

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

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

Applications will be made to the UK Listing Authority and the London Stock Exchange for the Ordinary Shares to be issued in connection with the Issue and each Subsequent Placing under the Placing Programme to be admitted to listing on the premium listing segment of the Official List and to trading on the premium segment of the main market for listed securities of the London Stock Exchange respectively. It is expected that First Admission will become effective and that dealings for normal settlement in the Ordinary Shares will commence on 27 February 2017. It is expected that any Subsequent Admission pursuant to Subsequent Placings under the Placing Programme will become effective and dealings will commence between 28 February 2017 and 5 February 2018.

The Company and the Directors, whose names appear on page 36 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read the entire document and, in particular, the section headed “Risk Factors” beginning on page 19 when considering an investment in the Company.

LXI REIT PLC

(Incorporated in England and Wales with company number 10535081 and registered as an investment company under Section 833 of the Companies Act 2006)

First Placing, Offer for Subscription and Intermediaries Offer for a target issue of 200 million Ordinary Shares at 100 pence per Ordinary Share¹

Placing Programme of up to 200 million Ordinary Shares

Investment Advisor

LXI REIT Advisors Limited

AIFM

LJ Capital Limited

Sponsor, Broker, Placing Agent and Intermediaries Offer Adviser

Peel Hunt LLP

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

¹ The Directors have reserved the right, in conjunction with Peel Hunt, to increase the size of the Issue to a maximum of 300 million Ordinary Shares if overall demand exceeds 200 million Ordinary Shares, with any such increase being announced through a Regulatory Information Service.

Apart from the responsibilities and liabilities, if any, which may be imposed on Peel Hunt by FSMA, or the regulatory regime established thereunder, or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, Peel Hunt does not accept any responsibility whatsoever and makes no representation or warranty, express or implied, as to the contents of this Prospectus, including its accuracy or completeness, or for any other statement made or purported to be made by Peel Hunt, or on its behalf, the Company or any other person in connection with the Company, the Ordinary Shares, First Admission, the Issue, Subsequent Admissions or the Placing Programme and nothing contained in this Prospectus is or shall be relied upon as a promise or representation in this respect, whether as to the past or future. Peel Hunt accordingly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement.

The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the “**US Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act (“**Regulation S**”)), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940, (as amended) (the “**US Investment Company Act**”), and the recipient of this Prospectus will not be entitled to the benefits of that Act.

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

Dated: 6 February 2017

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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	Warning	<p>This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the 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	Subsequent resale or final placement of securities through financial intermediaries	<p>The Company consents to the use of this Prospectus by financial intermediaries in connection with the subsequent resale or final placement of securities by financial intermediaries.</p> <p>The offer period within which any subsequent resale or final placement of securities by Intermediaries can be made and for which consent to use the Prospectus is given commences on 6 February 2017 and closes on 21 February 2017, unless closed prior to that date.</p> <p>Any financial intermediary that uses the Prospectus must state on its website that it uses the Prospectus in accordance with the Company’s consent. Intermediaries are required to provide the terms and conditions of the Intermediaries Offer to any prospective investor who has expressed an interest in participating in the Intermediaries Offer to such Intermediary. Information on the terms and conditions of any subsequent resale or final placement of securities by any financial intermediary is to be provided at the time of the offer by the financial intermediary.</p>

Section B – Issuer		
Element	Disclosure Requirement	Disclosure
B.1	Legal and commercial name	LXI REIT plc

B.2	Domicile and legal form	The Company was incorporated in England and Wales on 21 December 2016 with registered number 10535081 as a public company limited by shares under the Companies Act. The principal legislation under which the Company operates is the Companies Act.
B.5	Group description	Not applicable. As at the date of this Prospectus the Company is not part of a group.
B.6	Major shareholders	<p>As at the date of this Prospectus, 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 Ordinary Shares pursuant to the Issue, one Ordinary Share has been issued to the subscriber to the Company's memorandum of association and will be transferred as part of the Issue. 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.7	Key financial information	Not applicable. The Company has been newly incorporated and has no historical financial information.
B.8	Key pro forma financial information	Not applicable. No pro forma financial information is included in the Prospectus.
B.9	Profit forecast	Not applicable. No profit forecast or estimate has been made in the Prospectus.
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The Company has been newly incorporated and has no historical financial information.
B.11	Qualified working capital	Not applicable. The Company is of the opinion that, on the basis that the Minimum Net Proceeds are raised, the working capital available to it is sufficient for its present requirements, that is for at least the next 12 months from the date of the Prospectus.
B.34	Investment policy	<p>Investment objective</p> <p>The investment objective of the Company is to deliver inflation-protected income and capital growth over the medium-term for Shareholders through investing in a diversified portfolio of UK property that benefits from long-term index-linked leases with institutional-grade tenants.</p> <p>Investment policy</p> <p>The Company will target inflation-protected income and capital returns through acquiring a diversified portfolio of UK property assets, let or pre-let to a broad range of tenants with strong covenants on very long and index-linked leases.</p> <p>The Company will invest in these assets directly or through holdings in special purpose vehicles and will seek to acquire high</p>

		<p>quality properties, taking into account the following key investment considerations:</p> <ul style="list-style-type: none"> • the properties will be let or pre-let to institutional grade tenants, with strong financials and a proven operating track record; • very long unexpired lease terms (typically 20 to 30 years to expiry or first break); • rent reviews to be inflation-linked or contain fixed uplifts; and • each property should demonstrate strong residual land value characteristics. <p>The Company will target a wide range of sectors, including, but not limited to, office, retail, leisure, industrial, distribution and alternatives – including hotels, serviced apartments, affordable housing and student accommodation. It will also focus on growth sub-sector areas such as discount retailers, budget hotel operators and “last mile” distribution units fuelled by online retail.</p> <p>The Company will seek to only acquire assets let or pre-let to tenants with strong financial covenants and on long leases (typically 20 to 30 years to expiry or first break), with index-linked or fixed rental uplifts, in order to provide security of income and low cost of debt. The Company will only invest in assets with leases containing regular upward-only rental reviews. These reviews will typically link the growth in rents to an inflation index such as, RPI, RPIX or CPI (with potentially a minimum and maximum level) or alternatively may have a fixed annual growth rate.</p> <p>The Company will neither undertake any direct development activity nor assume direct development risk. However, the Company may invest in fixed-price forward funded developments, provided they are pre-let to an acceptable tenant and full planning permission is in place. In such circumstances, the Company will seek to negotiate the receipt of immediate income from the asset, such that the developer is paying the Company a return on its investment during the construction phase and prior to the tenant commencing rental payments under the terms of the lease.</p> <p>Where the Company invests in forward funded developments:</p> <ul style="list-style-type: none"> • the Company will not acquire the land until full planning consent and tenant pre-lets are in place; • the Company will pay a fixed price for the forward funded purchase, covering land, construction cost and developer’s profit; • all cost overruns will be the responsibility of the developer/contractor; and • if there is a delay to completion of the works, this will be a risk for the developer/contractor, as they will pay the Company interest/rent until practical completion occurs.
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	<p>The Company may utilise derivative instruments for efficient portfolio management. The Company may engage in full or partial interest rate hedging or otherwise seek to mitigate the risk of interest rate increases as part of the Company's portfolio management.</p> <p>The Company will not invest in other investment funds.</p> <p><i>Investment restrictions</i></p> <p>The Company will invest and manage its assets with the objective of spreading risk and will have the following investment restrictions:</p> <ul style="list-style-type: none"> • the value of no single property, at the time of acquisition of the relevant investment, will represent more than 30 per cent. of the higher of: (i) Gross Asset Value; or (ii) where the Company has not yet become fully geared, Gross Asset Value adjusted on the assumption that the Company's property portfolio is geared at 30 per cent. loan to value; • the aggregate maximum exposure to any one tenant, at the time of acquisition of the relevant investment, will be 30 per cent. of the higher of: (i) Gross Asset Value; or (ii) where the Company has not yet become fully geared, Gross Asset Value adjusted on the assumption that the Company's property portfolio is geared at 30 per cent. loan to value; and • the Company will invest in no fewer than two sectors at any time. <p>The investment limits detailed above apply once the Gross Issue Proceeds are fully invested. The Company will not be required to dispose of any investment or to rebalance its portfolio as a result of a change in the respective valuations of its assets.</p> <p>The Directors are focused on delivering capital growth over the medium term, and intend to reinvest proceeds from future potential disposals in assets in accordance with the Company's investment policy. However, should the Company fail to re-invest the proceeds or part proceeds from any disposal within 12 months of receipt of the net proceeds, the Directors intend to return those proceeds or part proceeds to Shareholders in a tax efficient manner as determined by the Directors from time to time.</p> <p>Cash held for working capital purposes or received by the Company pending reinvestment or distribution will be held in sterling only and invested in cash, cash equivalents, near cash instruments and money market instruments.</p> <p>The Directors currently intend at all times 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>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>
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		<p>significant in the context of the business of the Company as a whole.</p> <p><i>Borrowing policy</i></p> <p>The Company will seek to utilise borrowings to enhance equity returns.</p> <p>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 and the structure of the Company.</p> <p>The Directors intend that the Company will maintain a conservative level of aggregate borrowings with a medium term target of 30 per cent. of the Company's gross assets and a maximum level of aggregate borrowings of 35 per cent. of the Company's gross assets at the time of drawdown of the relevant borrowings.</p> <p>Debt will be secured at the asset level and potentially at the Company or SPV level, depending on the optimal structure for the Company and having consideration to key metrics including lender diversity, debt type and maturity profiles.</p> <p>In the event of a breach of the investment policy and investment restrictions set out above, the Directors upon becoming aware of such breach will consider whether the breach is material, and if it is, notification will be made to a Regulatory information Service.</p> <p>No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution at any general meeting, which will also be notified by an RIS announcement.</p>
B.35	Borrowing limits	<p>The Company will seek to utilise borrowings to enhance equity returns.</p> <p>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 and the structure of the Company.</p> <p>The Directors intend that the Company will maintain a conservative level of aggregate borrowings with a medium term target of 30 per cent. of the Company's gross assets and a maximum level of aggregate borrowings of 35 per cent. of the Company's gross assets at the time of drawdown of the relevant borrowings.</p> <p>Debt will be secured at the asset level and potentially at the Company or SPV level, depending on the optimal structure for the Company and having consideration to key metrics including lender diversity, debt type and maturity profiles.</p>
B.36	Regulatory status	<p>The Company will not be regulated as a collective investment scheme by the FCA. However, the Company will be subject to the Listing Rules, the Prospectus Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the rules of the London Stock Exchange.</p>

		<p>As a REIT, the Ordinary Shares will be “excluded securities” under the FCA’s rules on non-mainstream pooled investments. Accordingly, the promotion of the Ordinary Shares will not be subject to the FCA’s restriction on the promotion of non-mainstream pooled investments.</p> <p>The Company is being established so as to enable it to qualify as a UK REIT. Accordingly, the Company will need to comply with certain on-going regulations and conditions, including conditions relating to its Property Rental Business and the distribution of profits.</p>
B.37	Typical investor	<p>The Ordinary Shares available under the Issue and the Placing Programme are designed to be suitable for institutional investors and professionally-advised private investors. The Ordinary Shares may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in the Ordinary Shares.</p>
B.38	Investment of 20 per cent or more in a single asset or investment company	<p>Not applicable. The Company does not at the date of this Prospectus and will not at First Admission have any such investments.</p>
B.39	Investment of 40 per cent or more in another collective investment undertaking	<p>Not applicable. The Company will not invest 40 per cent. or more of gross assets in another collective investment undertaking.</p>
B.40	Applicant’s service providers	<p><i>AIFM</i></p> <p>LJ Capital Limited has been appointed as AIFM to the Company. Under the terms of the Investment Management Agreement, the AIFM will be responsible for the day to day discretionary management of the Company’s investments subject to the investment objective and investment policy of the Company and the overall supervision of the Directors.</p> <p>The AIFM and the Company have appointed LXI REIT Advisors Limited to provide certain services in relation to the Company’s portfolio.</p> <p>The AIFM is entitled to receive a fee in respect of its services of £24,000 per annum. No performance fee will be payable to the AIFM.</p> <p><i>Investment Advisor</i></p> <p>LXI REIT Advisors Limited has been appointed to provide the Company and the AIFM with certain services in relation to the Company’s portfolio. Under the terms of the Investment Advisory Agreement, the Investment Advisor is entitled to a fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. The fee is payable monthly in arrear</p>

		<p>and is at the rate of: (i) one-twelfth of 0.75 per cent. per calendar month of Market Capitalisation up to or equal to £500 million; and (ii) one-twelfth of 0.65 per cent. per calendar month of Market Capitalisation above £500 million. No performance fee will be payable to the Investment Advisor.</p> <p><i>Sponsor, Placing Agent and Intermediaries Offer Adviser</i></p> <p>Peel Hunt has agreed to act as sponsor to the Issue and the Placing Programme.</p> <p>Peel Hunt has agreed to use its reasonable endeavours to procure subscribers under the First Placing and any Subsequent Placings. Conditional upon completion of the Issue, Peel Hunt will be paid a commission by the Company in consideration for its services in relation to the Issue.</p> <p>Peel Hunt is also entitled to receive a commission of up to 1.0 per cent. of the value of any Ordinary Shares issued pursuant to any Subsequent Placings.</p> <p><i>Administrator and Company Secretary</i></p> <p>Langham Hall UK Services LLP has been appointed as Administrator to the Company and will also provide company secretarial services and a registered office to the Company. The Administrator will provide the day-to-day administration of the Company and will also be responsible for the Company's general administrative functions, such as calculation and publication of the Net Asset Value and maintenance of the Company's accounting and statutory records.</p> <p>The fee payable under the Administration Agreement is £90,000 per annum plus an additional fee of 0.85 basis points per annum on any capital raised by the Company in excess of £250 million.</p> <p><i>Depositary</i></p> <p>Langham Hall UK Depositary LLP has been appointed as Depositary to the Company for the purposes of the AIFM Directive. The fee payable under the Depositary Agreement is £32,500 per annum plus an additional fee of 0.3 basis points per annum on any capital raised by the Company in excess of £250 million. In addition, the Depositary is entitled to receive transaction fees where the number of property acquisitions in a calendar year exceeds eight.</p> <p><i>Registrar</i></p> <p>Capita Asset Services has been appointed registrar of the Company. Under the terms of the Registrar Agreement the Registrar is entitled to an annual maintenance fee per Shareholder account per annum subject to a minimum annual fee. The Registrar is also entitled to certain transaction fees under the Registrar Agreement.</p> <p><i>Receiving Agent</i></p> <p>Capita Asset Services has been appointed as receiving agent of the Company in connection with the Offer for Subscription. Under the terms of the Receiving Agent Agreement, the</p>
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		Receiving Agent is entitled to fees in connection with the Offer for Subscription, including a professional advisory fee and a processing fee per application.
B.41	Regulatory status of investment manager and custodian	The AIFM and the Depositary are authorised and regulated by the Financial Conduct Authority.
B.42	Calculation of Net Asset Value	<p>The Net Asset Value (and Net Asset Value per Ordinary Share) will be calculated on a semi-annual basis by the Administrator (and reviewed by the Company). 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 through a Regulatory Information Service as soon as practicable after the end of the relevant period. The semi-annual valuations of the Net Asset Value (and Net Asset Value per Ordinary Share) will be calculated on the basis of the most recent semi-annual independent valuation of the Company's properties.</p> <p>The calculation of the Net Asset Value will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained or in other circumstances (such as a systems failure of the Company) which prevents the Company from making such calculations. Details of any suspension in making such calculations will be announced through a Regulatory Information Service as soon as practicable after any such suspension occurs.</p>
B.43	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.
B.44	No financial statements have been made up	The Company has not commenced operations and no financial statements have been made up as at the date of the Prospectus.
B.45	Portfolio	Not applicable. The Company is newly incorporated and does not currently hold any assets.
B.46	Net Asset Value	Not applicable. The Company has not commenced operations and so has no Net Asset Value as at the date of the Prospectus.

Section C – Securities		
Element	Disclosure Requirement	Disclosure
C.1	Type and class of securities	<p>The Company intends to issue Ordinary Shares of nominal value one penny each pursuant to the Issue and the Placing Programme.</p> <p>The ISIN of the Ordinary Shares is GB00BYQ46T41. The SEDOL of the Ordinary Shares is BYQ46T4. The ticker for the Ordinary Shares is LXI.</p>
C.2	Currency	The Ordinary Shares are denominated in sterling.

C.3	Details of share capital	<p>Set out below is the issued share capital of the Company as at the date of the Prospectus:</p> <table data-bbox="655 237 1396 387"> <thead> <tr> <th></th> <th style="text-align: right;"><i>Nominal Value (£)</i></th> <th style="text-align: right;"><i>Number</i></th> </tr> </thead> <tbody> <tr> <td>Redeemable Preference Shares</td> <td style="text-align: right;">50,000</td> <td style="text-align: right;">50,000</td> </tr> <tr> <td>Ordinary Shares</td> <td style="text-align: right;">0.01</td> <td style="text-align: right;">1</td> </tr> </tbody> </table> <p>The Redeemable Preference Shares are paid up as to one quarter of their nominal value and will be redeemed immediately following First Admission out of the proceeds of the Issue. The Ordinary Share is fully paid up.</p>		<i>Nominal Value (£)</i>	<i>Number</i>	Redeemable Preference Shares	50,000	50,000	Ordinary Shares	0.01	1
	<i>Nominal Value (£)</i>	<i>Number</i>									
Redeemable Preference Shares	50,000	50,000									
Ordinary Shares	0.01	1									
C.4	Rights attaching to the Ordinary Shares	<p>The holders of the Ordinary Shares are entitled to receive, and to participate in, any dividends declared in relation to the Ordinary Shares.</p> <p>On a winding-up or a return of capital by the Company, the net assets of the Company shall be divided <i>pro rata</i> among the holders of the Ordinary Shares.</p> <p>The Ordinary Shares carry the right to receive notice of, attend and vote at general meetings of the Company.</p> <p>The consent of the holders of the Ordinary Shares will be required for the variation of any rights attached to the Ordinary Shares.</p>									
C.5	Restrictions on the free transferability of the securities	<p>There are no restrictions on the free transferability of the Ordinary Shares, subject to compliance with applicable securities regulations.</p>									
C.6	Admission	<p>Applications will be made to the UK Listing Authority for all of the Ordinary Shares to be issued pursuant to the Issue to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the premium segment of the London Stock Exchange's main market for listed securities.</p> <p>It is expected that First Admission will become effective and dealings will commence on 27 February 2017.</p> <p>Applications will also be made to the UK Listing Authority for all of the Ordinary Shares to be issued pursuant to each Subsequent Placing under the Placing Programme to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the premium segment of the London Stock Exchange's main market for listed securities. It is expected that any Subsequent Admission will become effective and dealings will commence between 28 February 2017 and 5 February 2018.</p> <p>The Ordinary Shares will not be dealt on any other recognised investment exchange and no applications for Ordinary Shares to be traded on such other exchanges have been made or are currently expected.</p>									

C.7	Dividend policy	<p>When the Net Issue Proceeds have been fully invested, the minimum targeted annual dividend yield will be 5 per cent. by reference to the Issue Price, starting from the financial period commencing 1 April 2018, with the potential to grow the dividend in absolute terms through upward-only inflation-protected long-term lease agreements. In addition, the targeted net total Shareholder return will be a minimum of 8 per cent. per annum over the medium term. In the first financial period to 31 March 2018, whilst the Net Issue Proceeds are being deployed, the target is to pay a minimum total dividend of 3 pence per Ordinary Share.</p> <p>The dividend and return targets stated above are targets only and not a profit forecast. There can be no assurance that these targets will be met and they should not be taken as an indication of the Company's expected future results. Accordingly, potential investors should not place any reliance on these targets in deciding whether or not to invest in the Company and should decide for themselves whether or not the target dividend yield and target net total Shareholder return are reasonable or achievable.</p> <p>The Company intends to pay dividends on a quarterly basis in cash, by way of four equal dividends, with the first interim dividend expected to be declared in November 2017 and paid in December 2017.</p> <p>In order to obtain and comply with REIT status the Company will be required to meet a minimum distribution test for each year that 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> <p>In order to increase the distributable reserves available to facilitate the payment of future dividends, the Company has resolved that, conditional upon First Admission and the approval of the Court, the amount standing to the credit of the share premium account of the Company immediately following completion of the Issue be cancelled and transferred to a special distributable reserve. The Company may, at the discretion of the Board, pay all or any part of any future dividends out of this special distributable reserve, taking into account the Company's investment objective.</p>
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Section D – Risks		
Element	Disclosure Requirement	Disclosure
D.1	Key information on the key risks that are specific to the Company or its industry	<ul style="list-style-type: none"> • There can be no guarantee that the Company will achieve its investment objective or its return objectives, that any dividends will be paid in respect of any financial year or period or that investors will get back the full value of their investment. • Although the Company, acting on advice from the Investment Advisor, has identified a number of available properties that are consistent with its investment objective and investment policy there can be no certainty that the Company will be able

		<p>to acquire these or other properties on acceptable terms or at all. The Company will face competition from other property investors. Any delays in deployment of the Net Issue Proceeds may have an impact on the Company's results of operations and cash flows.</p> <ul style="list-style-type: none"> • Prior to entering into an agreement to acquire a property the Company will perform due diligence on the property concerned. In doing so it would typically rely on third parties to conduct a significant portion of this due diligence (including legal reports on title and property valuations). To the extent that such third parties underestimate or fail to identify risks and liabilities (including any environmental liabilities) associated with the property in question, this may have a material adverse effect on the Company's profitability, the Net Asset Value and the price of the Ordinary Shares. • Failure by tenants to comply with their rental obligations could affect the ability of the Company to pay dividends to Shareholders. • The Company will invest in commercial properties. Such investments are illiquid; they may be difficult for the Company to sell and the price achieved on any realisation may be at a discount to the prevailing valuation of the relevant property, which may have a material adverse effect on the Company's profitability, the NAV and the price of the Ordinary Shares. • Any property market recession or future deterioration in the property market could, <i>inter alia</i>: (i) make it harder for the Company to attract new tenants for its properties, (ii) lead to an increase in tenant defaults; (iii) lead to a lack of finance available to the Company; (iv) cause the Company to realise its investments at lower valuations; and (v) delay the timings of the Company's realisations. Any of the foregoing could have a material adverse effect on the ability of the Company to achieve its investment objective. • Property and property related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to uncertainty and there can be no assurance that the estimates resulting from the valuation process will reflect actual sales prices that could be realised by the Company in the future. The Administrator will rely on property valuations in calculating the NAV. • The investment policy provides that the Company may purchase already built property assets or, in some circumstances, forward fund property assets that are in construction. Forward funded projects are subject to the hazards and risks normally associated with the construction and development of commercial real estate, including personal injury and property damage. To the extent that such risks are not assumed by the developer, the occurrence of any of these events could result in increased operating costs, fines and legal fees and potentially in reputational damage or criminal prosecution of the Company, and its directors or management,
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		<p>all of which could have an adverse effect on the Company's business, financial condition, results of operations, future prospects or the price of the Ordinary Shares.</p> <ul style="list-style-type: none"> • The Company intends to secure borrowing facilities in the future to pursue the Company's investment objective. It is not certain that such facilities will be available on acceptable terms or at all. Whilst the use of borrowings should enhance the NAV per Ordinary Share where the value of the Company's investments is rising, it will have the opposite effect where the value of the Company's investments is falling. The Company will pay interest on its borrowings. As such, the Company may be exposed to interest rate risk due to fluctuations in the prevailing market rates. • There is a risk that the Company may incur substantial legal, financial and other advisory expenses arising from unsuccessful transactions which may include expenses incurred in dealing with transaction documentation and legal, accounting and other due diligence. • Although the Company will seek to build a portfolio diversified by sector and tenant, all of the Company's assets will, once the Company is fully invested, be invested in UK property. Consequently, any downturn in the UK and its economy or regulatory changes in the UK could have a material adverse effect on the Company's results of operations or financial condition. In addition, there are no limits on the percentage of the Company's gross assets which may be invested in any one sector, save that the Company must be invested in a minimum of two sectors at all times. Greater concentration of investments in any sector or exposure to the creditworthiness of any one tenant or tenants may lead to greater volatility in the value of the Company's investments and the NAV and may materially and adversely affect the performance of the Company and returns to Shareholders. • The Company cannot guarantee that it will qualify, or remain qualified, as a REIT. If the Company fails to qualify or remain qualified as a REIT, the Company will be subject to UK corporation tax on some or all of its property rental income and chargeable gains on the sale of properties, which would reduce the amounts available to distribute to Shareholders. <p>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.</p> <ul style="list-style-type: none"> • A referendum was held on 23 June 2016 to decide whether the UK should remain in the EU. A vote was given in favour of the UK leaving the EU ("Brexit"). The Company may be subject to a significant period of uncertainty in the period leading up to eventual Brexit including, <i>inter alia</i>, uncertainty in relation to any potential regulatory or tax change. Brexit could also create significant UK (and potentially global) stock market uncertainty, which may have a material adverse effect on the Net Asset Value and the price of the Ordinary Shares.
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D.3	Key information on the key risks that are specific to the Ordinary Shares	<ul style="list-style-type: none"> • The market price of the Ordinary Shares, like shares in all investment companies, may fluctuate independently of their underlying net asset value and may trade at a discount or premium at different times. While the Directors may seek to mitigate any discount to NAV per Ordinary 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 Company cannot predict or effectively influence the extent to which investor interest will lead to the development of an active and liquid trading market for the Ordinary Shares or, if such a market develops, whether it will be maintained. In addition, if such a market does not develop, relatively small transactions or intended transactions in the Ordinary Shares may have a significant negative impact on the price of the Ordinary Shares whilst transactions or intended transactions related to a significant number of Ordinary Shares may be difficult to execute at a stable price.
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Section E – Offer		
Element	Disclosure Requirement	Disclosure
E.1	Proceeds and costs of the issue	<p>The costs and expenses of the Issue have been fixed at 2.0 per cent. of the Gross Issue Proceeds. Assuming 200 million Ordinary Shares are issued resulting in gross proceeds of £200 million, the costs and expenses of the Issue payable by the Company will be £4 million.</p> <p>If the Minimum Net Proceeds are raised, the expenses of the Issue payable by the Company will be £1.7 million.</p> <p>The costs and expenses of each issue of Ordinary Shares under the Placing Programme will depend on subscriptions received. It is expected that the costs of issuing Ordinary Shares pursuant to any Subsequent Placings under the Placing Programme will be covered by issuing such Ordinary Shares at a premium to the prevailing cum-income Net Asset Value per Ordinary Share.</p>
E.2.a	Reason for the issue and use of proceeds	<p>The Issue and the Placing Programme are being made in order to raise funds for the purpose of investment in accordance with the investment objective and investment policy of the Company.</p> <p>The costs and expenses of the Issue have been fixed at 2.0 per cent. of the Gross Issue Proceeds. On the assumption that gross proceeds of £200 million are raised through the Issue, the costs and expenses of the Issue payable by the Company will be £4 million, resulting in net proceeds of £196 million.</p> <p>The net proceeds of any Subsequent Placings under the Placing Programme will depend on subscriptions received.</p>
E.3	Terms and conditions of the offer	<p>Ordinary Shares are being made available under the Issue at the Issue Price. The Issue comprises the First Placing, the Offer for Subscription and the Intermediaries Offer.</p>

		<p>Peel Hunt has agreed to use its reasonable endeavours to procure subscribers pursuant to the First Placing for the Ordinary Shares. The First Placing will close at 5.00 p.m. on 22 February 2017 (or such later date as the Company and Peel Hunt may agree). If the Issue is extended, the revised timetable will be notified through a Regulatory Information Service.</p> <p>The Offer for Subscription is being made in the United Kingdom, the Channel Islands and the Isle of Man only. Applications under the Offer for Subscription must be for shares with a minimum subscription of 1,000 Ordinary Shares and then in multiples of 1,000 Ordinary Shares thereafter. Completed Application Forms and the accompanying payment in relation to the Offer for Subscription must be posted to Capita Asset Services so as to be received by no later than 1.00 p.m. on 21 February 2017.</p> <p>Under the Intermediaries Offer, the Ordinary Shares are being offered to Intermediaries in the United Kingdom, the Channel Islands and the Isle of Man who will facilitate the participation of their retail investor clients located in the United Kingdom, the Channel Islands and the Isle of Man. A minimum application of 1,000 Ordinary Shares per Underlying Applicant will apply. Completed Applications from Intermediaries must be received by Peel Hunt no later than 3.00 p.m. on 21 February 2017.</p> <p>The Issue is conditional upon: (a) the Placing and Offer Agreement becoming unconditional as to the Issue (save as to First Admission) and not having been terminated in accordance with its terms prior to First Admission; (b) First Admission occurring by 8.00 a.m. on 27 February 2017 (or such later date, not being later than 31 March 2017, as the Company and Peel Hunt may agree); and (c) the Minimum Net Proceeds being raised.</p> <p>Following the Issue, Ordinary Shares which may be made available pursuant to a Subsequent Placing under the Placing Programme will be issued at the Placing Programme Price. The Placing Programme will open on 28 February 2017 and will close on 5 February 2018 (or such earlier date as agreed between the Company and Peel Hunt). Each allotment and issue of Ordinary Shares pursuant to a Subsequent Placing under the Placing Programme is conditional, <i>inter alia</i>, on:</p> <ul style="list-style-type: none"> (a) any Admission of Ordinary Shares occurring not later than 8.00 a.m. on such dates as may be agreed between the Company and Peel Hunt prior to the closing of each Subsequent Placing, not being later than 5 February 2018; (b) the Placing and Offer Agreement becoming otherwise unconditional in all respects and not having been terminated on or before the date of such Admission; (c) the relevant Placing Programme Price of Ordinary Shares being determined by the Directors; (d) the Company having sufficient Shareholder authorities in place to issue such shares; and
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		(e) a valid supplementary prospectus being published by the Company if such is required by the Prospectus Rules.
E.4	Material interest	Not applicable. No interest is material to the Issue.
E.5	Name of person selling securities	<p>Not applicable. No person or entity is offering to sell Ordinary Shares as part of the Issue.</p> <p>Pursuant to the Lock-in Deed, the Directors have agreed that they will not sell, grant options over or otherwise dispose of any interest in any Ordinary Shares acquired by them in satisfaction of their entitlement to receive directors' fees (save in certain circumstances) prior to the date which is eighteen months after the date of acquisition of the relevant Ordinary Shares.</p>
E.6	Dilution	<p>No dilution will result from the Issue.</p> <p>The Company may seek to issue new equity pursuant to any Subsequent Placing under the Placing Programme. While the Act contains statutory pre-emption rights for Shareholders in relation to issues of shares in consideration for cash, the Company currently has authority to issue up to 200 million Ordinary Shares on a non-pre-emptive basis following completion of the Issue. Where statutory pre-emption rights are dis-applied, any additional equity financing will be dilutive to those Shareholders who cannot, or choose not to, participate in such financing.</p>
E.7	Estimated expenses charged to the investor by the issuer	<p>Other than in respect of expenses of, or incidental to, First Admission and the Issue which the Company intends to pay out of the proceeds of the Issue, there are no commissions, fees or expenses to be charged to investors by the Company under the Issue. The costs and expenses of the Issue have been fixed at 2.0 per cent. of the Gross Issue Proceeds.</p> <p>All expenses incurred by any Intermediary are for its own account. Investors should confirm separately with any Intermediary whether there are any commissions, fees or expenses that will be applied by such Intermediary in connection with any application made through that Intermediary pursuant to the Intermediaries Offer.</p> <p>The costs and expenses of each issue of Ordinary Shares pursuant to a Subsequent Placing under the Placing Programme will depend on subscriptions received but it is expected that these costs will be covered by issuing Ordinary Shares at a premium to the prevailing Net Asset Value (cum-income) per Ordinary Share.</p>

RISK FACTORS

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

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

RISKS RELATING TO THE COMPANY, ITS INVESTMENT STRATEGY AND OPERATIONS

The Company may not meet its investment objective or return 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 an income. The payment of future dividends and the level of any future dividends paid by the Company is 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 as the provisions of relevant laws or generally accepted accounting principles from time to time. There can be no assurance that any dividends will be paid in respect of any financial year or period and no guarantee as to the level of any future dividends to be paid by the Company. There is no guarantee that the Company will achieve the stated target net total Shareholder return referred to in this Prospectus and therefore achieve its return objective.

