

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Prospectus you should consult your accountant, legal or professional adviser, financial adviser or a person authorised for the purposes of the Financial Services and Markets Act 2000, as amended (FSMA) who specialises in advising on the acquisition of shares and other securities.**

A copy of this Prospectus, which comprises a prospectus relating to Residential Secure Income plc (the Company), prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (FCA) made pursuant to section 85 of FSMA, has been delivered to the FCA and has been made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

Applications will be made to the UK Listing Authority for all of the Ordinary Shares to be admitted to the Official List (premium listing segment), and to the London Stock Exchange plc (**London Stock Exchange**) for all such Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities (**Admission**). Assuming the conditions for the Issue to proceed are satisfied, it is expected that Admission will become effective, and that dealings in the Ordinary Shares will commence, at 8.00 a.m. on 12 July 2017.

The Company and its Directors, whose names appear on page 35 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

**Prospective investors should read this entire document and in particular, the matters set out under the heading "Risk Factors" on pages 18 to 29 of this Prospectus, when considering an investment in the Company.**

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## Residential Secure Income plc

*(Incorporated in England and Wales with company number 10683026 and registered as an investment company under section 833 of the Companies Act 2006)*

**Issue of up to 300 million Ordinary Shares pursuant to  
a Placing and an Offer for Subscription  
at an Issue Price of 100 pence per Ordinary Share**

and

**Admission to the premium listing segment of the Official List and to trading on  
the London Stock Exchange's Main Market for listed securities**

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*Sponsor, Financial Adviser and Bookrunner*

**Jefferies International Limited**

*Fund Manager*

**ReSI Capital Management Limited**

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Jefferies International Limited (**Jefferies**) is authorised and regulated in the United Kingdom by the FCA, and is acting exclusively for the Company and is not advising any other person or treating any other person (whether or not a recipient of this Prospectus) as its customer in relation to the Issue or to the matters referred to in this Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for affording advice in relation to the Issue, the contents of this Prospectus, Admission or any other transaction, arrangement or matter referred to in this Prospectus.

Jefferies does not accept any responsibility whatsoever for the contents of this Prospectus. Jefferies does not make any representation or warranty, express or implied, for the contents of this Prospectus including its accuracy, completeness or verification or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Issue or the Ordinary Shares. Jefferies accordingly disclaims to the fullest extent permitted by law all and any liability, whether arising in tort or contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement. Nothing in this paragraph shall serve to limit or exclude any of the responsibilities and liabilities, if any, which may be imposed on Jefferies by FSMA or the regulatory regime established thereunder.

The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **U.S. Securities Act**) or under the applicable state securities laws of any state or other jurisdiction of the United States and, subject to certain limited exceptions, may not be offered or sold directly or indirectly in or into the United States, or to or for the account or benefit of any U.S. Person (within the meaning of Regulation S under the U.S. Securities Act). In addition, the Company has not been, and will not be, registered under the United States Investment Company Act of 1940, as amended (the **U.S. Investment Company Act**), and investors will not be entitled to the benefits of the U.S. Investment Company Act. The Ordinary Shares are being or will be offered and sold: (i) outside the United States to persons who are not, and are not acting for the account or benefit of, U.S. Persons in reliance upon Regulation S; and (ii) to a limited number of investors who are located in the United States or who are U.S. Persons and who, in either case, are "accredited investors" (as defined in Regulation D), "qualified institutional buyers" (**QIBs**) as defined in Rule 144A under the U.S. Securities Act and "qualified purchasers" (**QPs**) as defined in Section 2(a)(51) of the U.S. Investment Company Act (**Eligible US Investors**). No public offering of the Ordinary Shares is being made in the United States. The Ordinary Shares are subject to significant restrictions on transfers within the United States or to any person who is, or acting for the account or benefit of, a U.S. Person.

The Fund Manager has obtained approval to enable the marketing of Ordinary Shares to professional investors in Belgium, Finland, Ireland, Norway, Sweden and The Netherlands under the AIFMD passport procedure.

Prospective investors should consider carefully (to the extent relevant to them) the notices to residents of various countries set out on pages 137 to 139 of this Prospectus.

Date: 22 June 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 security and issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of security 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’.

<b>Section A – Introduction and warnings</b>		
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
A.1	Warning	<p>This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in a 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 such 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 of securities or final placement of securities through financial intermediaries	<p>The Company consents to the use of the Prospectus by financial intermediaries in connection with any subsequent resale or final placement of securities by financial intermediaries in the UK on the following terms: (i) in respect of the Intermediaries who have been appointed by the Bookrunner prior to the date of this Prospectus, as listed in paragraph 13 of Part 8 of this Prospectus, from the date of this Prospectus; and (ii) in respect of Intermediaries who are appointed by the Bookrunner after the date of this Prospectus, a list of which will appear 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 1.00 p.m. on 6 July 2017, unless closed prior to that date.</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 22 June 2017 and closes at 1.00 p.m. on 6 July 2017.</p> <p><b>Information on the terms and conditions of any subsequent resale or final placement of securities by any Intermediary is to be provided at the time of the offer by the relevant Intermediary.</b></p>

<b>Section B – Issuer</b>												
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>										
B.1	Legal and commercial name	Residential Secure Income plc.										
B.2	Domicile and legal form	The Company was incorporated in England and Wales under the Companies Act 2006 ( <b>CA 2006</b> ) as a company limited by shares on 21 March 2017 with company number 10683026. The Company is registered as an investment company under section 833 of the CA 2006 and is domiciled in the United Kingdom.										
B.5	Group description	<p>The Company will acquire Homes either directly or indirectly (either through the acquisition of Home-owning vehicles or the entry into joint venture arrangements) with the benefit of long-term (typically 20 years and longer) inflation-linked cash flows.</p> <p>The Group will comprise the Company, ReSI Housing Limited and one or more Subsidiary SPVs.</p>										
B.6	Major shareholders	<p>As at the date of this Prospectus, ReSI Capital Management Limited (the <b>Fund Manager</b>) holds all the voting rights in the Company.</p> <p>As at 21 June 2017 (being the latest practicable date prior to the publication of this Prospectus), the Company is not aware of any person who, immediately following Admission could, directly or indirectly, jointly or severally, exercise control over the Company.</p> <p>All Shareholders have the same rights as regards voting rights in respect of the share capital of the Company.</p> <p>The Directors have confirmed to the Company that they intend to subscribe for the number of Ordinary Shares under the Issue set out in the table below. Insofar as is known to the Company, the interests of each Director and any member of the Fund Manager, including any connected person, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director whether or not held through another party, in the share capital of the Company following Admission will be as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><b>Director</b></th> <th style="text-align: right;"><b>Ordinary Shares</b></th> </tr> </thead> <tbody> <tr> <td>Rt. Hon Baroness Dean of Thornton le Fylde</td> <td style="text-align: right;">20,000</td> </tr> <tr> <td>Robert Whiteman</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>Robert Blackburn Gray</td> <td style="text-align: right;">75,000</td> </tr> <tr> <td>John Carleton</td> <td style="text-align: right;">5,000</td> </tr> </tbody> </table> <p>The directors of the Fund Manager (or persons connected to them) also intend to subscribe for (in aggregate) 1,355,000 Ordinary Shares pursuant to the Placing.</p> <p>Under the Placing Agreement, the Directors, the Fund Manager and the directors of the Fund Manager have undertaken to the Bookrunner not to dispose of any interest in any Ordinary Shares which are legally owned by them or which are otherwise controlled by them for a period of 12 months from Admission save with the prior written consent of the Bookrunner.</p>	<b>Director</b>	<b>Ordinary Shares</b>	Rt. Hon Baroness Dean of Thornton le Fylde	20,000	Robert Whiteman	5,000	Robert Blackburn Gray	75,000	John Carleton	5,000
<b>Director</b>	<b>Ordinary Shares</b>											
Rt. Hon Baroness Dean of Thornton le Fylde	20,000											
Robert Whiteman	5,000											
Robert Blackburn Gray	75,000											
John Carleton	5,000											
B.7	Key financial information	Not applicable. The Company has not commenced operations since its incorporation on 21 March 2017 and no financial statements have been made up as at the date of this Prospectus.										

B.8	Key <i>pro forma</i> financial information	Not applicable. No <i>pro forma</i> financial information is included in this Prospectus.
B.9	Profit forecast	Not applicable. There are no profit forecasts included in this Prospectus.
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. No audit reports have been published as at the date of this Prospectus.
B.11	Working capital insufficiency	Not applicable. The Company is of the opinion that, taking into account the Minimum Gross Issue Proceeds, the working capital available to the Group is sufficient for its present requirements, which is for at least the next 12 months from the date of this Prospectus.
B.34	Investment policy	<p><b>Investment objective</b></p> <p>The Company's investment objective is to provide Shareholders with an attractive level of income, together with the potential for capital growth, from acquiring portfolios of Homes across residential asset classes that comprise the stock of Statutory Registered Providers. Such asset classes are categorised as Shared Ownership Homes, Market Rental Homes, Functional Homes and Sub-Market Rental Homes and will provide secure long-term inflation-linked cash flows to the Group.</p> <p><b>Investment policy</b></p> <p>The Company's investment policy is to invest in portfolios of Homes throughout the United Kingdom.</p> <p>The freehold or long leasehold (typically 99 years and longer) interest of Homes will be acquired by the Company directly or indirectly (either through the acquisition of Home-owning vehicles or the entry into joint venture arrangements) with the benefit of long-term (typically 20 years and longer) inflation-linked cash flows.</p> <p>In each case, the Group will outsource the day-to-day management, rent collection and maintenance in respect of a Home.</p> <p>The Group will make use of leverage, put in place on or shortly after the acquisition of Homes, to enhance returns on equity. The Group will only invest in Homes, and forward funding of Homes, with sufficient cashflows, counterparty credit quality and property security that allow the Fund Manager to secure debt of a credit strength which is equivalent to investment grade based on published rating agency methodologies. This restriction to Homes that can be funded with investment grade equivalent debt is the fundamental limitation on asset quality of the Company.</p> <p>The Group will not undertake any direct development activity or assume direct development risk but may enter into forward funding arrangements without limit subject to the investment restrictions outlined below. These are arrangements with property developing entities (typically expected to be Statutory Registered Providers) whereby the Group forward funds the development of Homes by such developing entities, which will</p>

		<p>be structured so that the only risk to the Group is the credit risk of such developing entity. In such circumstances, the Group will typically seek to negotiate the receipt of immediate income from the asset, such that the developing entity is paying the Group a return on its investment during the construction phase and prior to the tenant commencing rental payments under the terms of their lease. In addition, the Group may engage in renovating or customising existing Homes, as necessary.</p> <p>The Group aims to deliver capital growth by holding the Portfolio over the long term and therefore it is unlikely that the Group will dispose of any part of the Portfolio. In the unlikely event that a part of the Portfolio is disposed of, the Group intends to reinvest proceeds from such disposals in assets in accordance with the Investment Policy.</p> <p><b>Investment restrictions</b></p> <p>The Group will invest and manage the Portfolio with the objective of delivering a high quality Portfolio, which is fundamentally driven by the requirement that Homes have sufficient cashflows, counterparty credit quality and property security that allow the Fund Manager to secure debt of a credit strength which is equivalent to investment grade based on published rating agency methodologies and which is subject to the following investment restrictions:</p> <ul style="list-style-type: none"> <li>• the Group will only invest in Homes located in the United Kingdom;</li> <li>• the Homes will comprise Shared Ownership Homes, Market Rental Homes, Functional Homes and Sub-Market Rental Homes;</li> <li>• the Group will only invest in Market Rental Homes, Functional Homes and Sub-Market Rental Homes in respect of which the Counterparty is a Statutory Registered Provider, University, Reputable Private Landlord or Reputable Care Provider;</li> <li>• no Home, or group of Homes forming one contiguous, or largely contiguous, block of Homes (for example a building containing multiple flats), will represent more than 20 per cent. of Gross Asset Value calculated at the time of investment. However, during such time as Gross Asset Value remains below £900 million, the maximum limit for up to two Homes may exceed 20 per cent. but will not exceed 25 per cent. of Gross Asset Value (calculated at the time of investment) per Home in order to facilitate the ownership of certain larger Homes during the Company's initial deployment period;</li> <li>• the aggregate maximum credit exposure to any Counterparty or Shared Owner, will not exceed 20 per cent. of Gross Asset Value, calculated at the time of investment. However during such time as Gross Asset Value remains below £900 million, the maximum credit exposure to up to two Counterparties and/or Shared Owners may exceed 20 per cent. but will not exceed 25 per cent. of Gross Asset Value (calculated at the time of investment) per Counterparty and/or Shared Owner in order to facilitate the ownership of certain larger residential assets during the Company's initial deployment period;</li> </ul>
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		<ul style="list-style-type: none"> <li>• with respect to forward funded Homes, the maximum exposure to an individual property developing entity will be limited to 20 per cent. of Gross Asset Value calculated at the time of investment. However, during such time as Gross Asset Value remains below £900 million, the maximum limit for up to two individual property developing entities may exceed 20 per cent. but will not exceed 25 per cent. of Gross Asset Value (calculated at the time of investment) per individual property developing entity in order to facilitate the forward funding of Homes during the Company's initial deployment period; and</li> <li>• the Group will not undertake any direct development or speculative development.</li> </ul> <p>The Group shall be permitted to acquire any property consisting of Homes and a commercial element, provided that the Fund Manager is satisfied that such commercial element is ancillary to the primary function of such Home as a Shared Ownership Home, Market Rental Home, Functional Home or Sub-Market Rental Home.</p> <p>The investment limits detailed above apply at the time of the acquisition of the relevant investment in the Portfolio. The Group 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 or merger of Counterparties.</p> <p><i>Use of derivatives</i></p> <p>The Fund Manager intends to match debt cashflows to those of the underlying assets and therefore does not expect to utilise derivatives. However, to the extent this is not possible, the Group may utilise derivatives for full or partial inflation or interest rate hedging or otherwise seek to mitigate the risk of inflation or interest rate movements. The Group will closely manage any derivatives, in particular with regard to liquidity and counterparty risks.</p> <p>The Group will only use derivatives for risk management and not for speculative purposes.</p> <p><i>Cash management</i></p> <p>Until the Group is fully invested, and pending re-investment or distribution of cash receipts, the Group will invest in cash, cash equivalents, near cash instruments and money market instruments.</p> <p><i>REIT status</i></p> <p>The Directors will at all times conduct the affairs of the Company so as to enable it to become and remain qualified as a REIT for the purposes of Part 12 of the CTA 2010 (and the regulations made thereunder). For further information on the Company's REIT status and the REIT Regime, please refer to Part 7 of this Prospectus.</p>
B.35	Borrowing limits	<p>The Group will seek to use leverage to enhance equity returns of the Portfolio. The level of borrowing will be determined by the Fund Manager based on the characteristics of the relevant property and asset class and the Fund Manager will seek to achieve a low cost of funds, whilst maintaining the flexibility in the underlying security requirements and the structure of both the Portfolio and the Group.</p>



		<p>The Fund Manager intends to have indicative terms of any debt funding before completing an acquisition which will mitigate the risk of a funding mismatch arising. When considering any funding proposal, the Fund Manager will make use of its officers' experience, and those of TRL, in accessing long-term fixed rate and inflation-linked debt, which will most appropriately match debt against the cashflow profile of the investment opportunity. The Fund Manager intends to structure the debt by assessing the operational cashflows from the target asset and setting a Debt Service Coverage Ratio that, in combination with the counterparty credit quality and property security, gives efficient funding, which shall be of a credit strength equivalent to investment grade based on published rating agency methodologies. As such the gearing strategy for the Group is more akin to long term project finance debt than to traditional commercial property debt.</p> <p>Debt may be secured or unsecured. If secured, it will be secured at asset level, whether over a particular property or a holding entity for a particular property or series of properties (without recourse to the Company). The Fund Manager intends that all indebtedness will be incurred on a fully or partially amortising basis, to minimise the need to refinance on any final repayment date with the exception of any working capital facilities raised at the level of the Company.</p> <p>The Group will target an aggregate level of borrowings of 50 per cent. of Gross Asset Value over the medium term. Aggregate Group borrowings will always be subject to an absolute maximum, calculated at the time of drawdown, of 67 per cent. of Gross Asset Value.</p> <p>The Fund Manager shall be paid a debt arrangement fee (the <b>Debt Arrangement Fee</b>) in respect of debt arranged by the Fund Manager for the Group. The Debt Arrangement Fee will be the present value of 0.04 per cent. per annum levied on the notional amount outstanding of any bond or private placement financing.</p> <p>There will be no Debt Arrangement Fee payable in respect of any bank debt financing the Fund Manager may arrange for the Group.</p> <p>The Group shall amortise any Debt Arrangement Fee over the term of the relevant debt.</p>
B.36	Regulatory status	<p>The Company is incorporated and operates under the CA 2006 and is registered as an investment company under section 833 of the CA 2006. The Company is an alternative investment fund for the purposes of the European Alternative Investment Fund Managers Directive 2011/61/EU (the <b>AIFMD</b>).</p> <p>The Company is not authorised or regulated as a collective investment scheme by the FCA.</p> <p>From Admission, the Company will be subject to the Listing Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulations.</p> <p>The Company is being established so as to enable it to qualify as a UK REIT once it has satisfied the conditions for entry into the REIT Regime as set out in Part 7 of this Prospectus. Accordingly, the Company will need to comply with certain on-going regulations and conditions, including conditions</p>



		relating to its Property Rental Business and the distribution of profits.										
B.37	Typical investor	<p>Typical investors in the Company are expected to be institutional investors, professionally-advised private investors and highly knowledgeable private investors who understand and are capable of evaluating the risks of such an investment.</p> <p>The Ordinary Shares are only suitable for investors who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in Ordinary Shares is part of a diversified investment programme and who fully understand and are willing to assume the risks involved in such an investment.</p>										
B.38	Investment of 20 per cent. or more in single underlying asset or investment company	Not applicable.										
B.39	Investment of 40 per cent. or more in single underlying asset or investment company	Not applicable.										
B.40	Applicant's service providers	<p><b>Fund Manager arrangements</b></p> <p>The Board has appointed ReSI Capital Management Limited to act as alternative investment fund manager (the <b>Fund Manager</b>), in compliance with the provisions of the AIFMD, pursuant to the Fund Management Agreement.</p> <p><b>Fund Management Fee</b></p> <p>The Fund Manager is entitled to an annual management fee (the <b>Fund Management Fee</b>) under the Fund Management Agreement with effect from the date of Admission, as follows:</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><b>Net Asset Value</b></th> <th style="text-align: right;"><b>Annual Fund Management Fee (percentage of Net Asset Value)</b></th> </tr> </thead> <tbody> <tr> <td>Up to and including £250 million</td> <td style="text-align: right;">1.0 per cent.</td> </tr> <tr> <td>Above £250 million and up to and including £500 million</td> <td style="text-align: right;">0.9 per cent.</td> </tr> <tr> <td>Above £500 million and up to and including £1 billion</td> <td style="text-align: right;">0.8 per cent.</td> </tr> <tr> <td>Above £1 billion</td> <td style="text-align: right;">0.7 per cent.</td> </tr> </tbody> </table> <p>The Fund Management Fee shall be paid quarterly in advance, provided that the fee for the initial period commencing on Admission until 31 December 2017 (the <b>Initial Period</b>) and the fee for the period commencing on the first day of the quarter in which the Fund Management Agreement terminates and ending on the date of termination of the Fund Management Agreement (<b>Final Period</b>) shall be the appropriate pro-rated amount.</p> <p>75 per cent. of the total Fund Management Fee will be payable in cash and 25 per cent. of the total Fund Management Fee (net of any applicable tax) will be payable in the form of Ordinary Shares rather than cash (the <b>Equity Portion</b>). The issue price for each of such Ordinary Shares will be the prevailing Net Asset Value per Share at the end of the relevant period concerned. If, however, the Ordinary Shares are trading at a</p>	<b>Net Asset Value</b>	<b>Annual Fund Management Fee (percentage of Net Asset Value)</b>	Up to and including £250 million	1.0 per cent.	Above £250 million and up to and including £500 million	0.9 per cent.	Above £500 million and up to and including £1 billion	0.8 per cent.	Above £1 billion	0.7 per cent.
<b>Net Asset Value</b>	<b>Annual Fund Management Fee (percentage of Net Asset Value)</b>											
Up to and including £250 million	1.0 per cent.											
Above £250 million and up to and including £500 million	0.9 per cent.											
Above £500 million and up to and including £1 billion	0.8 per cent.											
Above £1 billion	0.7 per cent.											

discount to the prevailing Net Asset Value per Share at the relevant time, (to the extent possible) no new Ordinary Shares will be issued and instead the Ordinary Shares due to the Fund Manager will be satisfied by a purchase or purchases of Ordinary Shares in the secondary market. In addition, any such Ordinary Shares issued or purchased for the Fund Manager are subject to a lock-in period of 12 months. However, the Fund Manager may treat the Ordinary Shares as a liquid asset (which are therefore capable of being sold during the 12 month lock-in period) for the purposes of meeting any regulatory capital requirements applicable to the Fund Manager's role as an alternative investment fund manager and to meet any taxation or similar levy payable by the Fund Manager referable to the Equity Portion.

The cash portion of the Fund Management Fee will be payable within five business days of each quarter date, provided that the fees for the Initial Period shall be payable as soon as reasonably practicable following Admission. The Fund Management Fee is exclusive of any applicable VAT which shall, where relevant, be payable in addition.

The Fund Manager is also entitled to be reimbursed for all reasonable disbursements, fees and costs payable to third parties, including travel expenses and attendance at Board meetings incurred by the Fund Manager on behalf of the Company pursuant to provision of services under the Fund Management Agreement.

For the avoidance of doubt, the Fund Manager will not be entitled to any performance, acquisition, exit or property management fees from the Group. The Fund Manager may not retain any ancillary fees (these, for the avoidance of doubt, do not include the Debt Arrangement Fee) earned by it from any member of or investee company of the Group and is required to pay such amounts to the Group.

The Fund Manager is entitled to receive a Debt Arrangement Fee in respect of debt arranged by the Fund Manager for the Group. Further details regarding this Debt Arrangement Fee are set out in Part 4 of this Prospectus.

#### **Depositary arrangements**

Langham Hall UK Depositary LLP has been appointed as Depositary to the Company. The Depositary is entitled to an annual fee based on the total share capital issued by the Company. The Depositary shall receive an annual fee of £32,000 if Gross Issue Proceeds are in excess of £150 million and shall receive a further 0.3 basis points on the portion of share capital over £250 million.

