losses on the disposal of property, and gains and losses on the revaluation of properties) calculated in accordance with IFRS; and

- at the beginning of the accounting period the value of the assets in the Property Rental Business must represent at least 75 per cent. of the total value of assets held by the group (the "**75 per cent. assets test**"). Cash held on deposit and gilts may be added to the value of assets relating to qualifying Property Rental Business for the purpose of meeting the 75 per cent. assets test. Non-cash assets must be valued in accordance with IFRS and at fair value where IFRS offers a choice of valuation between cost basis and fair value. In applying this test, no account is to be taken of liabilities secured against or otherwise relating to assets (whether generally or specifically).

#### 2.2.5 Investment in other REITs

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

### 2.3 *Effect of becoming a REIT*

#### 2.3.1 Tax savings

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

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

#### 2.3.2 The Substantial Shareholder rule

A REIT will become subject to an additional tax charge if it pays a dividend to, or in respect of, a Substantial Shareholder. The additional tax charge will be calculated by reference to the whole dividend paid to a Substantial Shareholder, and not just by reference to the proportion which exceeds the 10 per cent. threshold. It should be noted that this restriction only applies to shareholders that are bodies corporate and to certain entities which are deemed to be bodies corporate for tax purposes in accordance with the law of an overseas jurisdiction with which the UK has a double taxation agreement or in accordance with such a double taxation agreement. It does not apply to nominees.



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

### 2.3.3 Dividends

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

### 2.3.4 Interest cover ratio

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

### 2.3.5 Certain tax avoidance arrangements

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

### 2.3.6 Movement of assets in and out of the Property Rental Business

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

### 2.3.7 Joint ventures

If a REIT is beneficially entitled to at least 40 per cent. of the profits available for distribution to equity holders in a joint venture company and at least 40 per cent. of

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

#### 2.3.8 Acquisitions and takeovers

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

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

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

#### 3.1 *Introduction*

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

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

The Articles contain special articles for this purpose (the "**Special Articles**"). The text of the Special Articles is set out in paragraph 5 of this Part 6.

The Special Articles:

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

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

### 3.2 *Identification of Substantial Shareholders*

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

Accordingly, the Special Articles require a Substantial Shareholder and any registered Shareholder holding Shares on behalf of a Substantial Shareholder to notify the Company if his Shares form part of a Substantial Shareholding. Such a notice must be given within two business days. The Special Articles give the Board the right to require any person to provide information in relation to any Shares in order to determine whether the Shares form part of a Substantial Shareholding. If the required information is not provided within the time specified (which is seven days after a request is made or such other period as the Board may decide), the Board is entitled to impose sanctions, including withholding dividends (as described in paragraph 4.3 below) and/or requiring the transfer of the Shares to another person who is not, and does not thereby become, a Substantial Shareholder (as described in paragraph 4.6 below).

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

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

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

- the Substantial Shareholder concerned is not beneficially entitled to the dividends (see also paragraph 4.4 below);

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

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

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

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

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

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

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

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

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

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

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

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

### 3.6 *Mandatory sale of Substantial Shareholdings*

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

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

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

### 3.7 *Takeovers*

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

### 3.8 *Other*

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

The Special Articles may be amended by special resolution passed by the Shareholders in the future, including to give powers to the Directors to ensure that the Company can comply with the close company condition described in paragraph 2.2.1 of this Part 7, which powers may include the ability to arrange for the sale of Shares on behalf of Shareholders.

## 4 **THE SPECIAL ARTICLES**

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

### **REAL ESTATE INVESTMENT TRUST**

#### 3 **CARDINAL PRINCIPLE**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **6 DISTRIBUTION TRUST**

- 6.1 If a Distribution is paid in respect of a Substantial Shareholding in circumstances where the Substantial Shareholder is not beneficially entitled to the Distribution, the Distribution and any income arising from it shall be held by the payee or other recipient to whom the Distribution is transferred by the payee on trust absolutely for the persons nominated by the relevant Substantial Shareholder under Article 6.2 in such proportions as the relevant Substantial Shareholder shall in the nomination direct, subject to and in default of such nomination being validly made within 12 years after the date the Distribution is made, for the Company or for such charity as may be nominated by the Directors from time to time.
- 6.2 The relevant Substantial Shareholder of Shares in respect of which a Distribution is paid shall be entitled to nominate in writing any two or more persons (not being Substantial Shareholders) to be the beneficiaries of the trust on which the Distribution is held under Article



6.1 and the Substantial Shareholder may in any such nomination state the proportions in which the Distribution is to be held on trust for the nominated persons, failing which the Distribution shall be held on trust for the nominated persons in equal proportions. No person may be nominated under this Article 6.2 who is or would, on becoming a beneficiary in accordance with the nomination, become a Substantial Shareholder. If the Substantial Shareholder making the nomination is not by virtue of Article 6.1 the trustee of the trust, the nomination shall not take effect until it is delivered to the person who is the trustee.

6.3 Any income arising from a Distribution which is held on trust under Article 6.1 shall until the earlier of (i) the making of a valid nomination under Article 6.2 and (ii) the expiry of the period of 12 years from the date when the Distribution is paid, be accumulated as an accretion to the Distribution. Income shall be treated as arising when payable, so that no apportionment shall take place.

6.4 No person who by virtue of Article 6.1 holds a Distribution on trust shall be under any obligation to invest the Distribution or to deposit it in an interest-bearing account.

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

## 7 **OBLIGATION TO DISPOSE**

7.1 If at any time, the Directors believe that:

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

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

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

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

7.2 If:

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

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

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

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

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

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

## **8 GENERAL**

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

8.2 The Directors shall not be required to give any reasons for any decision or determination (including any decision or determination not to take action in respect of a particular person) pursuant to Articles 3 to 8 and any such determination or decision shall be final and binding on all persons unless and until it is revoked or changed by the Directors. Any disposal or transfer made or other thing done by or on behalf of the Board or any Director pursuant to Articles 3 to 8 shall be binding on all persons and shall not be open to challenge on any ground whatsoever.

8.3 Without limiting their liability to the Company, the Directors shall be under no liability to any other person, and the Company shall be under no liability to any member or any other person, for identifying or failing to identify any person as a Substantial Shareholder or a Relevant Registered Shareholder.

8.4 The Directors shall not be obliged to serve any notice required under Articles 3 to 8 upon any person if they do not know either his identity or his address. The absence of service of such a notice in such circumstances or any accidental error in or failure to give any notice to any person upon whom notice is required to be served under Articles 3 to 8 shall not prevent the implementation of or invalidate any procedure under Articles 3 to 8.

- 8.5 The provisions of Articles 161 to 166 shall apply to the service upon any person of any notice required by Articles 3 to 8. Any notice required by Articles 3 to 8 to be served upon a person who is not a member or upon a person who is a member but whose address is not within the United Kingdom shall be deemed validly served if such notice is sent through the post in a pre-paid cover addressed to that person or member at the address if any, at which the Directors believe him to be resident or carrying on business or, in the case of a holder of depository receipts or similar securities, to the address, if any, in the register of holders of the relevant securities. Service shall, in such a case be deemed to be effected on the day of posting and it shall be sufficient proof of service if that notice was properly addressed, stamped and posted.
- 8.6 Any notice required or permitted to be given pursuant to Articles 3 to 8 may relate to more than one Share and shall specify the Share or Shares to which it relates.
- 8.7 The Directors may require from time to time any person who is or claims to be a person to whom a Distribution may be paid without deduction of tax under Regulation 7 of the Real Estate Investment Trusts (Assessment and Recovery of Tax) Regulations 2006 to provide such certificates or declarations as they may require from time to time.
- 8.8 Any of Articles 3 to 8 may be amended by special resolution from time to time, including to give powers to the Directors to take such steps as they may require in order to ensure that the Company can satisfy Condition D of Section 528 of the CTA 2010 which relates to close company status, which powers may include the ability to arrange for the sale of Shares on behalf of members.
- 8.9 Where any certificate or declaration may be or is required to be provided by any person (including, without limitation, a Distribution Transfer Certificate) pursuant to any of Articles 3 to 8, such certificate or declaration may be required by the Directors (without limitation):
- 8.9.1 to be addressed to the Company, the Directors or such other persons as the Directors may determine (including HMRC);
  - 8.9.2 to include such information as the Directors consider is required for the Company to comply with any Reporting Obligation;
  - 8.9.3 to contain such legally binding representations and obligations as the Directors may determine;
  - 8.9.4 to include an undertaking to notify the Company if the information in the certificate or declaration becomes incorrect, including prior to such change;
  - 8.9.5 to be copied or provided to such persons as the Directors may determine (including HMRC); and
  - 8.9.6 to be executed in such form (including as a deed or deed poll) as the Directors may determine.

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

## PART 7

### GENERAL INFORMATION

#### 1 THE COMPANY

- 1.1 The Company was incorporated in England and Wales on 28 July 2016 with registered number 10301242 as a public company limited by shares under the Companies Act. The Company has an indefinite life.
- 1.2 The principal place of business and the registered office of the Company is 20 Ropemaker Street, London EC2Y 9AR with telephone number +44(0)203 1111 432.
- 1.3 The principal legislation under which the Company operates is the Companies Act. The Company is not regulated as a collective investment scheme by the FCA. However, from Initial Admission, the Shares will be admitted to listing on the official list of the CISEA. The Company and Shareholders will be subject to the Prospectus Rules and the CISEA Listing Rules.
- 1.4 The Company has not commenced operations since incorporation and, as at the date of the Prospectus, no financial statements have been made up and no dividends have been declared by the Company.
- 1.5 The Company's accounting period ends on 31 December of each year. The first accounting period will end on 31 December 2017. The annual report and accounts are prepared in Sterling according to the accounting standards laid out under IFRS.
- 1.6 The Company is neither regulated nor authorised by the FCA. Should Initial Admission be granted, the Shares will be admitted to listing and to trading on the official list of the CISEA.
- 1.7 On 26 August 2016, the Company was granted a certificate under Section 761 of the Companies Act entitling it to commence business and to exercise its borrowing powers.
- 1.8 The Company is domiciled in England and Wales and, as at the date of the Prospectus, does not have any employees and does not own any premises.

#### 2 THE GROUP

- 2.1 The Company is the holding company of the Group and has the following subsidiary (which is incorporated in England and Wales): Bricklane Regional Acquisitions Ltd.

#### 3 SHARE CAPITAL

- 3.1 The principal legislation under which the Company operates, and under which the Shares were created, is the Companies Act. The Shares are denominated in Sterling.
- 3.2 On incorporation, one Share was issued at £0.01 (fully paid) for the purposes of incorporation to Simon Heawood as the subscriber to the Company's memorandum of association. On 19 August 2016, 50,000 Restricted Shares of £1.00 each in aggregate were issued at par (fully paid) to Simon Heawood.

- 3.3 The Company's share capital: (i) as at the date of the Prospectus, and (ii) as it will be immediately following Initial Admission is as follows:

	<i>Shares</i>		<i>Restricted Shares</i>	
	<i>Nominal Value (£)</i>	<i>Number</i>	<i>Nominal Value (£)</i>	<i>Number</i>
(i) As at the date of the Prospectus	1	1	50,000	50,000
(ii) Immediately following Initial Admission*	503,953	503,953	-	-

All Shares will be issued as fully paid up as at Initial Admission. The Restricted Shares will be redeemed immediately following Initial Admission out of the proceeds of the Initial Issue. The Shares are not redeemable.

- 3.4 After Initial Admission it is expected that two Shareholders, one of whom is also a Director of the Company, will have greater than a 10 per cent. shareholding in the Company. It is expected that these shareholdings will be diluted after further issues of Shares under the Share Issuance Programme.