The Company has no operating history

The Company was incorporated on 21 December 2016. The Company has not commenced operations and has no operating history. No historical financial statements or other meaningful operating or financial data upon which prospective investors may base an evaluation of the likely performance of the Company have been made up. An investment in the Company is therefore subject to all risks and uncertainties associated with a new business, including the risk that the Company will not achieve its investment objective or return objective and that the value of an investment in the Company could decline substantially as a consequence.

The Company's targeted returns are based on estimates and assumptions that are inherently subject to significant uncertainties and contingencies, and the actual rate of return may be materially lower than the targeted returns

The Company's targeted returns set out in the Prospectus are targets only and are based on estimates and assumptions about a variety of factors including, without limitation, purchase price, yield and performance of the Company's investments, which are inherently subject to significant business, economic and market uncertainties and contingencies, all of which are beyond the Company's control and which may adversely affect the Company's ability to achieve its targeted returns. The Company may not be able to implement its investment objective and investment policy in a manner that generates returns in line with the targets. Furthermore, the targeted returns are based on the market conditions and the economic environment at the

time of assessing the targeted returns, and are therefore subject to change. In particular, the targeted returns assume no material changes occur in government regulations or other policies, or in law and taxation, and that the Company is not affected by natural disasters, terrorism, social unrest or civil disturbances or the occurrence of risks described elsewhere in the Prospectus. There is no guarantee that actual (or any) returns can be achieved at or near the levels set out in the Prospectus. Accordingly, the actual rate of return achieved may be materially lower than the targeted returns, or may result in a partial or total loss, which could have a material adverse effect on the Company's profitability, the Net Asset Value and the price of the Ordinary Shares.

The Company may be unable to make acquisitions

Although the Company, acting on advice from the Investment Advisor, has identified a number of available properties that are consistent with its investment objective and investment policy (details of which are set out in Part 1 of the Prospectus) there can be no certainty that the Company will be able to acquire these or other properties on acceptable terms or at all.

The Company will face competition from other property investors. Competitors may have greater financial resources than the Company and a greater ability to borrow funds to acquire properties. Competition in the property market may also lead either to an oversupply of properties in the target market through over development or the price of existing properties being driven up through competing bids by potential purchasers.

Any delays in deployment of the Net Issue Proceeds may have an impact on the Company's results of operations, cash flows and the ability of the Company to pay dividends to Shareholders and to achieve the stated target net total Shareholder return referred to in this Prospectus and therefore to achieve its return objective. Pending deployment of the Net Issue Proceeds, the Company intends to invest cash in cash deposits and cash equivalents for cash management purposes. Interim cash management is likely to yield lower returns than the expected returns from investments.

The Company's due diligence may not identify all risks and liabilities in respect of an acquisition

Prior to entering into an agreement to acquire a property the Company will perform due diligence on the property concerned. In doing so it would typically rely on third parties to conduct a significant portion of this due diligence (including legal reports on title and property valuations). To the extent that such third parties underestimate or fail to identify risks and liabilities (including any environmental liabilities) associated with the property in question, the Company may be affected by defects in title, or exposed to environmental, structural or operational defects requiring remediation, or may be unable to obtain necessary permits or permissions which may have a material adverse effect on the Company's profitability, the Net Asset Value and the price of the Ordinary 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 Ordinary Shares.

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

The Company intends to secure borrowing facilities in the future to pursue the Company's investment objective. It is not certain that such facilities will be available on acceptable terms or at all. Any amounts that are secured under a bank facility are likely to rank ahead of Shareholders' entitlements and accordingly should returns derived from the Company's investments not be sufficient to cover the costs and liabilities of such borrowings, on a liquidation of the Company, Shareholders may not recover their initial investment and in certain circumstances may lose their entire investment.

Whilst the use of borrowings should enhance the NAV per Ordinary Share where the value of the Company's investments is rising, it will have the opposite effect where the value of the Company's investments is falling. In addition, in the event that rental income from the Company's investments falls (for example as a result of

defaults by tenants) the use of borrowings will increase the impact of such falls on the net revenue of the Company and this in turn will have an adverse effect on the Company's ability to pay dividends.

The Company will pay interest on its borrowings. As such, the Company may be exposed to interest rate risk due to fluctuations in the prevailing market rates.

Unsuccessful transaction costs

There is a risk that the Company may incur substantial legal, financial and other advisory expenses arising from unsuccessful transactions which may include expenses incurred in dealing with transaction documentation and legal, accounting and other due diligence.

Portfolio concentration risk

Although the Company will seek to build a portfolio diversified by sector and tenant, all of the Company's assets will, once the Company is fully invested, be invested in UK property. Consequently, any downturn in the UK and its economy or regulatory changes in the UK could have a material adverse effect on the Company's results of operations or financial condition. In addition, there are no limits on the percentage of the Company's gross assets which may be invested in any one sector, save that the Company must be invested in a minimum of two sectors at all times. Greater concentration of investments in any sector or exposure to the creditworthiness of any one tenant or tenants may lead to greater volatility in the value of the Company's investments and the NAV and may materially and adversely affect the performance of the Company and returns to Shareholders.

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

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

Derivative instruments

The Company may utilise derivative instruments for efficient portfolio management purposes. Where the Company utilises derivative instruments, it is likely to take a credit risk with regard to the parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. Accordingly, the Company's use of derivative instruments may expose the Company to greater risk and have a material adverse effect on the Company's performance.

The Company may seek to mitigate interest rate risk using derivative instruments. However, there can be no assurances or guarantees that the Company will successfully hedge against such risks or that adequate hedging arrangements will be available on an economically viable basis. Hedging arrangements may result in additional costs being incurred or losses being greater than if hedging had not been used.

Changes in laws or regulations governing the Company's operations may adversely affect the Company's business

The Company is subject to laws and regulations enacted by European, national and local governments. In particular, the Company is subject to and will be required to comply with certain regulatory requirements that are applicable to listed closed-ended investment companies. In addition, the Company is subject to the

continuing obligations imposed by the UK Listing Authority on all investment companies whose shares are listed on the Official List.

Any change in the law and regulation affecting the Company may have a material adverse effect on the ability of the Company to carry on its business and successfully pursue its investment policy and on the value of the Company and/or the Ordinary Shares. In such event, the investment returns of the Company may be materially adversely affected.

Risks relating to the UK's proposed exit from the European Union

A referendum was held on 23 June 2016 to decide whether the UK should remain in the EU. A vote was given in favour of the UK leaving the EU (“**Brexit**”). The extent of the impact of Brexit on the Company will depend in part on the nature of the arrangements that are put in place between the UK and the EU following the eventual Brexit and the extent to which the UK continues to apply laws that are based on EU legislation. The Company may be subject to a significant period of uncertainty in the period leading up to eventual Brexit including, *inter alia*, uncertainty in relation to any potential regulatory or tax change. In addition, the macroeconomic effect of an eventual Brexit on the value of investments in the UK real estate sector and, by extension, the value of the investments in the Company’s eventual investment portfolio, is unknown. Brexit could also create significant UK (and potentially global) stock market uncertainty, which may have a material adverse effect on the Net Asset Value and the price of the Ordinary Shares. As such, it is not possible to accurately state the impact that Brexit will have on the Company and its proposed investments at this stage. Brexit may also make it more difficult for the Company to raise capital in the EU and/or increase the regulatory compliance burden on the Company. This could restrict the Company’s future activities and thereby negatively affect returns.

REAL ESTATE RISKS

Tenant default

Dividends payable by the Company will be dependent on the income from the properties it owns. Failure by tenants to comply with their rental obligations could affect the ability of the Company to pay dividends to Shareholders.

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

The Company will invest in commercial properties. Such investments are illiquid; they may be difficult for the Company to sell and the price achieved on any realisation may be at a discount to the prevailing valuation of the relevant property, which may have a material adverse effect on the Company’s profitability, the NAV and the price of the Ordinary Shares.

The property market

Any property market recession or future deterioration in the property market could, *inter alia*,: (i) make it harder for the Company to attract new tenants for its properties, (ii) lead to an increase in tenant defaults; (iii) lead to a lack of finance available to the Company; (iv) cause the Company to realise its investments at lower valuations; and (v) delay the timings of the Company’s realisations. Any of the foregoing could have a material adverse effect on the ability of the Company to achieve its investment objective, on the Net Asset Value and on the price of the Ordinary Shares.

Property valuation is inherently subjective and uncertain

Property is inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to uncertainty and there can be no assurance that the estimates resulting from the valuation process will reflect actual sales prices that could be realised by the Company in the future. The Administrator will rely on property valuations in calculating the Company’s NAV.

Forward funded projects possess (unless assumed by the developer and/or contractor) potential risks associated with the construction and development of commercial real estate, any of which could result in increased costs and/or damage to persons or property

The investment policy provides that the Company may purchase already built property assets or, in some circumstances, forward fund property assets that are in construction. Forward funded projects are subject to various hazards and risks associated with the construction and development of commercial real estate, including personal injury and property damage. To the extent that such risks are not assumed by the developer and/or contractor, the occurrence of any of these events could result in increased operating costs, fines and legal fees and potentially in reputational damage or criminal prosecution of the Company, and its directors or management, all of which could have an adverse effect on the Company's business, financial condition, results of operations, future prospects or the price of the Ordinary Shares.

The Company's properties may suffer physical damage resulting in losses (including loss of rent) which may not be fully compensated by insurance or at all

There are certain types of losses, generally of a catastrophic nature, that may be uninsurable or are not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations and other factors might also result in insurance proceeds being insufficient to repair or replace a property. 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. 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 business prospects, results of operations and financial condition.

RISKS RELATING TO THE ORDINARY SHARES

General risks affecting the Ordinary Shares

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

The market price of the Ordinary Shares, like shares in all investment companies, may fluctuate independently of their underlying net asset value and may trade at a discount or premium at different times, depending on factors such as supply and demand for the Ordinary Shares, market conditions and general investor sentiment. There can be no guarantee that any discount control policy will be successful or capable of being implemented. The market value of an Ordinary Share may therefore vary considerably from its NAV.

It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares

The price at which the Ordinary Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Company and its investments and some which may affect companies generally. Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares. Consequently, the share price may be subject to greater fluctuation on small volumes of trading of Ordinary Shares and the Ordinary Shares may be difficult to sell at a particular price. The market price of the Ordinary Shares may not reflect their underlying Net Asset Value.

While the Directors retain the right to effect repurchases of Ordinary Shares, they are under no obligation to use such powers or to do so at any time and Shareholders should not place any reliance on the willingness of the Directors so to act. Shareholders wishing to realise their investment in the Company may therefore be required to dispose of their Ordinary Shares in the market. There can be no guarantee that a liquid market in the Ordinary Shares will develop or that the Ordinary Shares will trade at prices close to their underlying Net Asset Value. Accordingly, Shareholders may be unable to realise their investment at such Net Asset Value or at all.

The number of Ordinary Shares to be issued pursuant to the Issue and the Placing Programme is not yet known, and there may be a limited number of holders of Ordinary Shares. Limited numbers and/or holders of Ordinary Shares may mean that there is limited liquidity in the Ordinary Shares which may affect: (i) an investor's ability to realise some or all of his investment; and/or (ii) the price at which such investor can effect such realisation; and/or (iii) the price at which such Ordinary Shares trade in the secondary market.

The Ordinary Shares are subject to certain provisions that may cause the Board to refuse to register, or require the transfer of, Ordinary Shares

Although the Ordinary Shares are freely transferable, there are certain circumstances in which the Board may, under the Articles and subject to certain conditions, compulsorily require the transfer of the Ordinary Shares. These circumstances include where 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; (ii) would or might result in the Company and/or its shares and/or any of its appointed investment managers or investment advisers being required to be registered or qualified under the US Investment Company Act and/or the US Investment Advisers Act of 1940 and/or the US Securities Act and/or the US Exchange Act and/or any similar legislation (in any jurisdiction) that regulates the offering and sale of securities; (iii) may cause the Company not to be considered a "Foreign Private Issuer" under the US Exchange Act; (iv) may cause the Company to be a "controlled foreign corporation" for the purpose of the US Code; (v) may cause the Company to become subject to any withholding tax or reporting obligation under FATCA or any similar legislation in any territory or jurisdiction (including the United Kingdom's International Tax Compliance Regulations 2015 (SI 2015/878), or to be unable to avoid or reduce any such tax or to be unable to comply with any such reporting obligation (including by reason of the failure of the shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with such reporting obligation); or (vi) creates a significant legal or regulatory issue for the Company under the US Bank Holding Company Act of 1956 (as amended) or regulations or interpretations thereunder.

Dilution risk

Following the Issue, the Company is seeking to issue new equity in the future pursuant to the Placing Programme or otherwise. While the Act contains statutory pre-emption rights for Shareholders in relation to issues of shares in consideration for cash, the Company currently has authority to issue up to 200 million Ordinary Shares on a non-pre-emptive basis following First Admission. Where statutory pre-emption rights are dis-applied, any additional equity financing will be dilutive to those Shareholders who cannot, or choose not to, participate in such financing.

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

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

RISKS RELATING TO SERVICE PROVIDERS

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

The Company has no employees and the Directors have all been appointed on a non-executive basis. Whilst the Company has taken all reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations, the Company is reliant upon the performance of third party service providers for certain of its executive functions. In particular, the AIFM, the Investment Advisor, the Administrator and the Registrar will be performing services which are integral to the operation of the Company. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company.

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

The Company is dependent on the expertise of the AIFM, the Investment Advisor and their key personnel to evaluate investment opportunities and to assist in the implementation of the Company's investment objective and investment policy

The Company will be reliant upon, and its success will depend on, the AIFM, the Investment Advisor and their personnel, services and resources.

The future ability of the Company to successfully pursue its investment objective and investment policy may, among other things, depend on the ability of the AIFM and the Investment Advisor to retain their existing staff and/or to recruit individuals of similar experience and calibre. The retention of key members of the team cannot be guaranteed. Furthermore, in the event of a departure of a key employee of the AIFM or the Investment Advisor, there is no guarantee that the AIFM or the Investment Advisor would be able to recruit a suitable replacement or that any delay in doing so would not adversely affect the performance of the Company.

The Company is subject to the risk that the Investment Management Agreement and the Investment Advisory Agreement may be terminated and that no suitable replacement will be found. If the Investment Management Agreement and the Investment Advisory Agreement are terminated and a suitable replacement is not secured in a timely manner or key personnel of the AIFM and the Investment Advisor are not available to the Company with an appropriate time commitment, the ability of the Company to execute its investment objective and investment policy may be adversely affected.

The AIFM, the Investment Advisor and their affiliates may provide services to other clients which could compete directly or indirectly with the activities of the Company and may be subject to conflicts of interest in respect of their activities on behalf of the Company

The AIFM, the Investment Advisor and their affiliates are involved in other activities which may on occasion give rise to conflicts of interest with the Company. In particular: (i) the AIFM, the Investment Advisor or their affiliates may manage and/or advise other funds and may provide investment management, investment advisory or other services in relation to these funds or future funds which may have similar investment policies to that of the Company; (ii) the AIFM, the Investment Advisor and their affiliates may carry on investment activities for their own accounts and for other accounts in which the Company has no interest; and (iii) the AIFM, the Investment Advisor and their affiliates may give advice and recommend investments to other managed accounts or investment funds which may differ from advice given to, or investments recommended or bought for, the Company, even though their investment policies may be the same or similar. If these conflicts of interest are managed to the detriment of the Company by the AIFM or the Investment Advisor they could materially and adversely affect the performance of the Company.

RISKS RELATING TO TAXATION

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.

If the Company fails to qualify, or remain qualified, as a REIT, its rental income and gains will be subject to UK corporation tax

The Company cannot guarantee that it will qualify, or remain qualified, as a REIT. If the Company fails to qualify or remain qualified as a REIT, the Company will be subject to UK corporation tax on some or all of its property rental income and chargeable gains on the sale of properties, which would reduce the amounts available to distribute to Shareholders.

The requirements for maintaining REIT status are complex. Minor breaches of certain conditions within the REIT regime may result in additional tax being payable or, if remedied within a given period of time, will not be penalised, provided that the regime is not breached more than a certain number of times. A serious breach of the REIT regime 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 the profits of its Property Rental Business including any chargeable gains on the sale of some or all of its properties. This could reduce the reserves available to make distributions to Shareholders and the yield on the Ordinary 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 conditions, 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

To maintain REIT status and as a result obtain full exemption from UK corporation tax on the profits of its Property Rental Business, the Company is required to distribute annually to Shareholders an amount sufficient to meet the 90 per cent. distribution test by way of Property Income Distributions. 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.

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 at least 10 per cent. of the distributions or Ordinary 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 5 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 Ordinary Shares that form part of a Substantial Shareholding unless certain conditions are met. The Articles also allow the Directors to require the disposal of Ordinary Shares forming part of a Substantial Shareholding in certain circumstances where the Substantial Shareholder has failed to comply with the above outlined provisions.

Automatic exchange of information (AEOI)

To the extent that the Company may be a Reporting Financial Institution under FATCA and/or the Common Reporting Standard, it may require Shareholders to provide it with certain information in order to comply with its AEOI obligations which information may be provided to the UK tax authorities who may in turn exchange that information with certain other tax authorities.

IMPORTANT INFORMATION

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, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the Listing Rules.

Nothing in the preceding two paragraphs should be taken as limiting the working capital statement in paragraph 10 of Part 7 of the Prospectus.

GENERAL

No broker, dealer or other person has been authorised by the Company to issue any advertisement or to give any information or to make any representations in connection with the offering or sale of Ordinary 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.

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 Ordinary 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.

In connection with the Issue, Peel Hunt and any of its affiliates acting as an investor for its or their own account(s), may subscribe for Ordinary Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such Ordinary Shares, any other securities of the Company or other related investments in connection with the Issue or otherwise. Accordingly, references in the Prospectus to the Ordinary Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by, Peel Hunt and any of its affiliates acting as an investor for its or their own account(s). Neither Peel Hunt nor any of its affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Under the Intermediaries Offer, the Ordinary Shares are being offered to Intermediaries who will facilitate the participation of their retail investor clients (and any member of the public who wishes to become a client of that Intermediary) located in the United Kingdom, the Channel Islands and the Isle of Man. The Company consents to the use of the Prospectus in connection with any subsequent resale or final placement of securities by financial intermediaries in the United Kingdom, the Channel Islands and the Isle of Man on the following terms: (i) in respect of the Intermediaries who have been appointed prior to the date of the Prospectus, as listed in paragraph 14 of Part 7 of the Prospectus; and (ii) in respect of Intermediaries who are appointed after the date of the Prospectus, a list of which appears on the Company’s website, from the date on which they are appointed to participate in connection with any subsequent resale or final placement of securities and, in each case, until the closing of the period for the subsequent resale or final placement of securities by financial intermediaries at 3.00 p.m. on 21 February 2017, unless closed prior to that date.

The offer period within which any subsequent resale or final placement of securities by financial intermediaries can be made and for which consent to use the Prospectus is given commences on 6 February 2017 and closes on 21 February 2017, unless closed prior to that date (any such prior closure to be announced via a Regulatory Information Service).

Any Intermediary that uses the Prospectus must state on its website that it uses the Prospectus in accordance with the Company's consent. Intermediaries are required to provide the terms and conditions of the Intermediaries Offer to any prospective investor who has expressed an interest in participating in the Intermediaries Offer to such Intermediary. **Information on the terms and conditions of any subsequent resale or final placement of securities by any financial intermediary is to be provided at the time of the offer by the financial intermediary.**

The Company consents to the use of the Prospectus and accepts responsibility for the information contained in the Prospectus with respect to subsequent resale or final placement of securities by any financial intermediary given consent to use the Prospectus.

Any new information with respect to financial intermediaries unknown at the time of approval of the Prospectus will be available on the Company's website.

PRESENTATION OF INFORMATION

Market, economic and industry data

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

Currency presentation

Unless otherwise indicated, all references in the Prospectus to "sterling", "pounds sterling", "£" or "pence" are to the lawful currency of the UK.

Definitions

A list of defined terms used in the Prospectus is set out at pages 105 to 111.

Past performance

Past performance is not necessarily indicative of future results, and there can be no assurance that the Company or its portfolio will achieve comparable results to those presented in the Prospectus, that the Company, the AIFM or the Investment Advisor will be able to implement their investment strategies or achieve the Company's investment objective or that the returns generated by any investments by the Company will equal or exceed any past returns presented herein.

INVESTMENT CONSIDERATIONS

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

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

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

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

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

Prospective investors should rely only on the information contained in the Prospectus. No person has been authorised to give any information or make any representations other than as contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the AIFM, the Investment Advisor, the Administrator, the Depositary, Peel Hunt or any of their respective affiliates, officers, directors, members, employees or agents. Without prejudice to the Company's obligations under the Prospectus Rules, the Listing Rules, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules, neither the delivery of the Prospectus nor any subscription for or purchase of Ordinary Shares made pursuant to the Issue or the Placing Programme shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of the Prospectus, or that the information contained herein is correct as at any time subsequent to the date of the Prospectus.

Apart from the liabilities and responsibilities, if any, which may be imposed on Peel Hunt by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, Peel Hunt does not make any representation, express or implied, nor accepts any responsibility whatsoever for, the contents of the Prospectus nor for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, the Issue or the Placing Programme or any Admission. Peel Hunt (together with its affiliates) accordingly, to the fullest extent permitted by law, disclaims all and any liability (save for any statutory liability) whether arising in tort, contract or which it might otherwise have in respect of the Prospectus or any other statement.

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

WEBSITE

The contents of the following website www.lxireit.com do not form part of the Prospectus. Investors should base their decision whether or not to invest in the Ordinary Shares on the contents of the Prospectus alone.

DATA PROTECTION

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

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- contacting the prospective investor with information about other products and services provided by the AIFM, or its affiliates, which may be of interest to the prospective investor;

- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in the UK or elsewhere; and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

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

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

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

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

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each Relevant Member State, no Ordinary Shares have been offered or will be offered pursuant to the Issue and/or a Subsequent Placing to the public in that Relevant Member State prior to the publication of a Prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that Relevant Member State, or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Ordinary Shares to the public may be made at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- to any legal entity which is a “**qualified investor**” as defined in the Prospectus Directive;
- to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive (as defined below), 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication of a Prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any Ordinary Shares or to whom any offer is made under the Issue or any Subsequent Placing will be deemed to have represented, acknowledged and agreed that it is a “**qualified investor**” within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer to the public**” in relation to any offer of Ordinary Shares in any Relevant Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and the amendments thereto,

including Directive 2010/73/EU) (the “**2010 PD Amending Directive**”), to the extent implemented in the Relevant Member State and includes any relevant implementing measure in each Relevant Member State.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN GUERNSEY

The Issue and the Placing Programme that are referred to in this Prospectus are available, and are and may be made, in or from within the Bailiwick of Guernsey, and this Prospectus may only be distributed or circulated directly or indirectly in or from within the Bailiwick of Guernsey:

- (i) by persons licensed to do so under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended); or
- (ii) to persons licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended), the Insurance Business (Bailiwick of Guernsey) Law, 2002 (as amended), the Banking Supervision (Bailiwick of Guernsey) Law, 1994 (as amended) or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 (as amended).

The Issue and the Placing Programme and the Prospectus are not available in or from within the Bailiwick of Guernsey other than in accordance with paragraphs (i) and (ii) above and must not be relied upon by any person unless made or received in accordance with such paragraphs.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN JERSEY

Subject to certain exemptions (if applicable), the Company shall not raise money in Jersey by the issue anywhere of Ordinary Shares, and this Prospectus relating to the Ordinary Shares shall not be circulated in Jersey, without first obtaining consent from the Jersey Financial Services Commission pursuant to the Control of Borrowing (Jersey) Order 1958, as amended. No such consents have been obtained by the Company. Subject to certain exemptions (if applicable), offers for securities in the Company may only be distributed and promoted in or from within Jersey by persons with appropriate registration under the Financial Services (Jersey) Law 1998, as amended. It must be distinctly understood that the Jersey Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Company.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN THE ISLE OF MAN

The Issue and the Placing Programme are available, and are and may be made, in or from within the Isle of Man and this Prospectus is being provided in or from within the Isle of Man only:

- (i) by persons licensed to do so under the Isle of Man Financial Services Act 2008; or
- (ii) to persons: (a) licensed under Isle of Man Financial Services Act 2008; or (b) falling within exclusion 2(r) of the Isle of Man Regulated Activities Order 2011 (as amended); or (c) whose ordinary business activities involve them in acquiring, holding, managing or disposing of shares or debentures (as principal or agent), for the purposes of their business.

The Issue and the Placing Programme referred to in the Prospectus and the Prospectus are not available in or from within the Isle of Man other than in accordance with paragraphs (i) and (ii) above and must not be relied upon by any person unless made or received in accordance with such paragraphs.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN THE UNITED STATES

Persons receiving this document may not distribute or send it to any US Person or in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. In particular, investors should note that the Company has not, and will not be, registered under the US Investment Company Act and the offer, issue and sale of the Ordinary Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Ordinary Shares are being offered and sold outside the United States to non-US Persons in reliance on the exemption from the registration requirements of the US

Securities Act provided by Regulation S thereunder. The Ordinary Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any US Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any states securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the issue of the Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States and the offer or re-sale of any of the Ordinary Shares in the United States may constitute a violation of US law.

EXPECTED ISSUE TIMETABLE

	<i>2017</i>
Publication of the Prospectus	6 February
Issue opens	6 February
Latest time and date for receipt of completed Application Forms in respect of the Offer for Subscription	1.00 p.m. on 21 February
Latest time and date for receipt of completed applications from the Intermediaries in respect of the Intermediaries Offer	3.00 p.m. on 21 February
Latest time and date for commitments under the First Placing	5.00 p.m. on 22 February
Publication of results of the Issue	23 February
First Admission and dealings in Ordinary Shares commence	8.00 a.m. on 27 February
CREST accounts credited with uncertificated Ordinary Shares	27 February
Where applicable, definitive share certificates despatched by post in the week commencing*	6 March

* Underlying Applicants who apply to Intermediaries for Ordinary Shares under the Intermediaries Offer will not receive share certificates.

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

EXPECTED PLACING PROGRAMME TIMETABLE

Placing Programme opens	28 February 2017
Publication of Placing Programme Price in respect of each Subsequent Placing	as soon as practicable after the closing of each Subsequent Placing
Announcement of the results of each Subsequent Placing	as soon as practicable after the closing of each Subsequent Placing
Admission and crediting of CREST accounts in respect of each Subsequent Placing	as soon as practicable following the allotment of Ordinary Shares pursuant to each Subsequent Placing
Definitive share certificates in respect of the Ordinary Shares issued pursuant to each Subsequent Placing despatched by post	approximately one week from the Admission of Ordinary Shares pursuant to each Subsequent Placing
Placing Programme closes	5 February 2018

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

ISSUE STATISTICS

Issue Price	100 pence per Ordinary Share
Target number of Ordinary Shares to be issued pursuant to the Issue	200 million
Target Gross Issue Proceeds	£200 million
Net Issue Proceeds *	£196 million
Net Asset Value per Ordinary Share at First Admission	98 pence

* Assuming Gross Issue Proceeds of £200 million. The number of Ordinary Shares to be issued pursuant to the Issue, and therefore the Gross Issue Proceeds, is not known as at the date of this Prospectus but will be notified by the Company via a Regulatory Information Service prior to First Admission. The Directors have reserved the right, in conjunction with Peel Hunt, to increase the size of the Issue to a maximum of 300 million Ordinary Shares if overall demand exceeds 200 million Ordinary Shares. The costs of the Issue to be borne by the Company have been fixed at 2.0 per cent. of the Gross Issue Proceeds (that is £4 million assuming Gross Issue Proceeds of £200 million).

PLACING PROGRAMME STATISTICS

Maximum size of the Placing Programme	200 million Ordinary Shares
Placing Programme Price	not less than the prevailing Net Asset Value (cum-income) per Ordinary Share at the time of issue plus a premium to cover the expenses of such issue

DEALING CODES

ISIN	GB00BYQ46T41
SEDOL	BYQ46T4
Ticker	LXI

DIRECTORS, MANAGEMENT AND ADVISERS

Directors	Stephen Hubbard (<i>Non-executive Chairman</i>) Colin Smith OBE (<i>Non-executive Director</i>) Jan Etherden (<i>Non-executive Director</i>) John Cartwright (<i>Non-executive Director</i>) <i>all independent and of the registered office below:</i>
Registered Office	5 Old Bailey London EC4M 7BA
AIFM	LJ Capital Limited 9 Clifford Street London W1S 2FT
Investment Advisor	LXI REIT Advisors Limited 9 Clifford Street London W1S 2FT
Sponsor, Broker, Placing Agent and Intermediaries Offer Adviser	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET
Legal Adviser to the Company	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH
Legal Adviser to the Sponsor, Broker, Placing Agent and Intermediaries Offer Adviser	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU
Depositary	Langham Hall UK Depositary LLP 5 Old Bailey London EC4M 7BA
Administrator and Company Secretary	Langham Hall UK Services LLP 5th Floor, 5 Old Bailey London EC4M 7BA
Registrar	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

Receiving Agent

Capita Asset Services
Corporate Actions
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Auditors and Reporting Accountant

BDO LLP
55 Baker Street
London
W1U 7EU

PART 1

INFORMATION ON THE COMPANY

1 Introduction

The Company is a newly established closed-ended investment company incorporated in England and Wales on 21 December 2016. The Company intends to carry on business as a REIT, subject to meeting the necessary qualifying conditions.

2 Investment Objective

The investment objective of the Company is to deliver inflation-protected income and capital growth over the medium-term for Shareholders through investing in a diversified portfolio of UK property that benefits from long-term index-linked leases with institutional-grade tenants.

3 Investment Policy

The Company will target inflation-protected income and capital returns through acquiring a diversified portfolio of UK property assets, let or pre-let to a broad range of tenants with strong covenants on very long and index-linked leases.

The Company will invest in these assets directly or through holdings in special purpose vehicles and will seek to acquire high quality properties, taking into account the following key investment considerations:

- the properties will be let or pre-let to institutional grade tenants, with strong financials and a proven operating track record;
- very long unexpired lease terms (typically 20 to 30 years to expiry or first break);
- rent reviews to be inflation-linked or contain fixed uplifts; and
- each property should demonstrate strong residual land value characteristics.

The Company will target a wide range of sectors, including, but not limited to, office, retail, leisure, industrial, distribution and alternatives – including hotels, serviced apartments, affordable housing and student accommodation. It will also focus on growth sub-sector areas such as discount retailers, budget hotel operators and “last mile” distribution units fuelled by online retail.

The Company will seek to only acquire assets let or pre-let to tenants with strong financial covenants and on long leases (typically 20 to 30 years to expiry or first break), with index-linked or fixed rental uplifts, in order to provide security of income and low cost of debt. The Company will only invest in assets with leases containing regular upward-only rental reviews. These reviews will typically link the growth in rents to an inflation index such as, RPI, RPIX or CPI (with potentially a minimum and maximum level) or alternatively may have a fixed annual growth rate.

The Company will neither undertake any direct development activity nor assume direct development risk. However, the Company may invest in fixed-price forward funded developments, provided they are pre-let to an acceptable tenant and full planning permission is in place. In such circumstances, the Company will seek to negotiate the receipt of immediate income from the asset, such that the developer is paying the Company a return on its investment during the construction phase and prior to the tenant commencing rental payments under the terms of the lease.

Where the Company invests in forward funded developments:

- the Company will not acquire the land until full planning consent and tenant pre-lets are in place;
- the Company will pay a fixed price for the forward funded purchase, covering land, construction cost and developer’s profit;

- all cost overruns will be the responsibility of the developer/contractor; and
- if there is a delay to completion of the works, this will be a risk for the developer/contractor, as they will pay the Company interest/rent until practical completion occurs.