#### **Administrator and Company Secretary arrangements**

Langham Hall UK Services LLP has been appointed as Administrator to the Company and will also provide administrative and company secretarial services and a registered office to the Company. The Administrator provides the day-to-day administration of the Company and is also responsible for the Company's general administrative functions, such as calculation and publication of the Net Asset Value and the Net Asset Value per Share, and maintenance of the Company's accounting and statutory records.

		<p>The Administrator is entitled to an ongoing annual fee of £75,000 per annum. The Administrator is entitled to an additional fee equal to 0.75 basis points per annum on the portion of share capital over £200 million.</p> <p><b>Registrar services</b></p> <p>The Company will utilise the services of Capita Registrars Limited as registrar in relation to the transfer and settlement of Ordinary Shares held in uncertificated form.</p> <p>Given that the fees payable under the Registrar Agreement are calculated as a multiple of the number of Shareholders admitted to the register each year plus a multiple of the number of share transfers made each year, there is no maximum amount payable under the Registrar Agreement.</p> <p><b>Audit services</b></p> <p>BDO LLP will provide audit services to the Company. The annual report and accounts will be prepared according to accounting standards in accordance with IFRS.</p> <p>The fees charged by the Auditor depend on the services provided, computed, <i>inter alia</i>, on the time spent by the Auditor on the affairs of the Company.</p> <p><b>Valuation Agent</b></p> <p>A Valuation Agent will be engaged to provide valuation services in respect of the Homes.</p>
B.41	Regulatory status of the Fund Manager and Depositary	<p><b>Fund Manager</b></p> <p>The Fund Manager was incorporated in England and Wales on 4 April 2011 under the CA 2006 (registration number 07588964). The Fund Manager is authorised and regulated in the UK by the FCA (FCA registration number 546188) as an alternative investment fund manager.</p> <p>The Fund Manager is a wholly owned subsidiary of TradeRisks Limited (<b>TRL</b>), a private limited company registered in England and Wales on 28 July 2000 under the Companies Act 1985 (registration number 04042506) that is active in the financial services, housing and infrastructure sectors.</p> <p>TRL is authorised and regulated in the UK by the FCA (FCA registration number 197544). TRL was first authorised on 30 November 2001 by the Securities &amp; Futures Authority that then became the precursor of the FCA, the Financial Services Authority.</p> <p>TRL is registered as Investment Adviser with the Securities and Exchange Commission of the United States of America.</p> <p><b>Depositary</b></p> <p>The Depositary was registered as a limited liability partnership in England and Wales on 20 September 2013 under the Limited Liability Partnership Act 2000 (company number OC388007). The Depositary is authorised and regulated in the UK by the FCA (FCA registration number 652760).</p>
B.42	Calculation of Net Asset Value	<p>Valuation of Homes will be calculated by a Valuation Agent on a quarterly basis in accordance with Market Value subject to existing Tenancies methodology (MV-T).</p> <p>The Net Asset Value and Net Asset Value per Share will be calculated quarterly by the Administrator in consultation with the</p>

		<p>Fund Manager and any relevant professional advisers, and are presented to both the Fund Manager and the Board for their approval and adoption. Calculations are made in accordance with IFRS and, unless the Board determines otherwise, in accordance with EPRA's best practice recommendations. Details of each quarterly Net Asset Value and Net Asset Value per Share will be announced by the Company through a Regulatory Information Service and will be available on the Company's website as soon as practicable after their adoption. In addition, the calculations will be reported to Shareholders in the Company's annual report and interim financial statements.</p> <p>The Board may determine that the Company shall temporarily suspend the determination of the Net Asset Value and the Net Asset Value per Share when the prices of any investments owned by the Company cannot be promptly or accurately ascertained. Any suspension in the calculation of the Net Asset Value and Net Asset Value per Share will be notified to Shareholders through a Regulatory Information Service as soon as practicable after 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	Key financial information	Not applicable. The Company has not commenced operations and no financial statements have been made up as at the date of this Prospectus.
B.45	Portfolio	The Company has not commenced operations and so has no portfolio as at the date of this Prospectus.
B.46	Net Asset Value	Not applicable. The Company has not commenced operations.
<b>Section C – Securities</b>		
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
C.1	Type and class of security	<p>The Company intends to issue up to 300 million Ordinary Shares of 100 pence each in the capital of the Company.</p> <p>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 Admission.</p> <p>The ISIN of the Ordinary Shares is GB00BYSX1508 and the SEDOL is BYSX150.</p> <p>The ticker of the Ordinary Shares on the London Stock Exchange is RESI.</p> <p>Applications will be made to the UK Listing Authority for the Ordinary Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the Ordinary Shares to be admitted to trading on the Main Market.</p>
C.2	Currency	The currency of denomination of the Issue is Sterling.
C.3	Number of securities to be issued	The Company intends to issue up to 300 million Ordinary Shares offered at an Issue Price of 100 pence per Ordinary Share.

		As at the date of this Prospectus, there are 100 Ordinary Share of nominal value of 1 penny which are fully paid up and fifty thousand Redeemable Preference Shares of £1 each which are paid up to the value of £12,500 in issue.
C.4	Description of the rights attaching to the securities	<p>The Ordinary Shares carry the right to receive all dividends declared by the Company.</p> <p>Shareholders are entitled to all dividends paid by the Company and, on a winding up, provided the Company has satisfied all of its liabilities, the Shareholders are entitled to all of the surplus assets of the Company.</p> <p>Shareholders will be entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each Ordinary Share held.</p>
C.5	Restrictions on the free transferability of the securities	<p>The Ordinary Shares are freely transferable, subject to the Articles under which the Board may, in its absolute discretion, refuse to register any transfer of a share or renunciation of a renounceable letter of allotment unless:</p> <ul style="list-style-type: none"> <li>(a) it is in respect of a share which is fully paid up;</li> <li>(b) it is in favour of a single transferee or not more than four joint transferees;</li> <li>(c) it is duly stamped (if so required); and</li> <li>(d) it is delivered for registration to the registered office for the time being of the Company or such other place as the Board may from time to time determine,</li> </ul> <p>accompanied (except in the case of: (i) a transfer by a recognised person where a certificate has not been issued; (ii) a transfer of an uncertificated share; or (iii) a renunciation) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so, provided that the Board shall not refuse to register a transfer or renunciation of a partly paid share on the grounds that it is partly paid in circumstances where such refusal would prevent dealings in such share from taking place on an open and proper basis on the market on which such share is admitted to trading. The Board may refuse to register a transfer of an uncertificated share in such other circumstances as may be permitted or required by the Uncertificated Securities Regulations 2001 (as amended) and the relevant electronic system.</p> <p>Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person whom the company reasonably believes to be interested in the transferor's shares has been duly served with a notice pursuant to section 793 CA 2006.</p>
C.6	Admission	Applications will be made to the UK Listing Authority for the Ordinary Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the Ordinary Shares to be admitted to trading on the Main Market. It is expected that Admission will become effective and that dealings in the Ordinary Shares, fully paid, will commence at 8.00 a.m. on 12 July 2017.

C.7	Dividend policy	<p>The Company is targeting, on a fully invested and geared basis, a dividend yield of 5 per cent. per annum based on the Issue Price, which the Company expects to increase broadly in line with inflation, and a total return in excess of 8 per cent. per annum. It is the Company's intention to pay dividends to Shareholders on a quarterly basis and in accordance with the REIT Regime.<sup>(1)</sup></p> <p>Following Admission, the Company is targeting a dividend of at least 3 per cent. for the first financial period from Admission to 30 September 2018 and the Directors expect to declare the first dividend in relation to the period ending 31 December 2017.</p> <p>As a REIT, the Company will be required to meet a minimum distribution test for each accounting period that it is a REIT. This minimum distribution test requires the Company to distribute a minimum of 90 per cent. of its income profits for each accounting period, as adjusted for tax purposes. Further details of the tax treatment of an investment in the Company are set out in Part 6 of this Prospectus.</p>
<b>Section D – Risks</b>		
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
D.2	Key information on the risks specific to the issuer or its industry	<p>The key risk factors relating to the Company and the sectors in which the Company invests include the following:</p> <ul style="list-style-type: none"> <li>• There is a risk of regulation of the Group's Counterparties that may adversely affect the Company (indirectly through its credit exposure) and its return to Shareholders.</li> <li>• The Investment Policy permits the forward funding of assets that require development or are under development. This may expose the Group to some risk where, for example, the relevant developing entity fails and is unable to complete the development in question and a replacement developing entity needs to be appointed.</li> <li>• The growth of the Company depends upon the ability of the Fund Manager to acquire investments that offer the potential for satisfactory returns.</li> <li>• The Group may not realise the value attributed to an investment on its sale.</li> <li>• Property valuation is uncertain.</li> <li>• Diligence may not reveal all facts and circumstances that may be relevant in connection with an investment and may not prevent an acquisition being materially overvalued.</li> <li>• The value of the Group's portfolio and the Company's revenue, cash flow and profits from renting and/or the sale of properties are dependent on economic conditions in the United Kingdom.</li> <li>• Changes in global market conditions and economic conditions in the United Kingdom and elsewhere and, in particular, restricted availability of credit may reduce the</li> </ul>

(1) These are targets only and not a profit forecast. There can be no assurance that the targets can or will be met and should not be taken as an indication of the Company's expected or actual future results. Accordingly, potential investors should not place any reliance on the targets in deciding whether or not to invest in the Company or assume that the Company will make any distributions at all and should decide for themselves whether or not the targets are reasonable or achievable.

		<p>value of the Portfolio once it has been acquired, and may reduce liquidity in the real estate market in general.</p> <ul style="list-style-type: none"> <li>• Any costs associated with potential investments that do not proceed to completion will affect the Company's performance.</li> <li>• The Company has no operating history.</li> <li>• There is a risk that the Company may not be able to realise portfolio assets, in the event that, among other things, the continuation vote is not passed by the shareholders.</li> <li>• If the Company fails to qualify, or remain qualified, as a REIT, its rental income and gains will be subject to UK corporation tax.</li> <li>• The Company's intended status as a REIT may restrict business consolidation opportunities and distribution opportunities to Shareholders.</li> <li>• Any change in the tax status of the Company or any of its underlying investments or in tax legislation or practice (including in relation to taxation rates and allowances) or in accounting standards could adversely affect the investment return of the Company.</li> </ul>
D.3	Key information on the risks specific to the securities	<p>The key risk factors relating to the Ordinary Shares include the following:</p> <ul style="list-style-type: none"> <li>• Although the Ordinary Shares will be listed on the premium segment of the Official List and admitted to trading on the Main Market and will be freely transferable, the ability of Shareholders to sell their Ordinary Shares in the market, and the price which they may receive, will depend on market conditions.</li> <li>• The Ordinary Shares may trade at a discount to Net Asset Value and Shareholders may be unable to realise any of their Ordinary Shares in the secondary market at their Net Asset Value per Share.</li> <li>• The Company can give no assurance as to how long it will take to invest the Net Issue Proceeds or proceeds from future share issues.</li> <li>• The amount of any distributions and any future distribution growth will depend on the Group's underlying investment portfolio. Any change or incorrect assumption in the tax treatment of dividends or interest or other receipts received by the Company may reduce the level of distributions received by Shareholders.</li> <li>• As the subscription of Ordinary Shares and the performance of the Ordinary Shares will not be covered by the Financial Services Compensation Scheme or by any other compensation scheme, if the value of the Company's shares falls, the loss suffered by the investor (which may be the whole of the investment) will not be recoverable under any compensation scheme.</li> <li>• The Company may issue new equity in the future. Where pre-emption rights in the Articles are disapplied, any additional equity finance will be dilutive to those Shareholders who cannot, or choose not to, participate in such financing.</li> </ul>



<b>Section E – Offer</b>		
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
E.1	Net proceeds and costs of the Issue	<p>The Formation and Issue Costs are those necessary for the establishment of the Company and for the Issue, and include the fees payable in relation to Admission, including listing fees, as well as the fees due under the Placing Agreement, legal and other advisory fees, registration, printing, advertising and distribution costs and any other applicable expenses. The Formation and Issue Costs will be met by the Company from the proceeds of the Issue and are capped at two per cent. of the Gross Issue Proceeds. The Formation and Issue Costs (including VAT where relevant) payable by the Company will be £6 million on the basis of Gross Issue Proceeds at the maximum issue size of £300 million.</p> <p>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 Admission.</p>
E.2a	Reason for offer and use of proceeds	<p>The Issue is being made in order to raise funds for the purpose of seeking to achieve the investment objective of the Company. The Fund Manager will invest the proceeds in accordance with the Investment Policy.</p>
E.3	Terms and conditions of the offer	<p><b>The Issue</b></p> <p>The Issue comprises a Placing and an Offer for Subscription with in aggregate up to 300 million Ordinary Shares to be issued at a price of 100 pence each.</p> <p>The Issue is conditional upon, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>(a) Admission occurring;</li> <li>(b) the Placing Agreement having become unconditional in all respects and not having been terminated in accordance with its terms before Admission; and</li> <li>(c) the Minimum Gross Issue Proceeds being committed pursuant to the terms of the Issue by 8.00 a.m. on 12 July 2017 or such later date as the Company, the Fund Manager and the Bookrunner may agree.</li> </ul> <p>If any of these conditions are not met, the Issue (and therefore Admission) will not proceed.</p> <p><b>The Placing</b></p> <p>The Company, the Fund Manager, the Directors, the directors of the Fund Manager and the Bookrunner have entered into the Placing Agreement, pursuant to which the Bookrunner has agreed, subject to certain conditions, to use its reasonable endeavours to procure subscribers for the Ordinary Shares made available in the Placing.</p> <p>The latest time and date for receipt of placing commitments under the Placing is 3.00 p.m. on 6 July 2017.</p> <p><b>The Offer for Subscription</b></p> <p>Ordinary Shares to be issued at a price of 100 pence each are available to the public under the Offer for Subscription. The Offer for Subscription is only being made in the UK. The terms</p>

		<p>and conditions of application under the Offer for Subscription are set out in Part 9 of this Prospectus. An Application Form is set out at the end of this Prospectus. The terms and conditions should be read carefully before an application is made. Investors should consult their respective stockbroker, bank manager, solicitor, accountant, legal or professional adviser or other financial adviser if they are in doubt about the contents of this Prospectus.</p> <p>The latest time and date for receipt of Application Forms under the Offer for Subscription is 1.00 p.m. on 6 July 2017.</p> <p>Applications under the Offer for Subscription must be for a minimum subscription amount of £1,000 and thereafter in multiples of £100.</p> <p>All applications for Ordinary Shares under the Offer for Subscription will be payable in full, in Sterling, by a cheque or banker's draft drawn on a UK clearing bank.</p> <p>Applications may be rejected in whole or in part at the sole discretion of the Company.</p>
E.4	Material interests	Not applicable. No interest is material to the Issue.
E.5	Name of person selling Securities/ lock up agreements	Not applicable. No person or entity is offering to sell Ordinary Shares as part of the Issue.
E.6	Dilution	Not applicable.
E.7	Expenses charged to the investor	<p>The Company will not charge investors any separate costs and expenses in connection with the Issue. The Company will bear the Formation and Issue Costs, subject to a cap of two per cent. of the Gross Issue Proceeds and therefore these costs and expenses will be borne indirectly by investors.</p> <p>The Formation and Issue Costs (including VAT where relevant) payable by the Company will be £6 million on the basis of Gross Issue Proceeds at the maximum issue size of £300 million.</p>

## RISK FACTORS

Investment in the Company is subject to a number of risks, including but not limited to the risks in relation to the Company and the Ordinary Shares referred to below. If any of the risks referred to in this Prospectus were to occur, the financial position and prospects of the Company could be materially and adversely affected. If that were to occur, any of the trading price of the Ordinary Shares, the Net Asset Value, the Net Asset Value per Share or the level of dividends or distributions (if any) received from the Ordinary Shares could decline significantly and investors could lose all or part of their investment.

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

The risks referred to below are the risks which are considered to be material but are not the only risks relating to the Company and the Ordinary Shares. There may be additional material risks that the Company does not currently consider to be material or of which the Company is not currently aware. Potential investors should review this Prospectus carefully and in its entirety and consult with their professional advisers before acquiring any Ordinary Shares.

### **RISKS ASSOCIATED WITH THE COMPANY'S INVESTMENTS**

#### ***Risk relating to the regulation of Counterparties***

Neither the Company nor the Portfolio will be subject to regulation as a result of the Company's investment in Homes. The activities of the Counterparties may, however, be regulated by the Social Housing Regulator or, in the case of relevant Functional Homes, by the Care Regulator.

There is the risk that the current or future governments may take a different approach to the social housing regulatory regime. This may result in changes to the law (including the Housing and Regeneration Act 2008, Regulatory Standards, Rent Standard Guidance and the Care Act 2014) and other regulation or practices of the UK Government with regard to social housing. Any such changes may have an adverse effect on the ability of the Company to pursue its Investment Policy, and may (indirectly through its credit exposure) adversely affect the Company's business, financial condition, results of operations, ability to maintain its dividend policy, Net Asset Value and/or the market price of the Ordinary Shares.

In the case of certain Functional Homes, there is a risk that the Counterparty fails to comply with regulations of the relevant Care Regulator and that such Care Regulator takes enforcement measures that may impact the business, operations or financial condition of such Counterparty.

For example, the relevant Care Regulator may impose conditions or restrictions on such Counterparty limiting the residents at a care facility of the Counterparty. In this situation, the ability of such Counterparty to provide care could be restricted and hence its ability to meet its rental payment obligations may be affected. Operational or financial underperformance of any Counterparty may affect the income and/or market value of the relevant Home.

Moreover, any failure of a Counterparty to comply with regulations of the relevant Care Regulator could attract negative publicity, which could have an adverse impact on the Group's reputation, financial position and/or results of operations.

#### ***Risk relating to the potential forward funding of a Home***

The Investment Policy permits, and does not limit the aggregate amount of, the forward funding of assets that require development or are under development.

Homes that are subject to a forward funding arrangement with the Group will be subject to a Rental Agreement with a Counterparty or Shared Ownership Lease with a Shared Owner, contingent on completion of construction.

The Group in a forward funding arrangement could be exposed to an element of risk where, for example, the relevant developing entity fails and is unable to complete the development in question and the Company has to appoint another developing entity. This could affect the Group's financial position and, as a result, may adversely affect the Company's business, financial condition, results of operations, ability to maintain its dividend policy, Net Asset Value and/or the market price of the Ordinary Shares.

### ***Availability of investments***

The growth of the Group depends upon the ability of the Fund Manager to acquire investments that offer the potential for satisfactory returns and manage such investments satisfactorily. The availability of investment opportunities will depend, in part, upon conditions in the relevant sector (including, in the case of new Shared Ownership Homes, such Homes continuing to be affordable for their target Shared Owners) and the level of competition for assets in the market. Returns from the Group's investments will be affected by the price at which they are acquired. In the case that the Group or Fund Manager is unable to acquire sufficient investments or is unable to acquire sufficient investments that offer the potential for satisfactory returns, there is a material risk that the Company may be unable to achieve its anticipated total Shareholder returns.

### ***Liquidating investments***

The value of the Company's investments will be (amongst other considerations) a function of the discounted value of their expected future cash flows and an assumed terminal value, and as such will vary with, among other things, inflation, the liquidity of the market for such assets and prevailing economic conditions in the United Kingdom. There is no guarantee that the Group's assets will be readily sellable and the Net Asset Value should not be assumed to represent the value at which the Portfolio could be sold. If the Group were required to undertake accelerated sales of its properties, it may not be able to realise the full potential value of its Homes.

Moreover, if an investment is disposed of, it may be a condition of its financing that any associated debt be repaid. If so, this repayment may be required contractually to be at a premium to the principal amount outstanding of such indebtedness, as recorded in the Group's accounts.

Any sale of a Home beneath its market value (with or without a mandatory prepayment of associated debt) may adversely affect the Company's business, financial condition, results of operations, ability to maintain its dividend policy, Net Asset Value and/or the market price of the Ordinary Shares.

### ***Risks relating to valuation of the Company's properties***

Property valuation is inherently subjective and uncertain and will not recognise many circumstances such as, for example, unforeseen liabilities and fluctuations in rental income. While the Fund Manager shall engage valuers in respect of the Homes that are of good repute and standing, it is possible that unforeseen costs (for example, of the Group's renovation, maintenance and modernisation programmes) and unforeseen shortfalls in income may affect the valuation of the Homes and the Company's business, financial condition, results of operations, ability to maintain its dividend policy, Net Asset Value and/or the market price of the Ordinary Shares. In such event, the investment returns of the Company may be materially affected.

### ***Sufficiency of due diligence***

Whilst the Fund Manager will undertake due diligence in connection with the purchase of all future acquisitions of investments, this may not reveal all facts and circumstances that may be relevant in connection with an investment and may not prevent an acquisition being materially overvalued. In doing so, the Fund Manager will rely, in part, on third parties to conduct a significant portion of this due diligence (including legal reports on title and property valuations). To the extent that such third parties underestimate or fail to identify risks and liabilities (including any environmental liabilities) associated with the investment in question, the investment may be subject to defects in title, or to environmental, structural or operational defects requiring remediation, or the Group may be unable to obtain necessary permits which may have a material adverse effect on the Company's ability to perform in accordance with projections, particularly as to rent and occupancy and anticipated total Shareholder returns. In addition, such failures to identify risks and liabilities may have a material adverse impact on the Net Asset Value and the price and liquidity of the Ordinary Shares.

### ***Risk relating to negative media attention***

As the owner of Homes, there may be circumstances in which the removal or eviction of a Shared Owner or Resident (as applicable) is warranted.

Such circumstances may include instances of Shared Owner or Resident undertaking illegal activities, perpetrating domestic violence, or permanent rental arrears. While these decisions will be made by (in the case of a Shared Ownership Home) the Rent Collector/Manager or (in the case of any other Home) the Tenant, Occupant, Nominator or Rent Collector/Manager, there is the potential that, as an owner, the Group may receive negative media attention, which may adversely affect the Group's image and, consequently, adversely affect the trading price of the Ordinary Shares.