- 3.5 By ordinary and special resolutions passed on 20 September 2016:

- (a) the Directors are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot up to 200 million Shares in connection with the Share Issuance Programme, such authority to expire on the conclusion of the Company's next annual general meeting (unless previously renewed, varied or revoked by the Company in general meeting), save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of Shares in pursuance of such an offer or agreement as if such authority had not expired.
- (b) that, conditionally upon the passing of Resolution (a) above, the Directors are generally empowered (pursuant to section 570 of the Act) to allot Shares for cash pursuant to the authority referred to in Resolution (a) above as if section 561 of the Act did not apply to any such allotment, such power to expire on the conclusion of the Company's next annual general meeting (unless previously renewed, varied or revoked by the Company in general meeting), save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require Shares to be allotted after the expiry of such power and the Directors may allot Shares in pursuance of such an offer or agreement as if such power had not expired.
- (c) the Company is authorised in accordance with Section 701 of the Companies Act to make market purchases (within the meaning of Section 693(4) of the Companies Act) of Shares provided that the maximum number of Shares authorised to be purchased is 30 million Shares. The minimum price which may be paid for a Share is one pence. The maximum price which may be paid for a Share must not be more than the higher of: (i) five per cent. above the average of the midmarket value of the Shares for the five Business Days before the purchase is made; or (ii) the higher of the last independent trade and the highest current independent bid for Shares. Such authority will expire on the earlier of the conclusion of the first annual general meeting of the

Company save that the Company may contract to purchase Shares under the authority thereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority and may purchase Shares in pursuance of such contract; and

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

3.6 In accordance with the power granted to the Directors, it is expected that the Shares to be issued pursuant to the Share Issuance Programme will be allotted (conditionally upon Admission) pursuant to a resolution of the Board to be passed shortly before Admission of such Shares in accordance with the Companies Act.

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

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

#### 4 DIRECTORS' AND OTHER INTERESTS

4.1 The interests of the Directors (including the interests of their spouses and infant children and the interests of any persons connected with them within the meaning of sections 252 to 255 and 820 to 825 of the Companies Act), all of which are beneficial, in the Shares, as at the date of publication of the Prospectus and as they are expected to be immediately following Initial Admission are set out below.

<i>Name</i>	<i>As at the date of the Prospectus</i>		<i>Immediately following Initial Admission</i>	
	<i>Shares</i>	<i>Percentage of issued Shares.</i>	<i>Shares</i>	<i>Percentage of issued Shares.*</i>
Simon Heawood	1**	100%	133,051	26.4%
Michael Young	-	-	26,250	5.21%
Craig Hallam	-	-	-	-
Paul Windsor	-	-	-	-

\* assuming 503,953 Shares are issued.

\*\* Simon Heawood is also the holder of 50,000 Restricted Shares which shall be redeemed immediately following Initial Admission.

- 4.2 Save as disclosed above, immediately following Initial Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.
- 4.3 None of the Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or that has been effected by the Company since its incorporation.
- 4.4 No amount has been set aside or accrued by the Company to provide pensions, retirement or other similar benefits.
- 4.5 The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively.
- 4.6 Over the five years preceding the date of the Prospectus, the Directors hold or have held the following directorships (apart from their directorships of the Company) or memberships of administrative, management or supervisory bodies and/or partnerships:

<i>Name</i>	<i>Current</i>	<i>Previous</i>
<b>Simon Heawood</b>	Bricklane Technologies Ltd Bricklane Investment Services Ltd PropertyLift Trading Ltd	None
<b>Michael Young</b>	Bricklane Technologies Ltd Bricklane Investment Services Ltd	None
<b>Craig Hallam</b>	None	None
<b>Paul Windsor</b>	CUKG Limited Crestbridge UK Limited My Nominees (Albert Bridge Road) Limited Lowndes London Limited Love Wimbledon Limited LSM Advisors Limited Probro Limited WSM Partners LLP The Invicta Film Partnership No. 37 LLP Scion Films Sale and Leaseback Sixth LLP 35 Buckingham Gate RTM Company Limited 35 BGM Limited 26 Kings Road Management Limited Bakeaway Limited	FCH1 (UK) Limited Wimbledon Arts KGAL UK Limited 283 Lonsdale Road Limited Traderconsensus.com Limited Stamford House Management Limited LCHC Limited Valcon Management Consultant UK Limited Polka Children's Theatre Limited Coughlan Lewis Limited JarJam Limited

- 4.7 In the five years before the date of the Prospectus, the Directors:
- 4.7.1 did not have any convictions in relation to fraudulent offences;
  - 4.7.2 were not associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and
  - 4.7.3 did not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and were not disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.
- 4.8 Save as disclosed in the section entitled "Conflicts of interest" in Part 4 of the Prospectus, as at the date of the Prospectus, none of the Directors had any conflict of interest or potential conflict of interest between any duties to the Company and their private interests and/or other duties.
- 4.9 As at the date of the Prospectus, insofar as is known to the Company, there are no parties known to have a notifiable interest under English law in the Company's capital or voting rights.
- 4.10 Pending the allotment of Shares and Initial Admission taking place, the Company is controlled by Simon Heawood. The Company and the Directors are not aware of any other person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
- 4.11 All Shareholders have the same voting rights in respect of the share capital of the Company.
- 4.12 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

## 5 DIRECTORS' LETTERS OF APPOINTMENT

- 5.1 Each non-executive Director has entered into a letter of appointment with the Company. The Directors' appointments can be terminated in accordance with the Articles and without compensation. All Directors are subject to retirement by rotation in accordance with the Articles. There is no notice period specified in the letters of appointment or Articles for the removal of non-executive Directors. The Articles provide that the office of Director shall be terminated by, amongst other things: (i) written resignation; (ii) unauthorised absences from board meetings for six consecutive months or more; or (iii) the written request of all of the other Directors.

Details of the remuneration for the non-executive Directors as at the date of this document is as follows:

<i>Director</i>	<i>Fee (£)</i>	<i>Appointment date</i>
Simon Heawood	Nil	28 July 2016



Michael Young	Nil	28 July 2016
Craig Hallam	Nil	28 July 2016
Paul Windsor	29,000	28 July 2016

The Non-Executive Directors are entitled to out-of-pocket expenses incurred in the proper performance of their duties. These expenses are to be paid by the Investment Adviser.

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

## 6 THE ARTICLES

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

### 6.1 *Objects/purposes*

The Articles do not provide for any objects of the Company and accordingly the Company's objects are unrestricted.

### 6.2 *Voting rights*

- (a) Subject to the provisions of the Companies Act, to any special terms as to voting on which any shares may have been issued or may from time-to-time be held and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting, every member who is present in person shall, on a show of hands, have one vote, every proxy who has been appointed by a member entitled to vote on the resolution shall, on a show of hands, have one vote and every member present in person or by proxy shall, on a poll, have one vote for each share of which he is a holder. A shareholder entitled to more than one vote need not, if he votes, use all his votes or vest all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- (b) Unless the Board otherwise determines, no member shall be entitled to receive any dividends or be present and vote at a general meeting or a separate general meeting of the holders of any class of shares, either in person or (save as proxy for another member) by proxy, or be reckoned in a quorum, or to exercise any other right or privilege as a member in respect of a share held by him, unless and until he shall have paid all calls for the time being due and payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) payable by him to the Company or if he, or any other person whom the Company reasonably believes to be interested in such shares, has been issued with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares and has failed in relation to any such shares to give the Company the required information within 14 days.

### 6.3 *Dividends*

- (a) Subject to the provisions of the Companies Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.
- (b) Subject to the provisions of the Companies Act, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividends as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those preferential rights.
- (c) All dividends, interest or other sums payable and unclaimed for a period of 12 months after having become payable may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having become payable shall, if the Board so resolves, be forfeited and shall cease to remain owing by, and shall become the property of, the Company.
- (d) The Board may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.
- (e) The Board may also, with the prior authority of an ordinary resolution of the Company and subject to the Articles and such terms and conditions as the Board may determine, offer to holders of shares the right to elect to receive shares of the same class, credited as fully paid, instead of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.
- (f) Unless the Board otherwise determines, the payment of any dividend or other money that would otherwise be payable in respect of shares will be withheld by the Company if such shares represent at least 0.25 per cent. in nominal value of their class and the holder, or any other person whom the Company reasonably believes to be interested in those shares, has been duly served with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares and has failed to supply the required information within 14 days. Furthermore such a holder shall not be entitled to elect to receive shares instead of a dividend.

### 6.4 *Winding up*

If the Company is wound up the liquidator may, with the sanction of a special resolution and any other sanction required by law and subject to the Companies Act, divide among the shareholders in specie the whole or any part of the assets of the Company and may, for that

purpose, value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the shareholders as he may with the like sanction determine, but no shareholder shall be compelled to accept any shares or other securities upon which there is a liability.

#### 6.5 *Transfer of shares*

(a) Subject to such of the restrictions in the Articles as may be applicable, each member may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register of members.

(b) The Board may, in its absolute discretion, refuse to register any transfer of a share in certificated form (or renunciation of a renounceable letter of allotment) unless:

(i) it is in respect of a share which is fully paid up;

(ii) it is in respect of only one class of shares;

(iii) it is in favour of a single transferee or not more than four joint transferees; 7.5.2.4 it is duly stamped (if so required); and

(iv) it is delivered for registration to the registered office for the time being of the Company or such other place as the Board may from time-to-time determine, accompanied (except in the case of (a) a transfer by a recognised person where a certificate has not been issued (b) a transfer of an uncertificated share or (c) a renunciation) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so,

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

(c) Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person whom the Company reasonably believes to be interested in the transferor's shares has been duly served with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares, has failed to supply the required information within 14 days and the shares in respect of which such notice has been served represent at least

0.25 per cent. in nominal value of their class, unless the member is not himself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised investment exchange or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded or is in consequence of a bona fide sale to an unconnected party.

- (d) If the Board refuses to register a transfer of a Share, it shall send the transferee notice of its refusal, together with its reasons for refusal, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company.
- (e) No fee shall be charged for the registration of any instrument of transfer or any other document relating to or affecting the title to any shares.
- (f) If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors (i) would cause the assets of the Company to be treated as "plan assets" of any benefit plan investor under Section 3(42) of ERISA or the U.S. Code; or (ii) would or might result in the Company and/or its shares being required to register or qualify under the U.S. Investment Company Act and/or the U.S. Securities Act and/or the U.S. Securities Exchange Act 1934 and/or any laws of any state of the U.S. that regulate the offering and sale of securities; or (iii) may cause the Company not to be considered a "Foreign Private Issuer" under the U.S. Securities Exchange Act 1934; or (iv) may cause the Company to be a "controlled foreign corporation" for the purpose of the U.S. Code; or (v) creates a significant legal or regulatory issue for the Company under the U.S. Bank Holding Company Act of 1956 (as amended) or regulations or interpretations thereunder, then any shares which the Directors decide are shares which are so held or beneficially owned ("**Prohibited Shares**") must be dealt with in accordance with paragraph 7.5.7 below. The Directors may at any time give notice in writing to the holder of a share requiring him to make a declaration as to whether or not the share is a Prohibited Share.
- (g) The Directors shall give written notice to the holder of any share which appears to them to be a Prohibited Share requiring him within 21 days (or such extended time as the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) such share to another person so that it will cease to be a Prohibited Share. From the date of such notice until registration for such a transfer or a transfer arranged by the Directors as referred to below, the share will not confer any right on the holder to receive notice of or to attend and vote at a general meeting of the Company and of any class of shareholder and those rights will vest in the Chairman of any such meeting, who may exercise or refrain from exercising them entirely at his discretion. If the notice is not complied with within 21 days to the satisfaction of the Directors, the Directors shall arrange for the Company to sell the share at the best price reasonably obtainable to any other person so that the share will cease to be a Prohibited Share. The net proceeds of sale (after payment of the Company's costs of sale and together with interest at such rate as the Directors consider appropriate) shall be paid over by

the Company to the former holder upon surrender by him of the relevant share certificate (if applicable).