The Company may utilise derivative instruments for efficient portfolio management. The Company may engage in full or partial interest rate hedging or otherwise seek to mitigate the risk of interest rate increases as part of the Company's portfolio management.

The Company will not invest in other investment funds.

Investment restrictions

The Company will invest and manage its assets with the objective of spreading risk and will have the following investment restrictions:

- the value of no single property, at the time of acquisition of the relevant investment, will represent more than 30 per cent. of the higher of: (i) Gross Asset Value; or (ii) where the Company has not yet become fully geared, Gross Asset Value adjusted on the assumption that the Company's property portfolio is geared at 30 per cent. loan to value;
- the aggregate maximum exposure to any one tenant, at the time of acquisition of the relevant investment, will be 30 per cent. of the higher of: (i) Gross Asset Value; or (ii) where the Company has not yet become fully geared, Gross Asset Value adjusted on the assumption that the Company's property portfolio is geared at 30 per cent. loan to value; and
- the Company will invest in no fewer than two sectors at any time.

The investment limits detailed above apply once the Gross Issue Proceeds are fully invested. The Company will not be required to dispose of any investment or to rebalance its portfolio as a result of a change in the respective valuations of its assets.

The Directors are focused on delivering capital growth over the medium term, and intend to reinvest proceeds from future potential disposals in assets in accordance with the Company's investment policy. However, should the Company fail to re-invest the proceeds or part proceeds from any disposal within 12 months of receipt of the net proceeds, the Directors intend to return those proceeds or part proceeds to Shareholders in a tax efficient manner as determined by the Directors from time to time.

Cash held for working capital purposes or received by the Company pending reinvestment or distribution will be held in sterling only and invested in cash, cash equivalents, near cash instruments and money market instruments.

The Directors currently intend at all times 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).

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.

Borrowing policy

The Company will seek to utilise borrowings to enhance equity returns.

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 and the structure of the Company.

The Directors intend that the Company will maintain a conservative level of aggregate borrowings with a medium term target of 30 per cent. of the Company's gross assets and a maximum level of aggregate borrowings of 35 per cent. of the Company's gross assets at the time of drawdown of the relevant borrowings.

Debt will be secured at the asset level and potentially at the Company or SPV level, depending on the optimal structure for the Company and having consideration to key metrics including lender diversity, debt type and maturity profiles.

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

No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution at any general meeting, which will also be notified by an RIS announcement.

4 Investment Period

The Company intends that the Net Issue Proceeds will be invested as quickly as practicable following First Admission. The Investment Advisor estimates that the Net Issue Proceeds should be substantially invested or committed within six months of First Admission.

5 Dividend Policy and Target Returns

When the Net Issue Proceeds have been fully invested, the minimum targeted annual dividend yield will be 5 per cent. by reference to the Issue Price, starting from the financial period commencing 1 April 2018, with the potential to grow the dividend in absolute terms through upward-only inflation-protected long-term lease agreements. In addition, the targeted net total Shareholder return will be a minimum of 8 per cent. per annum over the medium term. In the first financial period to 31 March 2018, whilst the Net Issue Proceeds are being deployed, the target is to pay a minimum total dividend of 3 pence per Ordinary Share.

The dividend and return targets stated above are targets only and not a profit forecast. There can be no assurance that these targets will be met and they should not be taken as an indication of the Company's expected future results. Accordingly, potential investors should not place any reliance on these targets in deciding whether or not to invest in the Company and should decide for themselves whether or not the target dividend yield and target net total Shareholder return are reasonable or achievable.

The Company intends to pay dividends on a quarterly basis in cash, by way of four equal dividends, with the first interim dividend expected to be declared in November 2017 and paid in December 2017.

In order to obtain and comply with REIT status the Company will be required to meet a minimum distribution test for each year 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.

In order to increase the distributable reserves available to facilitate the payment of future dividends, the Company has resolved that, conditional upon First Admission and the approval of the Court, the amount standing to the credit of the share premium account of the Company immediately following completion of the Issue be cancelled and transferred to a special distributable reserve. The Company may, at the discretion of the Board, pay all or any part of any future dividends out of this special distributable reserve, taking into account the Company's investment objective.

6 Valuation Policy

The Directors intend to use a national and well known professional independent valuer, as property valuer to the Company. Valuations of the Company's properties will be conducted on a semi-annual basis as at 31 March and 30 September in each year. The valuations of the Company's properties will be at fair value as determined by the Valuer on the basis of market value in accordance with the internationally accepted RICS Appraisal and Valuation Standards.

The first valuation is expected to be conducted as at September 2017.

Valuations will only be suspended in circumstances where the underlying information necessary to value the Company's properties cannot readily, or without undue expenditure, be obtained or in other circumstances

(such as a system's failure of the independent valuer) which prevents the Company from making such valuations.

Details of each semi-annual valuation, and of any suspension in the making of such valuations, will be announced by the Company via a Regulatory Information Service announcement as soon as practicable after the relevant valuation date.

7 Calculation of Net Asset Value

The Net Asset Value (and Net Asset Value per Ordinary Share) will be calculated on a semi-annual basis by the Administrator (and reviewed by the Company). 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 Regulatory Information Service announcement as soon as practicable after the end of the relevant period. The semi-annual valuations of the Net Asset Value (and Net Asset Value per Ordinary Share) will be calculated on the basis of the most recent semi-annual independent valuation of the Company's properties.

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

8 Meetings, Reports and Accounts

The Company will hold its first annual general meeting in 2018 and will then hold an annual general meeting each year thereafter. The annual report and accounts of the Company will be made up to 31 March in each year with copies expected to be sent to Shareholders within the following four months. The first annual report will be prepared to 31 March 2018. The Company will also publish unaudited half-yearly reports to 30 September with copies expected to be sent to Shareholders within the following three months.

The Company's financial statements will be prepared in accordance with IFRS.

9 Share Rating Management

The Board considers that it would be undesirable for the market price of the Ordinary Shares to diverge significantly from their Net Asset Value.

Premium management

The Directors have authority to issue up to 200 million Ordinary Shares immediately following First Admission until the first annual general meeting of the Company. Shareholders' pre-emption rights over this unissued share capital have been disapplied so that the Directors will not be obliged to offer any new Ordinary Shares to Shareholders on a *pro rata* basis. No Ordinary Shares will be issued at a price less than the (cum income) Net Asset Value per existing Ordinary Share at the time of their issue.

Investors should note that the issuance of new Ordinary 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.

Treasury shares

The Act allows companies to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. This would give the Company the ability to re-issue Ordinary Shares quickly and cost effectively, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base. No Ordinary Shares will be sold from treasury at a price less than the (cum income) Net Asset Value per existing Ordinary Share at the time of their sale unless they are first offered *pro rata* to existing Shareholders.

Discount management

The Company may seek to address any significant discount to NAV at which its Ordinary Shares may be trading by purchasing its own Ordinary Shares in the market on an *ad hoc* basis.

The Directors have the authority to make market purchases of up to 14.99 per cent. of the Ordinary Shares in issue on First Admission. The maximum price (exclusive of expenses) which may be paid for an Ordinary Share must not be more than the higher of: (i) 5 per cent. above the average of the mid-market values of the Ordinary Shares for the five Business Days before the purchase is made; or (ii) that stipulated by the regulatory technical standards adopted by the EU pursuant to the Market Abuse Regulation from time to time. Ordinary Shares will be repurchased only at prices below the prevailing NAV per Ordinary Share, which should have the effect of increasing the NAV per Ordinary Share for remaining Shareholders.

It is intended that a renewal of the authority to make market purchases will be sought from Shareholders at each annual general meeting of the Company. Purchases of Ordinary Shares will be made within guidelines established from time to time by the Board. Any purchase of Ordinary Shares would be made only out of the available cash resources of the Company. Ordinary Shares purchased by the Company may be held in treasury or cancelled.

The Directors will have regard to the Company's REIT status when making any repurchase and purchases of Ordinary Shares may be made only in accordance with the Act, the Listing Rules and the Disclosure Guidance and Transparency Rules.

Investors should note that the repurchase of Ordinary 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 Ordinary Shares that may be repurchased.

10 The Issue

The Company is seeking to issue 200 million Ordinary Shares and is targeting Gross Issue Proceeds of £200 million, before expenses, by way of the Issue.

The maximum number of Ordinary Shares available under the Issue is 300 million. The actual number of Ordinary Shares to be issued pursuant to the Issue, and therefore the Gross Issue Proceeds, are not known as at the date of the Prospectus but will be notified by the Company via a Regulatory Information Service announcement prior to First Admission.

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

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

Investors may also subscribe for Ordinary Shares pursuant to the Intermediaries Offer.

In addition the Company is proposing to undertake a Placing Programme, further details of which are set out in Part 5 of this Prospectus.

11 REIT Status and Taxation

The Company will give notice to HMRC (in accordance with Section 523 CTA 2010) that it will become a REIT when it has acquired its first three qualifying properties following First Admission and the Company will need to comply with certain ongoing 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 taxation of the Company and Shareholders in the UK. Investors who are in any doubt as to their tax position or who are

subject to tax in jurisdictions other than the UK are strongly advised to consult their own professional advisers immediately.

12 Regulatory Status of the Ordinary Shares

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

13 Risk Factors

The Company’s performance is dependent on many factors and potential investors should read the whole of the Prospectus and in particular the section entitled “Risk Factors” on pages 19 to 26.

PART 2

INVESTMENT OPPORTUNITY, INVESTMENT PROCESS AND PIPELINE

1 Investment Opportunity

The Company's investment strategy will seek to deliver inflation-protected income and capital returns underpinned by long-let and index-linked property assets. The Company will target assets let on very long leases (typically 20 to 30 years) to institutional grade tenants with strong financials and a proven operating track record. The Company will seek to acquire assets with multi-sector and multi-tenant diversification across the UK, including, hotels, retail, office, industrial, distribution, student and leisure. The Investment Advisor believes that this should provide a defensive and secure portfolio and allow the Company to avoid overheated sectors in order to find value and growth.

Assets acquired by the Company will benefit from "triple net, full repairing and insuring leases". This is a lease agreement where the tenant is obligated to pay all taxes, building insurance, other outgoings and repair and maintenance costs on the property, in addition to the rent and service charge. Under such a lease, the tenant is responsible for all costs associated with the repair and maintenance of the building.

The Company will only invest in assets with leases containing regular upward-only rental reviews. These reviews will typically link the growth in rents to an inflation index such as, RPI, RPIX or CPI (with potentially a minimum and maximum level) or alternatively may have a fixed annual growth rate. Such rental reviews normally take place every five years (sometimes annually), with the rent review delivering an increase in the rent at the growth rate, compounded over the period. In this way, the income expected to be delivered to Shareholders is expected to exhibit inflation-linked income characteristics.

The Company will also forward fund pre-let developments to benefit from materially lower purchase costs (approximately 2 per cent.² versus 6.8 per cent.³) as well as NAV growth. In the Investment Advisor's experience and view, this approach to forward funded pre-let developments should enable the Company to source high quality, lower-priced assets (compared to their completed value) with reduced competition and lower transaction costs, than could be delivered from purely targeting built assets. Furthermore, the ability to target pre-let development assets is likely to enable the Company to target more off-market opportunities.

These pre-let assets also generally have the benefit of brand new leases which are over 20 years in duration and allow for a new, state of the art property. The Investment Advisor's affiliates and personnel have previously successfully developed and acquired assets in this manner and are known in the market for structuring transactions on this basis. The Investment Advisor believes that this approach has the potential to deliver enhanced returns for Shareholders.

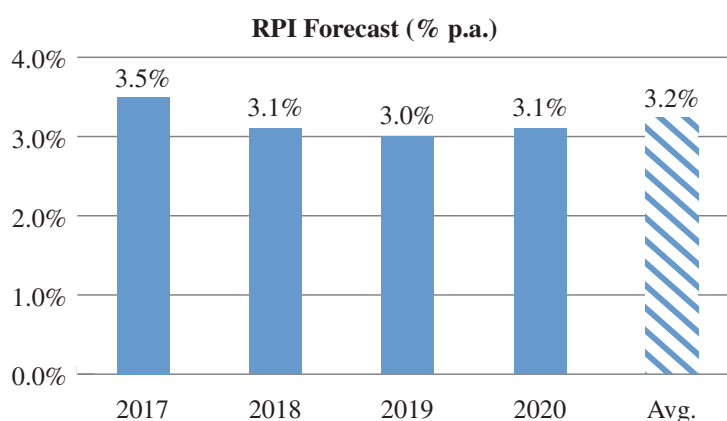
The Investment Advisor expects that the Company will be able to acquire assets on long leases where:

- there are very competitive tenant markets, such as budget hotels (for example, Premier Inn, Travelodge, Accor, Motel One and Holiday Inn) and discount retailers (for example, Aldi, Lidl, B&M and Home Bargains);
- assets are of strategic importance to the particular tenant, such as its headquarters office or main production plant; and
- tenants are used to long term freehold ownership, such as GE, Jaguar LR, Lidl and Accor.

Following the EU referendum in June 2016, UK inflation is projected to continue to rise, with sterling's decline and rising commodity prices significantly boosting the price of imported goods. The HM Treasury Forecasts for the Economy (November 2016) shows an average RPI growth of 3.2 per cent. per annum from 2017 to 2020.

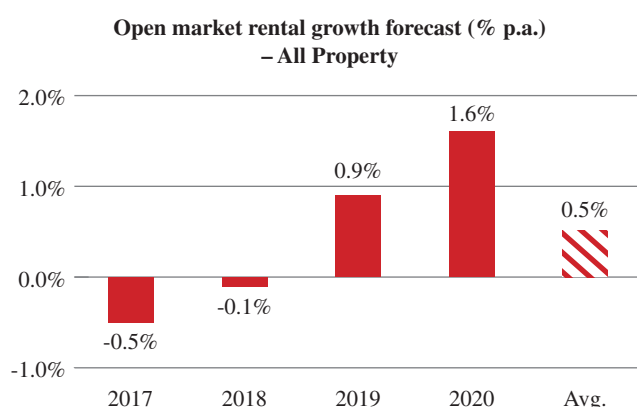
2 Estimate based on the Investment Advisor's experience.

3 Standard purchaser's costs for built assets.



Source: HM Treasury Forecasts for the Economy – November 2016

The Investment Property Forum UK Consensus Forecasts Report (Autumn 2016) shows an average open market rental growth of 0.5 per cent. per annum from 2017 to 2020, which is materially lower than the abovementioned HM Treasury RPI growth forecast.



Source: IPF UK Consensus Forecasts Report – Autumn 2016

Open market rental growth forecast (%)				
	2016	2017	2018	2016/20
Office	1.9	-2.1	-1.1	0.3
Industrial	2.6	0.8	0.7	1.3
Standard Retail	1.3	0.2	0.4	0.9
Shopping Centre	0.7	-0.2	0	0.5
Retail Warehouse	0.7	0.1	0.4	0.8
All Property	1.4	-0.5	-0.1	0.7

Source: IPF UK Consensus Forecasts Report – Autumn 2016

The Investment Advisor believes that this climate of rising inflation together with the historic low cost of debt obtainable for these secure, long income assets (approximately 3 per cent. or less available in the current climate) should allow for:

- higher rental growth via rental increases in line with inflation;
- enhanced dividend yield due to substantial free cash flows generated via the wide spread between triple-net rental income (approximately 5.5 per cent. average net initial yield) and low cost of debt; and
- capital growth through: (i) the capitalisation of rental increases following rent reviews; (ii) acquiring mispriced assets where the seller is driven by factors other than price; and (iii) the net purchase price on forward funding assets being a material discount to completed values and therefore, providing scope for “natural” yield compression as soon as the property is constructed.

Along with the built in protection from inflation-linked reviews, the yields in the long income sub-sector are less volatile compared to the broader real estate industry, according to MSCI. The annualised standard deviation for the yield of UK long lease property in the past 10 years stood at 6.3 per cent. per annum compared to 10.2 per cent. per annum for all UK real estate (as at end of June 2016).

Yield – 10 year annual standard deviation (% p.a.)



(source: MSCI)

2 Competitive Advantages

The Directors, having been advised by the Investment Advisor, believe that the Company has a number of competitive advantages including:

- *Multi-sector, defensive focus:* the Company will target a wide range of sub-sectors and long (typically 20 to 30 years) inflation-linked leases with strong tenant covenants, offering investors a highly targeted but diverse and defensive investment.
- *Underpinned growing yield:* the Company's dividend yield target is expected to be underpinned by strong and long-term lease agreements with institutional grade tenants, which incorporate regular inflation-linked upward only rental growth, to offer a low-risk, inflation protected income stream to investors.
- *Access to investment opportunities:* the Investment Advisor and its affiliates have access to a strong pipeline of investment opportunities through long-established industry contacts and extensive knowledge of the property market, including access to off-market transactions and specialised pre-let opportunities.
- *Asset availability:* the Investment Advisor is confident that suitable assets will be available for potential acquisition and should enable the Company to invest or commit substantially all of the Net Issue Proceeds within a six month period following First Admission.
- *Extensive expertise:* the Investment Advisor's personnel and affiliates have extensive expertise in the target assets and have successfully executed 21 transactions in the last four years with a gross asset value of approximately £700 million for family office and private client investors (the vast majority of these assets being in the sectors that the Company will target).
- *Transparent structure, with no legacy issues:* as a new REIT, the Company will be fully transparent, allowing straightforward analysis of the yield and the NAV. Furthermore, as the Company is not a conversion of an existing property business there will be no legacy issues.

3 Investment Process

Sourcing investments

The Investment Advisor will utilise its and its affiliates' extensive contacts in the UK real estate market to source investment opportunities for the Company, in particular through their longstanding and strong relationships with tenants/operators, developers and banks, in addition to an existing wide reaching network of investment agency contacts.

Review and approval

The Company will review and approve each opportunity based on the following investment considerations:

- institutional grade tenant with very strong financials and a proven operating track record;
- very long unbroken lease terms, typically 20 to 30 years (to earlier of first break and expiry);

- triple net leases directly linked to inflation or with fixed uplifts;
- sector and tenant diversification; and
- strong residual land value.

Once a potential property opportunity has been identified as a result of the application of the research and advice provided by the Investment Advisor, initial due diligence on the potential property investment will be undertaken.

In all cases after the initial due diligence phase, the Investment Advisor will make a detailed recommendation to the Board of the Company and the AIFM for their consideration and approval.

The Investment Advisor will produce a detailed report for each potential investment opportunity being considered, which will (where appropriate) analyse: (i) tenant covenant; (ii) form of lease; (iii) loan and hedging options; (iv) rental streams; (v) exit strategies; (vi) asset management opportunities; and (vii) external factors (such as market conditions).

Based on initial due diligence and the investment opportunity report, the Directors will determine whether detailed financial, legal and technical due diligence should be carried out by the Investment Advisor.

Execution

Where a proposed transaction is approved by the Directors, the Investment Advisor will perform the appropriate due diligence required, utilising third party professional advisers where needed.

The due diligence reports will be submitted to the Directors and the AIFM with a recommendation prepared by the Investment Advisor comprising a full investment report detailing the fit of a particular transaction to the investment objective and investment policy of the Company, and the potential risks and benefits of proceeding (or not) with any particular opportunity.

If an opportunity is presented to the Directors and approval is given to proceed, the AIFM and the Investment Advisor will conduct the following roles and provision of services to enable the execution of the transaction:

- providing project management, and overall control of the transaction, to include co-ordinating the work of other professional advisers and service providers, including agents, surveyors, valuers, lawyers, accountants, and tax advisers;
- leading in the negotiation with any third party (whether buying, selling, refinancing, or otherwise);
- leading in the negotiation and structuring of the transaction to ensure it meets the investment policy of the Company and does not detrimentally impact its status as a REIT;
- leading in the negotiation and structuring of any borrowings on the transaction;
- leading in the preparation and negotiation of any lease, or reviewing the implications of any existing lease;
- working as closely as requested with the Directors during the acquisition process; and
- leading the preparation of final documentation (in conjunction with legal and accounting advisers).

Monitoring and reporting

The Investment Advisor will continually monitor the progress of the Company's investments. This will include regular site visits and meetings with tenants on an asset-by-asset basis, as required, and at a minimum, on a bi-annual basis.

The Investment Advisor will update the Directors on the progress of the Company's investments on a quarterly basis with additional formal contact being made where significant events have occurred which may impact the Company's income, expenditure or NAV.

The AIFM will oversee the preparation of valuation statements for the Company's portfolio in each six month period (working with the Administrator and professional valuers, and assisting the Company in selecting appropriate valuers).

Holding and exit

The intention will be to hold all assets for the long term (including forward funding developments). However, by exception, if an external offer is made to the REIT and the returns are attractive for investors, the Company may consider selling the asset and reinvesting the proceeds into new assets.

Conflict management

Pursuant to the Investment Advisory Agreement, the Investment Advisor will not engage in any property acquisition services in relation to any long index-linked asset(s) falling within the Company's stated investment policy and investment objective, which have been identified by the Investment Advisor and in respect of which the reasonably estimated aggregate consideration or commitment involved is likely to be in excess of £5,000,000, without offering the Company a right of first refusal in respect of such asset(s).

4 Pipeline

The Investment Advisor, on behalf of the Company, has already identified a number of assets which meet the Company's investment objective and investment policy, including off-market assets identified through the Investment Advisor's and its affiliates' extensive contacts and relationships.

The Investment Advisor has already commenced negotiations and discussions concerning the acquisition of such assets for the Company. Furthermore, the Investment Advisor has entered into exclusivity agreements on behalf of the Company in relation to the acquisition of various assets. The assets in question are located in the UK and are leased to institutional grade tenants on 20 year plus leases, with rents indexed upwards only in line with inflation. These acquisitions are subject to on-going due diligence by the Investment Advisor and its professional advisers. The Company currently has no binding contractual obligations with potential vendors and although there can be no assurance that any of these properties will be purchased by the Company, the Investment Advisor is confident that sufficient suitable assets will be identified, assessed and acquired to substantially invest or commit the Net Issue Proceeds within six months following First Admission.

PART 3

DIRECTORS, MANAGEMENT AND ADMINISTRATION

1 Directors

The Directors are responsible for the determination of the Company's investment policy and have overall responsibility for the Company's activities, including the review of investment activity and performance and the control and supervision of the Company's service providers. All of the Directors are non-executive and are independent of the AIFM and the Investment Advisor. The Directors will meet at least four times per annum.

The Directors are as follows:

Stephen Hubbard, non-executive Chairman

Stephen Hubbard serves as Chairman of UK CBRE Group, the world's largest property advisory firm. Stephen has served as Co-Head of CBRE Capital Markets Europe since May 2005. He joined Richard Ellis in 1976 and served as Head of EMEA and UK Capital Markets from 1998 to 2012. He is also Chairman of London Business Network and a member of the Advisory Board for Redevco which is a pan-European property holding company. Stephen has also been a director of Workspace Group plc since July 2014.

Colin Smith OBE, non-executive Director

Colin Smith OBE served for ten years as Chairman of Poundland Group Holdings, Europe's largest single price discount retailer. Prior to this, he was Chief Executive and Finance Director of Safeway Plc, the national supermarket retailer. Colin is currently Chairman of Hilton Food Group plc having served as non-executive director since 2010. Hilton is a specialist retail meat packing business supplying major international food retailers in thirteen European countries and Australia. He also has experience in the not for profit sector as Chairman of The Challenge Network and previously as a trustee of Save the Children and as Chairman of the food industry sponsored Red Tractor assurance scheme.

Jeannette (Jan) Etherden, non-executive Director

Jan Etherden has over 30 years' experience in the investment industry, as an analyst, fund manager, then a non-executive director. Previously head of UK equities for Confederation Life/Sun Life of Canada, she joined Newton in 1996 as a director specialising in multi-asset segregated portfolios and was also their Investment COO from 1999 to 2001. Subsequently she worked with Olympus Capital Management as business development manager for specialist hedge fund products. She was a director of Ruffer Investment Company Ltd until November 2016 and currently is a director of both TwentyFour Income Fund and Miton UK MicroCap Trust plc.

John Cartwright, non-executive Director

John Cartwright is Chief Executive of AREF, a post he has held since late 2009. His responsibilities are to represent and promote the interests of members, promote best practice in fund governance and ensure the smooth running of the association.

Prior to this, John was with M&G Real Estate (formerly PRUPIM) for nearly 35 years in a variety of roles; latterly as Head of Institutional and Retail Funds and a member of PRUPIM's Board and Investment Committee. He has more than 20 years' experience of managing pooled and segregated accounts for both retail and institutional investors.

John is also a member of the Investment Committee of Lothbury Property Trust.

John is a Fellow of the Royal Institution of Chartered Surveyors.

2 AIFM and Investment Advisor

The Company has appointed LJ Capital Limited as the Company's alternative investment fund manager (the "AIFM"). The Company and the AIFM have appointed LXI REIT Advisors Limited (the "**Investment Advisor**") to provide certain services in relation to the Company and its portfolio.

LXI REIT Advisors Limited is owned by the principals, shareholders and directors of Osprey Equity Partners Limited. Osprey was formed in 2011 and is 50 per cent. owned by LJ Partnership. LJ Capital Limited is 100 per cent. owned by LJ Partnership. LJ Partnership was established in 2009 and has grown to become a substantial, international multi-family office and asset manager, managing US\$10 billion of assets, including US\$4.5 billion of real estate assets, for families, private individuals and institutions. It has over 250 employees and 11 offices around the world. Osprey has extensive expertise in the purchase and forward funding of commercial property assets let or pre-let on long, index-linked leases to institutional quality tenants across a wide range of sectors. Current tenants include Premier Inn, Travelodge, Aldi, M&S Simply Food, Sainsbury's, Tesco, B&M, Home Bargains, Costa Coffee, McDonald's and Holland and Barrett.

Osprey has executed 21 transactions in the last four years with a gross asset value of approximately £700 million for family office and private client investors. The vast majority of these assets are let or pre-let to tenants with strong covenants on very long term, index-linked leases. Osprey has realised an average return of 20 per cent. per annum and an average dividend of 6.5 per cent. per annum for its exited investments.

The AIFM is regulated in the conduct of investment business by the FCA. The AIFM is, for the purposes of the AIFMD and the rules of the FCA, a "full scope" UK alternative investment fund manager with a Part 4A permission for managing AIFs, such as the Company.

It is currently intended that following First Admission, the AIFM will cease to act as alternative investment fund manager to the Company and that another member of its group, LJ Administration (UK) Limited, will be appointed as the Company's alternative investment fund manager. If LJ Administration (UK) Limited is so appointed, the Investment Management Agreement and the Investment Advisory Agreement will be novated to it.

The key individuals responsible for executing the Company's investment strategy are:

John White

John entered the commercial real estate market in 1987 and after qualifying as a chartered surveyor at Allsops moved to the investment team at Cushman & Wakefield. There he became a partner and spent the next 18 years advising a range of institutional investor clients on their UK acquisitions and disposals across the full range of real estate sub-sectors including retail (in and out of town), offices (London, Thames Valley and regional cities), logistics, and alternatives. John moved into private equity real estate in 2007 and co-founded Osprey Equity Partners in 2011.

Simon Lee

Simon trained and practised as a solicitor at City law firm, Slaughter and May, from 1999 to 2006, following which he spent the next 10 years in private equity real estate, co-founding Osprey Equity Partners in 2011.

Simon's role covers a wide range of areas, including formulating Osprey's investment strategies and products, raising equity and debt finance, asset selection, and negotiating and implementing transactions with vendors, purchasers, developers, investors, lenders and joint venture partners.

Jamie Beale

Jamie has significant transaction management experience in the long income and forward funding real estate space.

Prior to joining Osprey Equity Partners, Jamie spent five years in the city as a real estate lawyer where he acted for leading developers and property funds on a variety of deals, ranging from large scale residential developments to substantial commercial property transactions.

Investment Management Agreement

The Company and the AIFM have entered into the Investment Management Agreement, a summary of which is set out in paragraph 7.2 of Part 7 of the Prospectus, under which the AIFM has agreed to provide the Company with portfolio management and risk management services and to be the Company's alternative investment fund manager.

Details of the fees and expenses payable to the AIFM are set out in paragraph 6 of this Part 3 below.

Investment Advisory Agreement

The Company, the AIFM and the Investment Advisor have entered into the Investment Advisory Agreement, a summary of which is set out in paragraph 7.3 of Part 7 of the Prospectus, under which the Investment Advisor has agreed to provide certain services to the Company and the AIFM in relation to the Company's portfolio, including sourcing investments for acquisition by the Company and due diligence in relation to proposed investments.

Details of the fees and expenses payable to the Investment Advisor are set out in paragraph 6 of this Part 3 below.

3 Administrator and Company Secretary

Langham Hall UK Services LLP has been appointed as Administrator to the Company and will also provide company secretarial services and a registered office to the Company. The Administrator is responsible for calculating the Net Asset Value of the Ordinary Shares in consultation with the AIFM and the Investment Advisor and reporting this to the Board.

4 Registrar

Capita Asset Services has been appointed to provide registrar services to the Company pursuant to the Registrar Agreement. Under the Registrar Agreement the Registrar has responsibility for maintaining the register of Shareholders, receiving transfers of Ordinary Shares for certification and registration and receiving and registering Shareholders' dividend payments together with related services.

5 Depositary

Langham Hall UK Depositary LLP has been appointed as Depositary to provide cash monitoring, safekeeping and asset verification and oversight functions as prescribed by the AIFMD.

6 Fees and Expenses

Formation and initial expenses

The formation and initial expenses of the Company are those which are necessary for the incorporation of the Company, First Admission and the Issue. These expenses include fees and commissions payable under the Placing and Offer Agreement (including all fees, commissions and expenses payable to Peel Hunt and to the Intermediaries), the Receiving Agent's fees, Admission fees, printing, legal and accounting fees and any other applicable expenses which will be met by the Company and will be paid on or around First Admission out of the Gross Issue Proceeds. The expenses will be written off immediately following First Admission. Such costs and expenses have been fixed at 2.0 per cent. of the Gross Issue Proceeds. Assuming 200 million Ordinary Shares are issued resulting in Gross Issue Proceeds of £200 million, the costs and expenses of the Issue payable by the Company will be £4 million.

Ongoing annual expenses

Ongoing annual expenses will include the following:

- *AIFM*
Under the Investment Management Agreement, the AIFM will receive a fee of £24,000 per annum. No performance fee is payable to the AIFM.
- *Investment Advisor*
Under the terms of the Investment Advisory Agreement, the Investment Advisor is entitled to a fee payable monthly in arrear calculated at the rate of: (i) one-twelfth of 0.75 per cent. per calendar month of Market Capitalisation up to or equal to £500 million; and (ii) one-twelfth of 0.65 per cent. per calendar month of Market Capitalisation above £500 million. No performance fee is payable to the Investment Advisor.
- *Administrator and Company Secretary*
Under the terms of the Administration Agreement, the Administrator is entitled to receive a fee of £90,000 per annum plus an additional fee of 0.85 basis points per annum on any capital raised by the Company in excess of £250 million.
- *Depositary*
Under the terms of the Depositary Agreement, the Depositary is entitled to receive a fee of £32,500 per annum plus an additional fee of 0.3 basis points per annum on any capital raised by the Company in excess of £250 million. In addition, the Depositary is entitled to receive transaction fees where the number of property acquisitions in a calendar year exceeds eight.
- *Registrar*
Under the terms of the Registrar Agreement, the Registrar is entitled to an annual maintenance fee per Shareholder account per annum subject to a minimum annual fee. The Registrar is also entitled to certain transaction fees under the Registrar Agreement.
- *Directors*
Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. Save for the Chairman, the initial fees will be £27,500 for each Director per annum. The Chairman's initial fee will be £40,000 per annum. In addition, the Chair of the Audit Committee will receive an additional fee of £5,000 per annum and the Chair of the Management Engagement Committee will receive an additional fee of £2,500 per annum.