### ***Economic environment***

Changes in global market conditions and economic conditions in the United Kingdom and elsewhere and, in particular, restricted availability of credit may reduce the value of the Portfolio once it has been acquired, and may reduce liquidity in the real estate market in general. The performance of the Company would be adversely affected by a downturn in the property market in terms of market value and may adversely affect the Company's business, financial condition, results of operations, Net Asset Value and/or the market price of the Ordinary Shares.

### ***The Company can give no assurance as to how long it will take to invest the Net Issue Proceeds or proceeds from future share issues***

Until such time as the Net Issue Proceeds and proceeds from future share issues are applied by the Group to acquire investments, cash will be held by the Company in anticipation of future investment and to meet the running costs of the Group. Such cash is very likely to yield lower returns than the expected returns from investment. While the Company currently expects the Fund Manager to be able to deploy the Net Issue Proceeds within nine months of Admission, the Company can give no assurance as to how long it will take it to invest any or all of the proceeds from share issues, if at all, and the longer the period the greater the likely adverse effect on the Company's performance, financial condition and business prospects.

### ***The Group may be subject to liability following disposal of investments***

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

Certain obligations and liabilities associated with the ownership of investments can also continue to exist notwithstanding any disposal, such as environmental liabilities. Any such claims, litigation or obligations, and any steps which the Group is required to take to meet the cost, such as sales of assets or increased borrowings, could have an adverse effect on the Company's performance, financial condition and business prospects.

### ***Risks relating to management of and collection of rent in respect of a Home or failure of a Counterparty***

In the case of any Home, the Group will engage a third party to provide the day-to-day management of a Home and collection of underlying rent from Residents or Shared Owners (as applicable); these third party engagements will be pursuant to, in the case of a Shared Ownership Home, a Rent Collection and Management Agreement and, in the case of any other Home, a Lease, an Occupancy Agreement or a Nomination Agreement.

While the Group will look to enter into Rent Collection and Management Agreements, Leases, Occupancy Agreements and Nomination Agreements with reputable counterparties, there is always the potential risk that the relevant Rent Collector/Manager or Counterparty defaults, becomes insolvent or otherwise breaches its management or rent collection obligations or that, in the case of

a Nominations Agreement, the Nominator defaults, becomes insolvent or is not able to provide Residents. In the event any Rent Collection and Management Agreement, Lease, Occupancy Agreement or Nomination Agreement is required to be terminated, the Company's ability to achieve its targeted net total Shareholder returns may be materially adversely impacted.

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

The Group expects to incur certain third party costs associated with sourcing of suitable assets. Whilst the Fund Manager will always seek to minimise any such costs, it can give no assurances as to the on-going level of these costs or that negotiations to acquire such assets will be successful; the greater number of these deals which do not reach completion, the greater impact of such costs on the Company's performance, financial condition and business prospects.

***The Group may not acquire 100 per cent. control of its investments***

Although the Fund Manager does not currently propose that the Group take a passive or minority interest in investments, the Company's investment strategy does not restrict the Group from entering into a variety of investment structures, including joint ventures, acquisitions of controlling interests or acquisitions of minority interests. In the event that the Group acquires less than a 100 per cent. interest in a particular asset, the remaining ownership interest will be held by third parties and the subsequent management and control of such an asset may entail risks associated with multiple owners and decision-makers. Any such investment also involves the risk that third party owners might become insolvent or fail to fund their share of any capital contribution which might be required. In addition, such third parties may have economic or other interests which are inconsistent with the Group's interests, or they may obstruct the Group's plans (for example, in implementing active asset management measures), or they may propose alternative plans. If such third parties are in a position to take or influence actions contrary to the Group's interests and plans, the Group may face the potential risk of impasses on decisions that affect the ability to implement its strategies and/or dispose of the real estate asset. The above circumstances may have a material adverse effect on the Company's performance, financial condition and business prospects.

In addition, there is a risk of disputes between the Group and third parties who have an interest in the asset in question. Any litigation or arbitration resulting from any such disputes may increase the Company's expenses and distract the Directors and the Fund Manager from focusing their time to fulfil the investment objective of the Company. The Group may also, in certain circumstances, be liable for the actions of such third parties.

***Availability of credit and ability to finance investments***

The Group expects to finance a portion of each investment by way of borrowing through the capital markets or otherwise. Although the Group expects to be able to borrow on suitable terms, there can be no guarantee that this will always be the case. Lack of availability of credit or a lack of borrowing on suitable terms may result in the Company not meeting its dividend and total return targets.

**GENERAL RISKS ASSOCIATED WITH INVESTING IN THE COMPANY**

***The Company has a no operating history***

The Company has no operating history upon which prospective inspectors may base an evaluation of the likely performance of the Company. Any investment in the Ordinary Shares is, therefore, subject to all of the risks and uncertainties associated with a new business, including the risk that the Company will not achieve its investment objective and that the value of any investment made by the Group, and of the Ordinary Shares, could substantially decline.

***Dependence on the Fund Manager***

The ability of the Company to achieve its investment objective and policy depends to a high degree on the Fund Manager and more generally on the ability of the Fund Manager and TRL to attract and retain suitable staff.

The Board will have broad discretion to monitor the performance of the Fund Manager and, from the date falling five years after entry into of the Fund Management Agreement (during which time the appointment of the Fund Manager as fund manager to the Company is fixed), to appoint a



replacement in accordance with the terms of the Fund Management Agreement but the performance of the Fund Manager or that of any replacement cannot be guaranteed.

### ***No guarantee of return***

A prospective investor should be aware that the value of an investment in the Company may fluctuate as it is determined by market pricing and is subject to the risks inherent in investing in equity securities. There is no assurance that any appreciation in the value of the Ordinary Shares will occur or that the investment objectives of the Company will be achieved. The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in the Company. In the event of a winding-up of the Company, Shareholders will rank behind any creditors of the Company and, therefore, any return of capital for Shareholders will depend on the Company's assets being sufficient to meet the prior entitlements of any creditors.

### ***Risks relating to dividends and target returns***

There is no guarantee that the target dividend in respect of any period will be paid, covered by income or achieved, as applicable. The Company's ability to pay dividends will be dependent principally upon the investments comprising the Portfolio and the accounting treatment of investments or associated debt.

The Company's target dividends for the Ordinary Shares are based on assumptions which the Fund Manager currently consider reasonable. However, there is no assurance that all or any assumptions will be justified, and the dividends and returns may be correspondingly reduced. In particular, there is no assurance that the Company will achieve its stated policy on dividends and/or returns. Any change or incorrect assumption in the tax treatment of dividends or interest or other receipts received by the Company may reduce the level of distributions received by Shareholders. In addition any change from that assumed by the Fund Manager in the accounting policies, practices or guidelines relevant to the Company and its investments may reduce or delay the distributions received by investors.

The target dividend is not a profit forecast and should not be taken as an indication of the Company's expected future performance or results over any period. The target dividend is a target only and there is no guarantee that it can or will be achieved and it should not be seen as an indication of the Company's expected or actual return. Accordingly, investors should not place any reliance on the target return in deciding whether to invest in the Ordinary Shares.

Dividend growth on the Ordinary Shares will depend principally on growth in rental and other income returns on the underlying assets (which may fluctuate). The Net Issue Proceeds will be used by the Group to make investments in accordance with the Investment Policy. The timing of any investment in such assets will depend, amongst other things, on the availability of suitable properties that the Group may let at reasonable prices. Accordingly, there may be a period of time between completion of the Issue and the Net Issue Proceeds being fully invested by the Group. Further, to the extent that there are impairments to the value of the Group's underlying investments that are recognised in the Company's income statement under IFRS, this may affect the profitability of the Company (or lead to losses) and affect the ability of the Company to pay dividends.

Until the Net Issue Proceeds are fully invested by the Group, the Company does not expect to generate significant amounts of income and therefore will have restricted capacity to pay dividends. Additionally the Company may only pay dividends from reserves deemed distributable under the CA 2006.

If under the laws applicable to the Company (including the REIT Regime) there were to be a change to the basis on which dividends could be paid by such companies, this could have a negative effect on the Company's ability to pay dividends. Furthermore, if there are changes from that assumed by the Fund Manager to the accounting standards or to the interpretation of accounting standards applicable to the Company this could have an adverse effect on the Company's ability to pay dividends.

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



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

Potential investors should decide for themselves whether or not the target returns are reasonable or achievable in deciding whether to invest in the Company.

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

While the Fund Manager has in place requisite policies, conflicts of interest may arise in a variety of situations.

The Fund Manager and TRL and any of their respective directors, employees, service providers, agents and connected persons and the Directors and their connected persons and any person or company with whom they are affiliated or by whom they are employed (each an **Interested Party**) may invest in the Company and may be involved in other financial, investment or other professional activities which may cause potential conflicts of interest with the Company and its investments.

The Group may (directly or indirectly) acquire securities from or dispose of securities to any Interested Party or any investment fund or account advised or managed by any such person. An Interested Party may provide professional services to the Group (provided that no Interested Party will act as auditor to the Company) or hold Ordinary Shares and buy, hold and deal in any investments for their own accounts, notwithstanding that similar investments may be held by the Group (directly or indirectly). An Interested Party may contract or enter into any financial or other transaction with the Company or with any Shareholder or any entity any of whose securities are held by or for the account of the Company, or be interested in any such contract or transaction.

In the event that the Fund Manager or TRL or any of their employees or any Director has an interest in any transaction of the Company, other than those specified in the conflicts of interest section of Part 3, and such entity/person's interest is in any way different from the interests of the Company, the Fund Manager or Director shall make known to the Board such conflict of interest.

### ***Economic conditions***

Changes in general economic and market conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political events and trends, tax laws, national and international conflicts and other factors could substantially and adversely affect the Company's prospects and thereby the performance of the Ordinary Shares.

### ***Risks relating to the United Kingdom's proposed exit from the European Union***

The Company could face significant uncertainty as a result of the United Kingdom's decision to leave the European Union. Whilst the Group will not hold any investments outside of the United Kingdom, the UK's exit from the European Union could create significant UK (and potentially global) stock market uncertainty, which may have a material adverse effect on the total Shareholder returns, the Net Asset Value per Share and the price of the Ordinary Shares.

### ***Reliance on service providers and other third parties***

The Company relies upon the performance of third party service providers to perform its executive functions. In particular, the Fund Manager, the Administrator, the Company Secretary, the Depositary, the Registrar, the Receiving Agent and their respective delegates, if any, will perform services that are integral to the Company's operations and financial performance.

Failure by any service provider to carry out, or procure the carrying out of, its obligations to the Company in accordance with the terms of its appointment, to exercise due care and skill, or to perform its obligations to the Company at all as a result of insolvency, bankruptcy or other causes could have a material adverse effect on the Company's performance and returns to Shareholders.

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

Further, misconduct or misrepresentations by employees of the Fund Manager, TRL or other third party service providers could cause significant loss to the Company.

## **RISKS RELATING TO THE SHARES**

### ***Liquidity of Shares***

Although the Ordinary Shares will be listed on the premium segment of the Official List and admitted to trading on the Main Market and will be freely transferable, the ability of Shareholders to sell their Ordinary Shares in the market and the price which they may receive will depend on market conditions. The Company may refuse the registration of any transfer of shares under the Articles of Association, which affect the ability of certain persons (and, in particular, U.S. Persons) to own Ordinary Shares.

The Company has the ability to make market purchases of Ordinary Shares from Shareholders. Any such market purchases will be made entirely at the discretion of the Directors and will be subject to prior Shareholder approval and the provisions of the Listing Rules. As such, Shareholders will not have any ability to require the Company to make market purchases of, all or any part of their holdings of Ordinary Shares. Consequently, Shareholders should not rely on their ability to realise any of their Ordinary Shares at a price reflecting their underlying Net Asset Value per Share.

The London Stock Exchange has the right to suspend or limit trading in a company's securities. Any suspension or limitation on trading in the Ordinary Shares may affect the ability of Shareholders to realise their investment.

### ***Interest rate and inflation risks***

Changes in interest rates and rates of inflation may adversely affect the Group's investments. Changes in the general level of interest rates and inflation can affect the Company's profitability by affecting the spread between, amongst other things, the income on its assets and the expense of its interest bearing liabilities, the value of its interest-earning assets and its ability to realise gains from the sale of assets should this be desirable. Changes in interest rates and rates of inflation may also affect the valuation of the Group's assets. Interest rates and rates of inflation are sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the control of the Company and the Fund Manager or TRL.

The Group may finance its activities with fixed, floating rate or inflation-linked debt. The Company's performance may be affected adversely if it fails to, or chooses not to, limit the effects of changes in the applicable interest rate or inflation by employing an effective hedging strategy (relative to the cashflows generated by the assets), including engaging in interest rate swaps, caps, floors or other interest rate contracts, or buying and selling interest rate futures or options on such futures. However, there can be no assurance that such arrangements will be entered into or that they will be sufficient to cover such risk.

### ***Discount***

Any Ordinary Share may trade at a discount to Net Asset Value per Share and Shareholders may be unable to realise any of their Ordinary Shares in the secondary market at Net Asset Value per Share. The Ordinary Shares may trade at a discount to the Net Asset Value per Share for a variety of reasons, including market conditions or to the extent investors undervalue the management activities of the Fund Manager or discount its valuation methodology and judgments of value. While the Company may, in respect of an Ordinary Share, seek to mitigate any discount to Net Asset Value per Share through discount management mechanisms summarised in Part 1 of this Prospectus, there can be no guarantee that they will do so or that such mechanisms will be successful and the Company accepts no responsibility for any failure of any such strategy to effect a reduction in any discount.

### ***Risk relating to continuation vote***

The Articles include a requirement for the Board to propose an ordinary resolution for the Company to continue in its current form at the AGM following the fifth anniversary from Admission and at every fifth AGM thereafter. If at such AGM such resolution is not passed, the Board is required to propose an ordinary resolution for the winding up or reconstruction of the Company, the latter being required to provide an option for Shareholders to elect to realise their investment. In the event that a winding up or reconstruction of the Company is approved, the Company's ability to return cash to Shareholders will depend principally on the ability of the Fund Manager to realise portfolio assets which are inherently illiquid and also on the availability of distributable profits, share capital or share premium, all of which can be used to fund share repurchases and redemptions under the Articles of Association.

### ***Recourse to the Group's assets***

The Group's assets, including any investments made by the Group and any funds held by the Group, are available to satisfy all liabilities and other obligations of the Company. If the Company becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Group's assets generally and may not be limited to any particular asset, such as the asset giving rise to the liability. To the extent that the Group chooses to use Subsidiary SPVs for individual transactions to reduce recourse risk (which it may, although will be under no obligation to do so), the bona fides of such entities may be subject to later challenge.

### ***Leverage***

The Company has the ability to use leverage in the financing of its investments and meeting its dividend target. The use of leverage may increase the exposure of investments to adverse economic factors such as changes in interest rates or inflation, severe economic downturns or deteriorations in the condition of an investment or its market. It is possible that, at a future date, the Company may not be able to support any borrowing (or refinance borrowing which becomes payable during the life of the Company), in which case the performance of the Company may be adversely affected. The Company's borrowings may be secured on the underlying assets of the Company. A failure to fulfil obligations under any related financing documents may permit lenders to demand early repayment of the loan and to realise their security.

### ***Valuations***

All investments owned (directly or indirectly) by the Company will be valued on a quarterly basis. Valuations of the assets of the Company as a whole may also reflect accruals for expected or contingent liabilities, the amount or incidence of which is inevitably uncertain. A valuation is only an estimate of value and is not a precise measure of realisable value. Ultimate realisation of the market value of an asset depends to a great extent on economic and other conditions beyond the control of the Company, and valuations do not necessarily represent the price at which an Investment can be sold.

Shareholders should bear in mind that the actual Net Asset Value and Net Asset Value per Share may as time progresses be materially different from these quarterly valuations.

Further details in relation to the valuation policy of the Company are set out in Part 1 of this Prospectus.

### ***Compensation risk***

As the subscription of Ordinary Shares and the performance of the Ordinary Shares will not be covered by the Financial Services Compensation Scheme or by any other compensation scheme, if the value of the Ordinary Shares falls, the loss suffered by the investor (which may be the whole of the investment) will not be recoverable under any compensation scheme.

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

The Company may issue new equity in the future to facilitate further growth. While the Articles and the CA 2006 contain pre-emption rights for Shareholders in relation to issues of Shares in consideration for cash or non-cash consideration, such rights can be disapplied in certain circumstances. Where

pre-emption rights are disapplied, any additional equity financing will be dilutive to those Shareholders who cannot, or choose not to, participate in such financing.

***The Company has not registered, and will not register, the Ordinary Shares with the U.S. Securities and Exchange Commission, which may limit the Shareholders' ability to resell them***

The Ordinary Shares have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws. The Company will be relying upon exemptions from registration under the U.S. Securities Act and applicable state securities laws in offering and selling the Ordinary Shares. As a consequence, the Ordinary Shares cannot be reoffered or resold in the United States or to, or for the account or benefit of, U.S. Persons, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and in compliance with all applicable state securities laws and under circumstances that would not require the Company to register under the U.S. Investment Company Act. Shareholders will not have registration rights and, therefore, will not be entitled to compel the Company to register their securities under the U.S. Securities Act.

***The Company has not, and will not, register as an investment company under the U.S. Investment Company Act***

The Company is not, and does not intend to become, registered in the United States as an investment company under the U.S. Investment Company Act and related rules. The U.S. Investment Company Act provides certain protections to investors and imposes certain restrictions on companies that are registered as investment companies. As the Company is not so registered and does not plan to register, none of these protections or restrictions are or will be applicable to the Company.

***The Board may decline to recognise the transfer of Ordinary Shares if the transfer would make the Company subject to certain US rules and regulations***

The Board may, under the Articles, decline to recognise the transfer of Ordinary Shares to any person whose holding or beneficial ownership of shares may result in: (i) the Company or the Fund Manager or any member of its group being in violation of, or required to register under, the U.S. Commodity Exchange Act of 1974 or being required to register its shares under the US Exchange Act; (ii) the Company not being a "foreign private issuer" as such term is defined in Rule 3b-4(c) of the US Exchange Act; (iii) the assets of the Company being deemed to be "plan assets" within the meaning of ERISA and US Department of Labor Regulations and guidance issued thereunder, including, but not limited to 29 C.F.R. 2510.3-101, or of a "plan" within the meaning of section 4975 of the U.S. Code, or of a plan or other arrangement subject to section 503 of the U.S. Code or provisions under applicable federal, state, local, non-US or other laws or regulations that are substantially similar to section 406 of ERISA or section 4975 of the U.S. Code; (iv) the Company, any member of its group, or the Fund Manager not being in compliance with FATCA, the Investment Company Act, the US Exchange Act, the U.S. Commodity Exchange Act of 1974, section 4975 of the U.S. Code, section 503 of the U.S. Code, ERISA or any applicable federal, state, local, non-US or other laws or regulations that are substantially similar to section 406 of ERISA, section 503 of the U.S. Code or section 4975 of the U.S. Code; (v) the Company being a "controlled foreign corporation" for the purposes of the U.S. Code; or (vi) any such person being a Prohibited U.S. Person. The Company may require a person believed to be a Prohibited U.S. Person to provide documentary evidence that it is not such a Prohibited U.S. Person or to sell or transfer the Ordinary Shares held by it to a person who is qualified to hold the Ordinary Shares and, if these requirements are not satisfied within 30 days' notice, the Ordinary Shares will be deemed to have been forfeited. These procedures may materially affect certain Shareholders' ability to transfer their Ordinary Shares.

**RISKS RELATING TO REGULATION AND TAXATION**

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

The Company cannot guarantee that it will satisfy the conditions to enter the REIT Regime as set out in Part 7 of this Prospectus, nor can it guarantee that it will continue to qualify, or remain qualified, as a REIT. If the Company fails to 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 investors.

### ***Disposal of properties may have unfavourable tax consequences***

Although the Company is not a trading entity, if the Group disposes of a property in a manner indicative of trading in property rather than investing, the property may be treated as having been disposed of in the course of a trade, and any profit will be subject to corporation tax at regular rates. Assessment of whether a company is trading is a multifactorial and fact-sensitive process; however, by way of indicative example, acquiring a property with a view to sale followed by a disposal on completion of its development would indicate a trading activity, whereas disposal of a property as part of a normal variation of a property rental portfolio after development with a view to retention of part of that portfolio would not. Further, where development of a property has occurred following acquisition and the cost of development exceeds 30 per cent. of the fair value of the property at the later of: (i) the date of acquisition of the property; or (ii) the date the Company qualified as a REIT, the proceeds will be taxable if a disposal takes place within three years of completion of the development. However, a tax charge does not arise where the disposal is made to another member of the same REIT Group.

Whilst the Group does not intend to dispose of property in the course of a trade, there can be no assurance that HMRC will not deem a disposal to have been in the course of a trade, with the consequence that corporation tax will be payable in respect of any profits from the disposal of such property.

### ***The Company's intended status as a REIT may restrict business consolidation opportunities and distribution opportunities to Shareholders***

If the Company is acquired by an entity that is not a REIT, the Company is likely in most cases to fail to meet the requirements for being a REIT. If so, the Company will be treated as leaving the REIT Regime at the end of the accounting period preceding the takeover and ceasing from the end of that accounting period to benefit from the regime's tax exemptions. In addition, a REIT may become subject to an additional tax charge if it pays a dividend to, or in respect of, a Substantial Shareholder. This additional tax charge will not be incurred if the Company has taken reasonable steps to avoid paying dividends to a Substantial Shareholder. Therefore, the Articles of Association contain provisions designed to avoid the situation where dividends may become payable to a Substantial Shareholder. 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 of Association also allow the Board 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 provisions. Accordingly, while there is no prohibition on the Company being acquired, there might be potentially negative tax consequences of such an acquisition if made by an entity which itself is not a REIT which might make such an acquisition less likely than would be the case for other types of companies.

### ***Adverse changes in taxation law and in the tax position of the Company***

This Prospectus is prepared in accordance with, and the anticipated taxation impact of the proposed structure of the Company and its underlying investments is based on, current taxation laws in light of their current judicial interpretation in the UK and the published practice of HMRC. UK taxation legislation and interpretation is subject to change, possibly with retrospective effect. The taxation of an investment in the Company depends on the individual circumstances of investors. Any change in the Company's tax position or status or in tax legislation or proposed legislation, or in the interpretation of tax legislation or proposed legislation by tax authorities or courts, or tax rates, could adversely affect the Company's ability to pay dividends, dividend growth and the market value of the Ordinary Shares and thus may alter the net return to investors. In particular, a change in the rates of SDLT could have a material impact on the price at which land can be acquired and, therefore, on asset values.