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

#### 6.6 *Variation of rights*

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

#### 6.7 *Alteration of share capital*

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

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

## 6.8 *General meetings*

- (a) The Board may convene a general meeting (which is not an annual general meeting) whenever it thinks fit.
- (b) A general meeting shall be convened by such notice as may be required by law from time-to-time.
- (c) The notice of any general meeting shall include such statements as are required by the Companies Act and shall in any event specify:
  - (i) whether the meeting is convened as an annual general meeting or any other general meeting;
  - (ii) the place, the day, and the time of the meeting;
  - (iii) the general nature of the business to be transacted at the meeting;
  - (iv) if the meeting is convened to consider a special resolution, the text of the resolution and the intention to propose the resolution as such; and
  - (v) with reasonable prominence, that a member entitled to attend and vote is entitled to appoint one or (provided each proxy is appointed to exercise the rights attached to a different share held by the member) more proxies to attend and to speak and vote instead of the member and that a proxy need not also be a member.
- (d) The notice shall be given to the members (other than any who, under the provisions of the Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the Directors and the auditors and to any other person who may be entitled to receive it. The accidental omission to give or send notice of any meeting, or, in cases where it is intended that it be given or sent out with the notice, any other document relating to the meeting including an appointment of proxy to, or the non-receipt of either by, any person entitled to receive the same, shall not invalidate the proceedings at that meeting.
- (e) The right of a member to participate in the business of any general meeting shall include without limitation the right to speak, vote, be represented by a proxy or proxies and have access to all documents which are required by the Companies Act or the Articles to be made available at the meeting.
- (f) A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares of the Company. The Chairman of any general meeting may also invite any person to attend and speak at that meeting if he considers that this will assist in the deliberations of the meeting.
- (g) No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Subject to the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a member so

entitled or a proxy for a member so entitled or a duly authorised representative of a corporation which is a member so entitled, shall be a quorum. If, at any time, there is only one person entitled to attend and to vote on the business to be transacted, such person being the sole member so entitled or a proxy for such sole member so entitled or a duly authorised representative of a corporation which is such sole member so entitled, shall be a quorum. The Chairman of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time-to-time (or indefinitely) and from place to place as the meeting shall determine. Where a meeting is adjourned indefinitely, the Board shall fix a time and place for the adjourned meeting. Whenever a meeting is adjourned for 30 days or more or indefinitely, seven clear days' notice at the least, specifying the place, the day and time of the adjourned meeting and the general nature of the business to be transacted, must be given in the same manner as in the case of the original meeting.

- (h) A resolution put to a vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result on a show of hands) a poll is duly demanded. Subject to the provisions of the Companies Act, a poll may be demanded by:
  - (i) the chairman of the meeting;
  - (ii) at least five members having the right to vote on the resolution;
  - (iii) a member or members representing not less than ten per cent. of the total voting rights of all the members having the right to vote on the resolution (excluding any voting rights attached to shares held as treasury shares); or
  - (iv) member or members holding shares conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than ten per cent. of the total sum paid up on all the shares conferring that right (excluding any voting rights attached to shares in the Company conferring a right to vote on the resolution held as treasury shares).

#### 6.9 *Borrowing powers*

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

#### 6.10 *Issue of shares*

- (a) Subject to the provisions of the Companies Act, and to any relevant authority of the Company required by the Companies Act, the Board may allot, grant options over, offer or otherwise deal with or dispose of any new shares or rights to subscribe for or convert any security into shares, at such times and generally on such terms and conditions as the Board may decide, provided that no share shall be issued at a discount.

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

#### 6.11 *Directors' interests*

- (a) The Board may authorise any matter proposed to it in accordance with the Articles which would, if not so authorised, involve a breach by a Director of his duty to avoid conflicts of interest under the Companies Act, including any matter which relates to a situation in which a Director has or can have an interest which conflicts, or possibly may conflict, with the interest of the Company (including the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it but excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest). This does not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company. Any authorisation will only be effective if any quorum requirement at any meeting at which the matter was considered is met without counting the Director in question or any other interested Director and the matter was agreed to without their voting or would have been agreed to if their votes had not been counted. The Board may impose limits or conditions on any such authorisation or may vary or terminate it at any time.
- (b) Subject to having, where required, obtained authorisation of the conflict from the Board, a Director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a Director of the Company and in respect of which he has a duty of confidentiality to another person. In particular, a Director shall not be in breach of the general duties he owes to the Company under the Companies Act because he fails to disclose any such information to the Board or to use or apply any such information in performing his duties as a Director, or because he absents himself from meetings of the Board at which any matter relating to a conflict of interest, or possible conflict, of interest is discussed and/or makes arrangements not to receive documents or information relating to any matter which gives rise to a conflict of interest or possible conflict of interest and/or makes arrangements for such documents and information to be received and read by a professional adviser.



- (c) Provided that his interest is disclosed at a meeting of the Board, or in the case of a transaction or arrangement with the Company, in the manner set out in the Companies Act, a Director, notwithstanding his office:
- (i) may be a party to or otherwise be interested in any transaction or arrangement with the Company or in which the Company is otherwise interested;
  - (ii) may hold any other office or place of profit under the Company (except that of auditor of the Company or any of its subsidiaries);
  - (iii) may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange;
  - (iv) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
  - (v) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any office or employment or from any transaction or arrangement or from any interest in any body corporate. No such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such profit, remuneration or any other benefit constitute a breach of his duty not to accept benefits from third parties.
- (d) A Director need not declare an interest in the case of a transaction or arrangement with the Company if the other Directors are already aware, or ought reasonably to be aware, of the interest or it concerns the terms of his service contract that have been or are to be considered at a meeting of the Directors or if the interest consists of him being a director, officer or employee of a company in which the Company is interested.
- (e) The Board may cause the voting rights conferred by the shares in any other company held or owned by the Company or any power of appointment to be exercised in such manner in all respects as it thinks fit and a Director may vote on and be counted in the quorum in relation to any of these matters.

#### 6.12 *Restrictions on Directors voting*

- (a) A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any transaction or arrangement in which he has an interest which is to his knowledge a material interest and, if he purports to do so, his vote shall not be counted, but this prohibition shall not apply in respect of any resolution concerning any one or more of the following matters:

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

### 6.13 *Number of Directors*

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

### 6.14 *Directors' appointment and retirement*

- (a) Each Director shall retire from office at the third annual general meeting after the annual general meeting or general meeting (as the case may be) at which he was previously appointed.
- (b) Any Director who has held office with the Company, other than employment or executive office, and who, at the date of the annual general meeting, has held such office for nine years or more, shall be subject to re-appointment at each annual general meeting.

### 6.15 *Directors' fees*

- (a) The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board, or any committee authorised by the Board, may from time to time determine (not exceeding £400,000 per annum or such other sum as the Company in general meeting by ordinary resolution shall from time to time determine). Any such fees payable shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provision of the Articles or otherwise and shall accrue from day-to-day.
- (b) The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors.
- (c) If by arrangement with the Board, or any committee authorised by the Board, any Director shall perform or render any special duties or services outside his ordinary duties as a Director and not in his capacity as a holder of employment or executive office, he may be paid such reasonable additional remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board, or any committee authorised by the Board, may from time to time determine.
- (d) The Board, or any committee authorised by the Board, may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for, or to institute and maintain any institution, association, society, club, trust, other establishment or profit-sharing, share incentive, share purchase or employees' share scheme calculated to advance the interests of the Company or to benefit, any person who is or has at any time been a Director or employee of the Company, and any member of his family and any person who is or was dependent on him. For such purpose the Board may establish, maintain, subscribe and contribute to any scheme, institution, association, club, trust or fund and pay premiums and, subject to the provisions of the Companies Act, lend money or make payments to, guarantee or give an indemnity in respect of, or give any

financial or other assistance in connection with, any of such matters. Any Director or former Director shall be entitled to receive and retain for his own benefit any pension or other benefit provided under this Article and shall not be obliged to account for it to the Company.

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

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

#### 6.17 *Untraced shareholders*

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

#### 6.18 *Indemnity of Officers*

Subject to the provisions of the Companies Act, but without prejudice to any indemnity to which he may otherwise be entitled, every past or present Director (including an alternate Director) or officer of the Company or a director or officer of an associated company (except

the auditors or the auditors of an associated company) may at the discretion of the Board be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company or of an associated company, or in connection with the activities of the Company, or of an associated company, or as a trustee of an occupational pension scheme (as defined in Section 235(6) Companies Act). In addition, the Board may purchase and maintain insurance at the expense of the Company for the benefit of any such person indemnifying him against any liability or expenditure incurred by him for acts or omissions as a Director or officer of the Company (or of an associated company).

#### 6.19 *REIT provisions*

A summary of the REIT provisions included in the Articles is set out in Part 6 of the Prospectus.

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

### 7.1 *Mandatory bid*

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

- a person acquires an interest in shares which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested, the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel) to make a cash offer for the outstanding shares at a price not less than the highest price paid for any interests in the shares by the acquirer or its concert parties during the previous 12 months.

### 7.2 *Compulsory acquisition*

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

In addition, pursuant to Section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the

offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises its rights, the offeror is bound to acquire those shares on the terms of the takeover offer or on such other terms as may be agreed.

## **8 MATERIAL CONTRACTS OF THE GROUP**

The following are the only contracts, not being contracts entered into in the ordinary course of business, which have been entered into by the Group in the two years immediately preceding the date of the Prospectus and which are, or may be, material or which have been entered into at any time by the Group and which contain any provision under which any obligation or entitlement is, or may be, material to the Group at the date of the Prospectus.

### **8.1 AIFM Agreement**

The AIFM Agreement dated 19 August 2016 entered into between the Company, the Investment Adviser and the AIFM pursuant to which the AIFM has been given responsibility, subject to the supervision of the Board, for the management of the Company in accordance with the Company's investment objective and policy.

The fees payable to the AIFM are payable by the Investment Adviser from the Annual Management Charge set out in paragraph 8.2 below.

The AIFM Agreement is terminable on either party giving the other not less than six month's written notice or on immediate notice on the occurrence of certain events. The Company has given certain market standards indemnities to the AIFM in respect of losses suffered by the AIFM in the performance of its duties.

The initial term of Gallium Fund Solutions Limited's appointment is 24 months from Initial Admission and thereafter the appointment will continue unless it is terminated on six months' written notice expiring at any time after expiry of the initial 24-month period. Following the expiry of the initial 24-month term of the AIFM Agreement, and subject to Bricklane Investment Services Ltd receiving all necessary permissions and authorisations from the FCA to act as an alternative investment fund manager (which at the date of the Prospectus it has not yet applied to the FCA), Bricklane Investment Services Ltd may, at its discretion, act as AIFM in substitution for Gallium Fund Solutions Limited as the Company's AIFM on the terms of the AIFM Agreement.

If Bricklane Investment Services Ltd exercises its right to replace Gallium Fund Solutions Limited as AIFM, it will charge no further fee in addition to the Annual Management Charge set out in paragraph 8.2.

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

### **8.2 Investment Advisory Agreement**

The Investment Advisory Agreement dated 15 September 2016 entered into between the Company, the AIFM and the Investment Adviser pursuant to which the Company has

appointed the Investment Adviser to provide investment advice, subject to the overall control and supervision of the AIFM and the Directors. The services include advising the Company in respect of the Investment Portfolio, locating, evaluating, negotiating and executing investment opportunities for the Company in accordance with instructions on implementation of the Investment Policy from the Board and the AIFM, and reviewing and monitoring the performance of the Investment Portfolio.

The Investment Advisory Agreement may be terminated by either the Company or the Investment Adviser giving to the other 12 months' written notice of termination save that such notice shall not be served earlier than the fifth anniversary of Initial Admission (the "**Initial Term**"), and save that if Initial Admission has not occurred by 31 October 2016 (or such earlier date as may be agreed between the parties), the Investment Advisory Agreement shall expire and have no further effect.

Notwithstanding the Initial Term, the Investment Advisory Agreement may also be terminated with immediate effect earlier in certain circumstances, including a material unremedied breach by either party, if the Company's Shares cease to be listed on the official list of the CISEA or in the event of the Company's insolvency (or an analogous event). The Company may terminate the Investment Advisory Agreement with immediate effect by giving written notice to the Investment Adviser in the event of the Investment Adviser's insolvency (or analogous event) or if the Investment Adviser is prevented by *force majeure* from performing its services under the agreement for at least 60 consecutive days.

The Company has given certain market standard indemnities in favour of the Investment Adviser in respect of losses suffered by the Investment Adviser in the performance of its services.

Under the terms of the Investment Advisory Agreement the Company will pay the Annual Management Charge equal to the sum of 0.85 per cent. per annum of the Net Asset Value of the Company (exclusive of VAT). The Annual Management Charge is paid monthly in arrears.

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

### 8.3 **CISEA Sponsorship Agreement**

The CISEA Sponsorship Agreement dated 19 September 2016 between the Company and the CISEA Sponsor whereby the CISEA Sponsor was appointed to act as the CISEA listing sponsor to the Company.