Each of the Directors has agreed that any fees payable to them shall, save where the Company determines otherwise, be satisfied in Ordinary Shares acquired at market value, such Ordinary Shares to be acquired on behalf of the Directors and for their account by the Company's broker. Any Ordinary Shares acquired by the Directors pursuant to these arrangements shall be subject to the terms of the Lock-in Deed.

Each of the Directors will also be entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the business of the Company. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.
- *Other operational expenses*
Other ongoing operational expenses (excluding fees paid to service providers as detailed above) of the Company will be borne by the Company including travel, accommodation, printing, audit, finance costs, legal fees (including those incurred on behalf of the Company by the AIFM or the Investment Advisor), corporate broking fees, annual London Stock Exchange fees and AIC membership fees. All reasonable out of pocket expenses of the AIFM, the Investment Advisor, the Administrator, the

Registrar, the Valuer, the Company's other service providers and the Directors relating to the Company will be borne by the Company.

7 Conflicts of Interest

The AIFM, the Investment Advisor and their officers and employees may from time to time act for other clients or manage or advise other funds, which may have similar investment objectives and policies to that of the Company. Circumstances may arise where investment opportunities will be available to the Company which are also suitable for one or more of such clients of the AIFM or the Investment Advisor or such other funds. The Directors have satisfied themselves that the AIFM and the Investment Advisor have procedures in place to address potential conflicts of interest. Pursuant to the Investment Advisory Agreement, the Investment Advisor will not engage in any property acquisition services in relation to any long index-linked asset(s) falling within the Company's stated investment policy and investment objective, which have been identified by the Investment Advisor and in respect of which the reasonably estimated aggregate consideration or commitment involved is likely to be in excess of £5,000,000, without offering the Company a right of first refusal in respect of such asset(s).

The AIFM, the Investment Advisor and any of their directors, officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an "**Interested Party**") may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and shall not be liable to account for any profit from any such services. For example, an Interested Party may acquire on behalf of a client an investment in which the Company may invest.

8 Corporate Governance

The Board of the Company has considered the principles and recommendations of the AIC Code by reference to the AIC Guide. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as an investment company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to Shareholders.

The Financial Reporting Council ("**FRC**"), the UK's independent regulator for corporate reporting and governance responsible for the UK Corporate Governance Code, has endorsed the AIC Code and the AIC Guide. The terms of the FRC's endorsement mean that AIC members who report against the AIC Code and the AIC Guide meet fully their obligations under the UK Corporate Governance Code and the related disclosure requirements contained in the Listing Rules.

With effect from First Admission, the Company intends to comply with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to: the role of the chief executive; the appointment of a senior independent director; executive directors' remuneration; and the need for an internal audit function. For the reasons set out in the AIC Guide, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company and the Company does not, therefore, intend to comply with them.

The Company's Audit Committee will be chaired by John Cartwright, consist of all the Directors and will meet at least twice a year. The Board considers that the members of the Audit Committee have the requisite skills and experience to fulfil the responsibilities of the Audit Committee. The Audit Committee will examine the effectiveness of the Company's risk management and internal control systems. It will review the half-yearly and annual reports and also receive information from the AIFM and the Investment Advisor. It will also review the scope, results, cost effectiveness, independence and objectivity of the external auditor.

In accordance with the AIC Code the Company has established a Management Engagement Committee which will be chaired by Jan Etherden and consist of all the Directors. The Management Engagement Committee will meet at least once a year or more often if required. Its principal duties will be to consider the terms of appointment of the AIFM and the Investment Advisor and it will annually review these appointments and the terms of the Investment Management Agreement and the Investment Advisory Agreement.

PART 4

ISSUE ARRANGEMENTS

1 The Issue

The Company is targeting an issue of 200 million Ordinary Shares pursuant to the Issue at the Issue Price of 100 pence per Ordinary Share. In this Prospectus, the First Placing, Offer for Subscription and the Intermediaries Offer are together referred to as the “Issue”. The Directors have reserved the right, in conjunction with Peel Hunt, to increase the size of the Issue to a maximum of 300 million Ordinary Shares if overall demand exceeds 200 million Ordinary Shares. The actual number of Ordinary Shares to be issued pursuant to the Issue, and therefore the Gross Issue Proceeds, are not known as at the date of this Prospectus but will be notified by the Company via a Regulatory Information Service announcement prior to First Admission. The Issue is not being underwritten. The maximum Issue size should not be taken as an indication of the number of Ordinary Shares to be issued.

The aggregate proceeds of the Issue, after deduction of expenses, are expected to be £196 million on the assumption that the Gross Issue Proceeds are £200 million.

2 Reasons for the Issue and Use of Proceeds

The Company will use the Net Issue Proceeds to acquire investments in accordance with the Company’s investment objective and policy.

3 The First Placing

Peel Hunt has agreed to use its reasonable endeavours to procure subscribers pursuant to the First Placing for the Ordinary Shares on the terms and subject to the conditions set out in the Placing and Offer Agreement. Details of the Placing and Offer Agreement are set out in paragraph 7.1 of Part 7 of the Prospectus.

The terms and conditions which shall apply to any subscription for Ordinary Shares procured by Peel Hunt are set out in Part 9 of the Prospectus. The First Placing will close at 5.00 p.m. on 22 February 2017 (or such later date, not being later than 31 March 2017, as the Company and Peel Hunt may agree). If the First Placing is extended, the revised timetable will be notified through a Regulatory Information Service.

Each Placee agrees to be bound by the Articles once the Ordinary Shares, which the Placee has agreed to subscribe for pursuant to the First Placing, have been acquired by the Placee. The contract to subscribe for the Ordinary Shares under the First Placing and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Peel Hunt, the Company, the AIFM, the Investment Advisor and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.

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

4 The Offer for Subscription

The Directors are also proposing to offer Ordinary Shares under the Offer for Subscription, subject to the terms and conditions of the Offer for Subscription set out in Part 10 of the Prospectus. These terms and conditions and the Offer for Subscription Application Form attached as Appendix 1 to the Prospectus should be read carefully before an application is made. The Offer for Subscription will close at 1.00 p.m. on 21 February 2017. If the Offer for Subscription is extended, the revised timetable will be notified through a Regulatory Information Service.

Applications under the Offer for Subscription must be for Ordinary Shares at the Issue Price, being 100 pence per Ordinary Share. The aggregate subscription price is payable in full on application. Individual applications must be for a minimum subscription of 1,000 Ordinary Shares and then in multiples of 1,000 Ordinary Shares thereafter, although the Board may accept applications below the minimum amounts stated above in its absolute discretion. Multiple subscriptions under the Offer for Subscription by individual investors will not be accepted.

Completed Application Forms accompanied either by a cheque or banker's draft or appropriate delivery versus payment ("DVP") instructions in relation to the Offer for Subscription must be posted or delivered by hand (during normal business hours) to the Receiving Agent, Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received as soon as possible and, in any event, no later than 1.00 p.m. on 21 February 2017.

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

Please also refer to the section below headed "CREST".

5 Intermediaries Offer

Investors may also subscribe for Ordinary Shares at the Issue Price of 100 pence per Ordinary Share pursuant to the Intermediaries Offer. Only the Intermediaries' retail investor clients in the United Kingdom, the Channel Islands and the Isle of Man are eligible to participate in the Intermediaries Offer. Investors may apply to any one of the Intermediaries to be accepted as their client.

No Ordinary Shares allocated under the Intermediaries Offer will be registered in the name of any person whose registered address is outside the United Kingdom, the Channel Islands or the Isle of Man. A minimum application of 1,000 Ordinary Shares per Underlying Applicant will apply. Allocations to Intermediaries will be determined solely by the Company (following consultation with Peel Hunt).

An application for Ordinary Shares in the Intermediaries Offer means that the Underlying Applicant agrees to acquire the Ordinary Shares applied for at the Issue Price. Each Underlying Applicant must comply with the appropriate money laundering checks required by the relevant Intermediary and all other laws and regulations applicable to their agreement to subscribe for Ordinary Shares. Where an application is not accepted or there are insufficient Ordinary Shares available to satisfy an application in full, the relevant Intermediary will be obliged to refund the Underlying Applicant as required and all such refunds shall be made without interest. The Company, the Investment Advisor, the AIFM and Peel Hunt accept no responsibility with respect to the obligation of the Intermediaries to refund monies in such circumstances.

Each Intermediary has agreed, or will on appointment agree, to the Intermediaries Terms and Conditions, which regulate, *inter alia*, the conduct of the Intermediaries Offer on market standard terms and provide for the payment of a commission and/or fee (to the extent permissible by the rules of the FCA) to Intermediaries from the Intermediaries Offer Adviser acting on behalf of the Company if such Intermediary elects to receive a commission and/or fee. Pursuant to the Intermediaries Terms and Conditions, in making an application, each Intermediary will also be required to represent and warrant that they are not located in the United States and are not acting on behalf of anyone located in the United States.

In addition, the Intermediaries may prepare certain materials for distribution or may otherwise provide information or advice to retail investors in the United Kingdom, subject to the terms of the Intermediaries Terms and Conditions. Any such materials, information or advice are solely the responsibility of the relevant Intermediary and will not be reviewed or approved by any of the Company, the AIFM, the Investment Advisor or the Intermediaries Offer Adviser. Any liability relating to such documents shall be for the relevant Intermediaries only.

The Intermediaries Terms and Conditions provide for the Intermediaries to have an option (where the payment of such commission and/or fee is not prohibited) to be paid a commission and/or fee by the Intermediaries Offer Adviser (acting on behalf of the Company) where it has elected to receive such

commission and/or fee in respect of the Ordinary Shares allocated to and paid for by them pursuant to the Intermediaries Offer.

6 Conditions to the Issue

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

- 6.1 the Placing and Offer Agreement becoming wholly unconditional in respect of the Issue (save as to First Admission) and not having been terminated in accordance with its terms at any time prior to First Admission;
- 6.2 First Admission having become effective on or before 8.00 a.m. on 27 February 2017 or such later time and/or date as the Company and Peel Hunt may agree (being not later than 8.00 a.m. on 31 March 2017); and
- 6.3 the Minimum Net Proceeds being raised (or such lesser amount as the Company and Peel Hunt may determine and notify to investors via an RIS announcement and a supplementary prospectus including a working capital statement based on a revised minimum net proceeds figure).

The Directors also have the discretion not to proceed with the Issue if all of the above conditions (including raising the Minimum Net Proceeds) have been met. If the Issue does not proceed (due to the Minimum Net Proceeds not being raised or otherwise), any monies received under the Issue will be returned to applicants without interest within 14 days at the applicants' risk.

7 Scaling Back and Allocation

The Directors have reserved the right, in consultation with Peel Hunt, to increase the size of the Issue to up to 300 million Ordinary Shares if overall demand exceeds 200 million Ordinary Shares.

In the event that commitments under the Issue exceed the maximum number of Ordinary Shares available, applications under the Issue will be scaled back at the Company's discretion in consultation with Peel Hunt.

There will be no priority given to applications under the First Placing, applications under the Offer for Subscription or applications under the Intermediaries Offer pursuant to the Issue.

8 The Main Market and the Official List

The main market is an EU regulated market. Consequently, upon First Admission, the Company will be subject to the Prospectus Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation. Upon admission to the Official List, the Company will also be subject to the continuing obligations of the Listing Rules.

9 The Placing and Offer Agreement

The Placing and Offer Agreement contains provisions entitling Peel Hunt to terminate the Issue (and the arrangements associated with it) at any time prior to First Admission in certain circumstances. If this right is exercised, the Issue and these arrangements will lapse and any monies received in respect of the Issue will be returned to each applicant without interest within 14 days at the applicant's risk.

The Placing and Offer Agreement provides for Peel Hunt to be paid commission by the Company in respect of the Ordinary Shares to be allotted pursuant to the Issue. Any Ordinary Shares subscribed for by Peel Hunt may be retained or dealt in by it for its own benefit.

Under the Placing and Offer Agreement, Peel Hunt is entitled at its discretion and out of its own resources at any time to rebate to some or all investors, or to other parties, part or all of its fees relating to the Issue. Peel Hunt is also entitled under the Placing and Offer Agreement to retain agents and may pay commission in respect of the Issue to any or all of those agents out of its own resources.

Further details of the terms of the Placing and Offer Agreement are set out in paragraph 7.1 of Part 7 of the Prospectus.

10 General

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

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

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

11 Admission, Clearing and Settlement

Applications will be made to the UK Listing Authority for all of the Ordinary Shares to be issued pursuant to the Issue to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the premium segment of the London Stock Exchange's main market for listed securities. It is expected that First Admission will become effective and dealings will commence on 27 February 2017.

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

Where applicable, definitive share certificates in respect of the Ordinary Shares are expected to be despatched by post at the risk of recipients to the relevant holders in the week beginning 6 March 2017. Prior to the despatch of definitive share certificates in respect of any Ordinary Shares which are held in certificated form, transfer of those Ordinary Shares will be certified against the Register. No temporary documents of title will be issued.

The ISIN number of the Ordinary Shares is GB00BYQ46T41 and the SEDOL code is BYQ46T4.

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the Ordinary Shares, nor does it guarantee the price at which a market will be made in the Ordinary Shares. Accordingly, the dealing price of the Ordinary Shares may not necessarily reflect changes in the Net Asset Value per Ordinary Share.

12 CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from First Admission. Accordingly, settlement of transactions in the Ordinary Shares following First Admission may take place within the CREST system if any Shareholder so wishes.

13 Material Interests

There are no interests that are material to the Issue and no conflicting interests.

14 Profile of a Typical Investor

The Ordinary Shares are designed to be suitable for institutional investors and professionally-advised private investors. The Ordinary Shares may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in the Ordinary Shares.

15 Overseas Persons

Potential investors in any territory other than the United Kingdom should refer to the notices set out in the section entitled “Important Information” of this Prospectus.

The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary Shares under the Issue if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

PART 5

THE PLACING PROGRAMME

1 Details of the Placing Programme

The Directors are authorised to issue up to 200 million Ordinary Shares pursuant to the Placing Programme without having to first offer those Ordinary Shares to existing Shareholders.

The Placing Programme is being implemented to enable the Company to raise additional capital in the period from 28 February 2017 to 5 February 2018 once the proceeds of the Issue have been fully invested. The Directors intend to apply the net proceeds of any Subsequent Placing under the Placing Programme in making investments in accordance with the Company's investment objective and policy.

The number of Ordinary Shares available under the Placing Programme is intended to be flexible and should not be taken as an indication of the number of Ordinary Shares to be issued. Any issues of Ordinary Shares will be notified by the Company through a Regulatory Information Service and the Company's website, prior to each Subsequent Admission. The Placing Programme is not being underwritten.

The Placing Programme may have a number of closing dates in order to provide the Company with the ability to issue Ordinary Shares over the duration of the Placing Programme. Ordinary Shares may be issued under the Placing Programme, following the Issue, from 8.00 a.m. on 28 February 2017 until 8.00 a.m. on 5 February 2018. Applications will be made to the UK Listing Authority for all of the Ordinary Shares to be issued pursuant to the Placing Programme to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the premium segment of the London Stock Exchange's main market for listed securities. The issue of Ordinary Shares pursuant to the Placing Programme is at the discretion of the Directors.

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

2 Conditions

Each allotment and issue of Ordinary Shares under the Placing Programme, following the Issue, is conditional, *inter alia*, on:

- (i) the Placing Programme Price being determined by the Directors as described below;
- (ii) Admission of the Ordinary Shares being issued pursuant to such issue;
- (iii) the Placing and Offer Agreement becoming otherwise unconditional in all respects as regards such allotment and issue, and it not having been terminated on or before the date of such Admission; and
- (iv) a valid supplementary prospectus being published by the Company if such is required by the Prospectus Rules.

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

3 Placing Programme Price

The Placing Programme Price will be determined by the Company and will be not less than the prevailing Net Asset Value (cum income) per Ordinary Share at the time of issue plus a premium to cover the costs and expenses of such issue.

The Directors will determine the Placing Programme Price on the basis described above so as to cover the costs and expenses of each issue of Ordinary Shares under the Placing Programme and to thereby avoid any dilution of the Net Asset Value of the existing Ordinary Shares. In determining the Placing Programme Price, the Directors will also take into consideration, *inter alia*, the prevailing market conditions at that time.

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

4 Dilution

If 200 million Ordinary Shares are issued pursuant to the Placing Programme, assuming the Issue has been subscribed as to 200 million Ordinary Shares, there would be a dilution of approximately 50 per cent. in Shareholders' voting control of the Company immediately after the Issue. However, it is not anticipated that there will be any dilution in the NAV per Ordinary Share as a result of the Placing Programme.

5 Scaling Back

In the event of oversubscription of a Subsequent Placing, applications under the Subsequent Placing will be scaled back at the Company's discretion (in consultation with Peel Hunt).

6 The Placing and Offer Agreement

Peel Hunt is entitled to terminate the Placing and Offer Agreement at any time prior to any Subsequent Admission in certain circumstances. If this right is exercised, the Placing Programme and these arrangements will lapse and any monies received in respect of a relevant Subsequent Placing will be returned to applicants without interest within 14 days at the applicants' risk.

The Placing and Offer Agreement provides for Peel Hunt to be paid commission by the Company in respect of the Ordinary Shares to be allotted pursuant to a Subsequent Placing. Any Ordinary Shares subscribed for by Peel Hunt may be retained or dealt in by it for its own benefit.

Under the Placing and Offer Agreement, Peel Hunt is entitled at its discretion and out of its own resources at any time to rebate to some or all investors, or to other parties, part or all of its fees relating to a Subsequent Placing. Peel Hunt is also entitled under the Placing and Offer Agreement to retain agents and may pay commission in respect of a Subsequent Placing to any or all of those agents out of its own resources.

Further details of the terms of the Placing and Offer Agreement are set out in paragraph 7.1 of Part 7 of the Prospectus.

7 Costs of the Placing Programme

The costs and expenses of each issue of Ordinary Shares under the Placing Programme will depend on subscriptions received but will be capped at 2.0 per cent. of the gross proceeds of each Subsequent Placing. The costs and expenses of any issue of Ordinary Shares will be covered by issuing such Ordinary Shares at a premium to the prevailing (cum-income) Net Asset Value per Ordinary Share at the time of issue.

8 General

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

9 Clearing and Settlement

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

Where applicable, definitive share certificates in respect of the Ordinary Shares are expected to be despatched by post, at the risk of recipients, to the relevant holders, approximately one week from the Admission of Ordinary Shares pursuant to each Subsequent Placing. Prior to the despatch of definitive share certificates in respect of any Ordinary Shares which are held in certificated form, transfer of those Ordinary Shares will be certified against the Register. No temporary documents of title will be issued.

The ISIN of the Ordinary Shares is GB00BYQ46T41 and the SEDOL code is BYQ46T4.

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the Ordinary Shares, nor does it guarantee the price at which a market will be made in the Ordinary Shares. Accordingly, the dealing price of the Ordinary Shares may not necessarily reflect changes in the underlying Net Asset Value per Ordinary Share.

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

10 CREST

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

11 Material Interests

There are no interests that are material to the Placing Programme and no conflicting interests.

12 Profile of a Typical Investor

The Ordinary Shares are designed to be suitable for institutional investors and professionally-advised private investors. The Ordinary Shares may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in the Ordinary Shares.

13 Overseas Persons

Potential investors in any territory other than the United Kingdom should refer to the notices set out in the section entitled "Important Information" of this Prospectus.

The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary Shares under any Subsequent Placing if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

PART 6

REIT STATUS AND TAXATION

1 Introduction

1.1 *Principal advantage of REIT status*

The principal advantage of REIT status is that the REIT, which in this case, and for the purposes of this Part 6, will either be the Company as principal company of a REIT Group or as a Company REIT will be exempt from UK corporation tax on both rental profits and chargeable gains on direct disposals of properties held for the purposes of its 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). It should be noted that the sale of shares by a REIT or member of a REIT Group in a property owning company will continue to be subject to UK corporation tax.

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 REIT will have to comply with the various tests outlined in paragraph 2.2 of this Part 6 on an ongoing basis; and

1.2.2 withholding tax of 20 per cent. must be deducted from certain distributions made to certain Shareholders (see paragraph 3 of this Part 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 Company will have to meet a minimum distribution test for each accounting period that it is a REIT or the principal company of a REIT Group. 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. See further paragraphs 2.1 or 2.3.3 below. The Board believes that the Company's dividend policy will enable the Company to meet this minimum distribution requirement.

1.4 *The Substantial Shareholder rule*

Under the REIT Regime, a tax charge may be levied on the Company if it makes a distribution to or in respect of 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 Ordinary Shares held by the Substantial Shareholder in excess of 10 per cent. of the Company's issued share capital. See further paragraph 2.3.2 below.

A summary of the Articles is set out at paragraph 5 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 2.2.1 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 which is a collective investment scheme, a registered social landlord, an open-ended investment company or the foreign equivalent of an open-ended investment company, a person with sovereign immunity from UK corporation or income tax, a UK REIT or the foreign equivalent of a UK REIT. However the Company may be close for tax purposes for up to three years after joining the regime. If the non-close company requirement is not met at the start of the first day after the end of the first three-year period, the Company 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 Company 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 Company 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, and any subsidiaries become members 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 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 Company and the Shareholders.

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

HMRC may require the Company or REIT 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 to avoid tax, as sufficiently serious;
- 1.6.2 the Company or members of its REIT Group has committed a certain number of breaches of the conditions within a specified period; or
- 1.6.3 HMRC has given the Company or members of its REIT Group two or more notices in relation to the avoidance of tax by the Company or members of its REIT Group within a ten year period.

The Company or REIT 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 Company or REIT 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 solely UK resident for tax purposes; or
- 1.6.6 the Company becomes an open-ended company.

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

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

Shareholders should note that it is possible that the Company or REIT 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 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 whereas 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), generally on or before the filing date for the REIT's tax return for the accounting period in question, at least 90 per cent. of the income profits (calculated using normal tax rules) of the Property Rental Business arising in each accounting period and 100 per cent. of any property income distributions received from other UK REITs. 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 profits distributed up to the required level.

In this Part 6, 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 company or group becomes a REIT by correctly serving notice on HMRC before the date from which it wishes to come under the REIT regime. In order to qualify as a REIT, the Company and/or REIT 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/or REIT 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 Group or a Company REIT must be a solely UK tax-resident company whose ordinary shares are admitted to trading on a recognised stock exchange, which includes the main market of the London Stock Exchange. Additionally, the principal company of a REIT Group or a Company REIT must not be an open-ended investment company. After the first three year period, the principal company of a REIT Group or a Company REIT must also not be a close company for UK tax purposes other than by virtue of having as a participator an institutional investor (as to the meaning of institutional investor see paragraph 1.5 above). 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.

2.2.2 *Share capital restrictions*

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

2.2.4 *Conditions for the Property Rental Business*

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

- the Property Rental Business must, throughout the accounting period, involve at least three properties;
- throughout the accounting period, no one property may represent more than 40 per cent. of the total value of all the properties involved in the Property Rental Business. Assets must be valued in accordance with IFRS, and at fair value when IFRS offers a choice between a cost basis and a fair value basis;
- at least 90 per cent. of the amounts shown in the financial statements of the Company as income profits (broadly, calculated using normal tax rules) and 100 per cent. of any property income distributions received from other UK REITs must be distributed to shareholders of the REIT in the form of a PID on or before the filing date for the REIT's tax return for the accounting period (the "**90 per cent. distribution test**"). For the purpose of satisfying the 90 per cent. distribution test, any dividend withheld in order to

comply with the rule relating to Substantial Shareholders (as described in paragraph 2.3.2 below) will be treated as having been paid. The issue of stock dividends will count towards the 90 per cent. threshold;

- the income profits arising from the Property Rental Business must represent at least 75 per cent. of the REIT'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 Company REIT or REIT Group (the "**75 per cent. assets test**"). Cash held on deposit and gilts may be added to the value of assets relating to the 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 a 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, the member or members of the REIT 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.

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

2.3.2 *The Substantial Shareholder rule*

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

This tax charge will not be incurred if the REIT has taken "reasonable steps" to avoid paying dividends to such a shareholder. HMRC guidance describes certain actions that a REIT may take to show it has taken such "reasonable steps". One of these actions is to include restrictive

provisions in the REIT's articles of association to address this requirement. The Articles are consistent with such provisions.

2.3.3 Dividends

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

2.3.4 Interest cover ratio

A tax charge will arise if, in respect of any accounting period, the ratio of the Company'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 OECD Base Erosion and Profit Shifting, tax deductibility of corporate interest

The 'Base Erosion and Profit Shifting (BEPS) action point 4' proposals to restrict corporate interest expense, broadly to 30 per cent. of EBITDA, will take effect from 1 April 2017. It was confirmed in the 2016 Autumn Statement that these new rules will apply equally to REITs as to other UK companies.

The Consultation response released in December 2016 stated that "*REITs will have the flexibility to apply the interest restriction to either the exempt or residual business. So while REITs will be subject to the interest restriction rules, they will not be forced to pay excessive Property Income Dividends*".

2.3.6 Property development and property trading by a REIT

A property development undertaken by the REIT for the purposes of the investment business can be within the Property Rental Business provided certain conditions are met. However, if the costs of the development exceed 30 per cent. of the fair value of the asset at the later of: (a) the date on which the relevant company becomes or becomes a member of a REIT; and (b) the date of the acquisition of the development property, and the REIT sells the development property within three years of completion of the development, the property will be treated as never having been part of the Property Rental Business for the purposes of calculating any gain arising on disposal of the property. Any gain will be chargeable to corporation tax.

If the REIT disposes of a property (whether or not a development property) in the course of a trade, the property will be treated as never having been within the Property Rental Business for the purposes of calculating any profit arising on disposal of the property. Any profit will be chargeable to corporation tax.

2.3.7 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.

2.3.8 *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.

2.3.9 *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.

The REIT’s share of the underlying income and gains arising from any interest in a tax transparent vehicle carrying on a Property Rental Business, including offshore trusts or partnerships, should automatically fall within the REIT tax exemption, and will count towards the 75 per cent. profits and assets tests, provided the REIT is entitled to at least 20 per cent. of the profits and assets of the relevant tax transparent vehicle. The REIT’s share of the Property Rental Business profits arising will count towards the 90 per cent. distribution test.

2.3.10 *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 income 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 income 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 REIT ends its accounting period immediately prior to the takeover becoming unconditional in all respects, dividends paid as PIDs before that date should not be re-characterised retrospectively as normal dividends.

3 United Kingdom Tax Treatment of Shareholders under REIT Status

3.1 Introduction

The following paragraphs are intended as a general guide only and are based on the Company's understanding of current UK tax law and HMRC practice, each of which is subject to change, possibly with retrospective effect. They do not constitute advice.

The following paragraphs relate only to certain limited aspects of the United Kingdom taxation treatment of PIDs and Non-PID Dividends paid by the Company, and to disposals of Ordinary Shares, in each case, after the Company achieves and maintains REIT status. Except where otherwise indicated, they apply only to Shareholders who are resident for tax purposes solely in the United Kingdom. They apply only to Shareholders who are the absolute beneficial owners of both their PIDs and their Ordinary Shares and who hold their Ordinary Shares as investments. They do not apply to Substantial Shareholders. They do not apply to certain categories of Shareholders, such as dealers in securities or distributors, persons who have or are deemed to have acquired their Ordinary Shares by reason of their or another employment, persons who hold their Ordinary Shares as part of hedging or conversion transactions, or persons who hold their Ordinary Shares in connection with a UK branch, agency or permanent establishment. Except where otherwise indicated at paragraph 3.3.4 (Withholding tax) below, they do not apply to persons holding Ordinary Shares by virtue of an interest in any partnerships, insurance companies, life insurance companies, mutual companies, collective investment schemes, charities, trustees, local authorities, or pension scheme administrators.

Shareholders who are in any doubt about their tax position, or who are subject to tax in a jurisdiction other than the United Kingdom, should consult their own appropriate independent professional adviser without delay, particularly concerning their tax liabilities on PIDs, whether they are entitled to claim any repayment of tax, and, if so, the procedure for doing so.

3.2 UK taxation of Non-PID Dividends

3.2.1 Individual Shareholders

The Non-PID Dividend received will be part of the Shareholder's total income for UK income tax purposes and will be regarded as the top slice of that income.

Changes were introduced in Finance Bill 2016 concerning the UK taxation of dividends and, as a consequence, UK tax-resident individual Shareholders who receive a Non-PID Dividend from the Company will no longer be entitled to a tax credit. A new £5,000 tax-free dividend allowance has instead been introduced. As a result, a UK resident individual Shareholder does not pay income tax on the first £5,000 of Non-PID Dividend income they receive in a tax year. The rates of income tax for Non-PID Dividends received above the dividend allowance will be:

- (a) 7.5 per cent. for dividend income within the basic rate income tax band;
- (b) 32.5 per cent. for dividend income within the higher rate income tax band; and
- (c) 38.1 per cent. for dividend income within the additional rate band.

3.2.2 Corporate Shareholders

A Shareholder within the charge to UK corporation tax which is a "small company" (for the purposes of UK taxation of dividends) will not generally be subject to tax on Non-PID Dividends from the Company, provided certain conditions are met.

Other Shareholders within the charge to UK corporation tax will not be subject to tax on Non-PID Dividends from the Company so long as they fall within an exempt class and do not fall within certain specified anti-avoidance provisions. Examples of dividends that are within an exempt class are dividends paid on "non-redeemable ordinary shares" for UK tax purposes and dividends in respect of portfolio holdings, where the recipient owns less than 10 per cent. of the issued share capital of the payer (or any class of that share capital).

3.3 *UK taxation of PIDs*

3.3.1 *UK taxation of individual Shareholders*

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are individuals as the profit of a single UK property business (as defined in Section 264 of the Income Tax (Trading and Other Income) Act 2005). A PID is, together with any property income distribution from any other company to which Part 12 of the CTA 2010 applies, treated as a separate UK property business from any other UK property business (a “different UK property business”) carried on by the relevant Shareholder. This means that surplus expenses from a Shareholder’s different UK property business cannot be offset against a PID as part of a single calculation of the profits of the Shareholder’s UK property business.

Please see also paragraph 3.3.4 (Withholding tax) below.

3.3.2 *UK taxation of corporate Shareholders*

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are within the charge to UK corporation tax as profit of a UK property business (as defined in Section 205 of the Corporation Tax Act 2009). This means that, subject to the availability of any exemptions or reliefs, such Shareholders should be liable to UK corporation tax on income on the entire amount of their PID. A PID is, together with any property income distribution from any other company to which Part 12 of the CTA 2010 applies, treated as a different UK property business carried on by the relevant Shareholder. This means that any surplus expenses from a Shareholder’s different UK property business cannot be off-set against a PID as part of a single calculation of the Shareholder’s UK property profits.

Please see also paragraph 3.3.4 (Withholding tax) below.

3.3.3 *UK taxation of Shareholders who are not resident for tax purposes in the UK*

Where a Shareholder who is resident outside the UK receives a PID, the PID will generally be chargeable to UK income tax as profit of a UK property business and this tax will generally be collected by way of a withholding by the Company.

Please see also paragraph 3.3.4 (Withholding tax) below.

3.3.4 *Withholding tax*

- *General*

Subject to certain exceptions summarised below, the Company is required to withhold income tax at source at the basic rate (currently 20 per cent.) from its PIDs. The Company will provide Shareholders with a certificate setting out the amount of tax withheld.

- *Shareholders solely resident in the UK*

Where UK income tax has been withheld at source, Shareholders who are individuals may, depending on their circumstances, either be liable to further tax on their PID at their applicable marginal rate, or be entitled to claim repayment of some or all of the tax withheld on their PID. Shareholders who are bodies corporate may, depending upon their circumstances, be liable to pay UK corporation tax on their PID but they should note that, where income tax is (exceptionally) withheld at source, the tax withheld can be set against the Shareholder’s liability to UK corporation tax in the accounting period in which the PID is received.

- *Shareholders who are not resident for tax purposes in the UK*

It is not possible for a Shareholder to make a claim under a relevant double taxation treaty with the UK for a PID to be paid by the Company gross or at a reduced rate. However, the Shareholder may be able to claim repayment of any part of the tax

withheld from a PID, depending on the existence and terms of any such double taxation treaty between the UK and the country in which the Shareholder is resident for tax purposes.