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

The Company's business model contemplates future growth to its Portfolio through the acquisition of assets in the United Kingdom. However, to obtain full exemption from tax on the rental income from the Property Rental Business afforded by the REIT Regime, the Company is required to distribute



annually (either in cash or by way of stock dividend) to Shareholders, at least 90 per cent. of the Company's rental income as calculated for tax purposes each year by way of PID. It must distribute 100 per cent. of any PID that it receives from another REIT. The Company would be required to pay tax at regular corporate rates on any shortfall to the extent that it distributes as a PID less than the amount required to meet these distribution thresholds in each accounting period. Therefore, the Company's ability to grow its investment portfolio through acquisitions with a value in excess of its permitted retained earnings and uninvested capital will be limited by the Company's ability to obtain further debt or equity financing.

### ***OECD Base Erosion and Profit Shifting, tax deductibility of corporate interest***

Following recommendations from the Organisation for Economic Co-operation and Development (**OECD**) as part of its Base Erosion and Profit Shifting (**BEPS**) project and consultations carried out by the UK Government, new rules restricting the ability of corporation tax payers to deduct interest expense have been announced, which are expected to have effect from 1 April 2017 (although the passage of the legislation implementing them has been delayed due to the general election held on 8 June 2017). Broadly, the rules seek to restrict the deductibility of net tax interest expense. This is a figure which is the net of interest expense less income amounts arising from loan relationships, derivatives, finance leases, debt factoring and other deemed financing arrangements. Groups with net tax-interest expense amounts of £2 million or less for a period of account suffer no restriction on deductibility for that period.

The default position is that, for UK corporation tax purposes, a worldwide accounting group's deductible net tax-interest expense for a period of account (**interest capacity**) is limited to 30 per cent. of, broadly, its "tax-EBITDA" (taxable earnings before interest, depreciation and amortisation). However, a "modified debt cap" ensures that this cannot exceed the group's net finance-related expense (so, broadly put, it will never be possible to claim an interest deduction for more than the worldwide group's third party interest cost). A 'group ratio rule' allows a 'group ratio' to be substituted for the 30 per cent. figure. The group ratio is based on the net interest expense to EBITDA ratio for the worldwide group based on its consolidated accounts. Unused interest capacity can be carried forward for, broadly, five years, and net tax-interest expense amounts for which deductions are denied may be carried forward indefinitely and may attract deductions in future periods if there is sufficient spare interest capacity.

For the purposes of the interest deductibility restriction rules, a REIT is treated as two separate companies: one carrying on the property rental business and the other carrying on the residual business. The residual business must apply the interest deductibility restrictions as outlined above in order to determine the interest restriction. However, for REITs, further calculations are required. The impact of these further calculations ensures that amounts which cannot be allocated to the property rental business (because the impact would be to prevent the property rental business from paying a PID (on which tax is collected though withholding)) are instead taken through the calculation of the interest restriction for the residual business. Whether this gives rise to a tax charge in the residual business will depend on the totality of that calculation for the residual business.

Certain categories of real estate owning company are eligible to make a public benefit infrastructure election, which modifies the application of the new rules. It is not necessarily the case that the Company would have a more favourable tax profile if it made such an election, if it is eligible to do so. The Company will monitor the impact of these rules on its activities, and will seek to structure its borrowings so as to optimise its overall tax profile, while bearing in mind all other relevant commercial considerations.

### ***Changes in laws or regulations***

The Company is subject to laws and regulations enacted by national and local governments. In particular, the Company is subject to, and will be required to comply with, certain legal and regulatory requirements that are applicable to investment companies and real estate investment trusts. In particular, the Company is subject to the continuing obligations imposed by the UK Listing Authority on all investment companies whose shares are listed on the premium segment of the Official List.

The Fund Manager is subject to, and will be required to comply with, certain regulatory requirements of the FCA, some of which affect the management of the Company.

The laws and regulations affecting the Company and/or the Fund Manager are evolving and any changes in such laws and regulations may have an adverse effect on the ability of the Company

and/or the Fund Manager to carry on their respective businesses. Any such changes may also have an adverse effect on the ability of the Company to pursue its Investment Policy, and may adversely affect the Company's business, financial condition, results of operations, Net Asset Value and/or the market price of the Ordinary Shares. In such event, the investment returns of the Company may be materially affected.

For regulatory, tax and other purposes, the Company and the Ordinary Shares may potentially be treated in different ways in different jurisdictions. For instance, in certain jurisdictions and for certain purposes, the Ordinary Shares may be treated as akin to holding units in a collective investment scheme, which may have an adverse effect on the taxation of Shareholders in such jurisdictions. Furthermore, in certain jurisdictions, the treatment of the Company and/or the Ordinary Shares may be uncertain or subject to change, or it may differ depending on the availability of certain information or disclosure by the Company of that information. While it will continue to comply with all regulatory requirements placed upon it, the Company may be constrained from disclosing, or may find it unduly onerous to disclose, any or all of such information or to prepare or disclose such information in a form or manner which satisfies the regulatory, tax or other authorities in certain overseas jurisdictions. Failure to disclose or make available information in the prescribed manner or format, or at all, may adversely impact the Company in those jurisdictions, and therefore the price of the Ordinary Shares.

***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

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

Prospective investors must not treat the contents of this Prospectus or any other communications from the Company, the Fund Manager, the Bookrunner or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

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

The Company has taken all reasonable care to ensure that the facts stated in this Prospectus are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document whether of facts or of opinion. All the Directors accept responsibility accordingly.

Apart from the liabilities and responsibilities (if any) which may be imposed on the Bookrunner by FSMA or the regulatory regime established thereunder, the Bookrunner makes no representation or warranty, express or implied, nor accepts any responsibility whatsoever for the contents of this Prospectus including its accuracy, completeness or verification or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Fund Manager, the Bookrunner, the Ordinary Shares or the Issue. The Bookrunner (and its affiliates, directors, officers or employees) accordingly disclaim all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which it might otherwise have in respect of this Prospectus or any such statement.

In connection with the Issue, the Bookrunner or any of its affiliates, acting as an investor for its or their own account(s), may subscribe for the 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 securities of the Company, any other securities of the Company or other related investments in connection with the Issue or otherwise. Accordingly, references in this 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, the Bookrunner and any of its affiliates acting as an investor for its or their own account(s). Neither the Bookrunner nor any of their respective 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.

The Company consents to the use of the Prospectus by financial intermediaries in connection with any subsequent resale or final placement of securities by financial intermediaries in the UK on the following terms: (i) in respect of the Intermediaries who have been appointed by the Bookrunner prior to the date of this Prospectus, as listed in paragraph 13 of Part 8 of this Prospectus, from the date of this Prospectus; and (ii) in respect of Intermediaries who are appointed by the Bookrunner after the date of this Prospectus, a list of which will appear 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 1.00 p.m. on 6 July 2017, unless closed prior to that date. The Company consents to the use of the Prospectus by financial intermediaries for the subsequent resale or final placement of securities in the UK. Any application made by investors to any Intermediary is subject to the terms and conditions imposed by each 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 relevant financial intermediary.**

**Any financial intermediary using this Prospectus must state on its website that it uses this Prospectus in accordance with the consent and conditions attached to this Prospectus.**

Any intermediary may use the Prospectus for subsequent resale or final placement of securities in the UK only.

The Company accepts responsibility for the information contained in the Prospectus with respect to any subscriber for Ordinary Shares pursuant to any subsequent resale or final placement of securities by financial intermediaries.

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

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

### **Regulatory information**

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

Subject to certain limited exceptions, the Ordinary Shares offered by this Prospectus may not be offered or sold directly or indirectly in or into the United States, or to or for the account or benefit of a U.S. Person (within the meaning of Regulation S under the U.S. Securities Act).

Prospective investors should consider carefully (to the extent relevant to them) the notices to residents of various countries set out on pages 137 to 139 of this Prospectus.

### **Investment considerations**

An investment in the Company is suitable only for investors who are capable of evaluating the risks and merits of such investment, who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Group, for whom an investment in the Ordinary Shares constitutes part of a diversified investment portfolio, who fully understand and are willing to assume the risks involved in investing in the Company and who have sufficient resources to bear any loss (which may be equal to the whole amount invested) which might result from such investment. Typical investors in the Company are expected to be institutional investors, professionally-advised private investors and highly knowledgeable private investors who understand and are capable of evaluating the risks of such an investment. Investors should consult their stockbroker, bank manager, solicitor, accountant, legal or professional adviser or other financial adviser before making an investment in the Company.

The contents of this Prospectus or any other communications from the Company, the Fund Manager, the Bookrunner and any of their respective affiliates, directors, officers, employees or agents 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 purchase, holding, transfer or other disposal of Ordinary Shares;
- any foreign exchange restrictions applicable to the 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 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 therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's investment objectives will be achieved. It should be remembered that the price of the Ordinary Shares, and the income from such Ordinary Shares (if any), can go down as well as up.

This Prospectus should be read in its entirety before making any investment in the Ordinary Shares.

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Company's memorandum of association and the Articles of Association, which investors should review. A summary of the Articles of Association can be found in Part 8 of this Prospectus.

### **Forward-looking statements**

The Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "forecasts", "projects", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts.

All forward-looking statements address matters that involve risks and uncertainties and are not guarantees of future performance. Accordingly, there are or will be important factors that could cause the Company's actual results of operations, performance or achievement or industry results to differ materially from those indicated in these statements. These factors include, but are not limited to, those described in the part of this Prospectus entitled "Risk Factors", which should be read in conjunction with the other cautionary statements that are included in this Prospectus.

Any forward-looking statements in this Prospectus reflect the Company's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's operations, results of operations, growth strategy and liquidity.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements.

These forward-looking statements apply only as of the date of this Prospectus. Subject to any applicable obligations under the Listing Rules, the Market Abuse Regulations, the Disclosure Guidance and Transparency Rules and the Prospectus Rules, the Company undertakes no obligation publicly to update or review any forward looking statement whether as a result of new information, future developments or otherwise. Prospective investors should specifically consider the factors identified in this Prospectus which could cause actual results to differ before making an investment decision.

The actual number of Ordinary Shares to be issued pursuant to the Issue will be determined by the Board in consultation with the Bookrunner and the Fund Manager. The information in this Prospectus should be read in light of the actual number of Ordinary Shares to be issued in the Issue.

### **No incorporation of website**

The contents of the Company's website at [www.resi-reit.com](http://www.resi-reit.com) or the Fund Manager's website at [www.resicapitalmanagement.com](http://www.resicapitalmanagement.com) do not form part of this Prospectus. Investors should base their decision to invest on the contents of this Prospectus alone and should consult their professional advisers prior to making an application to subscribe for Ordinary Shares.

### **Presentation of information**

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

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

In some cases, there may be no readily available or limited external information (whether from trade associations, government bodies or other organisations) to validate market-related analysis and estimates included in the Prospectus, requiring the Company to rely on internally developed estimates, and the Fund Manager's knowledge of the UK property markets.

#### **Currency presentation**

Unless otherwise indicated, all references in this Prospectus to "**GBP**", "**Sterling**", "**pounds sterling**", "**£**", "**pence**" or "**p**" are to the lawful currency of the United Kingdom.

**Latest Practicable Date**

Unless otherwise indicated, the latest practicable date for the inclusion of information in this Prospectus is at close of business on 21 June 2017.

**Governing law**

Unless otherwise stated, statements made in this Prospectus are based on the law and practice currently in force in England and Wales and are subject to changes therein.

## EXPECTED TIMETABLE AND ISSUE STATISTICS

### Expected timetable

Publication of the Prospectus	22 June 2017
Placing and Offer for Subscription open	22 June 2017
Latest time and date for receipt of applications under the Offer for Subscription and the payment in full under the Offer for Subscription and settlement of relevant CREST instructions (as appropriate)	1.00 p.m. on 6 July 2017
Latest time and date for receipt of commitments under the Placing	3.00 p.m. on 6 July 2017
Announcement of the results of the Issue	7 July 2017
Admission to the Official List and commencement of dealings on the London Stock Exchange	8.00 a.m. on 12 July 2017
CREST accounts credited	12 July 2017
Despatch of definitive share certificates (where applicable)	week commencing 24 July 2017

The dates and times specified above and mentioned throughout this Prospectus are subject to change.

All references to times in this Prospectus are to London times, unless otherwise stated. In particular the Board may, with the prior approval of the Fund Manager and the Bookrunner, bring forward or postpone the closing time and date for the Issue. In the event that such date is changed, the Company will notify investors who have applied for Ordinary Shares of changes to the timetable either by post, by electronic mail or by the publication of a notice through a Regulatory Information Service.

### Issue statistics\*

Issue Price per Ordinary Share	100 pence
ISIN of the Ordinary Shares	GB00BYSX1508
SEDOL of the Ordinary Shares	BYSX150
Ticker Code	RESI
Target Gross Issue Proceeds	£300 million
Target Net Issue Proceeds	£294 million
Target number of Ordinary Shares to be issued	300 million
Net Asset Value per Share at Admission	98 pence

\* Results of the Issue will be announced via a Regulatory Information Service.

The number of Ordinary Shares to be issued pursuant to the Issue, and therefore the Gross Issue Proceeds and the Net 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 Admission.

## DIRECTORS, AGENTS AND ADVISERS

<b>Directors (all non-executive)</b>	Rt. Hon Baroness Dean of Thornton le Fylde ( <i>Chairman</i> ) Robert Whiteman Robert Blackburn Gray John Carleton  all of:  5 Old Bailey, London EC4M 7BA
<b>Registered Office</b>	5 Old Bailey London EC4M 7BA
<b>Fund Manager</b>	<b>ReSI Capital Management Limited</b> 21 Great Winchester Street London EC2N 2JA
<b>Sponsor, Financial Adviser and Bookrunner</b>	<b>Jefferies International Limited</b> Vintners Place 68 Upper Thames Street London EC4V 3BJ
<b>Intermediaries Offer Adviser</b>	<b>Scott Harris UK Limited</b> Victoria House 1-3 College Hill London EC4R 2RA
<b>Depository</b>	<b>Langham Hall UK Depository LLP</b> 5 Old Bailey London EC4M 7BA
<b>Administrator and Company Secretary</b>	<b>Langham Hall UK Services LLP</b> 5 Old Bailey London EC4M 7BA
<b>Registrar</b>	<b>Capita Registrars Limited</b> The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
<b>Receiving Agent</b>	<b>Capita Asset Services</b> Corporate Actions 34 Beckenham Road Beckenham Kent BR3 4TU
<b>Auditors and Reporting Accountant</b>	<b>BDO LLP</b> 55 Baker Street London W1U 7EU
<b>Legal advisers to the Company</b>	<b>Norton Rose Fulbright LLP</b> 3 More London Riverside London SE1 2AQ
<b>Legal advisers to the Bookrunner</b>	<b>Reed Smith LLP</b> The Broadgate Tower 20 Primrose Street London EC2A 2RS



## PART 1

### INFORMATION ON THE COMPANY

#### Introduction

The Company is a newly established public limited company incorporated in England and Wales under the CA 2006 with company number 10683026 and whose registered address is at 5 Old Bailey, London, EC4M 7BA. The Company is registered as an investment company under section 833 CA 2006 and has been established as a closed-ended investment company with an indefinite life.

Applications will be made to the UK Listing Authority for all of its Ordinary Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for all Ordinary Shares to be admitted to trading on the Main Market. Subject to satisfying the relevant conditions, it is intended that the Company will enter the REIT Regime as soon as possible following Admission.

The Company has a fully independent board of non-executive directors and has appointed ReSI Capital Management Limited (the **Fund Manager**) to act as its alternative investment fund manager.

The Fund Manager is a private limited company incorporated in England and Wales on 4 April 2011 under the CA 2006 with company number 07588964. The Fund Manager's registered address is at 21 Great Winchester Street, London EC2N 2JA.

The Fund Manager is authorised and regulated by the Financial Conduct Authority (**FCA**) as a full-scope alternative investment fund manager (**AIFM**).

The Fund Manager is a wholly-owned subsidiary of TradeRisks Limited (**TRL**).

TRL was incorporated in England and Wales on 28 July 2000 under the Companies Act 1985 with company number 4042506. TRL's registered office is at 21 Great Winchester Street, London EC2N 2JA. TRL operates in two main business areas: providing corporate finance advice, and arranging and placing long-term debt.

TRL's core client base for corporate finance advice is the UK social housing sector, and TRL is currently engaged as financial adviser to 33 Housing Associations, with its client base concentrated amongst the largest Housing Associations. In addition, TRL provides corporate finance advice within the Local Authority sector as well as to other social infrastructure and specialist residential property clients. As part of its corporate finance advice, TRL typically models a client's current financial situation, its property development pipeline and financial constraints, and works with its clients to identify financial risks and options for financing its development pipeline as necessary.

TRL's business of arranging and placing long-term debt involves being mandated by a potential issuer of debt, developing a financing structure and then arranging and placing the financing with suitable lenders. In the case of long-term UK debt backed by property or an investment grade issuer covenant, such lenders are often insurance companies whose regulation makes such debt an attractive asset to apply to matching their pension liabilities. TRL is a leading non-bank arranger of Housing Association and other social infrastructure debt.

#### Investment Overview

The Company will invest in residential asset classes that comprise the stock of Statutory Registered Providers and benefit from secure, long-dated, inflation-linked income returns with the potential for capital growth. These asset classes comprise Shared Ownership Homes, Market Rental Homes, Functional Homes and Sub-Market Rental Homes.

The pressure to build more homes combined with significant reduction of new UK Government grant is encouraging Housing Associations in the UK to seek new alternative financing routes to support their development plans, including diversifying into other activities to generate profits to replace grant and creating growth plans that do not rely on assets being held on Housing Association balance sheets.

An amendment to the Housing and Planning Act 2016, effective from April 2017, allows Housing Associations to dispose of assets without prior regulatory consent. This amendment should enhance the Company's ability to originate transactions that fit within its investment strategy.

Similarly, many Local Authorities in the UK are focusing on increasing housing stock in their jurisdiction and are seeking private capital to facilitate this development and create new revenues streams for Local Authorities to offset reductions to grant funding from the UK Government.

The Company therefore seeks to meet demand from Statutory Registered Providers for alternative equity-like financing sources, allowing them to recycle capital back into economically beneficial new developments.

### **Key Investment Highlights**

- A highly scalable, long-term investment opportunity that will generate secure, inflation-linked returns from a defensive asset class;
- The Company seeks to meet demand from Statutory Registered Providers for equity financing partners following the significant reduction of UK Government grant;
- The Manager Group has an extensive track record of executing transactions within the social housing sector and strong alignment of interest with Shareholders;
- The Fund Manager has identified a strong pipeline of off-market investment opportunities, with £263 million currently in advanced negotiations with Statutory Registered Providers;
- The Company currently expects the Fund Manager to be able to deploy the Net Issue Proceeds within nine months of Admission;
- The Manager Group will use its significant debt financing expertise to lock in returns on assets on or around the point of acquisition, by arranging long-term investment grade equivalent debt matching asset cashflows; and
- The Company will have a robust corporate governance framework with oversight provided by a highly experienced, fully independent Board.

### **Target returns<sup>(1)</sup>**

The Company is targeting, on a fully invested and geared basis, a dividend yield of 5 per cent. per annum based on the Issue Price, which the Company expects to increase broadly in line with inflation, and a total return in excess of 8 per cent. per annum. It is the Company's intention to pay dividends to Shareholders on a quarterly basis and in accordance with the REIT Regime.

Following Admission, the Company is targeting a dividend of at least 3 per cent. for the first financial period from Admission to 30 September 2018 and the Directors expect to declare the first dividend in relation to the period ending 31 December 2017.

### **Investment objective and policy**

#### ***Investment objective***

The Company's investment objective is to provide Shareholders with an attractive level of income, together with the potential for capital growth, from acquiring portfolios of Homes across residential asset classes that comprise the stock of Statutory Registered Providers. Such asset classes are categorised as Shared Ownership Homes, Market Rental Homes, Functional Homes and Sub-Market Rental Homes and will provide secure long-term inflation-linked cash flows to the Group.

#### ***Investment policy***

The investment policy is to invest in portfolios of Homes throughout the United Kingdom.

The freehold or long leasehold (typically 99 years and longer) interest of Homes will be acquired by the Company directly or indirectly (either through the acquisition of Home-owning vehicles or the entry into joint venture arrangements) with the benefit of long-term (typically 20 years and longer) inflation-linked cash flows.

In each case, the Group will outsource the day-to-day management, rent collection and maintenance in respect of a Home.

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(1) These are targets only and not a profit forecast. There can be no assurance that the targets can or will be met and should not be taken as an indication of the Company's expected or actual future results. Accordingly, potential investors should not place any reliance on the targets in deciding whether or not to invest in the Company or assume that the Company will make any distributions at all and should decide for themselves whether or not the targets are reasonable or achievable.

The Group will make use of leverage, put in place on or shortly after the acquisition of Homes, to enhance returns on equity. The Group will only invest in Homes, and forward funding of Homes, with sufficient cashflows, counterparty credit quality and property security that allow the Fund Manager to secure debt of a credit strength which is equivalent to investment grade based on published rating agency methodologies. This restriction to Homes that can be funded with investment equivalent grade debt is the fundamental limitation on asset quality of the Company.

The Group will not undertake any direct development activity or assume direct development risk but may enter into forward funding arrangements without limit subject to the investment restrictions outlined below. These are arrangements with property developing entities (typically expected to be Statutory Registered Providers) whereby the Group forward funds the development of Homes by such developing entities, which will be structured so that the only risk to the Group is the credit risk of such developing entity. Homes that are subject to a forward funding arrangement with the Group will be subject to a Rental Agreement with a Counterparty or Shared Ownership Lease with a Shared Owner, contingent on completion of construction. In such circumstances, the Group will typically seek to negotiate the receipt of immediate income from the asset, such that the developing entity is paying the Group a return on its investment during the construction phase and prior to the tenant commencing rental payments under the terms of their lease. In addition, the Group may engage in renovating or customising existing Homes, as necessary.

The Group aims to deliver capital growth by holding the Portfolio over the long term and therefore it is unlikely that the Group will dispose of any part of the Portfolio. In the unlikely event that a part of the Portfolio is disposed of, the Group intends to reinvest proceeds from such disposals in assets in accordance with the Investment Policy.