The CISEA Sponsor has been appointed to provide guidance and advice in respect of preparing the application to list the Company's securities on the CISEA, to assist in ensuring that the Company has satisfied all relevant conditions for listing of the Shares and that the Directors understand the nature of their responsibilities and intend to honour their obligations under the CISEA Listing Rules and to communicate with the CISEA on all matters arising in connection with the continuing obligations of the Company. The liability of the CISEA Sponsor to the Company is limited and the Company indemnifies the CISEA Sponsor in relation to its role and the Prospectus, except to the extent of the fraud, bad faith, wilful default or gross negligence of the CISEA Sponsor.

The CISEA Sponsorship Agreement may be terminated, including by either party by sixty days' notice or immediately upon the occurrence of certain events (including the insolvency of the Company, the Shares being suspended from dealing on the CISEA, or a party committing a material breach of the CISEA Sponsorship Agreement which has not been remedied).

The CISEA Sponsorship Agreement is governed and construed in accordance with the laws of the island of Jersey.

#### **8.4 Depositary Agreement**

The Depositary Agreement dated 19 August 2016 entered into between the Company, the AIFM, the Investment Adviser and Gallium P E Depositary Limited pursuant to which the Company appointed the Depositary to act as the sole depositary of the Company and be responsible for: (i) ensuring the Company's cash flows are properly monitored; (ii) the safe keeping of the assets of the Company; and (iii) the oversight and supervision of the Company in conjunction with the AIFM.

The fees payable to the Depositary are payable by the Investment Adviser from the Annual Management Charge set out in paragraph 8.2 above.

The Depositary Agreement is terminable by either the Company on three months' written notice or the Depositary on three months' written notice. The Depositary Agreement may be terminated with immediate effect by either the Company or the Depositary on the occurrence of certain events, including inter alia: the Depositary ceasing to be an Authorised Person permitted under FSMA to act as a depositary, a breach of warranty by the Company or in the case of insolvency of the Company.

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

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

### **9 LITIGATION**

There are no governmental, legal or arbitration proceedings, (including any such proceedings pending or threatened of which the Company is aware) since the date of incorporation, which may have, or have had in the recent past, a significant effect on the Company and/or the Group's financial position or profitability.

### **10 RELATED PARTY TRANSACTIONS**

Save for the issue of Shares to Directors and Restricted Shares to Simon Heawood, and entry into of the Investment Advisory Agreement, the Company has not entered into any other related party transaction at any time during the period from incorporation to the date of the Prospectus.



## 11 **CAPITALISATION AND INDEBTEDNESS**

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

## 12 **WORKING CAPITAL**

The Company is of the opinion that, on the basis that the Minimum Net Proceeds are raised, the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of the Prospectus.

## 13 **NO SIGNIFICANT CHANGE**

There has been no significant change in the financial or trading position of the Group since the date of incorporation.

## 14 **GENERAL**

14.1 There are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Group's business.

14.2 The costs and expenses of the Share Issuance Programme are estimated to be £200,000 excluding VAT. These costs are not payable by the Company and will be paid by the Investment Adviser.

14.3 The AIFM was incorporated as a private limited company on Gallium Fund Solutions Limited with registered number 06634506. The AIFM operates under the Companies Act. The AIFM is regulated under FSMA to carry on AIF services business and fund services business. The registered address of the AIFM is Gallium House Unit 2, Station Court, Borough Green, Sevenoaks, Kent, TN15 8AD and its telephone number is 01732 882 642. The AIFM has given and not withdrawn its written consent to the issue of the Prospectus with references to its name in the form and context in which such references appear.

14.4 The Investment Adviser was incorporated as a private limited company on 23 February 2016 with registered number 10021399. The Investment Adviser operates under the Companies Act. The registered office of the Investment Adviser is 20 Ropemaker Street, London, EC2Y 9AR with telephone number +44(0)203 1111 432. The Investment Adviser has given and not withdrawn its written consent to the issue of the Prospectus with references to its name in the form and context in which such references appear.

14.5 The CISEA Sponsor was incorporated as a private company on 14 October 1999 with registered number 75332. The CISEA Sponsor under the Companies (Jersey) Law 1991. The registered office of the CISEA Sponsor is 47 Esplanade, St Helier, Jersey JE1 0BD. The CISEA Sponsor has given and not withdrawn its written consent to the issue of the Prospectus with references to its name in the form and context in which such references appear.

- 14.6 Deloitte LLP of 2 New Street Square, London EC4A 3BZ is the auditor for the Group and has been the only auditor of the Company since its incorporation. Deloitte LLP is a member firm of the Institute of Chartered Accountants in England and Wales.
- 14.7 No application is being made for the Shares to be dealt with in or on any stock exchange or investment exchange other than the CISEA.
- 14.8 Where third party information has been referenced in the Prospectus, the source of that third party information has been disclosed. All information in the Prospectus that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## 15 **AVAILABILITY OF THIS DOCUMENT**

Copies of the Prospectus are available, for inspection only from the date of the Prospectus from the National Storage Mechanism ([www.morningstar.co.uk/uk/nsm](http://www.morningstar.co.uk/uk/nsm)) and may be obtained from the date of the Prospectus until 21 September 2017 from the registered office of the Company.

## 16 **DOCUMENTS AVAILABLE FOR INSPECTION**

- 16.1 Copies of the following documents will be available for inspection at the registered office of the Company and the offices of Carey Olsen Corporate Finance Limited, 47 Esplanade, St Helier, Jersey, JE1 OBD during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of the Prospectus until 21 September 2017:
- (a) the memorandum of association of the Company and the Articles; and
  - (b) the Prospectus.

## PART 8

### AIFMD – ARTICLE 23 DISCLOSURES

This Part 8 contains the information required to be made available to investors in the Company before they invest, pursuant to Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers and UK implementing measures (the Alternative Investment Fund Managers Regulations No.1773/2013, and consequential amendments to the FCA Handbook).

The table below sets out information required to be disclosed pursuant to the AIFM Directive and related national implementing measures.

This Part 8 contains solely that information that the Company is required to make available to investors pursuant to the AIFM Directive and should not be relied upon as the basis for any investment decision.

DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
<p>1(a) a description of the investment strategy and objectives of the Company</p>	<p>The investment objective of the Company is to provide Shareholders with regular, sustainable and growing long-term coupled with the potential for capital appreciation over the medium to long term.</p> <p><b>Investment policy</b></p> <p>The Company intends to meet its investment objective by purchasing and then letting, to the extent not already let, a portfolio of residential properties in key locations within UK cities (excluding London), where the Directors believe the income and value potential is greatest.</p> <p>Consistent with its investment objective, it will aim to identify properties which are expected to achieve long-term house price growth and rental yields at an average or above average level for the region. In researching properties and the associated risks, the Investment Adviser will consider factors such as location, property type, demand indicators, and physical and environmental factors.</p> <p>The Company will acquire both houses and flats which will be both new build and existing properties. Where appropriate, discounts will be sought on purchases that mitigate or eliminate the transactional costs of investment or provide an element of additional performance.</p> <p>The Company will maintain a let Investment Portfolio, but it will not aim to reflect the UK market at large, including geographic mix. The Company will specifically avoid exposure to prime property, London and rural areas. Attention will also be given to maintain appropriate diversification and a prudent spread of risk at all times. Initially the Company intends to focus investment in Birmingham, Leeds and Manchester. However the Company reserves the right to invest elsewhere in opportunities that align</p>

	<p>with its investment objective.</p> <p>Properties will generally be let on an assured shorthold tenancy (“AST”) basis. Where opportunities arise and fit with the Company’s investment objective, units may be let on a ‘part sale, part rent’ basis, or let to specialist operators for use as serviced apartments, or units obtained from residential developers on a sale and leaseback basis. Properties subject to non-AST leases will be managed to ensure that the Company is not unduly exposed to counterparty or liquidity risk.</p> <p>The Company may invest in land or buildings for the purposes of development and sale and/or letting subject to the below investment restriction limits. Before purchasing any property for development, the AIFM and the Investment Adviser will take all reasonable steps to ensure the provenance, reliability and financial stability of third parties issuing the purchase contract. Any deposit monies payable under development contracts will be held in escrow and only released to the third party on phased completion of the development or works.</p> <p>The Company will maintain the ability to invest in property related securities, including shares in other REITs, units in authorised property unit trusts, participation in property partnerships and/or property limited partnerships, units in regulated collective investment schemes, and other transferable securities.</p>
(b) if the Company is a feeder fund, information on where the master fund is established;	N/a
(c) if the Company is a fund of funds, information on where the underlying funds are established;	N/a
(d) a description of the types of assets in which the Company may invest;	The Company meets its investment objective through purchasing and then letting, to the extent not already let, a portfolio of residential properties in key locations within UK cities (excluding London), where the Directors believe the income and value potential is greatest.
(e) the investment techniques that the Company may employ and all associated risks;	<p><b>Investment origination</b></p> <p>The Investment Adviser takes a location-led approach to sourcing opportunities. Areas of interest in UK cities will be identified based on analysis of past price and rent trends, planned supply, demographic shifts, length of commute, customer demand indicators and other key data points.</p> <p>Opportunities will be sourced by the Investment Adviser for approval by the AIFM and the Company from new build developers, estate agents managing existing properties and, in time, directly from individuals themselves. Where possible,</p>

	<p>properties will be bought at a discount in order to seek to minimise Stamp Duty Land Tax and other costs of acquisition.</p> <p>In purchasing individual houses and flats, opportunities can easily be sourced on the mass market from portals such as Zoopla, as well as through existing relationships with housing associations and developers.</p> <p><b>Due Diligence</b></p> <p>All further investments, whether originated by the Investment Adviser or otherwise, will be subject to appropriate due diligence and agreement on acquisition price, and RICS valuation by an independent third party valuer.</p> <p>Before presentation to the AIFM and the Company, the Investment Adviser will undertake comprehensive and rigorous due diligence on each opportunity, its alignment to the Investment Objective of the REIT and the fit with the portfolio as a whole. The Investment Adviser will undertake investment monitoring on behalf of the Company and AIFM, with reports on performance delivered on a quarterly basis.</p> <p><b>Approval and execution</b></p> <p>Once full due diligence is undertaken, proposed purchases will be presented to the Board and AIFM for final approval, based on quality of the opportunity and fit with the Investment Objective. Initially, these approvals will take place on an ad hoc basis, and will become more regular in time.</p> <p>Once approved, the Investment Adviser will execute transactions on the Company's behalf, liaising with appropriate legal and financial suppliers, as well as surveyors and valuers.</p> <p><b>Summary of key risks</b></p> <ul style="list-style-type: none"> <li>• The Company has no operating history.</li> <li>• The Company may not meet its investment objective.</li> <li>• Conditions affecting the UK property market.</li> <li>• Concentration risk.</li> <li>• Investor returns will be dependent upon the performance of the Investment Portfolio and the Company may experience fluctuations in its operating results.</li> <li>• The Company's performance will depend on occupancy rates, the rental income it produces and the duration of</li> </ul>
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	<p>tenancies which may be influenced by external factors outside the Company's control.</p> <ul style="list-style-type: none"> <li>• The Company is dependent on the AIFM, the Investment Adviser and other third party suppliers.</li> <li>• Changes in laws, regulations and/or government policy may adversely affect the Group's business.</li> <li>• Property valuation is inherently subjective and uncertain.</li> <li>• Availability of investment opportunities.</li> <li>• If the Company fails to maintain REIT status for UK tax purposes, its profits and gains will be subject to UK corporation tax.</li> </ul>
(f) any applicable investment restrictions;	<p><b>Investment restrictions</b></p> <p>The Company will, once Fully Invested, observe the following investment restrictions:</p> <ul style="list-style-type: none"> <li>• the value of no single asset at the time of investment will represent more than 20 per cent. of the Gross Asset Value of the Investment Portfolio;</li> <li>• at least 50 per cent. of the Gross Asset Value of the Investment Portfolio will be invested in directly held properties;</li> <li>• no more than 15 per cent. of the Gross Asset Value of the Investment Portfolio may at any time consist of property that is under development. For these purposes, “<b>development</b>” excludes refurbishment work and includes forward funding development and forward commitments;</li> <li>• no more than 20 per cent. of the Gross Asset Value of the Investment Portfolio may consist of property where income in respect of such portion of the Investment Portfolio is dependent on the successful completion of structural refurbishment work; and</li> <li>• no more than 15 per cent. of the Gross Asset Value shall be invested in any one collective investment undertaking.</li> </ul> <p>The Company will at all times invest and manage its assets in a way that is consistent with its objective of spreading investment risk and in accordance with its published investment policy and will not, at any time, conduct any trading activity which is</p>