- *Exceptions to requirement to withhold income tax*

Shareholders should note that in certain circumstances the Company may not be obliged to withhold UK income tax at source from a PID. These include where the Company reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the UK, a charity, or a body mentioned in Section 468 of the CTA 2010 which is allowed the same exemption from tax as a charity. They also include where the Company reasonably believes that the PID is paid to the scheme administrator of a registered pension scheme, or the subscheme administrator of certain pension sub-schemes or the account manager of a NISA, provided the Company reasonably believes that the PID will be applied for the purposes of the relevant scheme or account.

The Company will also not be required to withhold income tax at source from a PID where the Company reasonably believes that the body beneficially entitled to the PID is a partnership each member of which is a body described in the paragraph above.

In order to pay a PID without withholding tax, the Company will need to be satisfied that the Shareholder concerned is entitled to that treatment. For that purpose the Company will require such Shareholders to submit a valid claim form.

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

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

3.4.1 ***UK taxation of chargeable gains***

Individual Shareholders who are resident in the UK for tax purposes will generally be subject to UK capital gains tax in respect of any gain arising on a disposal of their Ordinary Shares. Each such individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £11,100 for the tax year 2016-2017. Capital gains tax chargeable will be at the current rate of 10 per cent. (for basic rate tax payers) and 20 per cent. (for higher and additional rate tax payers) during the tax year 2016-2017.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

Corporate Shareholders who are resident in the UK for tax purposes will generally be subject to UK corporation tax on chargeable gains arising on a disposal of their Ordinary Shares. The indexation allowance may reduce the amount of chargeable gain that is subject to UK corporation tax but may not create or increase any allowable loss.

3.4.2 ***UK stamp duty and SDRT***

Transfers on a sale of Ordinary Shares will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer. The purchaser normally pays the stamp duty.

An agreement to transfer Ordinary Shares will normally give rise to a charge to stamp duty reserve tax (“SDRT”) at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is repayable,

generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

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

3.5 *NISAs and SIPPs*

Ordinary Shares acquired by a UK resident individual Shareholder pursuant to the Offer for Subscription, the Intermediaries Offer or in the secondary market (but not Ordinary Shares acquired directly under the First Placing or any Subsequent Placing) should be eligible to be held in a NISA, subject to applicable annual subscription limits.

Investments held in NISAs will be free of UK tax on both capital gains and income. Sums received by a Shareholder on a disposal of Ordinary Shares would not count towards the Shareholder's annual limit; but a disposal of Ordinary Shares held in a NISA will not serve to make available again any part of the annual subscription limit that has already been used by the Shareholder in that tax year.

Individuals wishing to invest in Ordinary Shares through a NISA should contact their professional advisers regarding their eligibility.

Subject to the rules of the trustees of the SIPP, the Ordinary Shares should be eligible for inclusion in a SIPP provided, broadly, that the pension scheme member (or a connected person) does not occupy or use any residential property held by the Company and the SIPP in question does not hold (directly or indirectly) more than 10 per cent. of any of the Ordinary Shares or the Company's voting rights or rights to income or amounts on a distribution or rights to the assets on a winding up.

4 **Description of the REIT Provisions included in the Articles**

4.1 *Introduction*

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

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

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

The Special Articles:

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

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

4.2 ***Identification of Substantial Shareholders***

The share register of the Company records the legal owner and the number of Ordinary Shares they own but does not identify the persons who are beneficial owners of the Ordinary Shares or are entitled to control the voting rights attached to the Ordinary 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 180 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 Ordinary Shares on behalf of a Substantial Shareholder to notify the Company if his Ordinary 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 Ordinary Shares in order to determine whether the Ordinary 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 Ordinary Shares to another person who is not, and does not thereby become, a Substantial Shareholder (as described in paragraph 4.6 below).

4.3 ***Preventing payment of a dividend to a Substantial Shareholder***

The Special Articles provide that a dividend will not be paid on any Ordinary 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 Ordinary 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 Ordinary Shares have been transferred (together with the right to the dividends) such that the Ordinary Shares retained are no longer part of a Substantial Shareholding (in which case the dividends will be paid on the retained Ordinary Shares).

For this purpose references to the "transfer" of an Ordinary 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 Ordinary Share.

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

The Special Articles provide that dividends may be paid on Ordinary 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 Ordinary 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 Ordinary Shares and retain the amount claimed from the proceeds.

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

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

4.5 ***Trust arrangements where rights to dividends have not been disposed of by a Substantial Shareholder***

The Special Articles provide that if a dividend is in fact paid on Ordinary 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 Ordinary 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 Ordinary Shares in respect of which the dividend was paid were part of a Substantial Shareholding, the recipient will have no liability as a result. However, the Substantial Shareholder who receives the dividend should do so subject to the terms of the trust and as a result may not claim to be beneficially entitled to those dividends.

4.6 ***Mandatory sale of Substantial Shareholdings***

The Special Articles also allow the Board to require the disposal of Ordinary 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 Ordinary Shares, arrange for the sale of the relevant Ordinary Shares and for the Company to retain from the sale proceeds an amount equal to any tax so payable.

4.7 *Takeovers*

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

4.8 *Other*

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

The Special Articles may be amended by special resolution passed by the Shareholders in the future, including to give powers to the Directors to ensure that the Company can comply with the close company condition described in paragraph 2.2.1 of this Part 6, which powers may include the ability to arrange for the sale of Ordinary Shares on behalf of Shareholders.

5 **The Special Articles**

“Real Estate Investment Trust

179 Cardinal principle

- (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.
- (2) Articles 180 to 184 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. References in Articles 179 to 184 to any provision of CTA 2010 or other legislation relating to tax (including any such references contained relevant terms defined for the purposes of these Articles) are to such provisions or other legislation as the same may be modified, amended, supplemented or replaced from time to time.

180 Notification of Substantial Shareholder and other status

- (1) Each member and any other relevant person shall serve notice in writing on the Company at the Office on:
 - (a) his 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, such other information, certificates or declarations to be provided promptly following a request therefor);
 - (b) his 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, such other information, certificates or declarations to be provided promptly following a request therefor); and
 - (c) any change to the particulars contained in any such notice (or in such other information, certificates or declarations), 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.

- (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.

181 Distributions in respect of substantial shareholdings

- (1) In respect of any Distribution, the Directors may, if the Directors determine that the condition set out in Article 181(2) is satisfied in relation to any shares in the Company, withhold payment of such Distribution on or in respect of such shares. Any Distribution so withheld shall be paid as provided in Article 181(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.
- (2) The condition referred to in Article 181(1) is that, in relation to any shares in the Company and any Distribution to be paid or made on and in respect of such shares:
 - (a) the Directors believe that such shares comprise all or part of a Substantial Shareholding of a Substantial Shareholder; and
 - (b) 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.
- (3) If a Distribution has been withheld on or in respect of any shares in the Company in accordance with Article 181(1) it shall be paid as follows:
 - (a) if it is established to the satisfaction of the Directors that the condition in Article 181(2) is not satisfied in relation to such shares, in which case the whole amount of the Distribution withheld shall be paid; and
 - (b) if the Directors are satisfied that sufficient interests in all or some of the shares concerned, including the rights to the Distribution attributable to such shares, 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
 - (c) if the Directors are satisfied that as a result of a transfer of interests in shares referred to in Article 181(3)(b) 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 181, references to the “transfer” of a share include the disposal (by any means) of beneficial ownership of, control of voting rights in respect of and beneficial entitlement to dividends in respect of, that share.

- (4) A Substantial Shareholder may satisfy the Directors that he is not beneficially entitled to a Distribution by providing a Distribution Transfer Certificate. The Directors shall be entitled to (but shall not be bound to) accept a Distribution Transfer Certificate as evidence of the matters therein stated and the Directors shall be entitled to require such other information, certifications or declarations as they think fit.

- (5) The Directors may withhold payment of a Distribution on or in respect of any shares in the Company if any notice given by the Directors pursuant to Article 181(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 181(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.
- (6) If the Directors decide that payment of a Distribution should be withheld under Article 181(1) or Article 181(5), they shall within seven Business Days give notice in writing of that decision to the Relevant Registered Shareholder.
- (7) If any Distribution shall be paid on or in respect of a Substantial Shareholding and an Excess Charge becomes payable, the Substantial Shareholder shall indemnify the Company against and on demand pay to the Company an amount (calculated on an after-tax basis) equal to 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. 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 183(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).

182 Distribution trust

- (1) If a Distribution is paid on or in respect of a Substantial Shareholding (except where the Distribution is paid in circumstances where the Substantial Shareholder is not otherwise beneficially entitled to the Distribution or the Directors have determined that they are satisfied that no Excess Charge will arise in connection with payment thereof), the Distribution and any income arising from it shall be held by the payee or other recipient to whom the Distribution or right to it is transferred by the payee on trust absolutely for the persons nominated by the relevant Substantial Shareholder under Article 182(2) in such proportions as the relevant Substantial Shareholder shall in the nomination direct, or 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.
- (2) The relevant Substantial Shareholder of shares in the Company on or 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 182(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 182(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 182(1) the trustee of the trust, the nomination shall not take effect until it is delivered to the person who is the trustee.
- (3) Any income arising from a Distribution which is held on trust under Article 182(1) shall until the earlier of (i) the making of a valid nomination under Article 182(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. The Company shall be entitled to deduct and pay to HMRC any tax due on the income arising for which it or any member of the Group is liable to account.
- (4) No person who by virtue of Article 182(1) holds a Distribution on trust shall be under any obligation to invest the Distribution or to deposit it in an interest-bearing account.

- (5) No person who by virtue of Article 182(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.

183 Obligation to dispose

- (1) If at any time, the Directors believe that:
 - (a) in respect of any Distribution declared or announced, the condition set out in Article 181(2) is satisfied in respect of any shares in the Company in relation to that Distribution; or
 - (b) a notice given by the Directors pursuant to Article 180(2) in relation to any shares in the Company has not been complied with to the satisfaction of the Directors within the period specified in such notice; or
 - (c) any information, certificate or declaration provided by a person in relation to any shares in the Company for the purposes of this Article 183(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 181(2) no longer to be satisfied. The Directors may, if they think fit, withdraw a Disposal Notice.

- (2) If:
 - (a) 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
 - (b) 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 a share 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.

- (3) Any sale pursuant to Article 183(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.
- (4) The net proceeds of the sale of any share under Article 183(2) (less any amount to be retained pursuant to Article 181(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.
- (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 183.

184 General

- (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.
- (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 179 to 184 and any such determination or decision shall be at the absolute discretion of the Directors and 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 179 to 184 shall be binding on all persons and shall not be open to challenge on any ground whatsoever.
- (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.
- (4) The Directors shall not be obliged to serve any notice required under Articles 179 to 184 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 179 to 184 shall not prevent the implementation of or invalidate any procedure under Articles 179 to 184.
- (5) The provisions of Articles 152 to 158 shall apply to the service upon any person of any notice required by Articles 179 to 184. Any notice required by Articles 179 to 184 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 depositary 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.
- (6) Any notice required or permitted to be given pursuant to Articles 179 to 184 may relate to more than one share and shall specify the share or shares to which it relates.
- (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) Any of Articles 179 to 184 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.
- (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 179 to 184, such certificate or declaration may be required by the Directors (without limitation):
 - (a) to be addressed to the Company, the Directors or such other persons as the Directors may determine (including HMRC);

- (b) to include such information as the Directors consider is required for the Company to comply with any Reporting Obligation;
- (c) to contain such legally binding representations and obligations as the Directors may determine;
- (d) to include an undertaking to notify the Company if the information in the certificate or declaration becomes incorrect, including prior to such change;
- (e) to be copied or provided to such persons as the Directors may determine (including HMRC); and
- (f) to be executed in such form (including as a deed or deed poll) as the Directors may determine.

The provisions of Articles 179 to 184 shall apply notwithstanding any provisions to the contrary in any other Article (including, without limitation, Articles 139 to 151).”

PART 7

ADDITIONAL INFORMATION

1 The Company, the AIFM and the Investment Advisor

- 1.1 The Company was incorporated in England and Wales on 21 December 2016 with registered number 10535081 as a public company limited by shares under the Companies Act. The Company was incorporated with the name LXI REIT plc. The Company has an indefinite life.
- 1.2 The principal place of business and registered office of the Company is 5 Old Bailey, London EC4M 7BA and its telephone number is +44 (0)20 3597 7900.
- 1.3 The principal legislation under which the Company operates is the Companies Act. The Company will not be regulated as a collective investment scheme by the FCA. However, from First Admission, the Ordinary Shares will be admitted to the premium listing segment of the Official List and to trading on the premium segment of the main market for listed securities of the London Stock Exchange. The Company will be subject to the Listing Rules, the Prospectus Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and to the rules of the London Stock Exchange.
- 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 will end on 31 March of each year. The annual report and accounts will be prepared in sterling according to the accounting standards laid out under IFRS.
- 1.6 On 1 February 2017, the Company was granted a certificate under Section 761 of the Companies Act entitling it to commence business and to exercise its borrowing powers.
- 1.7 The Company has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to Section 833 of the Companies Act.
- 1.8 The Company is domiciled in England and Wales and, as at the date of the Prospectus does not have any employees or any subsidiaries.
- 1.9 The AIFM, LJ Capital Limited, is a limited liability company incorporated in England and Wales on 11 June 2009 under the Companies Act with company number 06931299. The AIFM is an authorised investment manager subject to regulation by the FCA (firm registration number 582903). The address of the registered office of the AIFM is 9 Clifford Street, London W1S 2FT and its telephone number is 020 7195 1400.
- 1.10 The Investment Advisor, LXI REIT Advisors Limited, is a limited liability company incorporated in England and Wales on 22 December 2016 under the Companies Act with company number 10537567. The address of the registered office of the Investment Advisor is 9 Clifford Street, London W1S 2FT and its telephone number is 020 7195 1400.

2 Share Capital

- 2.1 On incorporation, one Ordinary Share was issued (fully paid) for the purposes of incorporation to the subscriber to the Company's memorandum of association. On 27 January 2017 50,000 Redeemable Preference Shares were issued to the AIFM and are paid up as to one quarter of their nominal value.

- 2.2 Set out below is the issued share capital of the Company: (i) as at the date of the Prospectus; and (ii) immediately following the Issue (assuming the Issue is in respect of 200 million Ordinary Shares):

	<i>Ordinary Shares</i>		<i>Redeemable Preference Shares</i>	
	<i>Aggregate Nominal Value</i>	<i>Number</i>	<i>Aggregate Nominal Value</i>	<i>Number</i>
	<i>(£)</i>		<i>(£)</i>	
(i) As at the date of the Prospectus	0.01	1	50,000	50,000
(ii) Immediately following the Issue*	2,000,000	200,000,000	–	–

*All Ordinary Shares will be fully paid at First Admission. The Redeemable Preference Shares will be redeemed immediately following First Admission out of the proceeds of the Issue. The Ordinary Shares are not redeemable.

- 2.3 The effect of the Issue will be to increase the net assets of the Company. On the assumption that the Gross Issue Proceeds are £200 million, the Issue is expected to increase the net assets of the Company by £196 million. The Issue is expected to be earnings enhancing.

- 2.4 By special resolutions passed on 27 January 2017:

2.4.1 the Directors were generally and unconditionally authorised in accordance with Section 551 of the Companies Act to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal amount of £3,000,000 in connection with the Issue, such authority to expire immediately following First Admission, 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 Ordinary Shares in pursuance of such an offer or agreement as if such authority had not expired;

2.4.2 the Directors were generally empowered (pursuant to Section 570 of the Companies Act) to allot Ordinary Shares for cash pursuant to the authority referred to in paragraph 2.4.1 above as if Section 561 of the Companies Act did not apply to any such allotment, such power to expire immediately following First Admission, 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 Ordinary Shares to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired;

2.4.3 the Directors were generally and unconditionally authorised in accordance with Section 551 of the Companies Act to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal amount of £2,000,000, such authority to expire at the conclusion of the first annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of Ordinary Shares in pursuance of such an offer or agreement as if such authority had not expired;

2.4.4 the Directors were generally empowered (pursuant to Section 570 of the Companies Act) to allot Ordinary Shares and to sell Ordinary Shares from treasury for cash pursuant to the authority referred to in paragraph 2.4.3 above as if Section 561 of the Companies Act did not apply to any such allotment, such power to expire at the conclusion of the first annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the Ordinary Shares to be allotted and/or transferred after such expiry and the Directors may allot and/or transfer equity securities in pursuance of such an offer or agreement as if such power had not expired;

2.4.5 conditionally upon the issue of Ordinary Shares by the Company pursuant to the Issue and the payment up in full thereof and upon the approval of the Court, it was resolved that the amount

standing to the credit of the share premium account of the Company following completion of the Issue be cancelled;

- 2.4.6 the Company was authorised in accordance with Section 701 of the Companies Act to make market purchases (within the meaning of Section 693(4) of the Companies Act) of Ordinary Shares provided that the maximum number of Ordinary Shares authorised to be purchased is 14.99 per cent. of the Ordinary Shares in issue immediately following completion of the Issue. The minimum price which may be paid for an Ordinary Share is £0.01. The maximum price which may be paid for an Ordinary Share must not be more than the higher of (i) five per cent. above the average of the mid-market value of the Ordinary Shares for the five Business Days before the purchase is made or (ii) that stipulated by the regulatory technical standards adopted by the EU pursuant to the Market Abuse Regulation from time to time. Such authority will expire on the earlier of the conclusion of the first annual general meeting of the Company and 27 July 2018, save that the Company may contract to purchase Ordinary 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 Ordinary Shares in pursuance of such contract;
- 2.4.7 the Articles were adopted as the new articles of association of the Company; and
- 2.4.8 a general meeting of the Company other than an annual general meeting may be called on not less than 14 days' notice.
- 2.5 The provisions of Section 561(1) of the Companies Act (which, to the extent not disapplied pursuant to Sections 570 and 573 of the Companies Act, confer on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to issues by the Company of equity securities save to the extent disapplied as mentioned in paragraphs 2.4.2 and 2.4.4 above.
- 2.6 The Companies Act abolished the requirement for companies incorporated in England and Wales to have an authorised share capital. Furthermore, the Articles do not contain a provision expressly limiting the number of Ordinary Shares that can be issued by the Company.
- 2.7 In accordance with the authority referred to in paragraph 2.4.1 above, it is expected that the Ordinary Shares to be issued pursuant to the Issue will be allotted (conditionally upon First Admission) pursuant to a resolution of the Board to be passed shortly before First Admission in accordance with the Companies Act. It is also expected that the new Ordinary Shares to be issued pursuant to the Placing Programme will be allotted (conditionally upon the relevant Admission) pursuant to resolutions of the Board to be passed shortly before the relevant Admission in accordance with the Companies Act.
- 2.8 Save as disclosed in this paragraph 2, no share or loan capital of the Company has since the date of incorporation of the Company been issued or been agreed to be issued, fully or partly paid, either for cash or for a consideration other than cash, and no such issue is now proposed.
- 2.9 The Company has not granted any options over its share or loan capital which remain outstanding and has not agreed, conditionally or unconditionally to grant any such options and no convertible securities, exchangeable securities or securities with warrants have been issued by the Company.
- 2.10 All of the Ordinary Shares will be in registered form and will be eligible for settlement in CREST. Temporary documents of title will not be issued.
- 2.11 Applicants who have signed and returned Application Forms in respect of the Offer for Subscription may not withdraw their applications for Ordinary Shares subject to their statutory rights of withdrawal in the event of the publication of a supplementary prospectus.

3 Interests of Directors and Major Shareholders

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

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>% of issued Ordinary Share Capital*</i>
Stephen Hubbard	50,000	0.025
Colin Smith OBE	100,000	0.05
Jan Etherden	15,000	0.0075
John Cartwright	20,000	0.01

* Assuming Gross Issue Proceeds of £200 million.

Save as disclosed in this paragraph 3.1, immediately following First Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company. Each of the Directors has agreed that any directors' fees payable to them shall, save where the Company determines otherwise, be satisfied in Ordinary Shares acquired at market value, such Ordinary Shares to be acquired on behalf of the Directors and for their account by the Company's broker. Any Ordinary Shares acquired by the Directors pursuant to these arrangements shall be subject to the terms of the Lock-in Deed.

- 3.2 No amount has been set aside or accrued by the Company to provide pensions, retirement or other similar benefits.
- 3.3 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.
- 3.4 The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively.
- 3.5 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>
Stephen Hubbard	Workspace Group plc The London Business Club	–
Colin Smith OBE	The Challenge Network Hilton Food Group plc	Blue Sky Inside Limited Bargain Limited Homes & More Limited M&O Business Systems Limited Poundland Group Holdings Limited Poundland Holdings Limited Poundland International Limited Poundland Retail Limited Poundland Stores Limited Poundland Trustee Limited Poundland Value Retailing Limited Poundland Willenhall Limited Sheptonview Limited

<i>Name</i>	<i>Current</i>	<i>Previous</i>
Jan Etherden	Miton UK MicroCap UK Trust plc TwentyFour Income Fund Ltd	Ruffer Investment Company Ltd
John Cartwright	Calvi Capital Limited Investment Committee of Lothbury Trust South Barracks Management Company Limited The Association of Real Estate Funds	–

3.6 The Directors in the five years before the date of the Prospectus:

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

3.6.2 have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and

3.6.3 do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

3.7 As at the date of the Prospectus, none of the Directors has any conflict of interest or potential conflict of interest between any duties to the Company and their private interests and/or other duties.

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

3.9 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.

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

3.11 Pending the allotment of Ordinary Shares pursuant to the Issue, one Ordinary Share has been issued to the subscriber to the Company's memorandum of association and will be transferred as part of the Issue. 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.

3.12 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.

4 Directors' Appointment Letters

4.1 No Director has a service contract with the Company, nor are any such contracts proposed.

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

- 4.3 Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. Save for the Chairman, the initial fees will be £27,500 for each Director per annum. The Chairman's initial fee will be £40,000 per annum. In addition, the Chair of the Audit Committee will receive an additional fee of £5,000 per annum and the Chair of the Management Engagement Committee will receive an additional fee of £2,500 per annum.
- 4.4 Each of the Directors has agreed that any fees payable to them shall, save where the Company determines otherwise, be satisfied in Ordinary Shares acquired at market value, such Ordinary Shares to be acquired on behalf of the Directors and for their account by the Company's broker. Any Ordinary Shares acquired by the Directors pursuant to these arrangements shall be subject to the terms of the Lock-in Deed.
- 4.5 The Directors are also entitled to out-of-pocket expenses incurred in the proper performance of their duties. The aggregate remuneration and benefits in kind of the Directors in respect of the Company's accounting period ending 31 March 2018 which will be payable out of the assets of the Company are not expected to exceed £152,000.

5 The Articles

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

5.1 *Objects*

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

5.2 *Variation of rights*

Subject to the provisions of the Act as amended and every other statute for the time being in force concerning companies and affecting the Company (the "**Statutes**"), if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class (but not otherwise) and may be so varied either whilst the Company is a going concern or during or in contemplation of a winding-up. At every such separate general meeting the necessary quorum shall be at least two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question (but at any adjourned meeting any holder of shares of the class present in person or by proxy shall be a quorum), any holder of shares of the class present in person or by proxy may demand a poll and every such holder shall on a poll have one vote for every share of the class held by him. Where the rights of some only of the shares of any class are to be varied, the foregoing provisions apply as if each group of shares of the class differently treated formed a separate class whose rights are to be varied.

5.3 *Alteration of share capital*

The Company may by ordinary resolution:

- (i) consolidate and divide all or any of its share capital into shares of larger nominal value than its existing shares;
- (ii) sub-divide its shares, or any of them, into shares of smaller nominal value than its existing shares; and
- (iii) determine that, as between the shares resulting from such a sub-division, one or more shares may, as compared with the others, have any such preferred, deferred or other rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares.

5.4 *Issue of shares*

Subject to the provisions of the Act and without prejudice to any rights attaching to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine (or if the Company has not so determined, as the Directors may determine).

5.5 *Dividends*

Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the shareholders but no dividends shall exceed the amount recommended by the Directors. Subject to the provisions of the Act, the Directors may pay interim dividends, or dividends payable at a fixed rate, if it appears to them that they are justified by the profits of the Company available for distribution. If the Directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

Subject to the rights of persons (if any) entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. If any share is issued on terms that it ranks for dividend as from a particular date, it shall rank for dividend accordingly. In any other case, dividends shall be apportioned and paid proportionately to the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid.

5.6 *Voting rights*

Subject to any rights or restrictions attached to any shares, on a show of hands every shareholder present in person has one vote, every proxy present who has been duly appointed by a shareholder entitled to vote has one vote and every corporate representative present who has been duly authorised by a corporation has the same voting rights as the corporation would be entitled to. On a poll every shareholder (whether present in person or by proxy or by corporate representative) has one vote for every share of which he is the holder. A shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the vote of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register.

No shareholder shall have any right to vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by him unless all amounts presently payable by him in respect of that share have been paid.

Where a shareholder vote is required to be taken in accordance with the Listing Rules, that vote must be decided by a resolution of the holders of the shares that have been admitted to the premium listing. Where the provisions of the Listing Rules require that any resolution must, in addition, be approved by the independent shareholders (as defined in the Listing Rules), only independent shareholders who hold shares that have a premium listing shall be entitled to vote on the relevant resolution.

5.7 *Transfer of shares*

A share in certificated form may be transferred by an instrument of transfer, which may be in any usual form or in any other form approved by the Directors, executed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee. A share in uncertificated form may be transferred by means of the relevant electronic system concerned.

In their absolute discretion, the Directors may refuse to register the transfer of a share in certificated form which is not fully paid provided that if the share is listed on the Official List such refusal does not prevent dealings in the shares from taking place on an open and proper basis. The Directors may also refuse to register a transfer of a share in certificated form unless the instrument of transfer:

- (i) is lodged, duly stamped, at the registered office of the Company or such other place as the Directors may appoint and is accompanied by the certificate for the share to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (ii) is in respect of only one class of share; and
- (iii) is not in favour of more than four transferees.

The Directors may refuse to register a transfer of a share in uncertificated form in any case where the Company is entitled to refuse to register the transfer under the CREST Regulations provided that such refusal does not prevent dealings in the shares from taking place on an open and proper basis.

If the Directors refuse to register a transfer of a share, they shall within two months after the date on which the transfer was lodged with the Company or, in the case of an uncertificated share, the date on which the appropriate instruction was received by or on behalf of the Company in accordance with the CREST Regulations send to the transferee notice of refusal.

No fee shall be charged for the registration of any instrument of transfer or other document or instruction relating to or affecting the title to any share.

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; (ii) would or might result in the Company and/or its shares and/or any of its appointed investment managers or investment advisers being required to be registered or qualified under the US Investment Company Act and/or the US Investment Advisers Act of 1940 and/or the US Securities Act of 1933 and/or the US Exchange Act of 1934 and/or any similar legislation (in any jurisdiction) that regulates the offering and sale of securities; (iii) may cause the Company not to be considered a “Foreign Private Issuer” under the US Exchange Act of 1934; (iv) may cause the Company to be a “controlled foreign corporation” for the purpose of the US Code; or (v) may cause the Company to become subject to any withholding tax or reporting obligation under FATCA or any similar legislation in any territory or jurisdiction (including the United Kingdom’s International Tax Compliance Regulations 2015 (SI 2015/878), or to be unable to avoid or reduce any such tax or to be unable to comply with any such reporting obligation (including by reason of the failure of the shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with such reporting obligation), then the Directors may declare the Shareholder in question a “Non-Qualified Holder” and the Directors may require that any shares held by such Shareholder (“**Prohibited Shares**”) shall (unless the Shareholder concerned satisfies the Directors that he is not a Non-Qualified Holder) be transferred to another person who is not a Non-Qualified Holder, failing which the Company may itself dispose of such Prohibited Shares at the best price reasonably obtainable and pay the net proceeds to the former holder.

5.8 *Distribution of assets on a winding-up*

If the Company is wound up, with the sanction of a special resolution and any other sanction required by law and subject to the Act, the liquidator may divide among the shareholders *in specie* the whole or any part of the assets of the Company and for that purpose may value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders. With the like sanction, the liquidator may 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.

5.9 *Restrictions on rights: failure to respond to a Section 793 notice*

If a shareholder, or any other person appearing to be interested in shares held by that shareholder, fails to provide the information requested in a notice given to him under section 793 of the Act by the

Company in relation his interest in shares (the “**default shares**”) within 28 days of the notice (or, where the default shares represent at least 0.25 per cent. of their class, 14 days of the notice), sanctions shall apply unless the Directors determine otherwise. The sanctions available are the suspension of the right to attend or vote (whether in person or by representative or proxy) at any general meeting or any separate meeting of the holders of any class or on any poll and, where the default shares represent at least 0.25 per cent. of their class (excluding treasury shares), the withholding of any dividend payable in respect of those shares and the restriction of the transfer of those shares (subject to certain exceptions).

5.10 *Untraced shareholders*

Subject to various notice requirements, the Company may sell any of a shareholder’s shares if, during a period of 12 years, at least three dividends (either interim or final) on such shares have become payable and no cheque for amounts payable in respect of such shares has been presented and no warrant or other method of payment has been effected and no communication has been received by the Company from the shareholder or person concerned.

5.11 *Appointment of Directors*

Unless the Company determines otherwise by ordinary resolution, the number of Directors (other than alternate Directors) shall not be subject to any maximum but shall not be less than two.

Subject to the Articles, the Company may by ordinary resolution appoint a person who is willing to act as, and is permitted by law to do so, to be a Director either to fill a vacancy or as an additional Director. The Directors may appoint a person who is willing to act, and is permitted by law to do so, to be a Director, either to fill a vacancy or as an additional Director. A person appointed as a Director by the other Directors is required to retire at the Company’s next annual general meeting and shall then be eligible for reappointment.

5.12 *Powers of Directors*

The business of the Company shall be managed by the Directors who, subject to the provisions of 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.

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.

5.13 *Borrowings*

The Board on behalf of the Company may exercise all the powers of the Company to borrow money, to indemnify, to guarantee and to mortgage or charge its undertaking property and uncalled capital and (subject to the provisions of the Statutes regarding authority to allot debentures convertible into shares) 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.

5.14 *Voting at board meetings*

No business shall be transacted at any meeting of the Directors unless a quorum is present and the quorum may be fixed by the Directors; unless so fixed at any other number the quorum shall be two. A Director shall not be counted in the quorum present in relation to a matter or resolution on which he is not entitled to vote but shall be counted in the quorum present in relation to all other matters or resolutions considered or voted on at the meeting. An alternate Director who is not himself a Director shall, if his appointor is not present, be counted in the quorum.

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

5.15 *Restrictions on voting*

Subject to any other provision of the Articles, a Director shall not vote at a meeting of the Directors on any resolution concerning a matter in which he has, directly or indirectly, a material interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, the Company) unless his interest arises only because the case falls within certain limited categories specified in the Articles.

5.16 *Directors' interests*

Subject to the provisions of the Act and provided that the Director has disclosed to the other Directors the nature and extent of any material interest of his, a Director, notwithstanding his office, may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested and 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 body corporate in which the Company is interested.

5.17 *Indemnity*

Subject to the provisions of the Act, the Company may indemnify any person who is a Director, secretary or other officer (other than an auditor) of the Company, against (a) any liability whether in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company or any associated company or (b) any other liability incurred by or attaching to him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office; and purchase and maintain insurance for any person who is a Director, secretary, or other officer (other than an auditor) of the Company in relation to anything done or omitted to be done or alleged to have been done or omitted to be done as Director, secretary or officer.

5.18 *General meetings*

In the case of the annual general meeting, twenty-one clear days' notice at the least shall be given to all the members and to the auditors. All other general meetings shall also be convened by not less than twenty-one clear days' notice to all those members and to the auditors unless the Company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than fourteen clear days has been passed in which case a general meeting may be convened by not less than fourteen clear days' notice in writing.