### ***Investment restrictions***

The Group will invest and manage the Portfolio with the objective of delivering a high quality Portfolio, which is fundamentally driven by the requirement that Homes have sufficient cashflows, counterparty credit quality and property security that allow the Fund Manager to secure debt of a credit strength which is equivalent to investment grade based on published rating agency methodologies and which is subject to the following investment restrictions:

- the Group will only invest in Homes located in the United Kingdom;
- the Homes will comprise Shared Ownership Homes, Market Rental Homes, Functional Homes and Sub-Market Rental Homes;
- the Group will only invest in Market Rental Homes, Functional Homes and Sub-Market Rental Homes in respect of which the Counterparty is a Statutory Registered Provider, University, Reputable Private Landlord or Reputable Care Provider;
- no Home, or group of Homes forming one contiguous, or largely contiguous, block of Homes (for example a building containing multiple flats), will represent more than 20 per cent. of Gross Asset Value calculated at the time of investment. However, during such time as Gross Asset Value remains below £900 million, the maximum limit for up to two Homes may exceed 20 per cent. but will not exceed 25 per cent. of Gross Asset Value (calculated at the time of investment) per Home in order to facilitate the ownership of certain larger Homes during the Company's initial deployment period;
- the aggregate maximum credit exposure to any Counterparty or Shared Owner, will not exceed 20 per cent. of Gross Asset Value, calculated at the time of investment. However during such time as Gross Asset Value remains below £900 million, the maximum credit exposure to up to two Counterparties and/or Shared Owners may exceed 20 per cent. but will not exceed 25 per cent. of Gross Asset Value (calculated at the time of investment) per Counterparty and/or Shared Owner in order to facilitate the ownership of certain larger residential assets during the Company's initial deployment period;
- with respect to forward funded Homes, the maximum exposure to an individual property developing entity will be limited to 20 per cent. of Gross Asset Value calculated at the time of investment. However, during such time as Gross Asset Value remains below £900 million, the maximum limit for up to two individual property developing entities may exceed 20 per cent. but will not exceed 25 per cent. of Gross Asset Value (calculated at the time of investment) per individual property developing entity in order to facilitate the forward funding of Homes during the Company's initial deployment period; and

- the Group will not undertake any direct development or speculative development.

The Group shall be permitted to acquire any property consisting of Homes and a commercial element, provided that the Fund Manager is satisfied that such commercial element is ancillary to the primary function of such Home as a Shared Ownership Home, Market Rental Home, Functional Home or Sub-Market Rental Home.

The investment limits detailed above apply at the time of the acquisition of the relevant investment in the Portfolio. The Group 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 or merger of Counterparties.

### ***Joint Ventures***

The Group may acquire Homes through joint-venture arrangements with Statutory Registered Providers pursuant to which the Group and the relevant Statutory Registered Provider will together participate in a joint venture vehicle that owns (directly or indirectly) the relevant Home.

Investments through such joint-ventures will be subject to the same investment restrictions and leverage policy, which shall be read to look through the joint venture vehicle and apply to the Group's partial (through the joint venture vehicle) economic ownership interest in the relevant Home.

### ***Use of leverage and gearing limits***

The Group will seek to use leverage to enhance equity returns of the Portfolio. The level of borrowing will be determined by the Fund Manager based on the characteristics of the relevant property and asset class and the Fund Manager will seek to achieve a low cost of funds, whilst maintaining the flexibility in the underlying security requirements and the structure of both the Portfolio and the Group.

The Fund Manager intends to have indicative terms of any debt funding before completing an acquisition which will mitigate the risk of a funding mismatch arising. When considering any funding proposal, the Fund Manager will make use of its officers' experience, and those of TRL, in accessing long-term fixed rate and inflation-linked debt, which will most appropriately match debt against the cashflow profile of the investment opportunity. The Fund Manager intends to structure the debt by assessing the operational cashflows from the target asset and setting a Debt Service Coverage Ratio that, in combination with the counterparty credit quality and property security, gives efficient funding, which shall be of a credit strength equivalent to investment grade based on published rating agency methodologies. As such the gearing strategy for the Group is more akin to long term project finance debt than to traditional commercial property debt.

Debt may be secured or unsecured. If secured, it will be secured at asset level, whether over a particular property or a holding entity for a particular property or series of properties (without recourse to the Company). The Fund Manager intends that all indebtedness will be incurred on a fully or partially amortising basis, to minimise the need to refinance on any final repayment date, with the exception of any working capital facilities raised at the level of the Company.

The Group will target an asset level aggregate level of borrowings of 50 per cent. of Gross Asset value over the medium term. Aggregate Group borrowings will always be subject to an absolute maximum, calculated at the time of drawdown, of 67 per cent. of Gross Asset Value.

### ***Use of derivatives***

The Fund Manager intends to match debt cashflows to those of the underlying assets and therefore does not expect to utilise derivatives. However, to the extent this is not possible, the Group may utilise derivatives for full or partial inflation or interest rate hedging or otherwise seek to mitigate the risk of inflation or interest rate movements. The Group will closely manage any derivatives, in particular with regard to liquidity and counterparty risks.

The Group will only use derivatives for risk management and not for speculative purposes.

### ***Cash management***

Until the Group is fully invested, and pending re-investment or distribution of cash receipts, the Group will invest in cash, cash equivalents, near cash instruments and money market instruments.

### ***REIT status***

The Directors will at all times conduct the affairs of the Company so as to enable it to become and remain qualified as a REIT for the purposes of Part 12 of the CTA 2010 (and the regulations made thereunder). For further information on the Company's REIT status and the REIT Regime, please refer to Part 7 of this Prospectus.

### **Amendments to and compliance with the Investment Policy**

Material changes to the Investment Policy may only be made with the approval of Shareholders by way of ordinary resolution and (for so long as the Ordinary Shares are listed on the Official List) in accordance with the Listing Rules. Non-material changes to the Investment Policy must be approved by the Board, taking into account advice from the Fund Manager and external advisers where appropriate.

### **Investment process**

The Company's investment process will be highly disciplined and will entail sourcing, evaluating, negotiating and monitoring of investments. The Fund Manager will be responsible for identifying new investment opportunities for the Company, performing due diligence in relation to potential investments, approving and executing such investments and monitoring existing investments. The Fund Manager will present potential transactions to the Board at regular Board meetings.

The investment process undertaken by the Fund Manager is broadly as follows:

#### ***Investment Origination and Sourcing***

The Manager Group's team has extensive experience of advising and raising finance for social housing, local authorities, university housing, care homes, and other infrastructure assets. The team has close relationships with many of the larger providers of social housing in the UK, including current contracted financial advisory relationships with 33 Housing Associations. The Fund Manager will make use of these extensive relationships to source opportunities for the Company.

#### ***Initial Review***

The Fund Manager performs an initial review of all investment opportunities taking into account, but not limited to, the following investment criteria:

- **Ownership interest:** the Company will predominantly acquire Homes (either directly or indirectly through Subsidiary SPVs or joint ventures with Statutory Registered Providers) on a freehold basis or long leasehold basis (i.e. with 99 years or more to maturity);
- **Long-term inflation linked income:** Homes will predominantly benefit from a long term (i.e. 20 years plus) inflation linked income;
- **Quality of Counterparty:** the Fund Manager will conduct detailed credit rating analysis on the relevant Counterparty or Shared Ownership Leases to ensure the Home generates stable long term cashflows and will support investment grade equivalent debt funding;
- **Resident Demand:** the Fund Manager will review the stability of the cashflow that can be expected from the underlying Residents, including reviewing in the case of Nominations Agreements the underlying tenant demand from sources such as waiting lists for such Homes, to ensure the underlying revenue potential is sufficiently long term and robust;
- **Operation:** Each Home must benefit from a third party manager (being either a Counterparty or Rent Collector/Manager) committing to manage and maintain (save in the case of Shared Ownership Homes where the duty to maintain remains with the Shared Owner) the relevant Home to the optimum standards expected from a reputable commercial entity or required by law;
- **Long-term matched debt funding:** the Fund Manager intends to have, at the time of the acquisition, indicative debt funding terms for debt that matches the underlying cashflows of the Home and of investment grade equivalent credit quality based on published rating agency methodologies supporting the Company in achieving its dividend and total return targets; and
- **Forward Funding:** The Group may enter into forward funding arrangements with property developing entities whereby the Group forward funds the development of Homes by such developing entities and the only risk to the Group is the credit risk of such developing entity. In such circumstances, the Group will typically seek to negotiate the receipt of immediate income



from the asset, such that the developing entity is paying the Group a return on its investment during the construction phase and prior to the tenant commencing rental payments under the terms of the lease. The Company will not undertake any direct or speculative development.

Should the Fund Manager consider that an investment opportunity warrants detailed analysis, it will produce a preliminary investment memorandum which will be shared with the Board at the same time as it is scrutinised by the Fund Manager's Investment Committee.

#### ***Fund Manager's Investment Committee Pre-Screening***

The Fund Manager's Investment Committee will undertake an extensive review of the investment opportunity presented through a preliminary investment memorandum using the investment criteria set out above, taking into consideration any feedback from the Board, to determine if a proposed investment should proceed to the next stage.

#### ***Fund Manager's Risk & Audit Committee Screening***

The preliminary investment memorandum will be submitted for consideration by, and will require pre-approval from, the Fund Manager's Risk & Audit Committee following approval of the Fund Manager's Investment Committee and prior to any further action being taken in respect of the potential investment.

If the Risk & Audit Committee provides initial approval the Fund Manager will then conduct detailed financial, legal and technical due diligence on behalf of the Company, using third party due diligence providers where required. The Fund Manager will confirm that the funding terms it expects to be available will be of a credit strength which is equivalent to investment grade based on published rating agency methodologies and enable the acquisition post-leverage to be consistent with the Company's return targets.

#### ***Fund Manager Approval***

After performing due diligence satisfactory to the Fund Manager a final investment report, which sets out details of the transaction and the funding terms the Fund Manager expects to be available, the transaction's suitability in light of the investment objective of the Company and its Investment Policy and the potential risks and benefits of proceeding with the potential transaction, will be presented to the Investment Committee and the Risk & Audit Committee of the Fund Manager.

The Fund Manager (acting by its Investment Committee and Risk & Audit Committee) will then consider the final investment memorandum and make its final decision on whether the relevant investment should be made, having regard to each element of the investment criteria set out above.

#### ***Investment Monitoring and Management***

The performance of the management, rent collection and maintenance services provided by the Counterparty or Rent Collector/Manager will be closely monitored by the Fund Manager using appropriate key performance indicators.

#### ***Asset Holding & Disposal Strategy***

The Fund Manager aims to deliver capital growth by holding the Portfolio over the long term and therefore it is unlikely that the Company will dispose of any part of the Portfolio. In the unlikely event that a part of the Portfolio is disposed of, the Company intends to reinvest proceeds from such disposals in assets in accordance with the Investment Policy.

#### ***Conflicts Management***

As at the date of this Prospectus, the Fund Manager has no other clients and the Directors have noted that the Fund Manager may have other clients only after the initial Net Issue Proceeds are fully invested. Should the Fund Manager have other clients, the Fund Manager is under an obligation to consider all investment opportunities which fall within the Investment Policy for investment by the Group in priority to any other clients.

In no event shall the Fund Manager receive any fees in connection with the sale of assets to the Group.

#### ***Target assets***

The Company will seek to invest across the following asset classes:



- **Shared Ownership Homes**

Shared Ownership Homes are properties where the beneficial (or heritable) interest is held in part by the Shared Owner and part held by the Group, and the Shared Owner has sole use of the property in return for a rent payable to the Group for its beneficial (or heritable) interest. The Shared Owner has the right to acquire a further portion of the Group’s retained beneficial (or heritable) interest (known as “staircasing”) at market value.

The Group will enter into a full repairing and insuring Shared Ownership Lease with the Shared Owner, typically for a term of 99 years or over, and a Rent Collection and Management Agreement with a Statutory Registered Provider acting as Rent Collector/Manager.

- **Functional Homes**

Functional Homes are properties equipped to provide elderly care facilities, assisted living facilities, supported housing or sheltered housing to Residents.

In order that long term debt funding is put in place that is of an investment grade equivalent credit strength the Fund Manager anticipates entering Rental Agreements in respect of Functional Homes with Statutory Registered Providers and Reputable Care Providers, typically for a term of 20 years or over. The Statutory Registered Providers and/or Reputable Care Providers may also be providing care services.

- **Sub-Market Rental Homes**

Sub-Market Rental Homes are properties made available to Residents for rent at a level below the local market rent.

In order that long term debt funding is put in place that is of investment grade equivalent credit strength the Fund Manager anticipates entering Rental Agreements in respect of Sub-Market Rental Homes with Statutory Registered Providers.

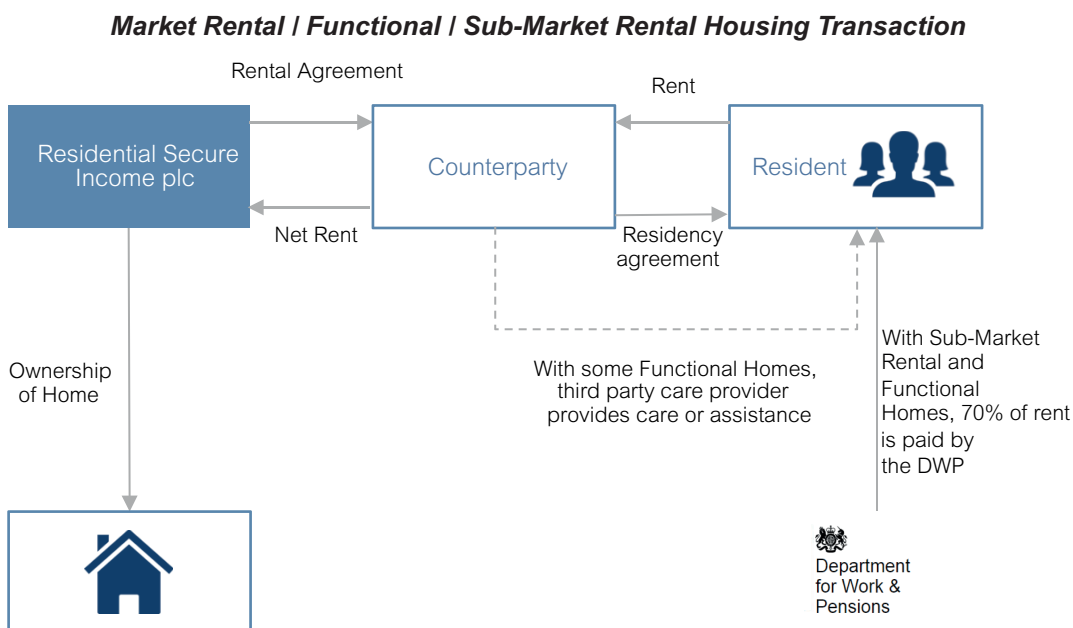
- **Market Rental Homes**

Market Rental Homes are properties being made available to Residents at a market rent.

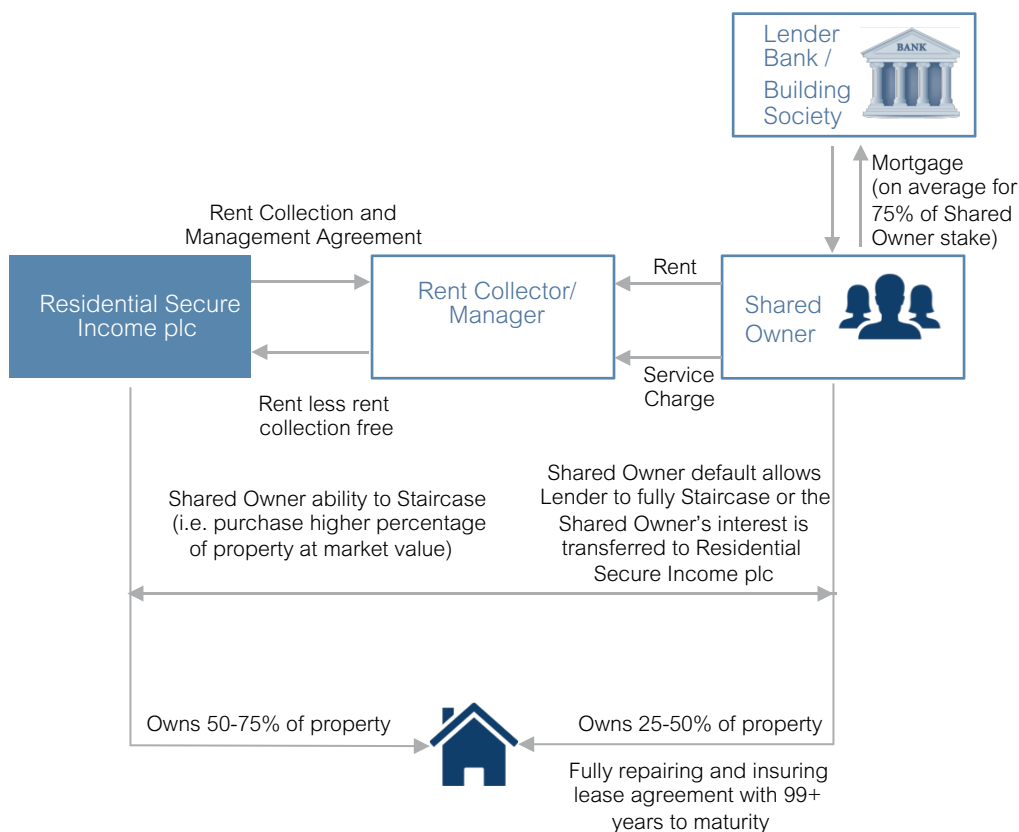
In order that long term debt funding is put in place that is of investment grade equivalent credit strength the Fund Manager anticipates entering Rental Agreements in respect of Market Rental Homes with Statutory Registered Providers, Universities and Reputable Private Landlords, typically for a term of 20 years or over.

**Management, operation and arrangements in respect of the Homes**

The typical key management and operations of Homes to be acquired by the Company are shown diagrammatically below.



### Shared Ownership Transaction



The Fund Manager expects the principal arrangements, in respect of any Home, to be as follows:

	<b>Shared Ownership Homes</b>	<b>Market Rental Homes, Functional Homes and Sub-Market Rental Homes</b>
<b>Contractual structure</b>	<p>The Group will enter into a Shared Ownership Lease with the Shared Owner and a Rent Collection and Management Agreement with a Statutory Registered Provider acting as Rent Collector/Manager.</p> <p>The freehold interest in the Shared Ownership Home may be held by the Group or a third party (in which case the Group will have a long leasehold interest).</p>	<p>The Group will enter into a Rental Agreement with the relevant Counterparty and, in the case where the Rental Agreement is a Nominations Agreement and the Nominator has not agreed to manage the Home, a Rent Collection and Management Agreement.</p>
<b>Term</b>	<p>The Fund Manager expects the Shared Ownership Leases to be separate long leasehold arrangements (i.e. 99 years or over).</p>	<p>In order that long term debt funding is put in place that is of a credit strength equivalent to investment grade based on published rating agency methodologies, the Fund Manager expects the Rental Agreements for Market Rental Homes and Functional Homes to be long-term arrangements, typically 20 years or over.</p>

	<b>Shared Ownership Homes</b>	<b>Market Rental Homes, Functional Homes and Sub-Market Rental Homes</b>
<b>Management and rent Collection</b>	<p>The Rent Collector/Manager will manage the Shared Ownership Home (including staircasing) and will be responsible for collecting the rent.</p> <p>The Rent Collector/Manager will not take credit or void risk on the Shared Owner, which remains with the Company.</p>	<p>All management and rent collection obligations will be outsourced under either the Rental Agreement or a Rent Collection and Management Agreement.</p> <p>These services include tenancy/lease allocations, rent and service charge setting and collection.</p>
<b>Maintenance</b>	<p>The Shared Owner, who is incentivised to do so through its interest in the Shared Ownership Home, will be responsible for maintenance of their Shared Ownership Home.</p> <p>The Shared Owner will also pay a service charge in relation to, among other things, any common parts and structure to the freehold owner.</p>	<p>As with management and rent collection obligations, all maintenance obligations will be outsourced under either the Rental Agreement or a Rent Collection and Management Agreement.</p> <p>These services include responsive, cyclical and capital maintenance works.</p>
<b>Rental income</b>	<p>The annual amount charged to a Shared Owner is set at the start of a Shared Ownership Lease, typically at a submarket rent, and contractually increases in line with inflation, typically annual RPI increase plus 0.5 per cent.</p> <p>The Rent Collector/Manager will typically make monthly payments to the Group consisting of the gross rent received from Shared Owners under their Shared Ownership Lease less the agreed amounts charged by the Rent Collector/Manager in respect of rent collection and management services.</p>	<p>The Fund Manager envisages the Rental Agreements benefitting from inflation-linked payments.</p> <p>The Counterparty to the Rental Agreement will be obliged to make a periodic rental payment to the Group in respect of each Home(s) due under the Rental Agreement comprising:</p> <ul style="list-style-type: none"> <li>• Leases will be for contracted inflation-linked amounts;</li> <li>• Occupancy Agreements will be for a base rent plus potentially performance based rent; and</li> <li>• Nominations Agreements, will comprise the gross rent paid by the relevant Residents less, where the Nominator has agreed to manage the relevant Home, the agreed amounts in respect of rent collection, management and maintenance.</li> </ul>

	<b>Shared Ownership Homes</b>	<b>Market Rental Homes, Functional Homes and Sub-Market Rental Homes</b>
<b>Resident Rent setting and inflation</b>	N/A	<p>Amounts charged to Residents by Counterparties will, in the case of Rental Agreements comprising:</p> <ul style="list-style-type: none"> <li>• Leases, be set by the Counterparty exclusively (who has a fixed payment obligation to the Group under its Lease);</li> <li>• Occupancy Agreements, be set by the Counterparty in discussion with the Group; and</li> <li>• Nominations Agreements, be set by the Counterparty in discussion with the Group.</li> </ul> <p>To the extent in control of the Group, the annual amount charged to Residents will increase in line with inflation, subject to all applicable law and guidelines (e.g. those of the relevant Social Housing Regulator in the case of Sub-Market Rental Homes).</p>

### **Registered Provider status**

ReSI Housing Limited, a wholly owned subsidiary of the Company incorporated on 22 May 2017, submitted a preliminary application to the HCA on 30 May 2017 to apply for Registered Provider status. ReSI Housing Limited has no subsidiaries and has not yet commenced business or engaged in any other activities. Once Registered Provider status has been granted by the HCA, ReSI Housing Limited, together with any of its Subsidiaries, will be regulated by the HCA. While the acquisition pipeline over the next nine months is not dependent on ReSI Housing Limited being granted Registered Provider status, the Company expects that having a Registered Provider within the Group will facilitate the Fund Manager's discussions with potential vendors of certain assets, who may prefer assets to be owned by a new owner whose regulatory environment emphasises good governance and financial viability.