	<p>significant in the context of the business of the Company as a whole.</p> <p>The Directors currently intend to conduct the affairs of the Company so as to enable it to qualify as a REIT for the purposes of Part 12 of the CTA 2010 (and the regulations made thereunder).</p> <p>In the event of a breach of the investment policy and investment restrictions set out above, the Directors upon becoming aware of such breach will consider whether the breach is material, and if it is, notification will be made through a CISEA announcement.</p>
(g) the circumstances in which the Company may use leverage;	<p>The Company does not currently intend to utilise gearing to amplify returns. However, the Group may, in the future use gearing in order to generate short term cash flow facilities and create short term liquidity in respect of redemptions.</p> <p>If, in the future, the Group does decide to introduce gearing it will look to maintain a conservative level of gearing and would intend to limit the Group borrowings to a maximum of 40 per cent. of the Group's gross assets at the relevant time.</p>
(h) the types and sources of leverage permitted and the associated risks;	<p>The Group may in the future take on leverage in accordance with the Company's borrowing policy. Investors should be aware that, whilst the use of borrowings should enhance Net Asset Value per Share, where the value of the Group's underlying assets is rising, it will have the opposite effect where the underlying asset value is declining. In addition, in the event that the rental income derived from the Group's property assets declines, including as a result of defaults by the tenants pursuant to their leases with the Group, the use of borrowings will amplify the impact of such declines on the net revenue of the Group and, accordingly, this may have a material adverse effect on the Group's profitability, dividend payments, the Net Asset Value and the price of the Shares.</p> <p>If the value of the Group's assets falls, the Net Asset Value of the Company will reduce. Furthermore, the borrowings which certain Group companies' use (and which the Group will in the future use) are expected to contain loan to value covenants, being the accepted market practice in the UK. If real estate assets owned by Group companies and used as collateral for any borrowings decrease in value such covenants could be breached, and the impact of such an event could include: an increase in borrowing costs; a call for additional capital from the lender; or payment of a fee to the lender; or in such cases where other remedies were not available, it could require a sale of an asset, or a forfeit of any asset to a lender, this could result in a total or partial loss of</p>

	<p>equity value for each specific asset, or indeed the Group as a whole.</p> <p>Any increase in Sterling interest rates could have an adverse impact on the Group's cost of borrowing or its ability to secure borrowing facilities and could result in the expected dividends of the Company being reduced and a reduction in the price of the Shares.</p> <p>Any amounts that are secured by a Group Company under a loan facility are likely to rank ahead of Shareholders' entitlements and accordingly, should the Group's assets generate insufficient returns to cover the Group's operating costs and interest expense, Shareholders may not recover their initial investment on a liquidation of the Company or when they sell their Shares.</p>
(i) any collateral and asset reuse arrangements;	Borrowings employed by the Group may either be secured on individual assets without recourse to the Company or by a charge over some or all of the Company's assets to take advantage of potentially preferential terms.
(j) the maximum level of leverage which the Company is entitled to employ;	<p>The Company does not intend to use borrowing. However if, in the future, it does decide to, the level of borrowing will be on a prudent basis for the asset class, and will seek to achieve a low cost of funds, whilst maintaining flexibility in the underlying security requirements.</p> <p>The AIFM Directive prescribes two methods of measuring and expressing leverage (as opposed to gearing) and requires disclosure of the maximum amount of 'leverage' the Company might be subject to. The definition of leverage is wider than that of gearing and includes exposures that are not considered to be gearing.</p> <p>Without prejudice to the foregoing (in compliance with the investment policy concerning gearing), the Company has set a maximum leverage limit of 1.66x (on both a "gross" and "commitment" basis).</p>
(2) a description of the procedures by which the Company may change its investment strategy or investment policy, or both;	No material change will be made to the investment policy and investment restrictions except in accordance with the CISEA Listing Rules.
(3) a description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, the	The Company is a company limited by shares, incorporated in England and Wales. While investors acquire an interest in the Company on subscribing for or purchasing shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, Shareholders have no direct legal or beneficial



applicable law and the existence or absence of any legal instruments providing for the recognition and enforcement of judgments in the territory where the Company is established;

interest in those investments. The liability of Shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the Shares held by them. Shareholders' rights in respect of their investment in the Company are governed by the Company's articles of association and the Companies Act. Under English law, the following types of claim may in certain circumstances be brought against a company by its shareholders: contractual claims under its articles of association; claims in misrepresentation in respect of statements made in its prospectus and other marketing documents; unfair prejudice claims and derivative actions. In the event that a Shareholder considers that it may have a claim against the Company in connection with such investment in the Company, such Shareholder should consult its own legal advisers.

#### **Jurisdiction and applicable law**

As noted above, Shareholders' rights are governed principally by the Company's articles of association and the Companies Act. By subscribing for Shares, investors agree to be bound by the Articles which are governed by, and construed in accordance with, the laws of England and Wales.

#### **Recognition and enforcement of foreign judgments**

Regulation (EC) 593/2008 ("**Rome I**") must be applied in all member states of the European Union (other than Denmark). Accordingly, where a matter comes before the courts of a relevant member state, the choice of a governing law in any given agreement is subject to the provisions of Rome I. Under Rome I, the member state's court may apply any rule of that member state's own law which is mandatory irrespective of the governing law and may refuse to apply a rule of governing law if it is manifestly incompatible with the public policy of that member state. Further, where all other elements relevant to the situation at the time of the choice are located in a country other than the country whose law has been chosen, the choice of the parties shall not prejudice the application of provisions of the law of that other country which cannot be derogated from by agreement.

Shareholders should note that there are a number of legal instruments providing for the recognition and enforcement of foreign judgments in England. Depending on the nature and jurisdiction of the original judgment, Council Regulation (EC) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, Regulation (EC) No 805/2004 of the European Parliament and of the Council of 21 April 2004 creating a European Enforcement Order for uncontested claims, the Convention on jurisdiction and the

	<p>recognition and enforcement of judgments in civil and commercial matters done at Lugano on 30 October 2007, the Administration of Justice Act 1920 and the Foreign Judgment (Reciprocal Enforcement) Act 1933 may apply. There are no legal instruments providing for the recognition and enforcement of judgments obtained in jurisdictions outside those covered by the instruments listed above, although such judgments might be enforceable at common law.</p>
<p>(4) the identity of the AIFM, the Company's depositary, the auditor and any other service providers and a description of their duties and the investors' rights;</p>	<p><b>AIFM</b></p> <p>Gallium Fund Solutions Limited, Gallium House Unit 2, Station Court, Borough Green, Sevenoaks, Kent, TN15 8AD</p> <p>Gallium Fund Solutions Limited has been appointed as the Company's external AIFM. The AIFM will be responsible for the Company's risk and portfolio management.</p> <p><b>Investment Adviser</b></p> <p>Bricklane Investment Services Ltd, 20 Ropemaker Street, London, EC2Y 9AR.</p> <p>Bricklane Investment Services Ltd has been appointed as the Investment Adviser for the Company with responsibility for providing investment advice in accordance with the Company's investment objectives and policy, subject to the overall supervision and control of the Directors.</p> <p><b>CISEA Sponsor</b></p> <p>Carey Olsen Corporate Finance Limited, 47 Esplanade, St Helier, Jersey, JE1 0BD</p> <p>Carey Olsen Corporate Finance Limited has been appointed as CISEA Sponsor to the Company.</p> <p><b>Depositary:</b></p> <p>Gallium P E Depositary Limited, Gallium House Unit 2, Station Court, Borough Green, Sevenoaks, Kent, TN15 8AD</p> <p>Gallium P E Depositary Limited has been appointed as depositary to the Company. The Depositary acts as the sole depositary of the Company and is, amongst other things, responsible for:</p> <ul style="list-style-type: none"> <li>• ensuring the Company's cash flows are properly monitored;</li> </ul>

- the safe keeping of the assets of the Group; and
- the oversight and supervision of the Company in conjunction with the AIFM.

**Auditor**

Deloitte LLP, 2 New Street Square, London EC4A 3BZ

Deloitte LLP provides audit services to the Group. The auditor's principal responsibilities are to audit and express an opinion on the financial statements of the Company in accordance with applicable law and auditing standards. The annual report and accounts are prepared according to accounting standards laid out under IFRS.

**Investors' Rights**

The Company is reliant on the performance of third party service providers, including the AIFM, the Investment Adviser, the Depositary and the Auditor.

Without prejudice to any potential right of action in tort that a Shareholder may have to bring a claim against a service provider, each Shareholder's contractual relationship in respect of its investment in Shares is with the Company only. Accordingly, no Shareholder will have any contractual claim against any service provider with respect to such service provider's default.

In the event that a Shareholder considers that it may have a claim against a third party service provider in connection with such Shareholder's investment in the Company, such Shareholder should consult its own legal advisers.

The above is without prejudice to any right a Shareholder may have to bring a claim against an FCA authorised service provider under section 138D of the Financial Services and Markets Act 2000 (which provides that breach of an FCA rule by such service provider is actionable by a private person who suffers loss as a result), or any tortious cause of action. Shareholders who believe they may have a claim under section 138D of the Financial Services and Markets Act 2000, or in tort, against any service provider in connection with their investment in the Company, should consult their legal adviser.

Shareholders who are "Eligible Complainants" for the purposes of the FCA "Dispute Resolutions Complaints" rules (natural persons, micro-enterprises and certain charities or trustees of a trust) are able to refer any complaints against FCA authorised

	<p>service providers to the Financial Ombudsman Service ("FOS") (further details of which are available at <a href="http://www.fscs.org.uk">www.fscs.org.uk</a>). Additionally, Shareholders may be eligible for compensation under the Financial Services Compensation Scheme ("FSCS") if they have claims against an FCA authorised service provider which is in default. There are limits on the amount of compensation. Further information about the FSCS is at <a href="http://www.fscs.org.uk">www.fscs.org.uk</a>. To determine eligibility in relation to either the FOS or the FSCS, Shareholders should consult the respective websites above and speak to their legal advisers.</p>
(5) a description of how the AIFM complies with the requirements referred to in IPRU-INV 11.3.11G (Professional negligence) relating to professional liability risk;	Professional liability risks resulting from those activities which the AIFM carries out pursuant to the AIFM Directive, are, to the extent required by law, covered by the AIFM through additional own funds.
(6) a description of:	N/a
(a) any management function delegated by the Manager;	
(b) any safe-keeping function delegated by the depositary;	N/a
(c) the identity of each delegate appointed in accordance with FUND 3.10 (Delegation); and	N/a
(d) any conflicts of interest that may arise from such delegations;	N/a
(7) a description of the Company's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing any hard-to-value assets, in line with FUND 3.9 (Valuation);	<p><b>Property valuation:</b></p> <p>The Directors intend to use professional independent property valuers to value properties owned by the Company on a monthly basis. There is an in-person valuation before purchase, followed by a monthly 'desk valuation' based on review of the market over the past month. Further in-person inspections will be performed as considered necessary by the Directors, likely to be every three to five years. The valuations of the Group's properties are at fair value as determined by the Valuer on the basis of market value in accordance with the internationally accepted RICS Red Book.</p> <p>Details of each monthly valuation, and of any suspension in the making of such valuations, are announced by the Company via a CISEA announcement as soon as practicable after the relevant valuation date.</p>