No business shall be transacted at any meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a shareholder or a proxy for a shareholder or a duly authorised representative of a corporation which is a shareholder (including for this purpose two persons who are proxies or corporate representatives of the same shareholder), shall be a quorum.

A shareholder is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company. A shareholder may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. Subject to the provisions of the Act, any corporation (other than the Company itself) which is a shareholder may, by resolution of its directors or other governing body, authorise such person(s) to act as its representative(s) at any meeting of the Company, or at any separate meeting of the holders of any class of shares.

Delivery of an appointment of proxy shall not preclude a shareholder from attending and voting at the meeting or at any adjournment of it.

Directors may attend and speak at general meetings and at any separate meeting of the holders of any class of shares, whether or not they are shareholders.

A poll on a resolution may be demanded at a general meeting either before a vote on a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared. A

poll may be demanded by the Chairman or by: (a) not less than two members having the right to vote at the meeting; or (b) a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or (c) a member or members holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

5.19 *C Share rights*

5.19.1 *Definitions and Interpretation*

- (a) For the purposes of paragraphs 5.19.1 to 5.19.5 only, the following words and expressions shall bear the following meanings:

C Shareholder means a person who is a holder of C Shares;

Calculation Date means the earliest of:

- (a) close of business on the date nine months after the allotment of the C Shares, or if such day is not a Business Day, the first Business Day prior thereto;
- (b) close of business on the date to be determined by the Directors after the day on which the Investment Advisor shall have given notice to the Directors that at least 90 per cent. of the net proceeds attributable to the C Shares (or such other percentage as the Directors and the Investment Advisor shall agree) shall have been invested;
- (c) close of business on the last Business Day prior to the day on which the Directors resolve that any Force Majeure Circumstance has arisen or is imminent;
- (d) close of business on such Business Day as the Directors may otherwise determine in their sole discretion;

Compulsory Redemption Notice has the meaning set out in paragraph 5.19.4(b)(i);

Conversion means the conversion of C Shares into Ordinary Shares, in accordance with the provisions of paragraph 5.19.5;

Conversion Date means the close of business on such Business Day as may be selected by the Directors falling as soon as reasonably practicable after the Calculation Date but not later than 30 Business Days after the Calculation Date;

Conversion Ratio means the ratio of the Net Asset Value per C Share to the Net Asset Value per Ordinary Share, which is calculated to six decimal places (with 0.0000005 being rounded upwards) by dividing the Net Asset Value per C Share by the Net Asset Value per Ordinary Share;

Existing Ordinary Shares means the Ordinary Shares in issue immediately prior to Conversion;

Force Majeure Circumstances means, in relation to any C Shares: (i) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable; (ii) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue any C Shares with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are proposed to be issued; or (iii) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest;

Net Asset Value means, in relation to the Company the value, as at any date, of the assets of the Company after deduction of all liabilities of the Company and, in relation to a class in shares in the Company, the value, as at any date of the assets attributable to that class of shares after deduction of all liabilities attributable to that class of shares and after deduction of any declared but unpaid dividends, in each case determined in accordance with the accounting policies adopted by the Company from time to time and subject to any such adjustments as the Directors may determine in their absolute discretion taking into account the interests of shareholders as a whole;

Net Asset Value per C Share means, at any date, the Net Asset Value attributable to the C Shares divided by the number of C Shares in issue at the date of calculation;

Net Asset Value per Ordinary Share means, at any date, the Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue (other than Ordinary Shares held in treasury) at the date of calculation;

Pool means a notional pool of assets and liabilities as described in paragraph 5.19.3 created for a class of shares;

Redemption Date means a date, as determined by the Directors and falling prior to the Calculation Date, on which a redemption of C Shares is to be effected; and

Redemption Value means 100 pence per C Share, or, if less, the amount subscribed for the issue of each C Share.

5.19.2 Rights attaching to C Shares

- (a) The C Shares have attached to them the rights set out in this paragraph, and save as stated in the Articles have no further right of participation in the profits or assets of the Company.
- (b) At the Conversion Date, the C Shares shall be converted into Ordinary Shares in accordance with the provisions of paragraph 5.19.5.
- (c) Subject to paragraph 5.19.5(k), the C Shares shall not carry the right to receive any profits of the Company available for distribution whether by way of interim or final dividend.
- (d) Save in connection with the issue of any C Shares pursuant to paragraph 5.19.5(f), no dividend or other distribution shall be made or paid by the Company on any of its shares between any Calculation Date and the relevant Conversion Date (both dates inclusive) and no such dividend shall be declared with a record date falling between any Calculation Date and the relevant Conversion Date (both dates inclusive).
- (e) Subject to paragraph 5.19.5(k), on a winding up or return of capital (otherwise than on a purchase or redemption by the Company of any C Shares), the holders of the C Shares shall be entitled to receive an amount per C Share equal to the lower of: (i) the amount subscribed for the issue of each C Share; and (ii) the Net Asset Value per C Share, but shall have no other rights to participate in the capital of the Company.
- (f) C Shares shall rank on a winding up in priority to all other shares of the Company from time to time in issue.
- (g) The holders of C Shares shall have
 - (i) the right to receive notice of, and attend, speak and vote at class meetings of C Shareholders in accordance with the provisions of the Articles. Each holder of C Shares who is present in person (or being a corporation, by representative), or by proxy at a class meeting on a show of hands has one vote, and on a poll, every

such person who is present in person (or being a corporation, by representative), or by proxy has one vote in respect of each C Share held by him; and

- (ii) no rights to receive notice of, attend, speak or vote at general meetings of the Company.

5.19.3 *Assets attributable to Ordinary Shares and C Shares*

- (a) If at any time C Shares are in issue, the Directors shall establish for accounting purposes a single separate pool of assets and liabilities attributable to the C Shares and a single separate pool of assets and liabilities attributable to the Ordinary Shares (each, a “**Pool**”). The Directors shall maintain for accounting purposes all the assets, income, earnings, liabilities, expenses and costs of each Pool separate and separately identifiable from all other assets, income, earnings, liabilities, expenses and costs of the Company and the other Pool and the following provisions shall apply thereto:
 - (i) any consideration received on or proceeds from, the allotment and issue of shares of a particular class shall be applied to the Pool which relates to such class of shares, and the assets, liabilities, income and expenditure attributable thereto shall be applied only to that Pool subject to the following sub-paragraphs of this paragraph 5.19.3;
 - (ii) on a redemption or repurchase of any shares of a particular class, the assets of the Pool which relates to such class of shares shall be reduced by an amount equal to the redemption or repurchase monies;
 - (iii) for each Pool, the Company shall keep separate books and records in which all transactions relating to that Pool shall be recorded;
 - (iv) any asset derived from any other asset or assets (whether cash or otherwise) comprised in any Pool shall be applied in the books and records of the Company to the same Pool as the asset or assets from which it was derived and any increase or diminution in the value of an asset comprised in a Pool shall be applied to that Pool;
 - (v) in the event that there is any asset of the Company which the Directors do not consider readily attributable to a particular Pool, the Directors shall allocate such asset in such manner and on such basis as they in their discretion deem fair and equitable and the Directors shall have the power to, and may at any time and from time to time, vary such basis in respect of any asset not previously allocated;
 - (vi) the Directors shall have discretion to determine the basis upon which any liability shall be allocated between the Pools (including conditions as to subsequent allocations thereof if circumstances so permit or require) and shall have power at any time and from time to time to vary such basis;
 - (vii) subject as otherwise provided in the Articles, the assets held for each Pool shall be applied solely in respect of the class of shares of the Pool for which the relevant Pool was established and the Articles shall be construed accordingly; and
 - (viii) notwithstanding the foregoing, if a Pool has insufficient funds or assets to meet the debts and liabilities attributable to such Pool, any such shortfall shall be paid out of the assets attributable to the other Pool.
- (b) The Company shall give appropriate instructions to the AIFM to manage the Company’s assets so that paragraph 5.19.3(a) can be complied with.

5.19.4 *Redemption of C Shares*

- (a) At the option of the Directors the Company may, on any Redemption Date, redeem for cash any C Shares in issue at a price per C Share equivalent to the Redemption Value and otherwise in accordance with this paragraph 5.19.4. The Company shall not be bound to make an offer to redeem any C Shares. Any C Shares redeemed by the Company will be cancelled and will not be available for reissue. Any redemption of C Shares will be in accordance with, and subject to, the provisions of the Articles and the Companies Act.
- (b) The Directors shall be entitled in their absolute discretion to determine the procedures for the redemption of the C Shares. Without prejudice to the generality of the foregoing, and in the absence of any such determination as aforesaid, the following provisions shall apply:
 - (i) not less than 5 Business Days prior to any Redemption Date, the Company will notify holders of C Shares (by means of announcement, written notice or otherwise (“**Compulsory Redemption Notice**”)) of its intention to redeem C Shares on such Redemption Date, the aggregate number of C Shares, the aggregate value of C Shares at the Redemption Value, the percentage of each C Shareholder’s holding of C Shares, rounded down to the nearest whole number, it wishes to redeem, and the date by reference to which holdings of C Shares will be redeemed (the “**Record Date**”);
 - (ii) in the event of a partial redemption of any holding of C Shares the following provisions shall apply:
 - (A) in the case of a holding of C Shares in certificated form, the Company shall procure that in relation to those C Shares which have not been redeemed, a balance certificate in respect of such C Shares shall be sent (at the risk of the relevant holder) to the address of that holder as entered in the register of members of the Company or, in the case of joint holders, to the address of the first named holder as entered in the register of members of the Company, within 28 days of the relevant Redemption Date;
 - (B) in the case of C Shares in uncertificated form which have not been the subject of a redemption, such holders relevant system account shall be updated accordingly, and
 - (C) all documents and remittances sent by, to or from holders of C Shares or their appointed agents pursuant to this paragraph 5.19.4 will be sent at their own risk,
 - (iii) payment of the redemption monies in respect of any C Shares in certificated form shall be made by cheque or warrant made payable to the relevant holder or, in the case of joint holders, to all such relevant joint holders sent (at the risk of the relevant holder) to the address of the holder as entered in the register of members of the Company or, in the case of joint holders, to the address of the first named joint holder as entered in the register of members of the Company. Every such cheque or warrant which is sent through the post shall be sent by first class post,
 - (iv) payment of the redemption monies in respect of any C Shares held in uncertificated form will be credited to the appropriate relevant system account.
- (c) On the redemption of any C Shares, the name of the registered holder shall be removed from the register of members of the Company in respect of such C Shares and such C Shares shall be cancelled.

- (d) If any holder of any C Shares to be redeemed shall fail or refuse to accept payment of the redemption monies payable in respect thereof, the redemption monies payable to such holder shall be set aside and paid into a separate interest bearing account with the Company's bankers (designated for the benefit of such holder) and such setting aside shall be deemed for all purposes hereof to be a payment to such holder and all the said holder's rights as a holder of the relevant C Shares shall cease and determine as from the date fixed for the redemption of such shares and the Company shall thereby be discharged from all obligations in respect thereof. The Company shall not be responsible for the safe custody of the monies so placed on deposit or for interest thereon except such interest as the said monies may earn while on deposit less any expenses incurred by the Company in connection therewith.
- (e) The Company may exclude from any compulsory redemption of C Shares pursuant to this paragraph any holders of C Shares where the Directors believe that the compulsory redemption of their shares would or might involve a contravention of the laws or regulations of any territory.

5.19.5 Conversion of C Shares

- (a) The C Shares for the time being in issue shall be converted into Ordinary Shares on the relevant Conversion Date in accordance with the following provisions of this paragraph 5.19.5.
- (b) The Directors shall procure that as soon as reasonably practicable after the relevant Calculation Date, but no later than 30 Business Days from the relevant Calculation Date:
 - (i) the Conversion Ratio as at the relevant Calculation Date and the numbers of Ordinary Shares to which each holder of C Shares shall be entitled on Conversion shall be calculated; and
 - (ii) the Auditors shall confirm that such calculations as have been made by the Company have, in their opinion, been performed in accordance with the Articles and are arithmetically accurate whereupon such calculations shall become final and binding on the Company and all holders of the Company's shares and any other securities issued by the Company which are convertible into the Company's shares.

Further, the Directors may, at their discretion, procure an independent valuation of the assets at the relevant Calculation Date.
- (c) The Directors shall procure that, as soon as practicable following such confirmation and in any event within 30 Business Days of the relevant Calculation Date, a notice is sent to each holder of C Shares advising such shareholder of the Conversion Date, the Conversion Ratio and the numbers of Ordinary Shares to which such holder of C Shares will be entitled on Conversion.
- (d) Subject to paragraph 5.19.5(f), on Conversion the relevant number of C Shares shall automatically convert into such number of Ordinary Shares as shall be necessary to ensure that upon such Conversion being completed the aggregate number of Ordinary Shares into which the same number of C Shares are converted equals the number of C Shares in issue at the relevant Calculation Date multiplied by the relevant Conversion Ratio (rounded down to the nearest whole Ordinary Share).
- (e) The Ordinary Shares arising upon Conversion shall be divided amongst the holders of C Shares *pro rata* according to their respective former holdings of C Shares (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to Ordinary Shares arising upon Conversion including, without prejudice to

the generality of the foregoing, selling any Ordinary Shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company).

- (f) If the Conversion requires more Ordinary Shares to arise on Conversion than the number of C Shares that are in issue, the Directors shall, subject to the terms of the Articles, the approval of an ordinary resolution of the Company and in accordance with applicable law, issue fully paid up additional C Shares prior to the Conversion by way of capitalisation of the share premium account of the Company such that there are the requisite number of C Shares in issue to allow the Company to comply with this paragraph 5.19.5.
- (g) Forthwith upon Conversion, the share certificates relating to the C Shares shall be cancelled and the Company shall issue new certificates in respect of the Ordinary Shares which have arisen upon Conversion.
- (h) The Conversion shall be effected by way of conversion and redesignation of the relevant number of C Shares into the relevant number of Ordinary Shares and the Directors may make such adjustments to the terms and timing of Conversion as they in their discretion consider fair and reasonable having regard to the interests of all Shareholders.
- (i) The Ordinary Shares into which any C Shares shall convert shall rank *pari passu* with the Existing Ordinary Shares for dividends and other distributions in relation to the Ordinary Shares made or declared by reference to a record date falling after the relevant Calculation Date.
- (j) Upon completion of a Conversion, the assets, liabilities, income and expenditure attributable to the C Shares in accordance with paragraph 5.19.3 shall be allocated to the Ordinary Shares.
- (k) The rights of any C Shares which remain in issue following Conversion shall with effect from the Conversion Date be amended so that on a return of assets on a winding up or otherwise, they entitle the holder only to payment of one penny in respect of his entire holding of such C Shares and shall entitle the holder to the payment of a fixed cumulative preferential dividend of 0.000000001 pence per C Share payable annually but no other right to share in the profits of the Company. The holders of such C Shares shall not be entitled to receive notice of or attend or vote at any general meeting of the Company. With effect from the relevant Conversion, each holder of C Shares grants an irrevocable authority on the Company at any time thereafter to appoint any person to execute on behalf of the holders of such C Shares a transfer thereof (and/or an agreement to transfer the same) to such person(s) as the Company may determine as custodian thereof and/or to redeem the same itself (in accordance with the provisions of the Companies Act), in any such case for one penny (plus any accrued dividend) for all such C Shares held by any member without obtaining any further sanction of the holder or holders thereof and pending such transfer and/or redemption to retain the certificate for such C Shares. Subject to the Companies Act, the Company shall on the relevant Conversion (or as soon as practicable thereafter) redeem all of the relevant C Shares then in issue, at a price of one penny (plus any accrued dividends) in aggregate for all such C Shares held by any member and redeemed at any one time and the notice referred to in paragraph 5.19.5(c) shall be deemed to constitute notice to each holder of C Shares (and any person or persons having rights to acquire or acquiring C Shares on or after the Calculation Date) that the C Shares shall be so redeemed (and the Company shall not be obliged to account to any holder of C Shares for the redemption arising in respect of such C Shares).
- (l) For the avoidance of doubt, no act undertaken by the Company in accordance with paragraph 5.19.5(f) shall amount to the variation, alteration or abrogation of the rights attaching to any class of share in the Company.

5.20 *REIT provisions*

A summary of the REIT provisions included in the Articles is set out in paragraph 5 of Part 6 of the Prospectus.

6 **City Code on Takeovers and Mergers**

6.1 *Mandatory bid*

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

- a person acquires an interest in shares which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares at a price not less than the highest price paid for any interests in the shares by the acquirer or its concert parties during the previous 12 months.

6.2 *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.

7 **Material Contracts of the Company**

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

7.1 *Placing and Offer Agreement*

The Placing and Offer Agreement dated 6 February 2017 between the Company, the AIFM, the Investment Advisor, the Directors and Peel Hunt whereby Peel Hunt has undertaken, as agent for the

Company, to use its reasonable endeavours to procure subscribers under the First Placing and the Placing Programme for Ordinary Shares at the relevant issue price. In the event of oversubscription of the Issue, applications under the First Placing, Offer for Subscription and/or the Intermediaries Offer will be scaled back at the Company's discretion (in consultation with Peel Hunt). In the event of oversubscription of any Subsequent Placing, applications under such Subsequent Placing will be scaled back at the Company's discretion (in consultation with Peel Hunt).

The Placing and Offer Agreement is subject to, *inter alia*, the Ordinary Shares to be issued pursuant to the Issue being admitted to the premium segment of the Official List and to trading on the premium segment of the London Stock Exchange's main market for listed securities by 27 February 2017 (or such later date as Peel Hunt and the Company agree but not later than 8.00 a.m. on 31 March 2017). Conditional upon completion of the Issue, Peel Hunt will be paid a commission by the Company in consideration for its services in relation to the Issue.

Peel Hunt is also entitled to receive a commission of up to 1.0 per cent. of the value of any Ordinary Shares issued to Placees under the Placing Programme.

Under the Placing and Offer Agreement, which may be terminated by Peel Hunt in certain circumstances prior to First Admission or any Subsequent Admission, the Company, the AIFM and the Investment Advisor have given certain warranties and indemnities to Peel Hunt and the Directors have given certain warranties to Peel Hunt. These warranties and indemnities are customary for an agreement of this nature.

Under the Placing and Offer Agreement, Peel Hunt may at its discretion and out of its own resources at any time rebate to some or all investors, or to other parties, part or all of its fees relating to the Issue or the Placing Programme. Peel Hunt is also entitled under the Placing and Offer Agreement to retain agents and may pay commission in respect of the Issue or the Placing Programme to any or all of those agents out of its own resources.

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

7.2 *Investment Management Agreement*

The Investment Management Agreement dated 6 February 2017 between the Company and the AIFM, pursuant to which the AIFM is appointed to act as investment manager of the Company with responsibility to manage the assets of the Company in accordance with the investment policy of the Company and subject to the overall policies and communicated directions of the Board.

The AIFM is entitled to receive from the Company in respect of its services provided under the Investment Management Agreement, a fee of £24,000 per annum.

The Investment Management Agreement may be terminated on 12 months' written notice, such notice to expire on or at any time after the fifth anniversary of First Admission. The Investment Management Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency or in the event of a material and continuing breach. The Investment Management Agreement will terminate immediately in the event of termination of the Investment Advisory Agreement.

The AIFM is entitled to transfer or assign its rights and obligations under the Investment Management Agreement to LJ Administration (UK) Limited, subject to LJ Administration (UK) Limited holding all necessary regulatory authorisations and approvals from the FCA to act as a manager of the Company's portfolio of investments.

The Company has given an indemnity in favour of the AIFM in respect of the AIFM's potential losses in carrying on its responsibilities under the Investment Management Agreement, except as shall arise from the fraud, wilful default or gross negligence of the AIFM or any material breach of the Investment Management Agreement by the AIFM or a material breach of a material FCA rule by the AIFM.

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

7.3 *Investment Advisory Agreement*

The Investment Advisory Agreement dated 6 February 2017 between the Company, the AIFM and the Investment Advisor, pursuant to which the Investment Advisor is appointed to provide certain services to the Company and the AIFM in relation to the Company and its portfolio.

The Investment Advisor is entitled to receive from the Company in respect of its services provided under the Investment Advisory Agreement, a fee payable monthly in arrear calculated at the rate of: (i) one-twelfth of 0.75 per cent. per calendar month of Market Capitalisation up to or equal to £500 million; and (ii) one-twelfth of 0.65 per cent. per calendar month of Market Capitalisation above £500 million.

Pursuant to the Investment Advisory Agreement, the Investment Advisor will not engage in any property acquisition services in relation to any long index-linked asset(s) falling within the Company's stated investment policy and investment objective, which have been identified by the Investment Advisor and in respect of which the reasonably estimated aggregate consideration or commitment involved is likely to be in excess of £5,000,000, without offering the Company a right of first refusal in respect of such asset(s).

The Investment Advisory Agreement may be terminated on 12 months' written notice, such notice to expire on or at any time after the fifth anniversary of First Admission. The Investment Advisory Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency or in the event of a material and continuing breach. The Investment Advisory Agreement will terminate immediately in the event of termination of the Investment Management Agreement. The Investment Advisory Agreement may also be terminated if a "Key Person Event" occurs. A Key Person Event will be deemed to occur if any two of the key persons (being Simon Lee, John White and Jamie Beale) (a) cease to be an officer or employee of the Investment Advisor's group or (b) prior to the third anniversary of First Admission, cease to be actively involved in the provision of the Investment Advisor's services under the Investment Advisory Agreement which have not been delegated, and within three months of the relevant departure date or the date on which such active involvement can reasonably be determined to have ceased, they are not replaced by a person or persons whom the Board considers, in its reasonable discretion, to be of equal or satisfactory standing.

The AIFM is entitled to transfer or assign its rights and obligations under the Investment Advisory Agreement to LJ Administration (UK) Limited.

The Company has given an indemnity in favour of the Investment Advisor in respect of the Investment Advisor's potential losses in carrying on its responsibilities under the Investment Advisory Agreement, except as shall arise from the fraud, wilful default or gross negligence of the Investment Advisor or any material breach of the Investment Advisory Agreement by the Investment Advisor or a material breach of a material FCA rule by the Investment Advisor.

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

7.4 *Administration Agreement*

The Administration Agreement dated 6 February 2017 between the Company and the Administrator, pursuant to which the Administrator is appointed to perform certain accounting, administration and related services.

The Administrator is permitted under the Administration Agreement to delegate any of its duties to: (i) an associate of the Administrator; or (ii) subject to the prior written consent of the Company (such consent not to be unreasonably withheld) any other person, provided that the Administrator remains liable for the acts and/or omissions of such person as if they were its own acts and/or omissions.

The Administration Agreement is terminable by either party on three months' notice in writing, and may be terminated immediately by either party in certain situations, including in the event of insolvency of the other party.

In consideration for its administration and company secretarial services, the Administrator is entitled to receive a fee of £90,000 per annum plus an additional fee of 0.85 basis points per annum on any capital raised by the Company in excess of £250 million. Any additional services provided by the Administrator will incur additional charges.

The Administrator's total liability in relation to the provision of the administration services or otherwise in relation to the operation of the Administration Agreement, whether in contract, tort, or for misrepresentation or otherwise shall be limited to three times the fees payable to it under the agreement.

The Administration Agreement contains certain customary covenants, undertakings and indemnities by the Company in favour of the Administrator.

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

7.5 Registrar Agreement

The Registrar Agreement between the Company and the Registrar dated 6 February 2017, pursuant to which the Registrar has been appointed as registrar to the Company.

The Registrar Agreement is for an initial period of one year and thereafter shall automatically renew for successive periods of 12 months unless and until terminated by either party on not less than three months' notice, such notice to expire at the end of the initial period or any successive 12 month period. The agreement is also subject to immediate termination on the occurrence of certain events, including material and continuing breach or insolvency.

The Registrar Agreement limits the Registrar's liability thereunder to the lesser of £500,000 or an amount equal to five times the annual fee payable to the Registrar pursuant to the Registrar Agreement.

The Registrar Agreement contains a provision whereby the Company indemnifies the Registrar and its affiliates against any and all losses, damages, liabilities, professional fees, court costs and expenses resulting or arising from the Company's breach of the agreement and, in addition, any third-party claims, actions, proceedings, investigations or litigation relating to or arising from or in connection with the agreement or the services provided thereunder, except to the extent such losses are determined to have resulted solely from fraud, wilful default or negligence on the Registrar's (or its affiliate's) part. The indemnity is customary for an agreement of this nature.

Under the terms of the Registrar Agreement, the Registrar is entitled to customary fees.

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

7.6 Receiving Agent Agreement

The Receiving Agent Agreement between the Company and the Receiving Agent dated 6 February 2017, pursuant to which the Receiving Agent has agreed to provide receiving agent duties and services to the Company in respect of the Issue.

The Receiving Agent Agreement limits the Receiving Agent's liability thereunder to the lesser of £250,000 or an amount equal to five times the fee payable to the Receiving Agent pursuant to the Receiving Agent Agreement.

The Receiving Agent Agreement contains a provision whereby the Company indemnifies the Receiving Agent and its affiliates against any and all losses, damages, liabilities, professional fees, court costs and reasonable expenses resulting or arising from the Company's breach of the agreement and, in addition, any third-party claims, actions, proceedings, investigations or litigation relating to or

arising from or in connection with the agreement or the services provided thereunder, except to the extent such losses are determined to have resulted from fraud, wilful default or negligence on the Receiving Agent's (or its affiliate's) part. The indemnity is customary for an agreement of this nature.

Under the terms of the Receiving Agent Agreement, the Receiving Agent is entitled to customary fees.

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

7.7 *Depository Agreement*

The Depository Agreement dated 6 February 2017 entered into between the Depository, the Company and the AIFM, pursuant to which the safekeeping of the Company's assets will be entrusted to the Depository who will be required to provide depository services to the Company in fulfilment of the requirements of the AIFM Directive. The Depository shall also be responsible for ensuring that the Company's cash flows are properly monitored and shall review the AIFM's cash monitoring procedures.

The Depository may delegate some of its custody functions to a custodian, who in turn may further sub delegate to a sub-custodian, wherever permissible, in accordance with applicable law.

In consideration for its services, the Depository is entitled to receive a fee of £32,500 per annum plus an additional fee of 0.3 basis points per annum on any capital raised by the Company in excess of £250 million. In addition, the Depository is entitled to receive transaction fees where the number of property acquisitions in a calendar year exceeds eight.

The Depository Agreement contains provisions to allow for its termination by any party on not less than six months' prior written notice to each other party, or immediately in the case of certain specified circumstances, including material and continuing breach or insolvency.

The Depository Agreement contains certain customary undertakings and indemnities by the Company and the AIFM in favour of the Depository.

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

7.8 *Lock-in Deed*

By way of a deed between each of the Directors, the Company and Peel Hunt dated 6 February 2017, the Directors have agreed that they will not sell, grant options over or otherwise dispose of any interest in any Ordinary Shares acquired by them in satisfaction of their entitlement to directors' fees (save in certain circumstances, including: (i) in acceptance of a general offer made for the entire issued share capital of the Company; or (ii) pursuant to an intervening court order; or (iii) following termination of their appointment as a non-executive Director of the Company) prior to the date which is eighteen months after the date of acquisition of the relevant Ordinary Shares.

The Lock-in Deed is governed by the laws of England and Wales.

8 Related Party Transactions

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

9 Litigation

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

10 Working Capital

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

11 No Significant Change

There has been no significant change in the financial or trading position of the Company since 21 December 2016, being the date of the Company's incorporation.

12 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 Redeemable Preference Shares of 100 pence each, paid up as to one quarter of their nominal value, and one Ordinary Share of one penny (fully paid).

13 General

- 13.1 No Director has any interest in the promotion of, or in any property acquired or proposed to be acquired by, the Company.
- 13.2 The Ordinary Shares being issued in connection with the Issue are being issued at 100 pence per Ordinary Share of which 99 pence per Ordinary Share constitutes share premium.
- 13.3 No application is being made for the Ordinary Shares to be dealt with in or on any stock exchange or investment exchange other than the premium segment of the main market of the London Stock Exchange.
- 13.4 Peel Hunt is acting as sponsor and placing agent to the Issue and the Placing Programme and intermediaries offer advisor in relation to the Intermediaries Offer and has given and not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which they appear.
- 13.5 LJ Capital Limited has given and not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which such references appear.
- 13.6 LXI REIT Advisors Limited accepts responsibility for and has authorised the inclusion (in the form and context in which it is included) of the information contained in Part 2 and the paragraph entitled "AIFM and Investment Advisor" in Part 3 of this Prospectus, and declares that, having taken all reasonable care to ensure that such is the case, the information contained in Part 2 and the paragraph entitled "AIFM and Investment Advisor" in Part 3 of this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.
- 13.7 LXI REIT Advisors Limited 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.
- 13.8 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.
- 13.9 The Auditors are BDO LLP. BDO LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.
- 13.10 The Depositary is Langham Hall UK Depositary LLP. The Depositary is a limited liability partnership incorporated in England and Wales with registration number OC388007. The Depositary's registered

office is at 5 Old Bailey, London EC4M 7BA, United Kingdom and its phone number is +44 (0) 20 3597 7900. The Depository is authorised and regulated by the Financial Conduct Authority.

- 13.11 Shareholders are obliged to comply, from First Admission, with the shareholding notification and disclosure requirements set out in Chapter 5 of the DTRs. A Shareholder is required pursuant to Chapter 5 of the DTRs to notify the Company if, as a result of an acquisition or disposal of shares or financial instruments, the Shareholder's percentage of voting rights of the Company reaches, exceeds or falls below, three per cent. of the Company's voting rights or any one per cent. threshold above that.

14 Intermediaries

The Intermediaries authorised at the date of this Prospectus to use the Prospectus in connection with the Intermediaries Offer are:

AJ Bell Securities Limited
Alliance Trust Savings Limited
Barclays Bank Plc
Cornhill Capital Limited
Equiniti Financial Services Limited
Interactive Investor Trading Limited
Jarvis Investment Management Ltd
Redmayne-Bentley LLP
TD Direct Investing (Europe) Ltd
The Share Centre
Walker Crips Stockbrokers Limited
WH Ireland (Fitel Nominees Ltd)

15 Documents Available for Inspection

- 15.1 Copies of the following documents will be available for inspection at the registered office of the Company and the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London, EC2M 7SH during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of the Prospectus until 5 February 2018:

15.1.1 the Articles; and

15.1.2 the Prospectus.