### **Pipeline assets**

The Fund Manager has access to a strong pipeline of potential investments and is engaged in discussions with a number of owners of portfolios of Homes, sourced by the Fund Manager off-market through its extensive network of contacts and relationships. In particular, the Fund Manager has entered into advanced negotiations on behalf of the Company in respect of the acquisition of around 1,350 Homes in South-East England, comprising a portfolio of Shared Ownership Homes and a portfolio of forward funded Homes that are intended to be let as Shared Ownership Homes, for an aggregate amount of approximately £263 million.

Each of these potential acquisitions is subject to satisfactory completion of negotiations and due diligence by the Fund Manager and its professional advisers and there can be no certainty that the Company will complete any of these acquisitions, or that the Company will complete any of the transactions in its investment pipeline. Due diligence will include, amongst other things, undertaking stock condition surveys before acquiring all Homes and ensuring that surveyors confirm that such Homes meet current and expected updated regulations.

The Company currently expects the Fund Manager to be able to deploy the Net Issue Proceeds within nine months of Admission. Once Net Issue Proceeds have been fully deployed and leveraged, the Company may consider raising further equity and debt financing in order to fund new investments.

## **Dividend policy**

### **General**

The Company is targeting, on a fully invested and geared basis, a dividend yield of 5 per cent. per annum<sup>(2)</sup> based on the Issue Price, which the Company expects to increase broadly in line with inflation. It is the Company's intention to pay dividends to Shareholders on a quarterly basis and in accordance with the REIT Regime.

Following Admission, the Company is targeting a dividend of at least 3 per cent. for the first financial period from Admission to 30 September 2018 and the Directors expect to declare the first dividend in relation to the period ending 31 December 2017.

As a REIT, the Company will be required to meet a minimum distribution test for each accounting period that it is a REIT. This minimum distribution test requires the Company to distribute a minimum of 90 per cent. of its income profits for each accounting period, as adjusted for tax purposes. Further details of the tax treatment of an investment in the Company are set out in Part 6 of this Prospectus.

### **Dividends**

When the Company pays a dividend, that dividend will be a PID to the extent necessary to satisfy the 90 per cent. distribution condition. If the dividend exceeds the amount required to satisfy that test, then depending on all the circumstances the REIT may determine that all or part of the balance is a Non-PID Dividend. Subject to certain exceptions, PIDs will be subject to withholding tax at the basic rate of income tax (currently 20 per cent.). Further details of the United Kingdom tax treatment of certain categories of Shareholder while the Company is in the REIT Regime are contained in Part 6 of this Prospectus.

If the Company ceases to be a REIT, dividends paid by the Company may nevertheless be PIDs to the extent they are paid in respect of profits and gains of the Property Rental Business whilst the Company was within the REIT Regime.

### **Further issue of Ordinary Shares**

The Directors have the ability to issue further Ordinary Shares after Admission for the future growth of the Company. The Board will have authority to issue further Ordinary Shares representing up to 20 per cent. of the Company's issued Ordinary Share capital immediately following Admission, until the first annual general meeting of the Company.

Under the Articles and the CA 2006, further issues of Ordinary Shares, of whatever class, for cash will be subject to pre-emption rights conferred on existing Shareholders, save to the extent these rights have been disapplied by a special resolution. Shareholders' pre-emption rights over the unissued share capital have been disapplied up to 20 per cent. of the share capital of the Company immediately following Admission, to retain flexibility to issue new Ordinary Shares to investors and to the Fund Manager in relation to such part of the Fund Management Fee as the Company has agreed to issue new Ordinary Shares. Therefore, the Board will not be obliged to offer such new Ordinary Shares to Shareholders pro rata to their existing holdings. However, no Ordinary Shares will be issued at a price less than the Net Asset Value per Share existing at the time of issue.

### **Continuation vote**

The Company has an unlimited life. However, in accordance with its Articles, the Board will propose an ordinary resolution for the Company to continue in its current form to Shareholders at the AGM following the fifth anniversary from Admission, and at the AGM held every five years thereafter. If the resolution is not passed, the Directors intend to formulate proposals to be put to Shareholders within six months of such resolution being defeated for the reorganisation or reconstruction of the Company.

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(2) This is a target only and not a profit forecast. There can be no assurance that the target can or will be met and should not be taken as an indication of the Company's expected or actual future results. Accordingly, potential investors should not place any reliance on the target in deciding whether or not to invest in the Company or assume that the Company will make any distributions at all and should decide for themselves whether or not the target dividend yields are reasonable or achievable.

## **Discount management**

### ***Purchases of Ordinary Shares by the Company in the market***

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

The timing, price and volume of any buybacks of Ordinary Shares will be at the discretion of the Directors and is subject to the working capital requirements of the Company and the Company having sufficient surplus cash resources available. Accordingly, no expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions. In deciding whether to make any such repurchases, including the timing, volume and price of such repurchases of Ordinary Shares, the Directors will have regard to the Company's REIT status and what they believe to be in the best interests of Shareholders as a whole and in compliance with the Articles, the Listing Rules, CA 2006 and all other applicable legal and regulatory requirements. Under the Listing Rules, 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 repurchase is made; or (ii) the higher of the price of the last independent trade and the highest current independent bid for Ordinary Shares.

Subject to applicable law, the Directors have been granted Shareholder authority to make market purchases of up to a maximum of 14.99 per cent. of the aggregate number of Ordinary Shares in issue immediately following Admission, such authority expiring at the conclusion of the first annual general meeting of the Company or, if earlier, eighteen months from the date of the Shareholders' resolution pursuant to which such authority was granted. The Board intends to seek Shareholder approval to renew its authority to make market purchases of its issued Ordinary Shares at the first AGM to be held in December 2017 and at each subsequent AGM thereafter.

### ***Treasury shares***

The Company is permitted to hold Ordinary Shares acquired by way of market purchase in treasury, rather than having to cancel them. Such Ordinary Shares may be subsequently cancelled or sold for cash. Holding Ordinary Shares in treasury would give the Company the ability to sell Ordinary Shares from treasury quickly and in a cost efficient manner, and would provide the Company with additional flexibility in the management of its capital base. However, unless authorised by Shareholders by special resolutions, the Directors will not sell Ordinary Shares out of treasury for cash at a price below the prevailing Net Asset Value per Share unless they are first offered pro rata to existing Shareholders. The Company will not hold treasury shares in excess of 10 per cent. of the Ordinary Share capital of the Company, from time to time.

### ***Meetings, Reports and Accounts***

The audited accounts of the Company will be prepared in Sterling under IFRS. The Company's annual report and accounts will be prepared up to 30 September each year, with the first accounting period of the Company after Admission commencing on Admission and ending on 30 September 2018. It is expected that copies of the report and accounts will be sent to Shareholders by the end of January each year. Shareholders will also receive an unaudited half-yearly report covering the six months to 31 March each year, which is expected to be dispatched within the following three months. Given the long first accounting period, the first interim report will be prepared for the period from Admission to 31 December 2017 and will be sent to Shareholders by the end of March 2018. The Company's annual report and accounts and the Company's unaudited half-yearly report each year will be available on the Company's website, [www.resi-reit.com](http://www.resi-reit.com), on the date that hard copies are dispatched to Shareholders and publication of such documents will be notified to Shareholders by means of an announcement on a Regulatory Information Service.

The Company intends to hold its first AGM in London in December 2017.

### ***Calculation and publication of Net Asset Value and Net Asset Value per Share***

Valuation of Homes will be calculated by a Valuation Agent on a quarterly basis in accordance with Market Value subject to existing Tenancies methodology (MV-T), as more particularly described in Part 2 of this Prospectus.

The Net Asset Value and Net Asset Value per Share will be calculated quarterly by the Administrator in consultation with the Fund Manager and any relevant professional advisers, and will be presented



to both the Fund Manager and the Board for their approval and adoption. Calculations are made in accordance with IFRS and, unless the Board determines otherwise, in accordance with EPRA's best practice recommendations. Details of each quarterly Net Asset Value and Net Asset Value per Share will be announced by the Company through a Regulatory Information Service and will be available on the Company's website as soon as practicable after their adoption. In addition, the calculations will be reported to Shareholders in the Company's annual report and interim financial statements.

The Board may determine that the Company shall temporarily suspend the determination of the Net Asset Value and Net Asset Value per Share when the prices of any investments owned by the Company cannot be promptly or accurately ascertained. Any suspension in the calculation of the Net Asset Value and Net Asset Value per Share will be notified to Shareholders through a Regulatory Information Service as soon as practicable after such suspension occurs.

### **REIT Status**

Once it has satisfied the conditions for entry into REIT Regime and served an election notice under Part 12 of the CTA 2010, the Company will have a tax efficient corporate structure with the consequences for UK Shareholders described in detail in Part 6 of this Prospectus. As a REIT:

- the Company should not be subject to UK corporation tax on profits and gains from its Property Rental Business; and
- the Company is required to distribute to Shareholders at least 90 per cent. of the income profits arising from the Property Rental Business as calculated for tax purposes by the filing date of the Company's corporation tax return.

Under the REIT Regime, a tax charge may currently be levied on the Company if it were to make a distribution to a Substantial Shareholder. 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.

## PART 2

# BACKGROUND TO THE UK SOCIAL HOUSING AND RENTAL ACCOMMODATION MARKET



22 June 2017

The Directors,  
Residential Secure Income Plc,  
5 Old Bailey,  
London  
EC4M 7BA

For the attention of: The Chairman

The Directors,  
ReSI Capital Management Limited,  
21 Great Winchester St,  
London,  
EC2N 2JA

For the attention of: The Chairman

Jefferies International Limited,  
Vintners Place,  
68 Upper Thames Street,  
London,  
EC5V 3BJ

For the attention of: Stuart Klein

Dear Sirs,

Jacqui Daly  
E: [jdaly@savills.com](mailto:jdaly@savills.com)  
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## UK HOUSING MARKET COMMENTARY

### RESEARCH AS AT 22 JUNE 2017

The Directors of Residential Secure Income Plc (ReSI) have instructed Savills Advisory Services Limited (Savills) to provide a report setting out a market commentary in relation to the UK housing market for inclusion in this Prospectus. In accordance with this instruction, we have provided independent market commentary on the supply and demand dynamics impacting on the UK housing market, in particular focusing on those residential asset classes owned by UK providers of social housing which we set out below and understand to be the investment focus of ReSI.

We confirm that we are not aware of any conflict of interest that may prevent us from providing you with this information.

For the purposes of this document the collective term for Local Authorities (LAs), Housing Associations (HAs) and Arms Length Management Organisations (ALMOs) will be Statutory Registered Providers (SRPs). This commentary discusses the UK housing market and encompasses residential asset classes that comprise the stock of Statutory Registered Providers, primarily being those in the UK social housing sector but also other sectors that SRPs have branched into including market rented accommodation, care and other specialist accommodation. It sets out the rationale and scale of the opportunity to invest in such residential property. For these purposes we categorise these residential asset classes as follows: shared ownership housing, market rental housing, functional housing (sheltered and supported housing) and sub-market rental housing.

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

Savills Advisory Services Limited. A subsidiary of Savills plc. Registered in England No. 06215875  
Registered office: 33 Margaret Street, London, W1G 0JD

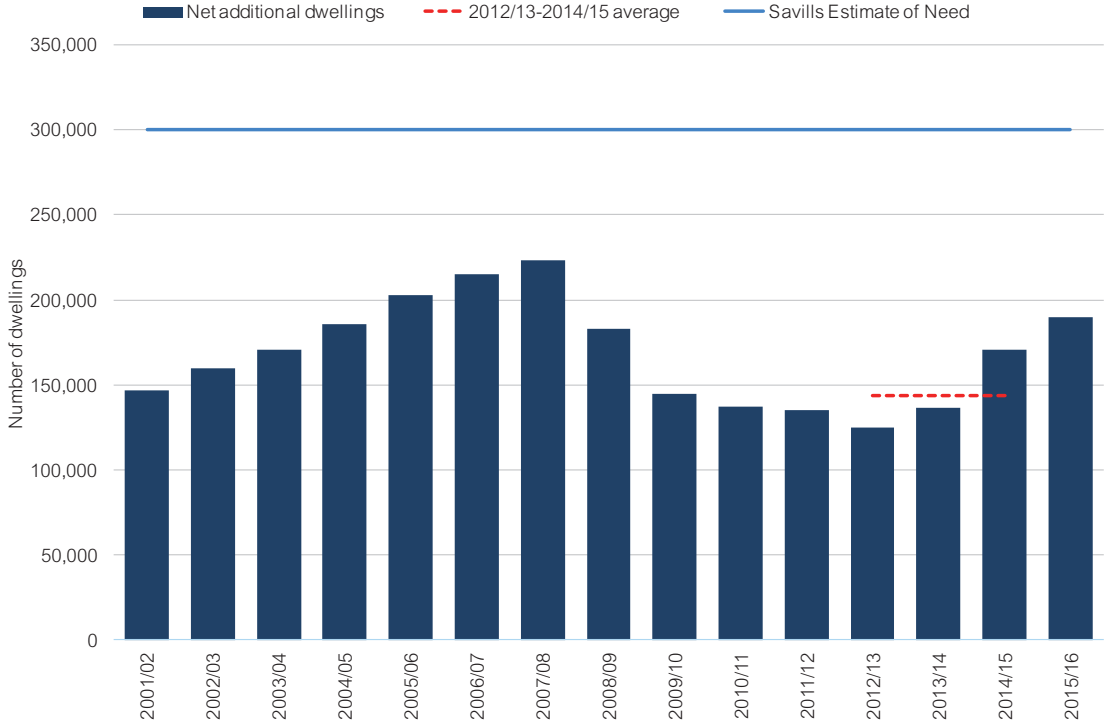
According to the Department for Communities and Local Government (DCLG), there were 23.5 million dwellings in the UK as at 1 April 2015. This housing stock is made up of 19.4 million private homes and 4.1 million social housing units. Of the private homes 4.3 million are rented privately and 15.1 million are owner occupied. Of the social housing units, 2.45 million are owned by HAs and 1.65 million owned by LAs. We estimate that there are around 200,000 shared ownership units, 1 million functional housing units (sheltered and supported housing) and in addition the university sector own approximately 320,000 student bed units which are let on private tenancies.

**1. The Market Context**

**1.1 Shortages in the UK Housing Market**

The UK faces a long-term structural undersupply of housing across all housing sectors. Savills estimate a need for 300,000 net additional dwellings per year, which is based on an assessment of a range of government and professional bodies’ analysis including the Town and Country Planning Association (TCPA). Actual housing delivery is much lower: there were 144,000 net additional dwellings each year on average in England and Wales between 2012/13 and 2014/15, indicating a shortfall of 156,000 homes per annum. This level of delivery compares to an average annual delivery of approximately 340,000 completions across the UK during the 1960s and 1970s.

**Housing Supply and Need, England**



Source: TCPA, DCLG, Savills.

As at April 2016, there were 1.1 million households on local authority housing waiting lists seeking low cost rental accommodation.

These shortfalls, together with rising pressures on the housing market, mean that housing has risen up the political agenda. The Government had announced a housing delivery target of 1 million homes by the end of 2020. When this target was announced it corresponded to an annual target delivery of 200,000 homes per year. However, since then delivery has been below this level, which means that housing development will have to accelerate to meet the last Government’s development commitment. Following this year’s election the new Government is unlikely to reduce that target and will most likely extend it. The 2017 Conservative party manifesto reaffirms the 2020 target and extends the target to a further 500,000 homes by 2022.

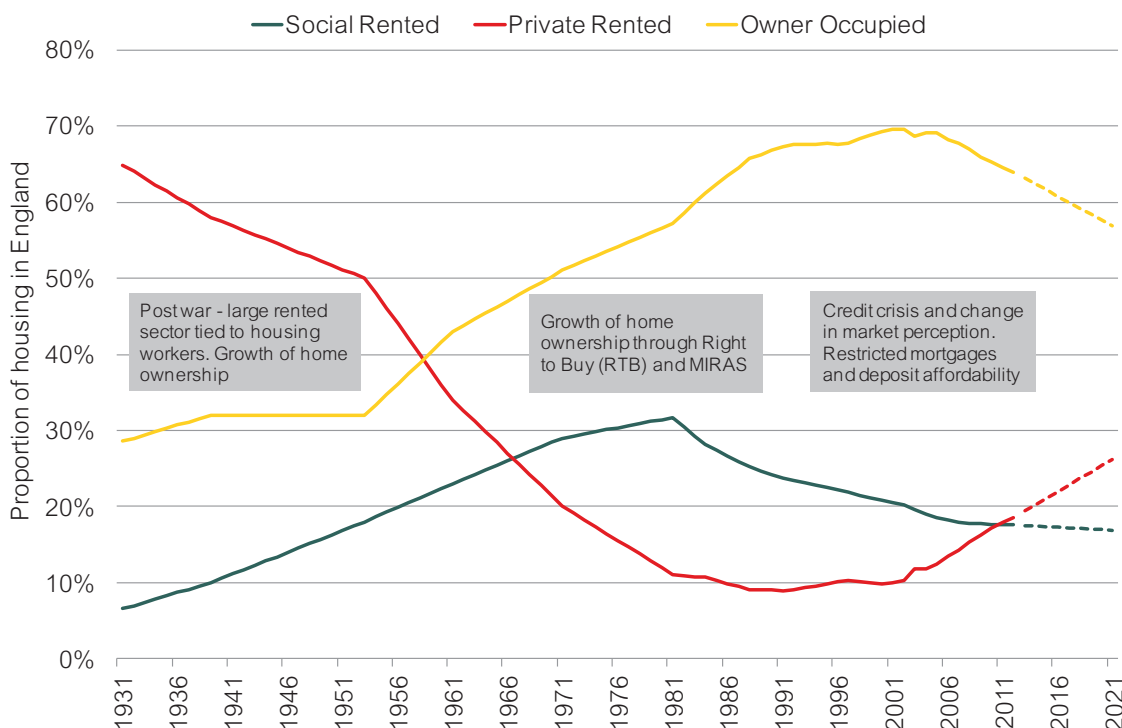
Investment in the full range of housing sectors is increasingly recognised by Government as necessary in order to increase housing supply and meet these higher targets. There is also increasing recognition of the role that institutional investment can play, both in terms of

accelerating housing delivery and increasing the capacity for SRPs to deliver new homes at scale across a range of sectors.

The publication in February 2017 of the Housing White Paper, *Fixing Our Broken Housing Market*, is part of the Government's efforts to accelerate housing supply. It includes the encouragement of institutional money into the housing sector to assist in accelerated delivery and further professionalise the rented sector. The Shared Ownership and Affordable Homes Programme ring fences £4.7 billion of grant, both for the delivery of shared ownership (£4.1 billion) and sheltered, supported and affordable rented homes (£0.6 billion).

Prior to the Second World War, private renting was how most people occupied homes in the UK, with most housing stock being owned by institutions and corporates. The sector declined through most of the 1900's due to tightening rent regulation and legislation (rent control and security of tenure) which made it difficult for landlords to repair and maintain their investments and to achieve an economic return. As stock became old and in need of repair, there was a mass exodus of corporate landlords from the market. During the 1960s the Government introduced support for home ownership through mortgage tax relief (which later became MIRAS) in the private housing sector and 'Right to Buy' in the local authority social housing sector and this led to very strong and rapid growth in owner occupation.

### Long Term Tenure Trends, England



Source: DCLG, Savills.

The attractiveness of the market rental sector (or PRS) to investors and landlords started to improve during the 1990s as the Government eased the regulation of rents and reduced tenants' rights of occupation. The subsequent introduction of buy-to-let mortgage lending broadened the market to a wider range of investors who typically invested in small scale, sub 10 unit portfolios, allowing the sector to grow. Since then the PRS market has grown substantially while both the social rented and owner occupied markets have declined as a proportion of the total housing market. In 1991 just 9% of households were renting privately; this has more than doubled to 19% in 2015-16 which is the latest dataset available.

In the first time buyer market, as part of lending banks' tougher lending criteria, higher deposit requirements have significantly raised the barrier to entry for potential buyers, resulting in much lower mortgage approval rates for house purchases. From a peak of 1,400,000 mortgage approvals in 2006 only 799,000 mortgages were approved in 2016. Home ownership is increasingly difficult to achieve given declining affordability and so we expect the proportion of households renting privately to continue growing. This is illustrated by the chart above which predicts that the market will expand to 25% of all households by 2020.

## 1.2 **Financing the Social Housing Sector**

Historic funding structures for HAs have changed in recent years with the decline of Government capital grant money which has changed the landscape for the provision of new social housing in the UK.

The Government sponsored a huge programme of Council house building in the post second world war period and Council's continued to build the majority of public sector housing up to the 1970s. Throughout the 1960s and 1970s a huge amount of local authority owned social, and supported, housing was delivered with the help of Government capital grants, accounting for as much as 50% of annual house building. This encouraged strong and consistent growth of the social housing sector, which accounted for over 30% of households in the country at its peak.

Housing Associations became more dominant in housebuilding from the 1970s and from 1974 to 1988 HAs enjoyed government grants up to 100% of the cost of development and as a result the HA sector grew significantly. From 1988 and the introduction of the mixed funding model, Government grant has declined with HAs taking on more debt to facilitate development. The erosion of grant and increase in debt means some individual HAs are approaching gearing limits but the sector as a whole retains borrowing capacity.

During the 1990s, the impact of 'Right to Buy' that was applied to council housing resulted in a contraction of the social rented sector, which has continued ever since, despite a steady supply of new homes by HAs.

During this period, as the Housing Act 1988 allowed housing associations to borrow private finance on a significant scale, this in turn saw the creation of the Large Scale Voluntary Transfer process. This enabled the sale (subject to tenant ballot) of former Council housing to HAs in transactions that were privately financed. The purchase costs were generally low reflecting repair backlogs at the time.