	<p><b>Calculation of Net Asset Value</b></p> <p>The Net Asset Value (and Net Asset Value per Share) is calculated monthly by the AIFM. Calculations are made in accordance with IFRS. Details of each monthly valuation, and of any suspension in the making of such valuations, are announced by the Company via a CISEA announcement as soon as practicable after the end of the relevant half year. The monthly valuations of the Net Asset Value (and Net Asset Value per Share) are calculated on the basis of the most recent valuation of the Company's properties.</p>
<p>(8) a description of the Company's liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors;</p>	<p>The Company is a closed-ended investment company incorporated in England and Wales on 28 July 2016 which will carry on business as the principal company of a REIT. Shareholders are entitled to participate in the assets of the Company attributable to their shares in a winding-up of the Company or other return of capital, but they have no rights of redemption.</p> <p>Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected. The Company mitigates this risk by maintaining a balance between continuity of funding and flexibility through the use of bank deposits and loans.</p>
<p>(9) a description of all fees, charges and expenses, and the maximum amounts directly or indirectly borne by investors;</p>	<p>The annual running costs of the Company excluding fees for property valuation, Annual Management Charge and SDLT costs are estimated to be in the region of 1.00% of Net Asset Value of the Company. This figure excludes any non-recurring or extraordinary expenses. The Annual Management Charge is 0.85% per annum of the Net Asset Value of the Company (exclusive of VAT).</p> <p>Given that many of the fees are irregular in their nature, the maximum amount of fees, charges and expenses that Shareholders will bear in relation to their investment cannot be disclosed in advance.</p>
<p>(10) a description of how the Company ensures a fair treatment of investors;</p>	<p>As directors of a company incorporated in England and Wales, the Directors have certain statutory duties with which they must comply. These include a duty upon each Director to act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.</p> <p>No investor has a right to obtain preferential treatment in relation</p>

	<p>to their investment in the Company and the Company does not give preferential treatment to any investors.</p> <p>The Shares rank <i>pari passu</i> with each other.</p>
(11) whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of:	N/a
(a) that preferential treatment;	N/a
(b) the type of investors who obtain such preferential treatment; and	N/a
(c) where relevant, their legal or economic links with the Company;	N/a
(12) the procedure and conditions for the issue and sale of units or shares;	<p>The Shares are admitted to listing and to trading on the official list of the CISEA. Accordingly, the Shares may be purchased and sold on the CISEA.</p> <p>New Shares may be issued at the Board's discretion and providing relevant Shareholder issuance authorities are in place. Shareholders do not have the right to redeem their Shares. While the Company will typically have Shareholder authority to buy back Shares any such buy back is at the absolute discretion of the Board and no expectation or reliance should be placed on the Board exercising such discretion.</p>
(13) the latest net asset value of the Company or the latest market price of the unit or share of the Company, in line with FUND 3.9 (Valuation);	<p>The Company is newly incorporated and no Net Asset Value has been calculated. It is expected that, following Initial Admission, the Net Asset Value per Share will be 100 pence.</p> <p>When published, net asset value announcements can be found on the Company's website: <a href="http://www.bricklane.com/plc/residential">http://www.bricklane.com/plc/residential</a>.</p>
(14) the latest annual report, in line with FUND 3.3 (Annual report of an AIF);	<p>The Company is newly incorporated and has not published an annual report yet in line with FUND 3.3.</p> <p>When published, annual reports can be found on the Company's website: <a href="http://www.bricklane.com/plc/residential">http://www.bricklane.com/plc/residential</a>.</p>
(15) where available, the historical performance of the	The Company is newly incorporated and has not published any annual or interim financial statements.

Company;	When published, annual and interim financial statements can be found on the Company's website: <a href="http://www.bricklane.com/plc/residential">http://www.bricklane.com/plc/residential</a> .
(16)	
(a) the identity of the prime brokerage firm;	N/a
(b) a description of any material arrangements of the Company with its prime brokerage firm and the way any conflicts of interest are managed;	N/a
(c) the provision in the contract with the depositary on the possibility of transfer and reuse of Company assets; and	N/a
(d) information about any transfer of liability to the prime brokerage firm that may exist; and	N/a
(17) a description of how and when the information required under FUND 3.2.5 R and FUND 3.2.6 R will be disclosed.	<p>In order to meet the requirements of FUND 3.2.5 R, the Company intends to disclose annually in the Company's annual report (pursuant to FUND 3.3):</p> <p>(1) the percentage of the Company's assets that are subject to special arrangements arising from their illiquid nature, if applicable;</p> <p>(2) any new arrangements for managing the liquidity of the Company; and</p> <p>(3) the current risk profile of the Company and the risk management systems employed by the Company to manage those risks.</p> <p>Information will also be provided to investors regarding any changes to:</p> <p>(a) the maximum level of leverage that the Company may employ;</p> <p>(b) any right of reuse of collateral or any guarantee granted under the leveraging arrangement; and</p>

	<p>(c) the total amount of leverage employed by the Company.</p> <p>To meet the requirements of FUND 3.2.6 R, this information will be provided to investors by way of an update to these disclosures or in such other manner the Company deems appropriate.</p>
	<p><b>Amendment of this Part 8</b></p> <p>When there is a material change to the information contained in these disclosures, it shall be updated.</p>



## PART 9

### TERMS AND CONDITIONS OF SHARE ISSUANCE PROGRAMME

#### 1 INTRODUCTION

Applications must be made by placing a revocable order to subscribe for Shares on <https://bricklane.com> (the "**Application**" and the "**Website**" respectively). Investors will be required to register with Bricklane Investment Services Ltd and sign-up to Bricklane investor terms (also available on the Website) prior to making an Application. If there is any conflict between these Terms and Conditions and Bricklane investor terms available on the Website, the provisions of these Terms and Conditions will prevail.

#### 2 EFFECT OF APPLICATION

Applications under the Share Issuance Programme must be for a minimum subscription amount of £100 as a one-off transaction, after which an applicant may subscribe to a monthly regular payment, subject to a minimum of £50 per month. Multiple applications will be accepted. If an issue does not proceed, any subscription monies received will be returned, without interest, at the risk of the applicant.

##### 2.1 Offer to acquire Shares

By completing and submitting an Application on the Website, you as an applicant:

- (a) indicate that you are willing to offer to subscribe for such number of: Shares as may be purchased by the subscription amount specified in your Application on the Website (being a minimum of £100 worth of Shares as a one-off payment, after which an applicant may subscribe to a monthly regular payment, subject to a minimum of £50 per month) on the terms, and subject to the conditions, set out in this document, which include Bricklane investor terms set out on the Website (which are incorporated by reference);
- (b) undertake that sufficient funds will be held in the bank account for which you have provided direct debit details to the Company's payment provider from which the subscription amount specified in your Application will be collected in full. You agree that if such remittance is not so received you will not be entitled to any Shares unless and until you make payment in cleared funds for such Shares and such payment is accepted by the Company (which acceptance shall not constitute an acceptance of your Application under the issue and shall be in its absolute discretion and on the basis that you indemnify the Company against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) avoid the agreement to allot the Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by way of a cheque in your favour at your risk, for an amount equal to the proceeds of the remittance which accompanied your Application, without interest);
- (c) agree, in respect of applications for Shares, that no allotment shall be made:

- (i) pending clearance of your remittance;
  - (ii) pending investigation of any suspected breach of the warranties contained in paragraph 2.4(a), (b), (f), (h), (m), (n), (o), (p) or (q) below or any other suspected breach of these Terms and Conditions; or
  - (iii) pending any verification of identity which is, or which the Company considers may be, required for the purpose of the UK Money Laundering Regulations and any other regulations applicable thereto, and any interest accruing on such retained monies shall accrue to and for the benefit of the Company;
- (d) agree, on the request of the Company to disclose promptly in writing to them such information as the Company may request in connection with your Application and authorise the Company to disclose any information relating to your Application which they may consider appropriate;
  - (e) agree that if evidence of identity satisfactory to the Company is not provided to the Company within a reasonable time (in the opinion of the Company) following a request therefor, the Company may treat your Application as terminated and, in such case, your subscription monies will be returned by a cheque drawn on a branch of a UK clearing bank to the bank account on which the payment accompanying the application was first drawn without interest and at your risk;
  - (f) agree that you are not applying on behalf of a person engaged in money laundering;
  - (g) undertake to pay interest at the rate described in paragraph 2.2 below if the remittance accompanying your Application is not honoured on first presentation;
  - (h) authorise the Company to return any monies returnable by electronic bank transfer or a cheque drawn on a branch of a UK clearing house to the bank account name from which such monies were received without interest and at your risk;
  - (i) confirm that you have read and complied with paragraph 2.7 below;
  - (j) agree that all subscription cheques and payments will be processed through a bank account (the "Acceptance Account") in the name of Gallium Fund Solutions Limited;
  - (k) agree that your Application is addressed to the Company;
  - (l) agree that the number of Shares to be allotted will be rounded down to the nearest whole number and excess funds shall be retained by Gallium Fund Solutions Limited and will be included in any future Share subscriptions by yourself;
  - (m) acknowledge that the offer to the public of Shares is being made only in the United Kingdom, and is not available to non-UK residents; and
  - (n) agree that any application may be rejected in whole or in part at the discretion of the Company.

## 2.2 Acceptance of your offer

Your offer to subscribe (if your Application is received, valid (or treated as valid), processed and not rejected) shall be deemed to be accepted by the Company on the basis of allocation (in which case the acceptance will be on that basis).

The basis of allocation will be determined by the Company. The right is reserved notwithstanding the basis as so determined to reject in whole or in part and/or scale back any Application on a 'first come first served' basis. The right is reserved to treat as valid any application not complying fully with these Terms and Conditions or not in all respects completed or delivered in accordance with the instructions accompanying the Application. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application where you have agreed with the Company in some other manner to apply in accordance with these Terms and Conditions.

Investors will be notified of their allocations under an issue via the Website. The payment provider instructed by the Company will collect in the subscription amount by debit card payment and remit to Gallium Fund Solutions Limited all cash payments received within 5 to 10 business days of initial request.

The Company may require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Company to be the interest on the amount of the payment from the date on which all payments in cleared funds are due to be received until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Company plus four percent per annum. The right is also reserved to reject in whole or in part, or to scale down or limit, any Application.

Payments will be made electronically by debit card via the Website's payment provider. Each Investor will be required to agree to such payment provider's terms and conditions before the Application is made.

### **2.3 Return of application monies**

Where application monies have been banked and/or received, if any Application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest by electronic bank transfer, cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto, without interest. In the meantime, application monies will be retained by the Company in a separate account.

### **2.4 Warranties**

By completing an Application, you:

- (a) undertake and warrant to the Company that, you are making the Application in your own name and on behalf of yourself and if you make the Application on behalf of a corporation, you have due authority to do so on behalf of that corporation and that corporation will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions

and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;

- (b) warrant to the Company that you have complied with the laws of all relevant territories, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company, the AIFM or the Investment Adviser 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 in connection with an issue in respect of your application;
- (c) confirm to the Company that (save for advice received from your financial adviser (if any)) in making an Application you are not relying on any information or representations in relation to the Company other than those contained in the Prospectus (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for the Prospectus or any part thereof shall have any liability for any such other information or representation;
- (d) agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and representations contained therein;
- (e) acknowledge that no person is authorised in connection with an issue to give any information or make any representation other than as contained in the Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by the Company;
- (f) warrant to the Company that you are not under the age of 18 on the date of your application;
- (g) agree that all documents and monies sent by post to, by, from or on behalf of the Company, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address and/or bank account as set out in your Application;
- (h) confirm to the Company that you have reviewed the restrictions contained in paragraph 2.7 below and warrant that you (and any person on whose behalf you apply) comply with the provisions therein;
- (i) agree that, in respect of those Shares for which your Application has been received and processed and not rejected, acceptance of your Application shall be constituted by the Company allotting the Shares;
- (j) agree that all Applications, acceptances of Applications and contracts resulting therefrom under the Share Issuance Programme shall be governed by and construed in accordance with the laws of England and Wales and that you submit to the jurisdiction of the Courts of England and Wales and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;

- (k) irrevocably authorise the Company or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Shares subscribed by or issued to you into your name and authorise any representatives of the Company to execute any documents required therefor and to enter your name on the Register;
- (l) agree to provide the Company with any information which it may request in connection with your Application or to comply with any other relevant legislation (as the same may be amended from time-to-time) including without limitation satisfactory evidence of identity to ensure compliance with the UK Money Laundering Regulations;
- (m) warrant to the Company in connection with your Application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, the AIFM or the Investment Adviser acting in breach of the regulatory or legal requirements of any territory in connection with an issue or your application;
- (n) represent and warrant to the Company that: (i) you are acquiring the Shares in a transaction meeting the requirements of Regulation S or Regulation D; (iii) you understand and acknowledge that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, into or within the United States or to, or for the account or benefit of, U.S. Persons unless there is a relevant exemption;
- (o) represent and warrant to the Company that if in the future you decide to offer, sell, transfer, assign or otherwise dispose of the Shares, you will do so only (i) in an offshore transaction complying with the provisions of Regulation S under the U.S. Securities Act to a person outside the United States and not known by the transferor to be a U.S. Person, by pre-arrangement or otherwise, or (ii) to the Company or a subsidiary thereof. You understand and acknowledge that any sale, transfer, assignment, pledge or other disposal made other than in compliance with the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- (p) agree that the Company will not treat you as its customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the Shares or concerning the suitability of the Shares for you or be responsible to you for the protections afforded to their customers and any relationship between you and the Company will be governed by the terms and conditions set out on the Website;
- (q) warrant to the Company that you (i) fully understand the risks associated with an investment in Shares; and (ii) are able to bear the economic risk of your investment in the Company and are currently able to afford the complete loss of such investment;

- (r) warrant to the Company that you are not subscribing for the Shares using a loan which would not have been given to you or any associate or not given to you on such favourable terms, if you had not been proposing to subscribe for the Shares; and
- (s) warrant to the Company that the information contained in the Application is true and accurate.