PART 8

DEFINITIONS

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

“Administration Agreement”	the administration agreement between the Company and the Administrator, a summary of which is set out in paragraph 7.4 of Part 7 of the Prospectus
“Administrator”	Langham Hall UK Services LLP
“Admission”	admission of the Ordinary Shares to be issued pursuant to the Issue or a Subsequent Placing: (i) to trading on the premium segment of the London Stock Exchange’s main market becoming effective in accordance with the LSE Admission Standards; and (ii) to the premium listing of the Official List becoming effective in accordance with the Listing Rules
“AIC”	the Association of Investment Companies
“AIC Code”	the AIC Code of Corporate Governance
“AIF”	an alternative investment fund
“AIFM”	LJ Capital Limited
“AIFMD” or “AIFM Directive”	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
“Application Form” or “Offer for Subscription Application Form”	the application form attached as Appendix 1 to the Prospectus for use in connection with the Offer for Subscription
“Articles”	the articles of association of the Company
“Audit Committee”	the audit committee of the Board
“Auditor”	BDO LLP
“Business Day”	a day (excluding Saturdays and Sundays, or public holidays in England and Wales) on which banks generally are open for business in London for the transaction of normal business
“Capita Asset Services”	a trading name of Capita Registrars Limited
“certificated” or “in certificated form”	not in uncertificated form
“Companies Act” or “Act”	the Companies Act 2006 and any statutory modification or re-enactment thereof for the time being in force
“Company”	LXI REIT plc
“Company REIT”	a Company UK REIT within the meaning of Part 12 of CTA 2010
“Company Secretary”	Langham Hall UK Services LLP
“CPI”	UK Consumer Price Index

“CREST”	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
“CTA 2009”	Corporation Tax Act 2009 and any statutory modification or re-enactment thereof for the time being in force
“CTA 2010”	Corporation Tax Act 2010 and any statutory modification or re-enactment thereof for the time being in force
“Depository”	Langham Hall UK Depository LLP
“Depository Agreement”	the depository agreement between the Company, the Depository and the AIFM, a summary of which is set out in paragraph 7.7 of Part 7 of the Prospectus
“Directors” or “Board”	the board of directors of the Company
“Disclosure Guidance and Transparency Rules” or “DTRs”	the disclosure guidance and transparency rules contained within the FCA Handbook
“Distribution”	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
“Distribution Transfer”	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
“Distribution Transfer Certificate”	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
“ERISA”	US Employee Retirement Income Security Act of 1976, as amended
“EU”	the European Union
“Euroclear”	Euroclear UK & Ireland Limited, being the operator of CREST
“Excess Charge”	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
“FCA”	the Financial Conduct Authority
“FCA Handbook”	the FCA handbook of rules and guidance as amended from time to time
“First Admission”	Admission of the Ordinary Shares issued pursuant to the Issue
“First Placing”	the conditional placing of Ordinary Shares by Peel Hunt at the Issue Price as described in this Prospectus

“FSMA”	the Financial Services and Markets Act 2000 and any statutory modification or re-enactment thereof for the time being in force
“Gross Asset Value”	the aggregate value of the total assets of the Company as determined in accordance with the accounting principles adopted by the Company from time to time
“Gross Issue Proceeds”	the gross proceeds of the Issue
“HMRC”	Her Majesty’s Revenue and Customs
“IFRS”	international financial reporting standards
“interest in the Company”	includes, without limitation, an interest in a Distribution made or to be made by the Company
“Intermediaries”	the entities listed in paragraph 14 of Part 7 of the Prospectus, together with any other intermediary (if any) that is appointed by the Company in connection with the Intermediaries Offer after the date of the Prospectus and “Intermediary” shall mean any one of them
“Intermediaries Booklet”	the booklet entitled “LXI REIT plc: Information for Intermediaries” and containing, among other things, the Intermediaries Terms and Conditions
“Intermediaries Offer”	the offer of Ordinary Shares by the Intermediaries to retail investors
“Intermediaries Offer Adviser”	Peel Hunt LLP
“Intermediaries Terms and Conditions”	the terms and conditions agreed between the Intermediaries Offer Adviser, the Company, the AIFM, the Investment Advisor and the Intermediaries in relation to the Intermediaries Offer and contained in the Intermediaries Booklet
“Investment Advisor”	LXI REIT Advisors Limited
“Investment Advisory Agreement”	the investment advisory agreement between the Company, the AIFM and the Investment Advisor, a summary of which is set out in paragraph 7.3 of Part 7 of the Prospectus
“Investment Management Agreement”	the investment management agreement between the Company and the AIFM, a summary of which is set out in paragraph 7.2 of Part 7 of the Prospectus
“Issue”	together the First Placing, the Offer for Subscription and the Intermediaries Offer
“Issue Price”	100 pence per Ordinary Share
“Listing Rules”	the listing rules made by the UK Listing Authority pursuant to Part VI of the FSMA
“Lock-in Deed”	the lock-in deed between each of the Directors, the Company and Peel Hunt, summarised in paragraph 7.8 of Part 7 of the Prospectus
“London Stock Exchange”	London Stock Exchange pic
“LSE Admission Standards”	the admission and disclosure standards published by the London Stock Exchange

“Management Engagement Committee”	the management engagement committee of the Board
“Market Abuse Regulation”	regulation (EU) No.596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse
“Market Capitalisation”	the average of the mid-market prices for an Ordinary Share and, if applicable, a C Share, respectively, as derived from the Daily Official List of the London Stock Exchange on each Business Day in the relevant calendar month, multiplied by the number of Ordinary Shares and, if applicable, C Shares, respectively, in issue on the last Business Day of the relevant calendar month, excluding any Ordinary Shares held by the Company in treasury
“Minimum Net Proceeds”	the minimum net proceeds of the Issue, being £85 million (or such lesser amount as the Company and Peel Hunt may determine and notify to investors via an RIS announcement and a supplementary prospectus)
“Money Laundering Regulations”	the UK Money Laundering Regulations 2007, as amended
“Net Asset Value” or “NAV”	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
“Net Asset Value per Ordinary Share” or “NAV per Ordinary Share”	at any time the Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue (other than Ordinary Shares held in treasury) at the date of calculation
“Net Issue Proceeds”	the Gross Issue Proceeds less applicable fees and expenses of the Issue
“NISA”	a UK new individual savings account
“Non-PID Dividend”	a distribution by the Company which is not a PID
“Offer for Subscription”	the offer for subscription of Ordinary Shares at the Issue Price on the terms set out in the Prospectus
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	ordinary shares of £0.01 each in the capital of the Company
“Osprey Equity Partners” or “Osprey”	Osprey Equity Partners Limited
“Peel Hunt”	Peel Hunt LLP, the Company’s sponsor, broker, placing agent and intermediaries offer adviser
“Placee”	a person subscribing for Ordinary Shares under the First Placing and/or a Subsequent Placing
“Placing and Offer Agreement”	the placing and offer agreement between the Company, the AIFM, the Investment Advisor, the Directors and Peel Hunt, a summary of which is set out in paragraph 7.1 of Part 7 of the Prospectus
“Placing Programme”	the proposed programme of Subsequent Placings as described in the Prospectus, in particular Part 5 of the Prospectus

“Placing Programme Price”	the price at which Ordinary Shares will be issued pursuant to a Subsequent Placing under the Placing Programme as described in Part 5 of the Prospectus
“PID” or “Property Income Distribution”	the distribution by the Company of the profits of its Property Rental Business, including distributions received by it from other UK REITs, by way of a dividend in cash or the issue of share capital in lieu of a cash dividend in accordance with Section 530 of the CTA 2010
“Property Rental Business”	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, as defined in Part 4 of CTA 2009
“the Prospectus” or “this Prospectus”	this document which is a prospectus prepared in accordance with the Prospectus Rules
“Prospectus Directive”	the EU Prospectus Directive 2003/71/EC
“Prospectus Rules”	the prospectus rules made by the Financial Conduct Authority under Section 73A of FSMA
“Receiving Agent”	Capita Registrars Limited, trading as Capita Asset Services
“Receiving Agent Agreement”	the receiving agent agreement between the Company and the Receiving Agent, a summary of which is set out in paragraph 7.6 of Part 7 of the Prospectus
“Redeemable Preference Shares”	redeemable preference shares of £1.00 each in the capital of the Company held, at the date of the Prospectus, by the AIFM
“Register”	the register of members of the Company
“Registrar”	Capita Registrars Limited, trading as Capita Asset Services
“Registrar Agreement”	the registrar agreement between the Company and the Registrar, a summary of which is set out in paragraph 7.5 of Part 7 of the Prospectus
“Regulation S”	Regulation S promulgated under the US Securities Act
“Regulatory Information Service”	a service authorised by the UKLA to release regulatory announcements to the London Stock Exchange
“REIT”	a UK REIT (Real Estate Investment Trust) as defined in Part 12 of the CTA 2010
“REIT Group”	a group UK REIT within the meaning of Part 12 CTA 2010
“Relevant Member State”	a member state of the European Economic Area which has implemented the Prospectus Directive
“Relevant Registered Shareholder”	a Shareholder who holds all or some of the shares in the Company that comprise a Substantial Shareholding (whether or not a Substantial Shareholder)
“Reporting Obligation”	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 Company’s status as a REIT

“Residual Business”	that part of the business of companies within a REIT that is not part of the Property Rental Business
“RICS”	Royal Institution of Chartered Surveyors
“RPI”	UK Retail Price Index
“RPIX”	UK Retail Price Index excluding Mortgage Interest
“SDRT”	stamp duty reserve tax
“Shareholder”	a holder of Ordinary Shares
“SIPP”	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
“SPV”	special purpose vehicle
“Subsequent Admission”	Admission in respect of any Ordinary Shares issued pursuant to a Subsequent Placing
“Subsequent Placing”	any placing of Ordinary Shares pursuant to the Placing Programme described in the Prospectus
“Substantial Shareholder”	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
“Substantial Shareholding”	the shares in relation to which or by virtue of which (in whole or in part) a person is a Substantial Shareholder
“Takeover Code”	the UK City Code on Takeovers and Mergers
“UK Corporate Governance Code”	the UK Corporate Governance Code as published by the Financial Reporting Council from time to time
“UK Listing Authority” or “UKLA”	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“Underlying Applicants”	investors who wish to acquire Ordinary Shares under the Intermediaries Offer who are clients of any Intermediary
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“US Code”	US Internal Revenue Code, as amended
“US Investment Company Act”	US Investment Company Act of 1940, as amended
“US Person”	any person who is a US person within the meaning of Regulation S adopted under the US Securities Act
“US Securities Act”	US Securities Act of 1933, as amended

“Valuer”

the property valuation agent to be appointed by the Company from time to time

“VAT”

value added tax

PART 9

TERMS AND CONDITIONS OF APPLICATION UNDER THE FIRST PLACING AND THE PLACING PROGRAMME

1 Introduction

- 1.1 Ordinary Shares are available under the First Placing at a price of 100 pence per Ordinary Share and under the Placing Programme at the relevant Placing Programme Price. The Ordinary Shares will, when issued and fully paid, include the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.
- 1.2 Each Placee which confirms its agreement to Peel Hunt to subscribe for Ordinary Shares under the First Placing and/or a Subsequent Placing will be bound by these terms and conditions and will be deemed to have accepted them.
- 1.3 The Company and/or Peel Hunt may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it/they (in its/their absolute discretion) see(s) fit.
- 1.4 The commitment to acquire Ordinary Shares under the First Placing and/or a Subsequent Placing will be agreed orally with Peel Hunt as agent for the Company and further evidenced in a contract note (“**Contract Note**”) or placing confirmation (“**Placing Confirmation**”).

2 Agreement to subscribe for Ordinary Shares and conditions

- 2.1 A Placee agrees to become a member of the Company and agrees to subscribe for those Ordinary Shares allocated to it by Peel Hunt at the relevant issue price, conditional on:
 - 2.1.1 the Placing and Offer Agreement becoming unconditional in respect of the relevant placing (save for any condition relating to Admission) and not having been terminated on or before the date of Admission of the relevant Ordinary Shares being issued;
 - 2.1.2 Admission of the relevant Ordinary Shares being issued in the case of First Admission by no later than 27 February 2017 (or such later date as the Company and Peel Hunt may agree and, in any event, no later than 31 March 2017) and in the case of any Subsequent Admission by no later than such dates as may be agreed between the Company and Peel Hunt in relation to each Subsequent Placing, not being later than 5 February 2018;
 - 2.1.3 in the case of the First Placing, the Minimum Net Proceeds being raised;
 - 2.1.4 in the case of any Subsequent Placing, a valid supplementary prospectus being published by the Company if such is required; and
 - 2.1.5 in the case of any Subsequent Placing, the relevant Placing Programme Price being determined by the Directors.
- 2.2 In the event that the Company, in consultation with Peel Hunt and the Investment Advisor, wishes to waive condition 2.1.3 referred to above, the Company will be required to publish a supplementary prospectus (including a working capital statement based on a revised minimum net proceeds figure).
- 2.3 To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

3 Payment for Ordinary Shares

- 3.1 Each Placee must pay the relevant issue price for the Ordinary Shares issued to the Placee in the manner and by the time directed by Peel Hunt. If any Placee fails to pay as so directed and/or by the

time required, the relevant Placee's application for Ordinary Shares may, at the discretion of Peel Hunt, either be rejected or accepted and, in the latter case, paragraph 3.2 of these terms and conditions shall apply.

- 3.2 Each Placee is deemed to agree that if it does not comply with its obligation to pay the relevant issue price for the Ordinary Shares allocated to it in accordance with paragraph 3.1 of these terms and conditions and Peel Hunt elects to accept that Placee's application, Peel Hunt may sell all or any of the Ordinary Shares allocated to the Placee on such Placee's behalf and retain from the proceeds, for Peel Hunt's own account and profit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will, however, remain liable for any shortfall below the aggregate amount owed by such Placee and it may be required to bear any tax or other charges (together with any interest or penalties) which may arise upon the sale of such Ordinary Shares on such Placee's behalf.

4 Representations and warranties

By agreeing to subscribe for Ordinary Shares, each Placee which enters into a commitment to subscribe for Ordinary Shares will (for itself and any person(s) procured by it to subscribe for Ordinary Shares and any nominee(s) for any such person(s)) be deemed to represent, warrant and acknowledge to each of the Company, the AIFM, the Investment Advisor, the Registrar and Peel Hunt that:

- 4.1 in agreeing to subscribe for Ordinary Shares under the First Placing and/or under a Subsequent Placing, it is relying solely on this Prospectus and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the First Placing and/or the Placing Programme. It agrees that none of the Company, the AIFM, the Investment Advisor, Peel Hunt or the Registrar, nor any of their respective officers, agents, or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- 4.2 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Ordinary Shares under the First Placing and/or under a Subsequent Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the AIFM, the Investment Advisor, Peel Hunt or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the First Placing and/or a Subsequent Placing;
- 4.3 it has carefully read and understands this Prospectus in its entirety and acknowledges that it is acquiring Ordinary Shares on the terms and subject to the conditions set out in this Part 9 and the Articles as in force at the date of Admission of the relevant Ordinary Shares;
- 4.4 it has not relied on Peel Hunt or any person affiliated with Peel Hunt in connection with any investigation of the accuracy of any information contained in this Prospectus;
- 4.5 the content of this Prospectus is exclusively the responsibility of the Company and its Directors and neither Peel Hunt nor any person acting on their respective behalf nor any of its respective affiliates are responsible for or shall have any liability for any information, representation or statement contained in this Prospectus or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the First Placing and/or a Subsequent Placing based on any information, representation or statement contained in this Prospectus or otherwise;
- 4.6 it acknowledges that no person is authorised in connection with the First Placing and/or a Subsequent Placing to give any information or make any representation other than as contained in this Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the AIFM, the Investment Advisor or Peel Hunt;

- 4.7 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services);
- 4.8 if it is within the United Kingdom, it is a person who falls within Articles 49(2)(a) to (d) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or it is a person to whom the Ordinary Shares may otherwise lawfully be offered under such Order and/or is a person who is a “professional client” or an “eligible counterparty” within the meaning of Chapter 3 of the FCA’s Conduct of Business Sourcebook or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, it is a person to whom the Ordinary Shares may be lawfully offered under that other jurisdiction’s laws and regulations;
- 4.9 if it is a resident in the EEA (other than the United Kingdom): (a) it is a qualified investor within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive 2003/71/EC; and (b) if that relevant Member State has implemented the AIFMD, that it is a person to whom the Ordinary Shares may lawfully be marketed under the AIFMD or under the applicable implementing legislation (if any) of that relevant Member State;
- 4.10 in the case of any Ordinary Shares acquired by a Placee as a financial intermediary within the EEA (other than the United Kingdom) as that term is used in Article 3(2) of the Prospectus Directive: (a) the Ordinary Shares acquired by it in the First Placing and/or a Subsequent Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive 2010/73/EU, or in circumstances in which the prior consent of Peel Hunt has been given to the offer or resale; or (b) where Ordinary Shares have been acquired by it on behalf of persons in any relevant Member State other than qualified investors, the offer of those Ordinary Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- 4.11 it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Ordinary Shares and it is not acting on a non-discretionary basis for any such person;
- 4.12 if it is outside the United Kingdom, neither the Prospectus nor any other offering, marketing or other material in connection with the First Placing and/or a Subsequent Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Ordinary Shares pursuant to the First Placing and/or a Subsequent Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or material could lawfully be provided to it or such person and Ordinary Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 4.13 if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such Placee’s agreement to subscribe for Ordinary Shares under the First Placing and/or under a Subsequent Placing and will not be any such person on the date any such agreement to subscribe under the First Placing or a Subsequent Placing is accepted;
- 4.14 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other offering materials concerning the First Placing and/or a Subsequent Placing or the Ordinary Shares to any persons within the United States or to any US Persons, nor will it do any of the foregoing;
- 4.15 it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading “United States purchase and transfer restrictions” in paragraph 7, below;
- 4.16 it acknowledges that neither Peel Hunt nor any of its affiliates, nor any person acting on its or their behalf is making any recommendations to it, advising it regarding the suitability of any transactions

it may enter into in connection with the First Placing and/or a Subsequent Placing or providing any advice in relation to the First Placing and/or a Subsequent Placing and participation in the First Placing and/or a Subsequent Placing is on the basis that it is not and will not be a client of Peel Hunt and that Peel Hunt does not have any duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the First Placing and/or a Subsequent Placing nor in respect of any representations, warranties, undertakings or indemnities otherwise required to be given by it in connection with its application under the First Placing and/or a Subsequent Placing;

- 4.17 it acknowledges that where it is subscribing for Ordinary Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (a) to subscribe for the Ordinary Shares for each such account; (b) to make on each such account's behalf the representations, warranties and agreements set out in this Prospectus; and (c) to receive on behalf of each such account any documentation relating to the First Placing and/or a Subsequent Placing in the form provided by the Company and/or Peel Hunt. It agrees that the provisions of this paragraph shall survive any resale of the Ordinary Shares by or on behalf of any such account;
- 4.18 it irrevocably appoints any director of the Company and any director of Peel Hunt to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Ordinary Shares for which it has given a commitment under the First Placing and/or a Subsequent Placing, in the event of its own failure to do so;
- 4.19 it accepts that if the First Placing and/or a Subsequent Placing does not proceed or the conditions to the Placing and Offer Agreement are not satisfied or the Ordinary Shares for which valid applications are received and accepted are not admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities for any reason whatsoever then neither of Peel Hunt nor the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- 4.20 in connection with its participation in the First Placing and/or a Subsequent Placing it has observed all relevant legislation and regulations;
- 4.21 it acknowledges that Peel Hunt and the Company are entitled to exercise any of their rights under the Placing and Offer Agreement or any other right in their absolute discretion without any liability whatsoever to it;
- 4.22 the representations, undertakings and warranties contained in this Prospectus are irrevocable. It acknowledges that Peel Hunt and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the Ordinary Shares are no longer accurate, it shall promptly notify Peel Hunt and the Company;
- 4.23 where it or any person acting on behalf of it is dealing with Peel Hunt, any money held in an account with Peel Hunt on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Peel Hunt to segregate such money, as that money will be held by Peel Hunt under a banking relationship and not as trustee;
- 4.24 any of its clients, whether or not identified to Peel Hunt, will remain its sole responsibility and will not become clients of Peel Hunt for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 4.25 it accepts that the allocation of Ordinary Shares shall be determined by the Company in its absolute discretion (in consultation with Peel Hunt) and that the Company may scale down any commitments for this purpose on such basis as it may (in consultation with Peel Hunt) determine;

- 4.26 time shall be of the essence as regards its obligations to settle payment for the Ordinary Shares and to comply with its other obligations under the First Placing and/or a Subsequent Placing;
- 4.27 its commitment to acquire Ordinary Shares will be agreed orally with Peel Hunt as agent for the Company and that a Contract Note or Placing Confirmation will be issued by Peel Hunt as soon as possible thereafter. That oral confirmation will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and Peel Hunt to subscribe for the number of Ordinary Shares allocated to it at the Issue Price or the Placing Programme Price on the terms and conditions set out in this Part 9 and, as applicable, in the Contract Note or Placing Confirmation. Except with the consent of Peel Hunt, such oral commitment will not be capable of variation or revocation after the time at which it is made; and
- 4.28 its allocation of Ordinary Shares under the First Placing and any Subsequent Placing will be evidenced by the Contract Note or Placing Confirmation, as applicable, confirming: (i) the number of Ordinary Shares that such Placee has agreed to subscribe for; (ii) the aggregate amount that such Placee will be required to pay for such Ordinary Shares; and (iii) settlement instructions to pay Peel Hunt as agent for the Company. The terms of this Part 9 will be deemed to be incorporated into that Contract Note or Placing Confirmation.

The Company reserves the right to reject all or part of any offer to purchase Ordinary Shares for any reason. The Company also reserves the right to sell fewer than all of the Ordinary Shares offered by this Prospectus or to sell to any purchaser fewer than all of the Ordinary Shares a purchaser has offered to purchase.

5 Money laundering

Each Placee acknowledges and agrees that:

- 5.1 its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (a) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (b) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) (the “**Money Laundering Directive**”); or (c) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive; and
- 5.2 due to anti-money laundering requirements, Peel Hunt and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Peel Hunt and the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Peel Hunt and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it.

6 The Data Protection Act

- 6.1 Each Placee acknowledges and agrees that, pursuant to The Data Protection Act 1998 (the “**DP Act**”) the Company and/or the Registrar and/or the Administrator, may hold personal data (as defined in the DP Act) relating to past and present Shareholders. Personal data may be retained on record for a period exceeding six years after it is no longer used. The Registrar and the Administrator will only process such information for the purposes set out below (collectively, the “**Purposes**”), being to:
- 6.1.1 process its personal data (including sensitive personal data as defined in the DP Act) to the extent and in such manner as is necessary for the performance of their obligations under their respective service contracts, including as required by or in connection with its holding of

- Ordinary Shares, including processing personal data in connection with credit and money laundering checks on it;
- 6.1.2 communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;
 - 6.1.3 provide personal data to such third parties as the Registrar and/or the Administrator may consider necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares or as the DP Act may require, including to third parties outside the European Economic Area;
 - 6.1.4 without limitation, provide such personal data to their affiliates, the Company or the AIFM or the Investment Advisor and their respective associates for processing, notwithstanding that any such party may be outside the European Economic Area; and
 - 6.1.5 process its personal data for the Registrar's and/or the Administrator's internal administration.
- 6.2 By becoming registered as a holder of Ordinary 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, the Registrar or the Administrator of any personal data relating to them in the manner described above. In providing the Registrar and the Administrator with information, it hereby represents and warrants to the Registrar and the Administrator that it has obtained the consent of any data subject to the Registrar and the Administrator, and their respective affiliates and group companies, holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out above in this paragraph 6).

7 United States purchase and transfer restrictions

- 7.1 By participating in the First Placing and/or a Subsequent Placing, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for Ordinary Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, the AIFM, the Investment Advisor, the Registrar and Peel Hunt that:
- 7.1.1 it is either: (i) not a US Person, is not located within the United States, is acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S and is not acquiring the Ordinary Shares for the account or benefit of a US Person; or (ii) a US Person to whom Ordinary Shares may be offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States;
 - 7.1.2 it acknowledges that the Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and in compliance with all applicable state securities laws and under circumstances that would not require the Company to register under the US Investment Company Act;
 - 7.1.3 it acknowledges that the Company has not and will not be registered under the US Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the US Investment Company Act;
 - 7.1.4 unless the Company expressly consents otherwise in writing, no portion of the assets used to purchase, and no portion of the assets used to hold, the Ordinary Shares or any beneficial interest therein constitutes or will constitute the assets of: (a) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (b) a "plan" as defined in Section 4975 of the US Code, including an individual retirement account or other arrangement

that is subject to Section 4975 of the US Code; or (c) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the US Code. In addition, if a Placee is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Code, its purchase, holding, and disposition of the Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;

- 7.1.5 if any Ordinary Shares are issued to it in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect, unless otherwise determined by the Company in accordance with applicable law:

“LXI REIT PLC (THE “COMPANY”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED. IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS EXCEPT IN ACCORDANCE WITH THE US SECURITIES ACT OR AN EXEMPTION THEREFROM AND UNDER CIRCUMSTANCES WHICH DO NOT REQUIRE THE COMPANY TO REGISTER UNDER THE US INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS. IN ADDITION, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO ANY PERSON USING THE ASSETS OF (I) (A) AN “EMPLOYEE BENEFIT PLAN” AS DEFINED IN SECTION 3(3) OF ERISA THAT IS SUBJECT TO TITLE I OF ERISA; (B) A “PLAN” AS DEFINED IN SECTION 4975 OF THE US CODE, INCLUDING AN INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE US CODE; OR (C) AN ENTITY WHICH IS DEEMED TO HOLD THE ASSETS OF ANY OF THE FOREGOING TYPES OF PLANS, ACCOUNTS OR ARRANGEMENTS THAT IS SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE US CODE OR (II) A GOVERNMENTAL, CHURCH, NON-US OR OTHER EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-US LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE US CODE UNLESS THE PURCHASE, HOLDING OR DISPOSITION OF THE SECURITIES WILL NOT RESULT IN A VIOLATION OF APPLICABLE LAW AND/OR CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 503 OF THE US CODE OR ANY SUBSTANTIALLY SIMILAR LAW.”;

- 7.1.6 if in the future the Placee decides to offer, sell, transfer, assign or otherwise dispose of its Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act and under circumstances which will not require the Company to register under the US Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- 7.1.7 it is purchasing the Ordinary Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Ordinary Shares in any manner that would violate the US Securities Act, the US Investment Company Act or any other applicable securities laws;

- 7.1.8 it acknowledges that the Company reserves the right to make inquiries of any holder of the Ordinary Shares or interests therein at any time as to such person's status under US federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under US securities laws to transfer such Ordinary Shares or interests in accordance with the Articles;
- 7.1.9 it acknowledges and understands that the Company is required to comply with FATCA and agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA;
- 7.1.10 it is entitled to acquire the Ordinary Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Ordinary Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the AIFM, the Investment Advisor, the Registrar, Peel Hunt or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the First Placing and/or a Subsequent Placing or its acceptance of participation in the First Placing and/or a Subsequent Placing;
- 7.1.11 it has received, carefully read and understands this Prospectus, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the Ordinary Shares to within the United States or to any US Persons, nor will it do any of the foregoing; and
- 7.1.12 if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, the Placee has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.
- 7.2 The Company, the AIFM, the Investment Advisor, the Registrar, Peel Hunt and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.
- 7.3 If any of the representations, warranties, acknowledgments or agreements made by the Placee are no longer accurate or have not been complied with, the Placee will immediately notify the Company and Peel Hunt.

8 Supply and disclosure of information

If Peel Hunt, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for Ordinary Shares under the First Placing and/or a Subsequent Placing, such Placee must promptly disclose it to them.

9 Non United Kingdom investors

- 9.1 If the Placee is outside the United Kingdom, neither this Prospectus nor any other offering, marketing or other material in connection with the First Placing and/or the Placing Programme constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Ordinary Shares pursuant to the First Placing and/or a Subsequent Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Ordinary Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements.
- 9.2 None of the Ordinary Shares has been or will be registered under the laws of the United States, Canada, Australia, the Republic of South Africa or Japan. Accordingly, the Ordinary Shares may not be offered, sold, issued or delivered, directly or indirectly, within any of the United States, Canada,

Australia, the Republic of South Africa or Japan or to any US Person or to any national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan unless an exemption from any registration requirement is available.

10 Miscellaneous

- 10.1 The rights and remedies of the Company, the AIFM, the Investment Advisor, Peel Hunt and the Registrar under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 10.2 On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the First Placing and/or a Subsequent Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.
- 10.3 Each Placee agrees to be bound by the Articles once the Ordinary Shares, which the Placee has agreed to subscribe for pursuant to the First Placing and/or a Subsequent Placing, have been acquired by the Placee. The contract to subscribe for Ordinary Shares under the First Placing and/or a Subsequent Placing and the appointments and authorities mentioned in this Prospectus and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Company, the AIFM, the Investment Advisor, Peel Hunt and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.
- 10.4 In the case of a joint agreement to subscribe for Ordinary Shares under the First Placing and/or a Subsequent Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.
- 10.5 Peel Hunt and the Company expressly reserve the right to modify the First Placing and/or a Subsequent Placing (including, without limitation, the timetable and settlement) at any time before allocations are determined. The First Placing and any Subsequent Placing are subject to the satisfaction of the conditions contained in the Placing and Offer Agreement and the Placing and Offer Agreement not having been terminated. Further details of the terms of the Placing and Offer Agreement are contained in paragraph 7.1 of Part 7 of this Prospectus.

PART 10

TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION

1 Introduction

- 1.1 Ordinary Shares are available under the Offer for Subscription at a price of 100 pence per Ordinary Share. The Ordinary Shares will, when issued and fully paid, include the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.
- 1.2 Applications to acquire Ordinary Shares must be made on the Application Form attached as Appendix 1 to this Prospectus or otherwise published by the Company.
- 1.3 In addition to completing and returning the Application Form to Capita Asset Services, you will also need to complete and return a Tax Residency Self Certification Form. The “individual tax residency self-certification – sole holding” form can be found at the end of this Prospectus and further copies of this form and the relevant form for joint holdings or Corporate Entity holdings can be requested from Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside of the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

It is a condition of application that (where applicable) a completed version of that form is provided with the Offer for Subscription Application Form before any application can be accepted.

2 Offer for Subscription to acquire shares

- 2.1 By completing and delivering an Application Form, you, as the applicant, and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:
 - 2.1.1 offer to subscribe for the amount specified in Box 2 on your Application Form, or any smaller amount for which such application is accepted, on the terms, and subject to the conditions, set out in this Prospectus, including these terms and conditions of application and the Articles;
 - 2.1.2 agree that, in consideration for the Company agreeing that it will not offer any Ordinary Shares to any person other than by means of the procedures referred to in this Prospectus, your application may not be revoked, subject to your statutory right of withdrawal in the event of publication of a supplementary prospectus by the Company, and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to or, in the case of delivery by hand, on receipt by the Receiving Agent of your Application Form;
 - 2.1.3 undertake to pay the subscription amount specified in Box 2 on your Application Form in full on application and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive a share certificate for the Ordinary Shares applied for in certificated form or be entitled to commence dealing in Ordinary Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such Ordinary Shares unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent, the Company and Peel Hunt 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 Ordinary 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 a cheque drawn on a branch of a UK clearing bank to the bank account name from which they were first received at your risk of any proceeds of the remittance which accompanied your Application Form, without interest);

- 2.1.4 agree that, where on your Application Form a request is made for Ordinary Shares to be deposited into a CREST account: (a) the Receiving Agent may in its absolute discretion amend the form so that such Ordinary Shares may be issued in certificated form registered in the name(s) of the holder(s) specified in your Application Form (and recognise that the Receiving Agent will so amend the form if there is any delay in satisfying the identity of the applicant or the owner of the CREST account or in receiving your remittance in cleared funds); and (b) the Receiving Agent, the Company or Peel Hunt may authorise your financial adviser or whoever he or she may direct to send a document of title for or credit your CREST account in respect of, the number of Ordinary Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address set out on your Application Form;
- 2.1.5 agree, in respect of applications for Ordinary Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 2.1.4 of this paragraph 2.1 to issue Ordinary Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled (and any monies returnable to you) may be retained by the Receiving Agent:
- (a) pending clearance of your remittance;
 - (b) pending investigation of any suspected breach of the warranties contained in paragraphs 6.1, 6.2, 6.6, 6.8, 6.13, 6.15 or 6.16 below or any other suspected breach of these terms and conditions of application; or
 - (c) pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purpose of the 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;
- 2.1.6 agree, on the request of the Receiving Agent, to disclose promptly in writing to it such information as the Receiving Agent may request in connection with your application and authorise the Receiving Agent to disclose any information relating to your application which it may consider appropriate;
- 2.1.7 agree that if evidence of identity satisfactory to the Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Receiving Agent) following a request therefor, the Receiving Agent or the Company may terminate the agreement with you to allot Ordinary Shares and, in such case, the Ordinary Shares which would otherwise have been allotted to you may be re-allotted or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned by a cheque drawn on a branch of a UK clearing bank to the bank account name on which the payment accompanying the application was first drawn without interest and at your risk;
- 2.1.8 agree that you are not applying on behalf of a person engaged in money laundering;
- 2.1.9 undertake to ensure that, in the case of an Application Form signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is enclosed with your Application Form together with full identity documents for the person so signing;
- 2.1.10 undertake to pay interest at the rate described in paragraph 3.3 below if the remittance accompanying your Application Form is not honoured on first presentation;

2.1.11 authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of Ordinary Shares for which your application is accepted or if you have completed section 5 on your Application Form or, subject to paragraph 2.1.4 above, to deliver the number of Ordinary Shares for which your application is accepted into CREST, and/or to return any monies returnable by a cheque drawn on a branch of a UK clearing bank to the bank account name from which such monies were first received without interest and at your risk;

2.1.12 confirm that you have read and complied with paragraph 8 below;

2.1.13 agree that all subscription cheques and payments will be processed through a bank account (the “**Acceptance Account**”) in the name of Capita Registrars Limited re: LXI REIT plc Offer for Subscription A/C opened by the Receiving Agent;

2.1.14 agree that your Application Form is addressed to the Company and the Receiving Agent; and

2.1.15 agree that any application may be rejected in whole or in part at the sole discretion of the Company.