Over the past ten years HAs have built and acquired through s106 an average of 30,000 new units each year. In total, Government grant forms 29% of housing association capital funding at present (i.e. capital grant as a percentage of total grant plus debt on HAs balance sheets).

Need for social housing is strong and growing with approximately 1.1 million households on local authority waiting lists. Increased delivery from the housing association and local authority sector is essential in order to meet this housing need and this is recognised in the Government's Housing White Paper, and evidenced in increased grant for affordable housing.

The 2016-21 National Affordable Housing Programme (NAHP) has ring fenced £4.7 billion to help fund housing development by SRPs and other for-profit organisations. The original intention was that 90% of the programme would go towards the delivery of over 135,000 shared ownership homes with a small proportion of funding going into affordable rented housing and supported (functional) housing. The Government has since recognised the importance of supply of all tenures and seeks broad delivery across a range of housing sectors. The level of public funding available has been cut over recent years and these new measures represent a quick injection of funds to accelerate housing association delivery in the short term.

The social housing sector has long been perceived as low risk by investors. Large tranches of subsidy from central government have backed the majority of development, which over the years has helped HAs to establish strong asset bases. The sector enjoys a reliable rental stream, of which 55-65% is under-pinned with housing benefit. Historically, void risk has been very low in this sector with HAs typically providing for less than 1% irrecoverable bad debts per annum, although the effect of welfare reform may be to increase this.

In addition the sector is regulated by the Social Housing Regulator. Of the handful of HAs that have faced significant financial difficulty, regulatory intervention has secured the financial position. Notably no private lender has ever borne financial losses in providing finance to housing associations in the UK.

Large HAs (over 30,000 units) and medium size HAs (over 8,000 units) have typically obtained a strong investment grade credit rating<sup>(1)</sup>, reflecting the strength of the asset base and perceived low risk business model, underpinned by government support, which before the financial crisis attracted banks and building societies who provided the sector with long term debt capital totalling approximately £60 billion. At that time, this finance was offered at attractive margins of as low as 20-30bps over LIBOR and for up to 30 years or more.

Following the financial crisis, changes in market conditions combined with stricter regulatory requirements impacting on lenders have restricted banks from providing long term finance. HAs have increasingly turned to the capital markets as an alternative funding route. Institutions with long term liabilities, such as insurers and some large pension funds, have filled the void left by the banks by offering fixed rate or inflation linked debt for 30-40 years at margins of between 100-150bps over gilts. Demand from insurers for long term fixed rate and inflation linked assets has increased since the financial crisis as more pension liabilities move from corporates to bulk annuity insurance providers.

More recently, with the introduction of the Solvency II regime for EU insurers, the demand for assets that fit their regulatory models has been even greater. Capital market issuances have risen dramatically since the onset of the banking crisis with current public bonds and private placements issues by HAs in excess of £15 billion.

This, combined with the credit history of HAs discussed above and a regulatory regime focused on preserving the no-loss credit history for HAs has increased the attractiveness of the social housing sector for insurers and pension funds.

In summary, HAs are not constrained by the availability of debt finance given the strong appetite from the capital markets, however, the reduction in grant funding means that those HAs with active development pipelines are reaching gearing limits, reducing the amount of development they can undertake.

### 1.3 ***The Emergence of Stock Rationalisation***

Of the 23.5 million households in the UK approximately 2.45 million are owned by HAs, and a further 1.65 million are owned by LAs. The total value of this social housing stock is estimated to be approximately £300 billion based on the Existing Use Value for Social Housing (EUV-SH) valuation methodology, which is described further in Section 2 of this report.

In 2008 the Housing Corporation issued a good practice toolkit that promoted stock rationalisation as an efficiency measure. Subsequently, the Homes and Communities Agency (HCA) encouraged HAs to understand asset value and demonstrate how it is used to underpin efficiency and growth. As a result, HAs started trading assets to rationalise their operating footprint, increase operating efficiency, and realise cash receipts from sales for reinvestment in development of new homes. HAs offering tenanted stock for sale became known as “the stock rationalisation market”. Since 2008, Savills has handled around 19,000 tenanted sales generating receipts in excess of £1 billion for vendors.

Stock rationalisation grew steadily until 2015 as HAs embraced asset efficiency. The market ebbs and flows depending on the property cycle of individual landlords and the sector. The rent cut announced in 2015 – 1% per annum from 2016 to 2020 – caused a temporary hiatus in the market. Higher rates of merger activity can also act as a temporary brake on stock rationalisation. The market returned in late 2016 as HAs recovered from the effect of the rent cut and re-entered the market, and a number of mergers completed. For example, Clarion (Affinity Sutton and Circle) has announced that they anticipate that the merger should lead to the disposal of up to 10,000 units.

Savills expects the stock rationalisation market to grow on the back of recent merger activity as HAs seek to release value from their asset base giving rise to investment opportunities.

### 1.4 ***Scale of Investment Potential and Scope for Growth***

The focus of the Government's Housing White Paper is on the delivery of a wide range of tenures. Housing Associations' core purpose remains to provide sub-market accommodation to

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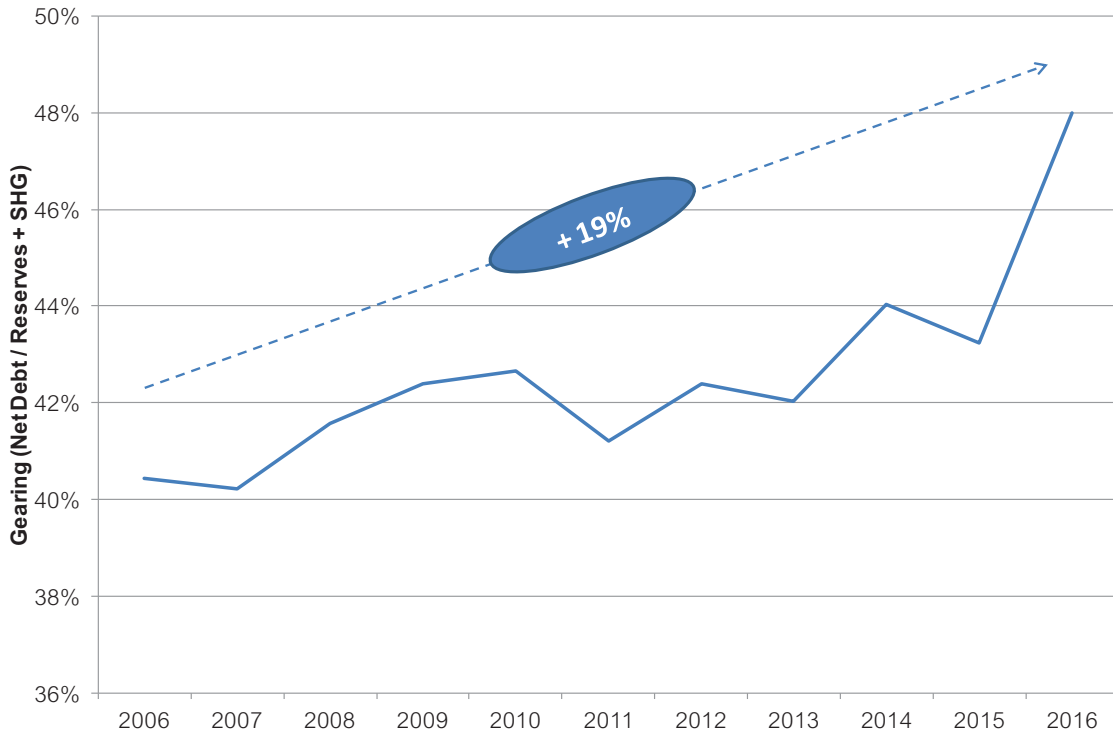
(1) Credit rating agencies quantify the implied government support of the Housing Association sector by typically providing a two notch credit uplift to the credit of the underlying entity on a stand-alone basis.



low income groups. However the reduction of new UK Government grant is encouraging HAs to seek new alternative financing routes to support their development targets.

The focus of more recent Government policy has moved away from the delivery of social and into market facing delivery to generate profits to cross subsidise affordable supply. As the levels of debt taken on has increased to cope with the reduced grant funding, gearing has steadily increased across the sector from 41% in 2006 to 48% in 2016<sup>(2)</sup>. Some HAs are reaching their natural borrowing limits. Increasing leverage is restricting development capacity and encouraging HAs to adapt by diversifying into other activities to cross subsidise development of 'general needs' social homes. The desire of government to maximise the output of new development per unit of public grant by requiring HAs to cross subsidise remains a stated requirement of the 2016-21 National Affordable Housing Programme.

**Evolution of total HA gearing**



Source: Homes and Communities Agency.

These circumstances, and the competing demand of government that HAs materially increase their contribution to housing supply, are encouraging them to recycle assets in order to re-invest in new developments without exceeding their borrowing constraints. This has led to an increase in lending to non SRP or For-Profit Special Purpose Vehicles within HA groups, and the use of Joint Ventures to share the cost, risk and reward of development with third parties. As a result the potential exists for new market entrants, including equity investors, to participate in the acquisition and development of social housing assets.

Similarly, many Local Authorities in the UK are focusing on increasing housing stock in their jurisdiction and are seeking capital to facilitate this development and create new revenues streams for LAs to offset reductions to Revenue Support Grant funding from the UK Government. Capital may be accessed from the PWLB or third party sources.

Whereas Local Authorities traditionally fund housing developments through their Housing Revenue Account (which requires all revenues and capital receipts to be spent only on future housing). LAs are increasingly looking to create developments having a mixture of ownership by establishing local housing companies outside of the HRA. Where the housing companies comprise a joint venture with a third party the likelihood of Right-to-Buy being reinstated is significantly diminished, encouraging LAs to develop sub-market products on their own land

(2) Measured on Net Debt/(Net Debt + Reserves + Capitalised Grant).

using external capital and expertise. This should be the driver for more joint ventures and public private partnerships in the future.

In summary, long term private capital could enable many SRPs to increase their delivery of new housing.

## **2. Valuation Approach**

There are two bases of value used in the valuation of social housing properties; Existing Use Value for Social Housing (EUV-SH) and Market Value (MV).

A “basis of valuation” means a definition, or a set of assumptions, laid down by the Royal Institution of Chartered Surveyors (RICS), the valuers’ professional body and regulator, which provides mandatory and best practice standards for the valuation profession. These standards and practice statements are set out in the RICS Valuation – Professional Standards 2014, widely known as the Red Book.

Which approach depends very much on the circumstances of the properties being valued and this is further influenced by prevailing legislation and regulation.

### **2.1 Existing Use Value for Social Housing (EUV-SH)**

Existing Use Value for Social Housing (EUV-SH) is unique to social or affordable housing. It has been used for nearly 30 years, since the introduction of large scale stock transfers which involved local authorities transferring their housing stock to new Housing Association landlords in privately-financed transactions. The approach is used for loan security purposes where funders want to know the worth of the assets assuming a sale to another SRP which will continue to use the properties for social housing.

The current definition is built upon the principles of Market Value and assumes a hypothetical sale, involving a mortgagee in possession or a SRP, to another SRP, on the assumptions that:

- the stock will continue to be let at affordable rents in perpetuity;
- will be managed in accordance with the regulator’s requirements; and
- void properties will be re-let and not sold with vacant possession.

A package of deregulatory measures affecting SRPs of social housing was introduced in the Housing & Planning Act (HPA) 2016 and enacted through secondary legislation on 6 April 2017. These include in particular the removal of the consent regime administered by the HCA for asset disposals, amongst other measures. Whilst consent has been removed, the disposing RP still has to notify the regulator after the sale has occurred. In light of this a new definition of EUV-SH is under discussion with the RICS and other stakeholders but it is likely to continue to reflect the constraints of a regulated sector, including the levels of rent at which properties may be let.

EUV-SH typically produces opinions of value which are lower than Market Value with vacant possession (MV-VP). The difference is greatest in areas of the country with high market values and market rents; and smaller in areas of the country with low market values and rents.

The established methodology for arriving at an opinion of EUV-SH is a discounted cash flow, which allows the valuer to capture the many variables affecting the letting, management and operation of social housing and to set these out transparently over the long term. There has not been significant variation in the discount assumptions used for EUV-SH valuations over the last 10 years, which implies a degree of rental yield stability for social housing. Valuers will also have regard to comparable transactions (where evidence is available) and the relationship between EUV-SH and Market Value with vacant possession.

### **2.2 Market Value**

The second basis of valuation is Market Value.

(MV), which is the formal valuation basis in the Red Book. It is often referred to as ‘Market Value Tenanted’ (MV-T) or ‘Market Value Subject to Tenancies’ (MV-STT). Within this commentary we refer to MV as MV-T.

When a valuer provides an opinion of market value on any residential or commercial property asset, it is normally the case that the property is valued as found, including any leases or

tenancies in place. Thus, for example, a valuer looking at a retail property let to a tenant would not (unless specifically instructed to do so) ignore the lease, but would value subject to that tenancy. The valuation of rented housing follows the same principle, i.e. it reflects a tenancy where one exists.

MV-T differs from EUV-SH in that the purchaser is assumed to be operating outside the regulated sector and is therefore free to approach the properties in a way which reflects the circumstances of the market.

Theoretically, an RP could sell tenanted stock on the open market without consent. In practice MV-T is only really available to a mortgagee in possession (or acting upon an enforcement) who is outside the regulatory regime. A purchaser from a mortgagee in possession would also not be subject to regulation and so could operate the stock in a commercial manner. This may mean raising rents; managing and repairing in line with commercial standards rather than those expected of an RP; and a more active asset management approach. Such an approach may tend to drive out a higher value.

MV-T has traditionally been assessed in two ways; firstly by applying a discount to Market Value with Vacant Possession ("MV-VP") and secondly by applying a yield to rental income (Initial Yield). More recently, Discounted Cash Flow (DCF) techniques have come to the fore for large portfolios.

Traditionally, the valuation of properties and portfolios subject to Assured and Secure tenancies has been carried out with reference to comparable evidence from the sales of similar tenanted portfolios and individual units which are sold subject to Protected Tenancies or Assured Shorthold Tenancies. Such methodology assumes that the property will be let out to the existing tenants until they depart, and then will be sold on the open market with vacant possession. The discount to MV-VP varies and will depend on factors such as the quality of the portfolio / properties, the location of the properties and the strength of the market at the point of sale, as well as the strength of the income stream.

However, this approach tended to be used on smaller portfolios. Social housing portfolios are much larger and of a scale where purchasers are more likely to need an explicit understanding of the long term income profile. This, along with significant interest in the private rented sector from institutional investors, both domestic and international, is creating a situation in favour of DCF to suit both the change in the profile of investor and the type of product that is emerging in the UK market.

Investors in market rent and especially those investing in new purpose built rented stock encompass a wide group of investors such as HAs, UK Pension and Insurance Companies, Overseas Institutions, Sovereign Wealth and Family Offices. These investors are investing in market rent to access the long term income that derives from residential investment. As such they are less motivated by potential capital growth and vacant possession values. This means that the traditional Market Value approach which assumes a discount to vacant possession is less appropriate to this new emerging investment market.

In response to the changing market, the RICS published an Information Paper entitled *Valuing Residential Property Purpose Built for Renting* in September 2014 describing the rationale for adopting other approaches to valuation. Institutions investing in blocks designed for market rent consider the Net Operating Income (NOI) approach to valuation more appropriate and aligned to commercial real estate investment markets in which they invest.

In the light of the recent consultations by the London Mayor's *Spatial Planning Guidance* (SPG) and the Government's White Paper *Planning and Affordable Housing for Build to Rent* we are likely to see an increasing number of blocks that have a restriction of use to the private rented sector for a finite period and blocks that have been designed for rent rather than owner occupation.

According to the RICS information note, where a residential property is restricted to market renting for a defined period, the value of the property is likely to reflect the potential income generated during the restricted period and the reversionary value at the point of release from the restriction. During the period of the restriction, a valuer may consider adopting an explicit discounted cash flow approach based on either the gross rents or the net operating income (NOI). If institutional investors play an increased role in the residential investment market, it is

anticipated that an analysis of NOI will become more common. This approach is widely adopted for other assets, such as affordable housing and student accommodation. It is also commonly adopted in the US for large residential apartment blocks, the so-called multi-family schemes.

### 3. Target Assets

ReSI is targeting the purchase of residential assets that comprise the stock of Statutory Registered Providers. These types of property can be categorised into four asset classes which are described individually below:

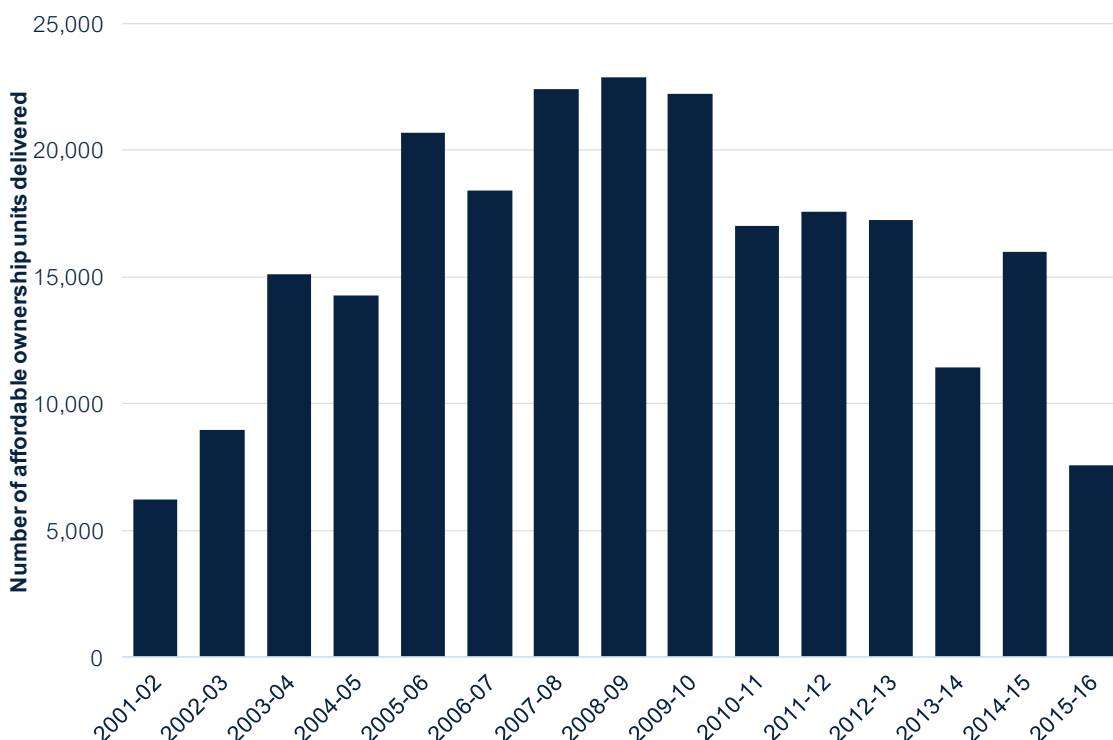
- Shared ownership housing;
- Market rental housing;
- Functional housing; and
- Sub-market rental housing.

#### 3.1 Shared Ownership Housing

Shared ownership emerged in the 1980s as an affordable tenure aimed at opening up home ownership to households with lower incomes and levels of savings. There are currently an estimated 200,000 shared ownership units and it has historically been small part of overall housing development.

However, as housing affordability becomes more constrained for potential buyers shared ownership has an increased capacity to fill the gap in housing provision across the UK. Shared ownership currently houses 0.8% of households in England and Wales and 0.5% of households in Scotland. Shared ownership is structured differently in Northern Ireland and does not hinge on specific properties built for shared ownership which means that it is more difficult to quantify its scale.

#### Historic Shared Ownership Delivery



Source: DCLG.

Although the Government's recent Housing White Paper stressed the need for more investment in the rental sector, increasing home ownership remains a strong policy driver. Shared ownership is placed to play a principal role in meeting these objectives.

The Shared Ownership and Affordable Homes Programme 2016 to 2021 lays out the Government's basic funding plans regarding shared ownership. The programme is designed to encourage greater involvement from private sector developers and financiers in delivering shared ownership. The measures put in place to do this include:

- Removing restrictions on the kind of organisations that can hold an interest in properties over the long term (i.e. extending management of shared ownership properties beyond SRPs); and
- Encouraging transfer models that allow parties who do not have a long term interest to apply for grant funding.

Removing these restrictions creates an opportunity for private providers to acquire shared ownership units through partnership with an SRP or using their own management platform.

The Government has currently ring-fenced £4.1 billion to support the delivery of 135,000 shared ownership units. This fund will be administered by the HCA. A large factor in grant allocation will be the likely affordability of units to local residents.

This anticipated scale of delivery represents a quintupling of annual shared ownership delivery over recent years. If delivered and occupied, it would increase the number of households living in shared ownership by 77% by 2021.