## 2.5 Money Laundering

You agree that, in order to ensure compliance with the UK Money Laundering Regulations and any other applicable regulations, the Company may at its absolute discretion require verification of identity of you the (the "holder(s)") as the applicant lodging an Application and further may request from you and you will assist in providing identification of:

- (a) the owner(s) and/or controller(s) (the "payor") of any bank account not in the name of the holder(s) on which is drawn a payment by way of banker's draft or cheque; or
- (b) where it appears to the Company that a holder or the payor is acting on behalf of some other person or persons.

Failure to provide the necessary evidence of identity may result in your application being rejected or delays in the despatch of documents.

If, in such circumstances, the person whose account is being debited is not a holder you will be required to provide for both the holder and the payor an original or a copy of that person's passport or driving licence certified by a solicitor and an original or certified copy of the following no more than three months old, a gas, electricity, water or telephone (not mobile) bill, a recent bank statement or a council tax bill, in their name and showing their current address (which originals will be returned by post at the addressees' risk) together with a signed declaration as to the relationship between the payor and you the holder.

For the purpose of the UK Money Laundering Regulations or otherwise a person making an application for Shares will not be considered as forming a business relationship with the Company but will be considered as effecting a one-off transaction with the Company.

The person(s) submitting an application for Shares will ordinarily be considered to be acting as principal in the transaction unless the Company determines otherwise, whereupon you may be required to provide the necessary evidence of identity of the underlying beneficial owner(s).

## 2.6 Non-United Kingdom Investors

If you receive a copy of this document in any territory other than the United Kingdom you may not treat it as constituting an invitation or offer to you, nor should you, in any event, make an Application.

None of the Shares have been or will be registered under the laws of Canada, Japan, Australia, the Republic of South Africa or under the U.S. Securities Act or with any securities regulatory authority of any state or other political subdivision of the United States, Canada, Japan, Australia or the Republic of South Africa. If you subscribe for Shares you will, unless

the Company agree otherwise in writing, be deemed to represent and warrant to the Company that you are not a U.S. Person or a resident of Canada, Japan, Australia, the Republic of South Africa or a corporation, partnership or other entity organised under the laws of the U.S., Canada (or any political subdivision of either) or Japan or Australia or the Republic of South Africa and that you are not subscribing for such Shares for the account of any U.S. Person or resident of Canada, Japan, Australia or the Republic of South Africa and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Shares in or into the United States, Canada, Japan, Australia or the Republic of South Africa or to any U.S. Person or person resident in Canada, Japan, Australia or the Republic of South Africa. No Application will be accepted if it shows the applicant, payor or a holder having an address in the United States, Canada, Japan, Australia or the Republic of South Africa.

## 2.7 **The Data Protection Act 1998**

Pursuant to The Data Protection Act 1998 (the "**DP Act**") the Company and/or the Registrar, may hold personal data (as defined in the DP Act) relating to past and present shareholders. Such personal data held is used by the Registrar to maintain the Register and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned below when: (i) effecting the payment of dividends and other distributions to Shareholders; and (ii) filing returns of Shareholders and their respective transactions in Shares with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used.

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

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

## 2.8 **Miscellaneous**

To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the Shares and the Share Issuance Programme.

The rights and remedies of the Company under these Terms and Conditions are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.

The Company may terminate the Share Issuance Programme in its absolute discretion at any time prior to Admission. If such right is exercised, the Share Issuance Programme will lapse and any monies will be returned as indicated without interest at the risk of the persons entitled thereto.

Save where the context requires otherwise, terms used in these Terms and Conditions bear the same meaning as where used in the Prospectus.



## PART 10

### DEFINITIONS AND GLOSSARY

The following definitions apply throughout the Prospectus unless the context requires otherwise:

<b>Admission</b>	admission of any Shares to listing on the official list of the CISEA becoming effective in accordance with the CISEA Listing Rules;
<b>AIF</b>	an alternative investment fund
<b>AIFM</b>	Gallium Fund Solutions Limited, the Company's alternative investment fund manager
<b>AIFM Agreement</b>	the agreement dated 19 August 2016 between the Company, the Investment Adviser and the AIFM, a summary of which is set out in paragraph 8.1 of Part 7 of the Prospectus
<b>AIFM Directive</b>	the European Union's Alternative Investment Fund Managers directive (No. 2071/61/EU) and all legislation made pursuant thereto, including, where applicable, the applicable implementing legislation and regulations in each member state of the European Union
<b>AIFM Regulations</b>	the Alternative Investment Fund Managers Regulations 2013 of the United Kingdom (SI 2013/1773)
<b>AIFM Rules</b>	the AIFM Directive and all applicable rules and regulations implementing the AIFM Directive in the UK, including without limitation the AIFM Regulations and all relevant provisions of the FCA Handbook expressed to be binding on the AIFM
<b>Annual Management Charge</b>	the fee payable to the Investment Adviser, details of which are set out in Part 4 of the Prospectus
<b>Articles or Articles of Association</b>	the articles of association of the Company
<b>Auditors</b>	means the auditors from time to time of the Company, the current such auditors being Deloitte LLP who are registered with the Institute of Chartered Accountants of England and Wales
<b>Audit Committee</b>	the audit committee of the Board
<b>Business Day</b>	any day which is not a Saturday or Sunday, Christmas Day, Good Friday or a bank holiday in the City of London

<b>Capital gains tax or CGT</b>	UK taxation of capital gains or corporation tax on chargeable gains, as the context may require
<b>certificated or in certificated form</b>	not in uncertificated form
<b>CISEA</b>	Channel Islands Securities Exchange Authority Limited
<b>CISEA Listing Rules</b>	the listing rules of the CISEA
<b>CISEA Membership Rules</b>	the membership rules of the CISEA
<b>CISEA Sponsor</b>	Carey Olsen Corporate Finance Limited
<b>CISEA Sponsorship Agreement</b>	the agreement dated 19 September 2016 between the Company and the CISEA Sponsor, a summary of which is set out at paragraph 8.3 of Part 7 of the Prospectus
<b>Companies Act or Act</b>	the Companies Act 2006 and any statutory modification or re-enactment thereof for the time being in force
<b>Company</b>	Bricklane Residential REIT PLC
<b>Concert Party</b>	has the meaning given to it on page 44 of the Prospectus
<b>CREST</b>	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
<b>CTA 2009</b>	Corporation Tax Act 2009 and any statutory modification or re-enactment thereof for the time being in force
<b>CTA 2010</b>	Corporation Tax Act 2010 and any statutory modification or re-enactment thereof for the time being in force
<b>Depository</b>	Gallium P E Limited, in its capacity as the Company's depository
<b>Depository Agreement</b>	the depository agreement between the Company and the Depository, a summary of which is set out in paragraph 8.4 of Part 7 of the Prospectus
<b>Directors or Board</b>	the board of directors of the Company
<b>Distribution</b>	any dividend or other distribution on or in respect of the Shares of the Company and references to a Distribution being paid include a distribution not involving a cash payment being made
<b>Distribution Transfer</b>	a disposal or transfer (however effected) by a person of his rights to a Distribution from the Company such that he is not

beneficially entitled (directly or indirectly) to such a Distribution and no person who is so entitled subsequent to such disposal or transfer (whether the immediate transferee or not) is (whether as a result of the transfer or not) a Substantial Shareholder

<b>Distribution Transfer Certificate</b>	a certificate in such form as the Directors may specify from time to time to the effect that the relevant person has made a Distribution Transfer, which certificate may be required by the Directors to satisfy them that a Substantial Shareholder is not beneficially entitled (directly or indirectly) to a Distribution
<b>ERISA</b>	U.S. Employee Retirement Income Security Act of 1976, as amended
<b>EU</b>	the European Union
<b>Euro</b>	the lawful currency of the EU
<b>Excess Charge</b>	in relation to a Distribution which is paid or payable to a person, all tax or other amounts which the Directors consider may become payable by the Company under Section 551 of the CTA 2010 and any interest, penalties, fines or surcharge attributable to such tax as a result of such Distribution being paid to or in respect of that person
<b>Exchange</b>	Channel Islands Securities Exchange
<b>FCA</b>	the Financial Conduct Authority
<b>FSMA</b>	the Financial Services and Markets Act 2000 and any statutory modification or re-enactment thereof for the time being in force
<b>Fully Invested</b>	for the purposes of the investment policy, means the time when gross proceeds of £5,000,000 have been raised pursuant to the Share Issuance Programme and have been fully invested (together with any borrowings incurred in respect of the acquisition of those investments)
<b>Group</b>	the Company and the other companies in its group for the purposes of Section 606 of CTA 2010
<b>Gross Asset Value</b>	the aggregate value of the total assets of the Company as determined in accordance with the accounting principles adopted by the Company from time-to-time
<b>Gross Proceeds</b>	the gross proceeds of the Initial Issue

<b>HMRC</b>	Her Majesty's Revenue and Customs
<b>IFRS</b>	International Financial Reporting Standards
<b>Initial Admission</b>	Admission pursuant to the Initial Issue
<b>Initial Issue</b>	the first issue of Shares pursuant to the Share Issuance Programme which is expected to close on 22 September 2016
<b>Initial Issue Price</b>	100 pence per Share
<b>Investment Adviser</b>	Bricklane Investment Services Ltd
<b>Investment Advisory Agreement</b>	the agreement dated 15 September 2016 between the Company, the AIFM and the Investment Adviser, a summary of which is set out in paragraph 8.2 of Part 7 of the Prospectus
<b>Investment Portfolio</b>	the Group's aggregate property portfolio from time to time,
<b>interest in the Company</b>	includes, without limitation, an interest in a Distribution made or to be made by the Company
<b>Issue Price</b>	in the case of the Initial Issue, the Initial Issue Price and in the case of any subsequent issuance under the Share Issuance Programme, the applicable price at which the relevant Shares will be issued as calculated by reference to the Net Asset Value per Share at the time of the issue
<b>ISA</b>	UK individual savings account
<b>ISIN</b>	International Securities Identification Number
<b>ITA</b>	the Income Tax Act 2007 and any statutory modification or re-enactment thereof for the time being in force
<b>Minimum Net Proceeds</b>	the minimum net cash proceeds of the Initial Issue, being £503,953
<b>Net Asset Value or NAV</b>	the value, as at any date, of the assets of the Company after deduction of all liabilities determined in accordance with the accounting policies adopted by the Company from time-to-time
<b>Net Asset Value per Share or NAV per Share</b>	at any time the Net Asset Value attributable to the Shares divided by the number of Shares in issue (other than Shares held in treasury) at the date of calculation