3 Acceptance of your offer

3.1 The Receiving Agent may, on behalf of the Company, accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected) by notifying the UK Listing Authority through a Regulatory Information Service of the basis of allocation (in which case the acceptance will be on that basis).

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

3.3 The Receiving Agent will present all cheques and bankers’ drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful applicants’ payment. The right is also reserved to reject in whole or in part, or to scale down or limit, any application. The Receiving Agent may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Receiving Agent 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 Receiving Agent plus 4 per cent. per annum.

3.4 Payments must be made by cheque or banker’s draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society that is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or that has arranged for its cheques or bankers’ drafts to be cleared through the facilities provided for members of either of those companies. Such cheques or bankers’ drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of an individual applicant where they have sole or joint title to the funds, should be made payable to Capita Registrars Limited re: LXI REIT plc Offer for Subscription A/C and crossed “A/C payee only”. Third party cheques will not be accepted with the exception of building society cheques or bankers’ drafts where the building society or bank has inserted the full name of the building society or bank account holder and has added the building society or bank branch stamp. The name of the building society or bank account holder must be the same as that shown on the Application Form.

4 Conditions

- 4.1 The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:
- (a) First Admission occurring by 8.00 a.m. on 27 February 2017 (or such later time or date as the Company and Peel Hunt may agree (not being later than 8.00 a.m. on 31 March 2017)); and
 - (b) the Placing and Offer Agreement becoming otherwise unconditional in all respects, and not being terminated in accordance with its terms before First Admission; and
 - (c) the Minimum Net Proceeds being raised.
- 4.2 In the event that the Company, in consultation with the Investment Advisor and Peel Hunt, wishes to waive condition (c) referred to above, the Company will be required to publish a supplementary prospectus (including a working capital statement based on a revised minimum net proceeds figure).
- 4.3 You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

5 Return of application monies

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

6 Warranties

By completing an Application Form, you:

- 6.1 undertake and warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions of application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- 6.2 warrant, if the laws of any territory or jurisdiction outside the UK, the Channel Islands or the Isle of Man are applicable to your application, that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company or the Receiving Agent or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside of the UK, the Channel Islands or the Isle of Man in connection with the Offer for Subscription in respect of your application;
- 6.3 confirm that in making an application you are not relying on any information or representations in relation to the Company other than those contained in this Prospectus (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for this Prospectus or any part thereof shall have any liability for any such other information or representation;
- 6.4 agree that, having had the opportunity to read this Prospectus, you shall be deemed to have had notice of all information and representations contained therein;

- 6.5 acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, Peel Hunt, the AIFM, the Investment Advisor or the Receiving Agent;
- 6.6 warrant that you are not under the age of 18 on the date of your application;
- 6.7 agree that all documents and monies sent by post to, by or on behalf of the Company or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint holders, the address of the first-named holder) as set out in your Application Form;
- 6.8 confirm that you have reviewed the restrictions contained in paragraph 8 below and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or complied with the provisions therein;
- 6.9 agree that, in respect of those Ordinary Shares for which your Application Form has been received and processed and not rejected, acceptance of your Application Form shall be constituted by the Company instructing the Registrar to enter your name on the Register;
- 6.10 agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription and any non-contractual obligations existing under or in connection therewith shall be governed by and construed in accordance with the laws of England and Wales and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- 6.11 irrevocably authorise the Company, Peel Hunt or the Receiving Agent or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed by or issued to you into your name and authorise any representatives of the Company and/or Peel Hunt and/or the Receiving Agent to execute any documents required therefor and to enter your name on the Register;
- 6.12 agree to provide the Company with any information which it, Peel Hunt or the Receiving Agent may request in connection with your application or to comply with any other relevant legislation (as the same may be amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations;
- 6.13 warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, Peel Hunt, the AIFM, the Investment Advisor or the Receiving Agent acting in breach of the regulatory or legal requirements of any territory in connection with the Offer for Subscription or your application;
- 6.14 agree that Peel Hunt and the Receiving Agent are acting for the Company in connection with the Offer for Subscription and for no-one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or be responsible to you for the protections afforded to their customers;
- 6.15 warrant that the information contained in the Application Form is true and accurate; and
- 6.16 agree that if you request that Ordinary Shares are issued to you on a date other than First Admission and such Ordinary Shares are not issued on such date that the Company and its agents and Directors will have no liability to you arising from the issue of such Ordinary Shares on a different date.

7 Money laundering

- 7.1 You agree that, in order to ensure compliance with the Money Laundering Regulations, the Receiving Agent may at its absolute discretion require verification of identity of you as the applicant lodging an Application Form and further may request from you and you will assist in providing identification of:
- 7.1.1 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
- 7.1.2 where it appears to the Receiving Agent that a holder or the payor is acting on behalf of some other person or persons, such person or persons.
- 7.2 Failure to provide the necessary evidence of identity may result in your application being rejected or delays in the despatch of documents or CREST account being credited.
- 7.3 Without prejudice to the generality of this paragraph 7, verification of the identity of holders and payors will be required if the value of the Ordinary Shares applied for, whether in one or more applications considered to be connected, exceeds €15,000 (approximately £13,000). If, in such circumstances, you use a building society cheque or banker’s draft you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the cheque or banker’s draft and adds its stamp. If, in such circumstances, the person whose account is being debited is not a holder you will be required to provide for both the holder and payor an original or copy of that person’s passport or driving licence certified by a solicitor and an original or certified copy of two of the following documents, no more than 3 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 addressee’s risk) together with a signed declaration as to the relationship between the payor and you, the applicant.
- 7.4 For the purpose of the UK’s Money Laundering Regulations, a person making an application for Ordinary Shares will not be considered as forming a business relationship with either the Company or with the Receiving Agent but will be considered as effecting a one-off transaction with either the Company or with the Receiving Agent.
- 7.5 The person(s) submitting an application for Ordinary Shares will ordinarily be considered to be acting as principal in the transaction unless the Receiving Agent determines otherwise, whereupon you may be required to provide the necessary evidence of identity of the underlying beneficial owner(s).
- 7.6 If the amount being subscribed exceeds €15,000 (approximately £13,000) you should endeavour to have the declaration contained in Box 6 of the Application Form signed by an appropriate firm as described in that box.

8 Non United Kingdom investors

- 8.1 If you receive a copy of the Prospectus or an Application Form in any territory other than the United Kingdom, the Channel Islands or the Isle of Man, you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the UK, the Channel Islands or the Isle of Man and wish to make an application for Ordinary Shares under the Offer for Subscription, to satisfy yourself as to full observance of the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 8.2 None of the Ordinary Shares has been or will be registered under the laws of Canada, Japan, the Republic of South Africa, Australia or under the US Securities Act or with any securities regulatory authority of any state or other political subdivision of the United States, Canada, Japan, the Republic of South Africa or Australia. Accordingly, unless an exemption under such act or laws is applicable,

the Ordinary Shares may not be offered, sold or delivered, directly or indirectly, within Canada, Japan, the Republic of South Africa, Australia or the United States (as the case may be). If you subscribe for Ordinary Shares you will, unless the Company and the Registrar agree otherwise in writing, be deemed to represent and warrant to the Company that you are not a US Person or a resident of Canada, Japan, the Republic of South Africa, Australia or a corporation, partnership or other entity organised under the laws of the US or Canada (or any political subdivision of either) or Japan, the Republic of South Africa or Australia and that you are not subscribing for such Ordinary Shares for the account of any US Person or resident of Canada, Japan, the Republic of South Africa or Australia and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Ordinary Shares in or into the United States, Canada, Japan, or Australia or to any US Person or resident of Canada, Japan, the Republic of South Africa or Australia. No application will be accepted if it shows the applicant or a payor having an address in the United States, Canada, Japan, the Republic of South Africa or Australia.

9 The Data Protection Act

Each applicant acknowledges and agrees that, pursuant to The Data Protection Act 1998 (the “**DP Act**”) the Company and/or the Registrar and/or the Administrator, may hold personal data (as defined in the DP Act) relating to past and present Shareholders. Personal data may be retained on record for a period exceeding six years after it is no longer used. The Registrar and the Administrator will only process such information for the purposes set out below (collectively, the “**Purposes**”), being to:

- (a) process its personal data (including sensitive personal data as defined in the DP Act) to the extent and in such manner as is necessary for the performance of their obligations under their respective service contracts, including as required by or in connection with its holding of Ordinary Shares, including processing personal data in connection with credit and money laundering checks on it;
- (b) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;
- (c) provide personal data to such third parties as the Registrar and/or the Administrator may consider necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares or as the DP Act may require, including to third parties outside the European Economic Area;
- (d) without limitation, provide such personal data to their affiliates, the Company or the AIFM or the Investment Advisor and their respective associates for processing, notwithstanding that any such party may be outside the European Economic Area; and
- (e) process its personal data for the Registrar’s and/or the Administrator’s internal administration.

By becoming registered as a holder of Ordinary 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, the Registrar or the Administrator of any personal data relating to them in the manner described above. In providing the Registrar and the Administrator with information, it hereby represents and warrants to the Registrar and the Administrator that it has obtained the consent of any data subject to the Registrar and the Administrator, and their respective affiliates and group companies, holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out above in this paragraph 9).

10 United States purchase and transfer restrictions

10.1 By participating in the Offer for Subscription, each applicant acknowledges and agrees that it will be further deemed to represent and warrant to each of the Company, the AIFM, the Investment Advisor, the Receiving Agent and the Registrar that:

- 10.1.1 it is not a US Person, is not located within the United States and is acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S and is not acquiring the Ordinary Shares for the account or benefit of a US Person;

- 10.1.2 it acknowledges that the Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and in compliance with all applicable state securities laws and under circumstances that would not require the Company to register under the US Investment Company Act;
- 10.1.3 it acknowledges that the Company has not and will not be registered under the US Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the US Investment Company Act;
- 10.1.4 unless the Company expressly consents otherwise in writing, no portion of the assets used to purchase, and no portion of the assets used to hold, the Ordinary Shares or any beneficial interest therein constitutes or will constitute the assets of: (a) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (b) a “plan” as defined in Section 4975 of the US Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Code; or (c) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the US Code. In addition, if an applicant is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Code, its purchase, holding, and disposition of the Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- 10.1.5 if any Ordinary Shares offered and sold pursuant to Regulation S are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect, unless otherwise determined by the Company in accordance with applicable law:

“LXI REIT PLC (THE “COMPANY”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED. IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS EXCEPT IN ACCORDANCE WITH THE US SECURITIES ACT OR AN EXEMPTION THEREFROM AND UNDER CIRCUMSTANCES WHICH DO NOT REQUIRE THE COMPANY TO REGISTER UNDER THE US INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS. IN ADDITION, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO ANY PERSON USING THE ASSETS OF (I) (A) AN “EMPLOYEE BENEFIT PLAN” AS DEFINED IN SECTION 3(3) OF ERISA THAT IS SUBJECT TO TITLE I OF ERISA; (B) A “PLAN” AS DEFINED IN SECTION 4975 OF THE US CODE, INCLUDING AN INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE US CODE; OR (C) AN ENTITY WHICH IS DEEMED TO HOLD THE ASSETS OF ANY OF THE FOREGOING TYPES OF PLANS, ACCOUNTS OR ARRANGEMENTS THAT IS SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE US CODE OR (II) A GOVERNMENTAL, CHURCH, NON-US OR OTHER

EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-US LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE US CODE UNLESS THE PURCHASE, HOLDING OR DISPOSITION OF THE SECURITIES WILL NOT RESULT IN A VIOLATION OF APPLICABLE LAW AND/OR CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 503 OF THE US CODE OR ANY SUBSTANTIALLY SIMILAR LAW.”;

- 10.1.6 if in the future the applicant decides to offer, sell, transfer, assign or otherwise dispose of its Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act and under circumstances which will not require the Company to register under the US Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- 10.1.7 it is purchasing the Ordinary Shares for its own account for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Ordinary Shares in any manner that would violate the US Securities Act, the US Investment Company Act or any other applicable securities laws;
- 10.1.8 it acknowledges that the Company reserves the right to make inquiries of any holder of the Ordinary Shares or interests therein at any time as to such person’s status under US federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under US securities laws to transfer such Ordinary Shares or interests in accordance with the Articles;
- 10.1.9 it acknowledges and understands that the Company is required to comply with FATCA and agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA;
- 10.1.10 it is entitled to acquire the Ordinary Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Ordinary Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the AIFM, the Investment Advisor or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Offer for Subscription or its acceptance of participation in the Offer for Subscription; and
- 10.1.11 it has received, carefully read and understands this Prospectus, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the Ordinary Shares to within the United States or to any US Persons, nor will it do any of the foregoing.
- 10.2 The Company, the AIFM, the Investment Advisor, the Registrar and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.
- 10.3 If any of the representations, warranties, acknowledgments or agreements made by the applicant are no longer accurate or have not been complied with, the applicant will immediately notify the Company.

11 Miscellaneous

- 11.1 To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but

excluding any fraudulent representations), are expressly excluded in relation to the Ordinary Shares and the Offer for Subscription.

- 11.2 The rights and remedies of the Company and the Receiving Agent under these terms and conditions of application are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 11.3 The Company reserves the right to extend the closing time and/or date of the Offer for Subscription from 1.00 p.m. on 21 February 2017. In that event, the new closing time and/or date will be notified through a Regulatory Information Service.
- 11.4 The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to First Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned as indicated without interest at the risk of the applicant.
- 11.5 You agree that Peel Hunt and the Receiving Agent are acting for the Company in connection with the Issue and no-one else and that none of Peel Hunt and the Receiving Agent will treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or otherwise in relation to the Offer for Subscription or for providing the protections afforded to their customers.
- 11.6 Save where the context requires otherwise, terms used in these terms and conditions of application bear the same meaning as where used elsewhere in the Prospectus.

APPENDIX 1

**APPLICATION FORM FOR THE OFFER
FOR SUBSCRIPTION**

For official use only:	
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Important: before completing this form, you should read the accompanying notes.

To: Capita Asset Services, acting as receiving agent for LXI REIT plc

1. Application

I/We the person(s) detailed in section 3A below offer to subscribe for the number of Ordinary Shares shown in Box 1 subject to the Terms and Conditions set out in Part 10 of the Prospectus dated 6 February 2017 and subject to the Memorandum and Articles of Association of the Company.

Box 1 (minimum subscription of 1,000 Ordinary Shares and then in multiples of 1,000 Ordinary Shares thereafter.)

2. Amount payable

Box 2 (the number in Box 1 multiplied by the Issue Price, being 100 pence per Ordinary Share) £

Payment Method: Cheque CREST Settlement

3A. Details of Holder(s) in whose name(s) Ordinary Shares will be issued (BLOCK CAPITALS)

Mr, Mrs, Miss or Title

Forenames (in full)

Surname/Company Name

Address (in Full)

Designation (if any)

Mr, Mrs, Miss or Title

Forenames (in full)

Surname/Company Name

Mr, Mrs, Miss or Title

Forenames (in full)

Surname/Company Name

Mr, Mrs, Miss or Title

Forenames (in full)

Surname/Company Name



3B. CREST details

(Only complete this section if Ordinary Shares allotted are to be deposited in a CREST Account which must be in the same name as the holder(s) given in section 3A).

CREST Participant ID

CREST Member Account ID

4. Signature(s) all holders must sign

Execution by Individuals:

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

Execution by a Company:

Executed by (Name of Company):		Date	
Name of Director:		Signature:	Date
Name of Director/Secretary:		Signature:	Date
If you are affixing a company seal, please mark a cross here:		Affix Company Seal here:	

5. Settlement details

(a) *Cheque/Banker’s Draft*

If you are subscribing for Ordinary Shares and paying by cheque or banker’s draft pin or staple to this form your cheque or banker’s draft for the exact amount shown in Box 2 made payable to “**Capita Registrars Limited Re: LXI REIT plc – Offer for Subscription A/C**”. Cheques and banker’s drafts must be drawn on an account at a branch of a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man and must bear the appropriate sort code in the top right hand corner.

(b) *CREST Settlement*

If you so choose to settle your application within CREST, that is DVP, you or your settlement agent/custodian’s CREST account must allow for the delivery and acceptance of Ordinary Shares to be made against payment of the Issue Price, following the CREST matching criteria set out below:

Trade Date: 23 February 2017
 Settlement Date: 27 February 2017
 Company: LXI REIT plc
 Security Description: Ordinary Shares
 SEDOL: BYQ46T4
 ISIN: GB00BYQ46T41

Should you wish to settle DVP, you will need to input your instructions to Capita Asset Services' Participant account RA06 by no later than 1.00 p.m. on 21 February 2017.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

6. Reliable introducer declaration

Completion and signing of this declaration by a suitable person or institution may avoid presentation being requested of the identity documents detailed in section 6 of the notes on how to complete this Application Form.

The declaration below may only be signed by a person or institution (being a regulated financial services firm) (the "firm") which is itself subject in its own country to operation of "customer due diligence" and anti-money laundering regulations no less stringent than those which prevail in the United Kingdom. Acceptable countries include Austria, Belgium, Bulgaria, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Portugal, Slovenia, Spain, Sweden and the UK.

Declaration: To the Company and the Receiving Agent

With reference to the holder(s) detailed in section 3A, all persons signing at section 4 and the payor if not also the Applicant (collectively the "subjects") WE HEREBY DECLARE:

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

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

Signed:

Name:

Position:

having authority to bind the firm:

Name of regulatory authority:

Firm's Licence number:

Website address or telephone number of regulatory authority:

STAMP of firm giving full name and business address



7. Contact details

To ensure the efficient and timely processing of this application please enter below the contact details of a person the Company (or any of its agents) may contact with all enquiries concerning this application. Ordinarily this contact person should be the (or one of the) person(s) signing in section 4 on behalf of the first named holder. If no details are entered here and the Company (or any of its agents) requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

Contact Name	E-mail address
Address	
Telephone No	Fax No

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Applications should be returned so as to be received by Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 1.00 p.m. on 21 February 2017.

In addition to completing and returning the Application Form to Capita Asset Services, you will also need to complete and return a Tax Residency Self Certification Form. The “individual tax residency self-certification – sole holding” form can be found at the end of this Prospectus. Further copies of this form and the relevant form for joint holdings or corporate entity holdings can be requested from Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside of the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. **It is a condition of application that (where applicable) a completed version of the Tax Residency Self Certification Form is provided with the Application Form before any application can be accepted.**

HELPLINE: If you have a query concerning the completion of this Application Form, please telephone Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

1. Application

Fill in (in figures) in Box 1 the number of Ordinary Shares being subscribed for. The number being subscribed for must be a minimum of 1,000 Ordinary Shares and then in multiples of 1,000 Ordinary Shares thereafter. Financial intermediaries who are investing on behalf of clients should make separate applications for each client.

2. Amount payable

Fill in (in figures) the total amount payable for the Ordinary Shares for which your application is made which is the number inserted in Box 1 of the Offer for Subscription Application Form, multiplied by the Issue Price, being 100 pence per Ordinary Share. You should also mark in the relevant box to confirm your payment method, i.e. cheque, banker’s draft or settlement via CREST.

3A. Holder details

Fill in (in block capitals) the full name(s) of each holder and the address of the first named holder. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference. A maximum of four joint holders is permitted. All holders named must sign the Offer for Subscription Application Form in section 4.

3B. CREST

If you wish your Ordinary Shares to be deposited in a CREST account in the name of the holders given in section 3A, enter in section 3B the details of that CREST account. Where it is requested that Ordinary Shares be deposited into a CREST account please note that payment for such Ordinary Shares must be made prior to the day such Ordinary Shares might be allotted and issued. It is not possible for an applicant to request that Ordinary Shares be deposited in their CREST account on an against payment basis. Any Application Form received containing such a request will be rejected.

4. Signature

All holders named in section 3A must sign section 4 and insert the date. The Offer for Subscription Application Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which originals will be returned by post at the addressee's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Offer for Subscription Application Form.

5. Settlement details

(a) *Cheque/Banker's draft*

All payments by cheque or banker's draft must accompany your application and be for the exact amount inserted in Box 2 of the Offer for Subscription Application Form. Your cheque or banker's draft must be made payable to "**Capita Registrars Limited Re: LXI REIT plc – Offer for Subscription A/C**" in respect of an Application and crossed "A/C Payee Only". Applications accompanied by a post-dated cheque will not be accepted.

Cheques or banker's drafts must be drawn on an account where the applicant has sole or joint-title to the funds and on an account at a branch of a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which is a member of either of the Committees of Scottish or Belfast clearing houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner.

Third party cheques may not be accepted, with the exception of building society cheques or banker's drafts where the building society or bank has inserted the full name of the building society or bank account holder and have added the building society or bank branch stamp. The name of the building society or bank account holder must be the same as the name of the current shareholder or prospective investor. Please do not send cash. Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity.

(b) *CREST settlement*

The Company will apply for the Ordinary Shares issued pursuant to the Offer for Subscription in uncertificated form to be enabled for CREST transfer and settlement with effect from First Admission (the "**Relevant Settlement Date**"). Accordingly, settlement of transactions in the Ordinary Shares will normally take place within the CREST system.

The Offer for Subscription Application Form contains details of the information which the Company's registrars, Capita Asset Services, will require from you in order to settle your application within CREST, if you so choose. If you do not provide any CREST details or if you provide insufficient CREST details for Capita Asset Services to match to your CREST account, Capita Asset Services will deliver your Ordinary Shares in certificated form provided payment has been made in terms satisfactory to the Company.

The right is reserved to issue your Ordinary Shares in certificated form should the Company, having consulted with Capita Asset Services, consider this to be necessary or desirable. This right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST or any part of CREST or on the part of the facilities and/or system operated by Capita Asset Services in connection with CREST.

The person named for registration purposes in your Application Form must be: (a) the person procured by you to subscribe for or acquire the Ordinary Shares; or (b) yourself; or (c) a nominee of any such

person or yourself, as the case may be. Neither Capita Asset Services nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. You will need to input the delivery versus payment (“DVP”) instructions into the CREST system in accordance with your application. The input returned by Capita Asset Services of a matching or acceptance instruction to our CREST input will then allow the delivery of your Ordinary Shares to your CREST account against payment of the Issue Price through the CREST system upon the Relevant Settlement Date.

By returning your Application Form you agree that you will do all things necessary to ensure that you or your settlement agent/custodian’s CREST account allows for the delivery and acceptance of Ordinary Shares to be made prior to 1.00 p.m. on 21 February 2017 against payment of the Issue Price. Failure by you to do so will result in you being charged interest at the rate of two percentage points above the then published bank base rate of a clearing bank selected by Capita Asset Services.

To ensure that you fulfil this requirement it is essential that you or your settlement agent/custodian follow the CREST matching criteria set out below:

Trade Date:	23 February 2017
Settlement Date:	27 February 2017
Company:	LXI REIT plc
Security Description:	Ordinary Shares
SEDOL:	BYQ46T4
ISIN:	GB00BYQ46T41

Should you wish to settle DVP, you will need to input your instructions to Capita Asset Services’ Participant account RA06 by no later than 1.00 p.m. on 21 February 2017.

You must also ensure that you or your settlement agent/custodian has a sufficient “debit cap” within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

In the event of late CREST settlement, the Company, after having consulted with Capita Asset Services, reserves the right to deliver Ordinary Shares outside CREST in certificated form provided payment has been made in terms satisfactory to the Company and all other conditions in relation to the Offer for Subscription have been satisfied.

6. Reliable introducer declaration

Applications with a value greater than €15,000 (approximately £13,000) will be subject to verification of identity requirements. This will involve you providing the verification of identity documents listed below UNLESS you can have the declaration provided at section 6 of the Offer for Subscription Application Form given and signed by a firm acceptable to the Company (or any of its agents). In order to ensure your Application is processed in a timely and efficient manner all Applicants are strongly advised to have the declaration provided in section 6 of the Offer for Subscription Application Form completed and signed by a suitable firm.

If the declaration in section 6 cannot be completed and the value of the application is greater than €15,000 (approximately £13,000) the documents listed below must be provided with the completed Application Form, as appropriate, in accordance with internationally recognised standards for the prevention of money laundering. Notwithstanding that the declaration in section 6 has been completed and signed, the Company (or any of its agents) reserves the right to request of you the identity documents listed below and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time your application may be rejected or

revoked. Where certified copies of documents are requested below, such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

6A. For each holder being an individual enclose:

1. a certified clear photocopy of one of the following identification documents which bears both a photograph and the signature of the person: current passport, government or Armed Forces identity card, or driving licence; and
2. certified copies of at least two of the following documents which purport to confirm that the address given in section 3A is that person's residential address: a recent gas, electricity, water or telephone (not mobile) bill, a recent bank statement, a council rates bill or similar document issued by a recognised authority; and
3. if none of the above documents show the Applicant's date and place of birth, enclose a note of such information; and
4. details of the name and address of the Applicant's personal bankers from which the Company (or any of its agents) may request a reference, if necessary.

6B. For each holder being a company (a "holder company") enclose:

1. a certified copy of the certificate of incorporation of the holder company; and
2. the name and address of the holder company's principal bankers from which the Company (or any of its agents) may request a reference, if necessary; and
3. a statement as to the nature of the holder company's business, signed by a director; and
4. a list of the names and residential addresses of each director of the holder company; and
5. for each director provide documents and information similar to that mentioned in 6A above; and
6. a copy of the authorised signatory list for the holder company; and
7. a list of the names and residential/registered address of each ultimate beneficial owner interested in more than five per cent. of the issued share capital of the holder company and, where a person is named, also complete 6C below and, if another company is named (hereinafter a "**beneficiary company**"), also complete 6D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.

6C. For each person named in 6B(7) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in 6B(1) to 6B(4).

6D. For each beneficiary company named in 6B(7) as a beneficial owner of a holder company enclose:

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

The Company (or any of its agents) reserves the right to ask for additional documents and information.

7. Contact details

To ensure the efficient and timely processing of your Application Form, please provide contact details of a person the Company (or any of its agents) may contact with all enquiries concerning your Application. Ordinarily this contact person should be the person signing in section 4 on behalf of the first named holder. If no details are entered here and the Company (or any of its agents) requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

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APPENDIX 2

TAX RESIDENCY SELF-CERTIFICATION FORM (INDIVIDUALS)

Name of Company in which shares are held:	LXI REIT plc
Part 1 – Identification of Individual Shareholder <i>A separate form is required for each holder</i>	
Name of Holder:	
Address of Holder:	
A. Please provide your Tax Residence Address – If different from above	
Address: <i>Include your Postal or ZIP Code & Country:</i>	
B. Date of Birth (DD/MM/YYYY)	
Part 2 – Country/Countries of Residence for Tax Purposes	
Country of residence for tax purposes	Tax Identification Number <i>In the UK this would be your NI number</i>
1	1
2	2
3	3
4	4
Part 2b – US Person Please mark the box ONLY if you are a US Person (see Definitions) <input type="checkbox"/>	
Part 3 – Declarations and Signature	
<p>I acknowledge that the information contained in this form and information regarding my shares may be reported to the local tax authority and exchanged with tax authorities of another country or countries in which I may be tax resident where those countries have entered into Agreements to exchange Financial Account information.</p> <p>I undertake to advise the Company within 30 days of any change in circumstances which causes the information contained herein to become incorrect and to provide the Company with a suitably updated Declaration within 30 days of such change in circumstances.</p> <p>I certify that I am the shareholder (or am authorised to sign for the shareholder).</p> <p>If this relates to a joint holding: I also acknowledge that as a joint holder I may be reported to the relevant tax authority if all the other holders do not provide a Tax Residency Self-Certification.</p> <p>I declare that all statements made in this declaration are, to the best of my knowledge and belief, correct and complete.</p>	
Signature:	
Print Name:	
Date:	
Daytime telephone number/email address	

*If signing under a power of attorney, please also attach a certified copy of the power of attorney.
We will only contact you if there is a question around the completion of the self-certification form.*



Introduction

The law requires that Financial Institutions collect, retain and report certain information about their account holders, including their tax residency.

Please complete the form above and provide any additional information requested.

If your declared country/countries of residence for tax purposes is not the same as that of the Financial Institution and is either the US or is on the OECD list of countries which have agreed to exchange information (<http://www.oecd.org/tax/transparency/AEOI-commitments.pdf>), the Financial Institution will be obliged to share this information with its local tax authority who may then share it with other relevant local tax authorities.

Failure to validly complete and return this form will result in you being reported onwards to the relevant local tax authority. Additionally, if this form has been issued in conjunction with an application for a new holding, then your application may be adversely impacted.

Definitions of terms used in this form can be found below.

If your address (or name) has changed from that shown on the form, then you must advise us separately. Any details you enter in the "Tax Residence Address" will be used for tax purposes only and will not be used to update your registered details.

If any of the information about your tax residency changes, you are required to provide the Company with a new, updated, self-certification form within 30 days of such change in circumstances.

Joint Holders (if relevant)

All joint holders are treated as separate holders for these tax purposes and every joint holder is required to give an Individual Tax Residency Self-Certification. If any one or more is reportable, the value of the whole shareholding will be reported for that/those joint shareholder(s).

If we do not receive the self-certification from each joint shareholder, then the whole holding will be treated as undocumented and all holders (including those who have completed the self-certification form) will be reported to the relevant tax authorities.

If you have any remaining questions about how to complete this form or about how to determine your tax residency status you should contact your tax adviser.

Definitions

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ("The Common Reporting Standard") <http://www.oecd.org/tax/automatic-exchange/common-reporting-standard/> contains definitions for the terms used within it. However, the following definitions are for general guidance only to help you in completing this form.

"Account Holder"

The Account Holder is either the person(s) whose name(s) appears on the share register of a Financial Institution. Or where Capita holds the shares on your behalf, the person whose name appears on the register of entitlement that Capita maintains.

"Country/Countries of residence for tax purposes"

You are required to list the country or countries in which you are resident for tax purposes, together with the tax reference number which has been allocated to you, often referred to as a **tax identification number (TIN)**. Special circumstances (such as studying abroad, working overseas, or extended travel) may cause you to be resident elsewhere or resident in more than one country at the same time (dual residency). The country/countries in which you might be obliged to submit a tax return are likely to be your

country/countries of tax residence. If you are a US citizen or hold a US passport or green card, you will also be considered tax resident in the US even if you live outside the US.

“Tax Identification Number or TIN”

The number used to identify the shareholder in the country of residence for tax purposes.

Different countries (or jurisdictions) have different terminology for this and could include such as a National Insurance number, social security number or resident registration number. Some jurisdictions that do issue TINs have domestic law that does not require the collection of the TIN for domestic reporting purposes so that a TIN is not required to be completed by a shareholder resident in such jurisdictions. Some jurisdictions do not issue a TIN or do not issue a TIN to all residents.

“US Person”

- All US citizens. An individual is a citizen if that person was born in the United States or if the individual has been naturalized as a US citizen.
- You can also be a US citizen, even if born outside the United States if one or both of your parents are US citizens.
- You are a ‘tax resident’ of the United States. You can become a tax resident under two rules: 1) The ‘substantial presence test’. This is a ‘day count test and based on the number of days you are in the US over a three year period and 2) The ‘green card’ test. A person who has obtained a ‘green card’ has been granted the right to lawful permanent residence in the United States.

If you have any questions about these definitions or require further details about how to complete this form then please contact your tax adviser.

NOTHING IN THIS DOCUMENT CAN BE CONSIDERED TO BE TAX ADVICE.