<b>Non-PID Dividend</b>	a distribution by the Company which is not a PID
<b>Office</b>	the registered office for the time being of the Company
<b>official list</b>	the official list maintained by the CISEA
<b>Overseas Persons</b>	a potential investor who is not resident in, or who is not a citizen of, the UK
<b>Panel</b>	the Panel on Takeovers and Mergers
<b>person</b>	includes a body of persons, corporate or unincorporated, wherever domiciled
<b>PID or Property Income Distribution</b>	the distribution by the Company of the profits of the Company's Property Rental Business by way of a dividend in cash or the issue of share capital in lieu of a cash dividend in accordance with Section 530 of the CTA 2010
<b>Property Rental Business</b>	the qualifying property rental business in the UK and elsewhere of UK resident companies within a REIT and non-UK resident companies within a REIT with a UK qualifying property rental business
<b>Prospectus Directive</b>	the EU Prospectus Directive 2003/71/EC
<b>Prospectus Rules</b>	the prospectus rules made by the Financial Conduct Authority under Section 73A of FSMA
<b>Qualifying Property Rental Business</b>	means a Property Rental Business fulfilling the conditions in section 529 of the CTA 2010
<b>Ravenscroft</b>	Ravenscroft Limited
<b>Recognised Investment Exchange</b>	means an investment exchange in relation to which a recognition order of the FCA is in force
<b>Register</b>	the register of members of the Company
<b>Regulation S</b>	Regulation S promulgated under the U.S. Securities Act
<b>REIT or Real Estate Investment Trust</b>	a Real Estate Investment Trust as defined in Part 12 of the CTA 2010
<b>REIT Notice</b>	the notice by the Company for the Group to become a REIT
<b>Relevant Member State</b>	a member state of the European Economic Area which has implemented the Prospectus Directive

<b>Relevant Registered Shareholder</b>	a Shareholder who holds all or some of the shares in the Company that comprise a Substantial Shareholding (whether or not a Substantial Shareholder)
<b>Residual Business</b>	that part of the business of companies within a REIT that is not part of the Property Rental Business
<b>Reporting Obligation</b>	any obligation from time to time of the Company to provide information or reports to HMRC as a result of or in connection with the Company's status, or the Group's status as a REIT
<b>RICS</b>	Royal Institution of Chartered Surveyors
<b>RICS Red Book</b>	means the Royal Institution of Chartered Surveyors Valuation – Professional Standards Incorporating the International Valuation Standards, Global and UK edition January 2014
<b>RPI</b>	Retail Price Index, an inflationary indicator that measures the change in the cost of a fixed basket of retail goods as calculated on a monthly basis by the Office of National Statistics
<b>SDLT</b>	stamp duty land tax
<b>SDRT</b>	stamp duty reserve tax
<b>Shareholder</b>	a holder of Shares
<b>Shares</b>	ordinary shares of 1 penny each in the capital of the Company, designated as such and having the rights and being subject to the restrictions specified in the Articles
<b>Share Issuance Programme</b>	the programme under which the Company intends to issue Shares to investors on the Terms and Conditions set out in Part 9 of the Prospectus. Upon achieving listing on the Exchange Issuer will take advantage of the CISEA's extended offer facility in order to list the further Shares.
<b>SIPP</b>	a self-invested personal pension as defined in Regulation 3 of the UK Retirement Benefits Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001
<b>SSAS</b>	a small self-administered scheme as defined in Regulation 2 of the UK Retirement Benefits Schemes (Restriction on Discretion to Approve) (Small Self-Administered Schemes) Regulations 1991

<b>Sterling or £</b>	the lawful currency of the United Kingdom
<b>Substantial Shareholder</b>	any person whose interest in the Company, whether legal or beneficial, direct or indirect, may cause the Company to be liable to pay tax under Section 551 of CTA 2010 (as such legislation may be modified, supplemented or replaced from time to time) on or in connection with the making of a Distribution to or in respect of such person including, at the date of adoption of the Articles, any holder of excessive rights as defined in Section 553 of CTA 2010
<b>Substantial Shareholding</b>	the Shares in relation to which or by virtue of which (in whole or in part) a person is a Substantial Shareholder
<b>Takeover Code</b>	the UK City Code on Takeovers and Mergers
<b>Terms and Conditions</b>	the terms and conditions relating to the Share Issuance Programme set out in Part 9 of the Prospectus
<b>UK Money Laundering Regulations</b>	the UK Money Laundering Regulations 2007, as amended
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>uncertificated or in uncertificated form</b>	recorded on the relevant register of the shares or securities concerned as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
<b>U.S. Code</b>	U.S. Internal Revenue Code, as amended
<b>U.S. Exchange Act</b>	U.S. Exchange Act of 1934, as amended
<b>U.S. Investment Company Act</b>	U.S. Investment Company Act of 1940, as amended
<b>U.S. Person</b>	any person who is a U.S. person within the meaning of Regulation S adopted under the U.S. Securities Act
<b>U.S. Securities Act</b>	U.S. Securities Act of 1933, as amended
<b>Valuer</b>	such professional independent real estate valuer as may be appointed by the Company from time to time
<b>VAT</b>	value added tax

## SUPPLEMENTAL LISTING DOCUMENT

### BRICKLANE RESIDENTIAL REIT PLC

(incorporated in England and Wales under the Companies Act with registered number 10301242)

#### **Share Issuance Programme for up to 200 million Shares (the "Programme" and the "Shares")**

The above Programme is issued by Bricklane Residential REIT Plc (the "**Issuer**"). The Issuer is applying to the Channel Islands Securities Exchange Authority Limited (the "**CISEA**") to increase the number of further issuances permitted under the extended offer facility (the "**EOF**") during the Offer Period from 12 to 26.

The Issuer can confirm that there have been no changes to the Programme since 23 September 2016.

The date of this Supplemental Listing Document is 3 March 2017.

Unless otherwise defined, any terms used in this Supplemental Listing Document shall have the same meaning given to them in the Prospectus. This Supplemental Listing Document should be read in conjunction with the Prospectus (a copy of which is appended to this Supplemental Listing Document) and any words or expressions not otherwise defined herein shall have the same meaning given in the Prospectus.

Application will be made to the CISEA for the listing of further Shares on the Official List of the Exchange prior to the date of the issue of any further Shares. Neither the admission of the Shares to the official list of the CISEA nor the approval of the Supplemental Listing Document pursuant to the CISEA Listing Rules shall constitute a warranty or representation by the CISEA as to the competence of the service providers to, or any other party connected with, the Issuer, the adequacy and accuracy of the information contained in the Supplemental Listing Document or the suitability of the Issuer for investment or for any other purpose. The CISEA has been recognised by the HMRC under Section 841 of the Income and Corporation Tax Act 1988.

**The Supplemental Listing Document does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Issuer, the AIFM or the Investment Adviser. The offer and sale of Shares have not been and will not be registered under the applicable securities laws of the United States, Australia, Canada, South Africa or Japan. Subject to certain exceptions, the Shares may not be offered or sold within the United States, Australia, Canada, South Africa or Japan or to any national, resident or citizen of the United States, Australia, Canada, South Africa or Japan.**

Neither the U.S. Securities and Exchange Commission (the "**SEC**") nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of the



Supplemental Listing Document. Any representation to the contrary is a criminal offence in the United States.

The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or with any securities or regulatory authority of any state or other jurisdiction of the United States and the Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the Shares in the United States. The Shares are being offered or sold only outside the United States to non U.S. Persons in offshore transactions in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The Issuer has not been and will not be registered under the U.S. Investment Company Act and investors will not be entitled to the benefits of the U.S. Investment Company Act.

Copies of the Supplemental Listing Document and the Prospectus will be available on the Issuer's website (<https://www.bricklane.com/plc/residential>) and the National Storage Mechanism of the FCA at [www.morningstar.co.uk/uk/nsm](http://www.morningstar.co.uk/uk/nsm).

#### **Extended Offer Facility**

Applications have been made and will continue to be made on a per issue basis, using the EOF as provided by the CISEA, for the new Shares to be admitted to the Official List of the CISEA. It is anticipated that (subject to demand) further issues of Shares pursuant to the Programme will be made on the last Business Day of each month together with such other dates as the Directors may in their discretion determine. No new Shares will be issued if they will not be so admitted. No application is expected to be made for the Shares to be listed or dealt in on any stock exchange or investment exchange other than the CISEA.

The offer period of the Programme commenced on 21 September 2016 and will close on 20 September 2017 (or any earlier date on which it is fully subscribed) using the EOF as provided by the CISEA. The Issuer, at the date of this Supplemental Listing Document, has used all 12 of its initial 12 issuances under the EOF.

Once the increase to the EOF has been approved by the CISEA the Issuer will have a further 14 issuances pursuant to the EOF until the close of the Offer Period on 20 September 2017.

## **INCORPORATION BY REFERENCE**

All amendments and supplements to this Supplemental Listing Document prepared by the Issuer from time to time shall be deemed to be incorporated in, and to form part of, this Supplemental Listing Document, provided, however, that any statement contained in this Supplemental Listing Document or in any of the documents incorporated by reference in, and forming part of, this Supplemental Listing Document shall be deemed to be modified or superseded for the purpose of this Supplemental Listing Document to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement.

Any statement contained in this Supplemental Listing Document or any documents incorporated by reference herein, shall be deemed to be modified or superseded for the purposes of this Supplemental Listing Document to the extent that a statement contained in any document subsequently incorporated by reference and in respect of which a supplement to this Supplemental Listing Document is prepared modifies or supersedes such statement.

A copy of this Supplemental Listing Document (or any document incorporated by reference in this Supplemental Listing Document) and the Prospectus are available for inspection during normal business hours at the registered office of the Listing Sponsor for a period of 14 days following the date of the Supplemental Listing Document.

## GENERAL INFORMATION

### Authorisation

1. The issue of the Supplemental Listing Document was duly authorised at a meeting of the Board of Directors of the Issuer held on 21 February 2017.

### Litigation

2. The Issuer is not involved in any legal or arbitration proceedings (including any proceedings that are threatened of which the Issuer is aware) that may have or have had in the recent past (since the incorporate of the Issuer) a significant effect on the financial position of the Issuer.

### No Material or Adverse Change

3. There has been no material adverse changes to: (a) the Issuer; or (b) the Issuer's group structure; or (c) the Issuer's business or accounting policies; or (d) the financial or trading position of the Issuer, during the period from the incorporation of the Issuer.

### Director Information

4. The directors of the Issuer are not involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the directors of the Issuer are aware) that may have or have had, in the period since incorporation, a significant effect on the Issuer's financial position.
5. There have been no changes to the directors of the Issuer since 23 September 2016.

### Risk Factors

6. The risk factors are set out in full in the Prospectus on page 18, which is appended to this Supplemental Listing Document at Appendix I.

### Conflicts of Interest

7. There has been no change in respect of the conflicts of interest, as set out in the Prospectus. Other than as set out in the Prospectus, the directors do not hold any direct or indirect beneficial or economic interest in any of the shares of the Issuer.

### Material Contracts

8. The Material Contracts, as disclosed in the Prospectus, remain the only material contracts relevant to the Notes. Copies of the Material Contracts have (i) been provided to the holders of Shares and (ii) will be provided to any bona fide transferee of Shares on application to the Issuer.

## **Constitutive Documents**

9. There have been no changes to the constitutive documents of the Issuer since the approval of the Programme on 23 September 2016. The Issuer continues to operate in conformity with its constitutive documents and the Prospectus.

## **Appendix IX, Part B Confirmations**

10. All disclosures required under Appendix IX, Part B of the Listing Rules are satisfied by the information already disclosed in the Prospectus, apart from any additional disclosures provided in this Supplemental Listing Document.

## **Dilution from further Share issuances**

11. The Issuer intends to issue new Shares pursuant to the EOF. While the Companies Act contains statutory pre-emption rights for Shareholders in relation to issues of Shares in consideration for cash, such rights can be disapplied, and have been disapplied in relation to the maximum amount of Shares that may be issued pursuant to the Programme. Where statutory pre-emption rights are disapplied, any additional equity financing will be dilutive to those Shareholders who cannot, or choose not to, participate in such financing. As the statutory pre-emption rights have been disapplied, new investors subscribing for Shares under the Programme will participate in existing investments of the Issuer, diluting the interests of existing holders of Shares.
12. In order to avoid having to provide a supplemental Listing Document, in the event of continuous subscriptions being received in excess of 10% of the issued Share Capital of the Issuer, Shareholders should be aware that should such an event occur for any particular subscription day, or over a period on a cumulative basis, a dilution of their shareholding may occur as a result of additional Shares being issued and listed over and above those referred to within this Supplemental Listing Document. Continuous subscriptions are announced on the CISEA website under the listing details for the Issuer.

**ANNEX I – PROSPECTUS**