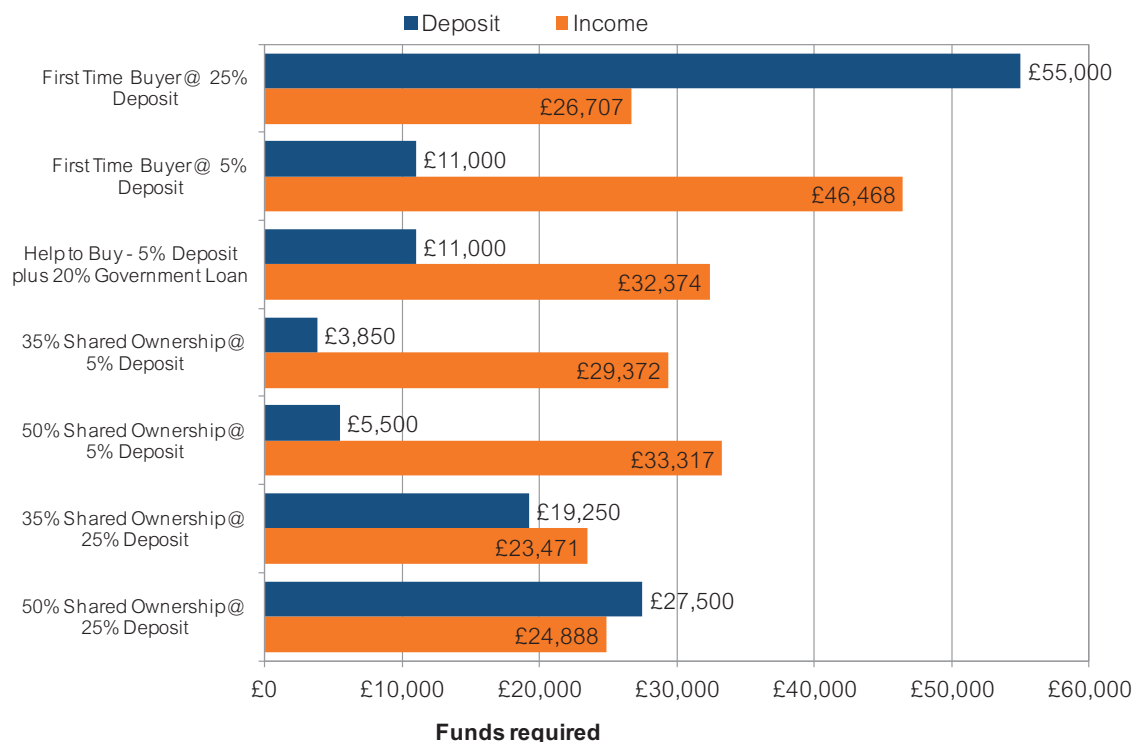
Buying a shared ownership property reduces the amount of deposit and mortgage required. However, the need to service both a mortgage and rent on the property drives up the size of the average household income required by potential purchasers. The following example sets out the different deposit and income requirements under various types of purchasing scenarios:

The average price of a home was £220,000 in the UK in the year to February 2017. A first time buyer with an average 25% deposit ratio would require £55,000 upfront. At the lowest possible 5% deposit ratio, the requirement for a first time buyer reduces to £11,000 but this benefit must be weighed against higher borrowing costs. By contrast a shared ownership purchaser would require a minimum deposit of only £3,850 for a 35% share of the property based on a 5% deposit. Rent is charged on the unsold equity in a shared ownership property. The average rent starts at 2.75% of the unsold equity (it is capped at a maximum of 3%) and typically increases by RPI+0.5% each year.

Whilst the average first time buyer would only need an income of £26,000 to service their mortgage the shared ownership buyer would need an income of approximately £30,000 in order to service the mortgage and the rent on the unsold equity. This figure does not take into account of the cost of any service charge or ground rent in either case.

In more expensive markets the value of the unsold equity is likely to be higher and so therefore is the rent. In markets like London, Cambridge and Oxford, this may mean that the income required to make the purchase affordable exceeds the upper income band imposed on shared ownership (£90,000 in London and £80,000 elsewhere).

## Income and Deposit Requirements of Different Forms of Purchase



Source: Savills Research \*all figures assume 30% of income spent on housing costs.

SRPs look set to deliver more shared ownership units with the help of central government finance and the cheap finance available through the capital markets. In 2015/16 SRPs were behind the delivery of 28% of shared ownership completions but 46% of starts. 45% of delivery continues to come from Section 106 agreements with very little of this development being supported by grant. Through Section 106 of the Town and Country Planning Act, local authorities can add planning obligations to specific developments. It is often used to require developers to provide a certain percentage of affordable or social housing in order to offset the burden that a new housing development can cause on local infrastructure.

Many HAs have rebalanced their development plans in favour of shared ownership in light of the Government imposed rent cut on general needs properties, which took effect from 2015. Under this regime social rent on general needs property has been reduced from RPI plus 0.5% to RPI minus 1.0% from 2015-2020, further reducing the profitability attached to developing general needs housing.

Shared ownership assets are managed differently in Northern Ireland. Unlike in Great Britain, shared ownership is not delivered specifically as a means of ownership. A prospective buyer can nominate their chosen property to the Northern Ireland Co-Ownership Housing Association and the association provides a shared equity scheme for the buyer.

It is not a well-established model in Northern Ireland but groups like 'First Steps' have been trying to increase its traction. The relative scale of the social sector is hard to pinpoint and the structure is less well established. This creates an opportunity for larger Housing Associations to define elements of the sector in Northern Ireland, although access to existing stock is likely to be limited by the current small scale of the shared ownership housing market.

### 3.2 Market Rental Housing

The market rented or private rented sector (PRS) is estimated to be worth over £1 trillion. The sector is growing rapidly across the UK with 20% of households now living in private rented housing. The rising demand for rented homes is creating an opportunity for institutional investors to provide rented homes as a long term real estate investment and some Housing Associations are developing for market rent in order to capture profitability and especially as part of mixed-use schemes.

At present the vast majority of private rental stock (98%) is tied up in the hands of small individual and small corporate landlords (IPF, 2015). As a result, there is a significant lack of



aggregated investment stock available for institutional investors to acquire. Many new investors therefore have a strong focus on the development of new build to rent (BTR) assets where they have the opportunity to influence the design, mix and specification in an effort to ultimately enhance investment returns from completed and operational stock.

The Housing White Paper set out the Government’s support for new housing development across a range of sectors, including BTR. It stated the Government’s ambition to “encourage more institutional investors into housing, including for building more homes for private rent”.

The Government has already shown support for BTR through its £3.5 billion PRS Housing Guarantee Scheme and the £1 billion Build to Rent Fund. The Housing White Paper includes proposals to change national planning policy so that LAs must proactively plan for BTR. Certainty and speed of housing delivery makes BTR attractive to local authorities searching for ways to meet their housing need locally.

Unlike the new build ‘for-sale’ market that is constrained by monthly sales rates, developers of BTR can deliver faster, as they are motivated to create their income stream as soon as possible rather than maximising potential unit values.

Given the dearth of existing income producing portfolios to acquire new build to rent stock as well as the operational businesses to deliver the associated management have emerged since 2011. Examples include Fizzy Living, Get Living London, Essential Living, Fabrica, and Diffrent.

Investors (used in its broadest sense) have recognised that in order to create institutional grade assets, engagement with the development market is the most suitable strategy. Whilst income funds are resistant to taking planning risk, they have become more comfortable with some elements of development risk and certainly occupation risk. For many, the most straightforward solution, particularly for those with the lowest cost of capital, is through forward funding the developer and gaining control of the asset at practical completion, offering bespoke design potential of assets at their desired scale.

SRPs are very active in the space, setting up bespoke PRS companies such as Fizzy Living, or delivering PRS alongside other products, for example mixed ownership on large developments. Large HAs like Places for People or L&Q invest their own funds, combining retained operating cashflows and debt. Recently, Places for People who own Touchstone, a manager of student and market rented housing, have launched an investment fund to own and manage PRS for third-party investors.

**Examples of Active Players by Type**

<b>Private Build to Rent Owners &amp; Operators</b>	<b>Housing Associations</b>	<b>Investment Managers</b>
Greystar	L & Q	Aberdeen
Get Living London	Places For People	M&G
Westrock	Notting Hill Housing Association	Lothbury
Essential Living	Fabrica (A2Dominion)	L&G
Grainger	Fizzy Living (Thames Valley HA)	Invesco
Moda Living		La Salle
		Hermes
		APG
		Rockspring

Source: Savills.

**3.3 Functional Housing**

Functional housing is purpose-built or adapted housing for households with particular requirements, including the elderly and those with physical or mental disabilities, and can include care needs. Much of the stock is focussed on housing for the elderly and was delivered with the help of funding throughout the 1960s and 1980s. This stock is higher risk than other social sector tenancies, in part due to the rental policy environment which is affected by

government policy and voids. This is balanced by the high levels of rental income on occupied stock generating higher than average yields for the social sector.

LaingBuisson and the Elderly Accommodation Counsel calculate the need for sheltered and supported housing. They estimate that there is a current supply of 560,000 units. We project demand to grow to approximately 675,500 units by 2031. Meeting this need will require steady delivery over the next fifteen years. As well as meeting rising demand, the existing stock is known to be old, often poorly maintained and situated in the wrong locations to meet the current profile of demand.

The UK is unlike other major markets in respect of its elderly housing offering. The US and New Zealand, for example, have well-established private retirement markets. In New Zealand 13% of over 65s live in age-restricted housing, while in the US it is higher still at 17%. By comparison, in the UK the proportion of over 65s living in retirement housing is just 0.5%. If the UK were to provide private retirement housing on the scale of the US or New Zealand there would be scope for 1.5 million to 2 million new retirement properties across a range of sectors. The delivery of new shared ownership by both public and private organisations could play an important part in meeting the demand from the over 65s who can not afford to downsize within the open market.

### 3.4 **Sub-Market Rental Housing**

Sub-market rental housing covers 'statutory' affordable housing such as 'Affordable Rent' and 'General Needs' social rented homes, which are owned and managed by SRPs, as well privately owned and operated discounted rental homes, known by various names such as intermediate rent, discounted market rent, and subject to the outcome of Build to Rent consultation, affordable private rent.

Historically, there have been barriers for new market entrants accessing either types of stock. The Social and Affordable rented stock held by SRPs is their key asset base, so disposals of large numbers of units have not been a common occurrence. Where stock has transacted, a key driver is often to increase management efficiency through disposing of stock that is geographically remote to the SRP's core operating area, or does not fit their business plan in some other way. In this case, the buyer is usually another SRP (either for profit or not for profit) who is already active in that location or business area and can therefore also improve their operating efficiency by increasing scale within their location.

In addition, a sale 'out of sector' to a non-registered body is governed by a set of guidelines, recently updated by an HCA Direction in April 2017 which removes the requirement for prior consent. In summary, the regulator expects the disposing SRP to:

- Protect social housing from undue risk;
- Adhere to all relevant law and comply with governing documents;
- Consult with tenants if a disposal would mean a change in the tenant's landlord or affect the tenant's statutory or contractual rights; and
- Achieve value for money in how social housing is used.

The Housing and Regeneration Act of 2008 enabled private companies to register with the HCA to become housing providers known as For-Profit RPs. Interest in this has begun to accelerate as the potential to develop or acquire stock expands. There are currently 35 companies registered with the HCA as For-Profit RPs. Registering in this way enable companies to access s106 opportunities that are designated for ownership by SRPs, and to apply for grant funding for new development.

SRPs still have development ambitions for social housing and will need some form of funding to supply high levels of demand given grant subsidy for this kind of development has been significantly reduced. They will need to look elsewhere for funds and stock rationalisation is likely to increase as developing SRPs hit natural debt capacity constraints. Due to high levels of regulation in the sector, it is likely that only SRPs, whether not-for-profit or for-profit, who can at least match, if not exceed, the current service offering would be able to access this stock.

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(3) [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/600020/Direction\\_-\\_Notification\\_of\\_disposals.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/600020/Direction_-_Notification_of_disposals.pdf)

Moving on to LAs, many have set up wholly owned housing companies in recent years to provide a vehicle to deliver housing in their area. These wholly owned companies are set up and designed to deliver income for the LAs. These companies may offer investment opportunity in the future.

#### **4. Conclusion**

The lack of availability and affordability of housing in large parts of the UK is well publicised and is attracting increasing policy focus.

In the case of Housing Associations, they are increasingly seen as important actors in delivering more housing. Reduced grants and their borrowing capacity impede their ability to deliver greater numbers of housing completions. At the same time, Local Authorities are becoming more active in the delivery of housing using a variety of structures. Private sources of capital could help to unlock and facilitate the delivery of more housing and therefore represents potential investment opportunities.

The changes in the ability of SRP's to finance future growth coupled with long-term structural undersupply of housing across all housing sectors could create more investment opportunities, than have previously existed. In addition, the growing imbalance between the availability and affordability of social housing should mean that demand for this accommodation remains high.

#### **5. Important Note**

In accordance with our normal practice, we would state that this commentary is for general informative purposes only and does not constitute a formal valuation, appraisal or recommendation. Our findings are based on the assumptions given. As is customary with market studies, our findings should be regarded as valid for a limited period of time and should be subject to examination at regular intervals.

Whilst every effort has been made to ensure that the data contained in it is correct, no responsibility can be taken for omissions or erroneous data provided by a third party or due to information being unavailable or inaccessible during the research period. The estimates and conclusions contained in this report have been conscientiously prepared in the light of our experience in the property market and information that we were able to collect, but their accuracy is in no way guaranteed.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and save for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules as and to the extent therein provided, to the fullest extent permitted by law, we do not assume any responsibility, and will not accept any liability, to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with, this report, required by and given solely for the purposes of complying with item 23.1 of Annex 1 to the Commission Regulations (EC) No. 89/2004, consenting to its inclusion in the Prospectus.

For the purpose of Prospectus Rule 5.5.3R(2)(f), we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 1 of the PD Regulation.

Yours faithfully,



For and on behalf of Savills Advisory Services Limited  
Dr Jacqui Daly  
Director  
Residential Investment Research and Strategy

## PART 3

# DIRECTORS, MANAGEMENT AND ADMINISTRATION

### The Board

The Directors are responsible for leading and controlling the Company and the determination of the Investment Policy and strategy and have overall responsibility for the Company's activities, including the management and conduct of the Company's business, strategy and development. The Board shall review the investment activity and performance of, and exercise appropriate control and supervision of the Fund Manager. The Board is also responsible, in conjunction with the Fund Manager, for ensuring the maintenance of a sound system of internal control and risk management (including financial, operational and compliance controls) and for reviewing the overall effectiveness of systems in place as well as for the approval of any changes to the capital, corporate and/or management structure of the Company.

All of the Directors are non-executive and are independent of the Manager Group. The Directors will meet at least four times per annum, and the Audit Committee will meet at least twice per annum. The Directors are listed below and details of their current and recent directorships and partnerships are set out in Part 8 of this Prospectus.

#### **Rt. Hon Baroness Dean of Thornton le Fylde** (Chairman)

Baroness Dean is currently a member of the Group board of Places for People and director and chairman of Empiric Student Property Plc. Baroness Dean is a member of the Business Oversight Board of the Law Society. Baroness Dean was for nine years (2004–2013) a non-executive director at Taylor Wimpey acting as a member of the remuneration, audit and nomination committees at various times.

Baroness Dean was also the chairman of the Covent Garden Market Authority (2005–2013), and as chairman led the work to secure the redevelopment of the 57 acre site. Amongst many other activities, Baroness Dean was chairman of the Housing Corporation (now the Homes and Communities Agency), which managed private and public funding in excess of £50 billion in the sector. She was also chairman of the Armed Forces Pay Review Body.

Baroness Dean was a non-executive director of the National Air Traffic Services (NATS), and was a member of the remuneration committee and chairman of the employee share trust. Baroness Dean is a member of the Council for Nottingham University (a member of the Russell Group), and holds honorary degrees from ten different universities in the UK. She was a member of the National Committee of Inquiry into the Future of Higher Education – the Dearing Committee, has been a Council member of City University, London, the Open University and the London School of Economics. Baroness Dean was created a Life Peer in 1993 and a member of the Privy Council in 1998.

#### **Robert Whiteman** (Director & Audit Committee Chair)

Mr Whiteman has been the Chief Executive of the Chartered Institute of Public Finance & Accountancy (**CIPFA**) since September 2013.

Mr Whiteman was Chief Executive of UK Border Agency from 2011-2013 and had previously led the Improvement and Development Agency from 2010-2011. Mr Whiteman was Chief Executive of the London Borough of Barking and Dagenham from 2005-2010 and has held various positions in the London Borough of Lewisham from 1996-2005 latterly as Director of Resources and Deputy Chief Executive. Mr Whiteman also held various positions in the London Boroughs of Newham and Camden from 1986-1996.

Mr Whiteman is the independent chair of both the East London Health & Care Partnership and Barking & Dagenham College, and technical adviser to the board of the International Federation of Accountants (IFAC) in New York. Mr Whiteman has previously been a non-executive director of Department of Energy & Climate Change, Whittington Health NHS Trust and Barking, Havering and Redbridge University Hospitals NHS Trust.

Mr Whiteman was educated at University of Essex where he gained a BA (Hons) in Economics and Government.

### **Robert Blackburn Gray** (Director)

Mr Gray began his career with Morgan Guaranty Trust Company of New York (MGT) in 1971. He was appointed Vice President, International Financial Management in MGT's New York head office in 1979, and then as Vice President for world-wide loan syndication activities in MGT's London Office. In 1984 he was appointed as Executive Director of Morgan Guaranty Ltd responsible for Eurobond underwriting activity. Mr Gray held various other positions within JP Morgan, including President and Tokyo branch manager of JP Morgan Securities Asia Limited and Vice Chairman of JP Morgan Securities Limited in London.

From 1994 to 2001, Mr Gray held roles at HSBC Markets Limited and HSBC Investment Bank in London working initially as Managing Director for Global Capital Markets and subsequently as Vice Chairman for Client Development. From 2001 until his retirement in 2015, Mr Gray was Chairman, Debt Finance & Advisory at HSBC Bank plc. In addition he served as Chairman of HSBC Saudi Arabia Limited, a Director and Chair of the Audit Committee of HSBC Bank Egypt and Director and Member of the Audit Committee of HSBC Bank Middle East.

As Director and Chair of the Overseas Promotion Committee of TheCityUK until 2012, Mr Gray served as financial services sector adviser to the U.K. Minister for Trade & Investment. He was Chairman of the International Primary Market Association from 2000 to 2005, and Vice Chairman and Chairman of the Regulatory Policy Committee of the International Capital Market Association, its successor body, until 2015. From 2005 to 2010 he was Director & Chair of the Audit Committee for the British Arab Commercial Bank. He also acted as Co-Chairman of the Moroccan British Business Council. Until June 2016 Mr Gray was a Trustee and Member of the Audit Committee for Centrepoin, the homeless charity, and Chair of the End Youth Homelessness Alliance. Mr Gray is currently Director and Chair of the Audit Committee of the Arab British Chamber of Commerce.

Mr Gray was educated at Sherborne School and St. John's College, Cambridge University where he gained a MA (Hons) in History.

### **John Carleton** (Director)

Mr Carleton is currently executive director of property investment at Orbit Group. Mr Carleton was previously Partner and Head of Housing, Regeneration and Growth at Arcadis LLP. From 2010 to 2016, Mr Carleton was an executive director for Markets & Portfolio at Genesis Housing Association and Managing Director for Genesis Homes Ltd.

Mr Carleton held various positions from 1993 to 2009 as Director of Social Infrastructure and Housing at PricewaterhouseCoopers, Director of the Housing Corporation (now the Homes and Communities Agency), Property Director at Barclays Bank, Managing Director of HRC Ltd/Lehman Brothers and Head of the Specialist Property Division at the Bank of Ireland.

Mr Carleton was educated at the University of Liverpool and holds a MBA in Finance from Manchester Business School. Mr Carleton is a Fellow of the R.I.C.S. (Planning and Development Faculty) and also holds a IPF Investment Property Forum Diploma from the Cambridge University Land Institute.

The Directors are remunerated for their services at such rate as the directors shall from time to time determine. The aggregate remuneration and benefits in kind of the Directors of the Company (in each case, solely in their capacity as such) in respect of the period ending on 30 September 2018 payable out of the assets of the Company is not expected to exceed £220,000. Each of the Directors will be entitled to receive a fee linked to the Net Asset Value of the Company in respect of their position as a director of the Company as set out in paragraph 8.1 of Part 8 of this Prospectus.

### **Corporate governance**

The Company is committed to high standards of corporate governance and the Board is responsible for ensuring the appropriate level of corporate governance is met.

As a newly incorporated company, the Company does not comply with the UK Corporate Governance Code or the AIC Code as at the date of this Prospectus. The Company will seek to become a member of the Association of Investment Companies (**AIC**) as soon as practicable post Admission. From Admission, the Company will comply with the AIC Code of Corporate Governance, which complements the UK Corporate Governance Code and provides a framework of best practice for listed investment companies.



### ***Audit Committee***

The Board will delegate certain responsibilities and functions to the Audit Committee, which will consist of all the Directors and be chaired by Robert Whiteman. The Audit Committee has written terms of reference, which are summarised below.

The Audit Committee will meet at least twice a year. The members of the Audit Committee consider that they collectively have the requisite skills and experience to fulfil the responsibilities of the Audit Committee.

The Audit Committee will also review the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors, including the provision of non-audit services.

### ***Other Committees***

The Board will fulfil the responsibilities typically undertaken by a nomination committee and a remuneration committee.

The Board as a whole will also fulfil the functions of a management engagement committee. The Board will review the actions and judgements of management in relation to the interim and annual financial statements and the Company's compliance with the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulations, the UK Corporate Governance Code and the AIC Code. It will review the terms of the Fund Management Agreement and examine the effectiveness of the Company's internal control systems and the performance of the Fund Manager, Depositary, the Administrator, the Company Secretary and Registrar.

### ***Directors' share dealings***

The Board has agreed to adopt and implement a dealing code for Directors and other PDMRs which imposes restrictions on conducting transactions in the Company's securities beyond those imposed by law. Its purpose is to ensure that the Directors, other PDMRs and their closely associated persons do not abuse, and do not place themselves under suspicion of abusing, inside information they may be thought to have, in particular during periods leading up to an announcement of the Company's results.

## **Management of the Company**

### ***Responsibility for management***

The Board is responsible for the determination of the Company's investment objective and Investment Policy and have overall responsibility for its activities.

The Company and the Fund Manager have entered into a Fund Management Agreement, a summary of which is set out in paragraph 12.2 of Part 8 of this Prospectus, under which the Fund Manager has been given responsibility for the discretionary management of the Company's assets (including uninvested cash) in accordance with the Investment Policy, subject to the overall control and supervision of the Directors. The Fund Manager has been appointed as the Company's AIFM for the purposes of AIFMD and will be responsible for the management of the assets of the Company in accordance with the Investment Policy and the terms of the Fund Management Agreement and any directions issued from time to time by the Board.

In order to cover potential professional liability risks resulting from the Fund Manager's activities, the Fund Manager holds additional own funds. As prescribed by the AIFMD, the Fund Manager retains additional own funds of 0.01% of the value of the Company's funds under management.

### ***The Fund Manager's team***

Members of the Fund Manager's board have extensive experience in the social housing, care and other specialist residential property sectors. The Fund Manager Group has advised, and to date, has arranged funding of over £10 billion in these sectors.

### ***The Board of the Fund Manager***

#### **Jonathan Slater** (Director)

Jonathan Slater is Chief Executive Officer of ReSI Capital Management Limited. He is a founding shareholder of TRL and has been joint-Chief Executive Officer of TRL since 2011. He has worked in



financial services since 1989 including 19 years at JP Morgan, latterly as JP Morgan's Global Head of Structured Credit Trading.

**Ben Fry** (Director)

Ben Fry is Investment Manager of ReSI Capital Management Limited. Ben joined TRL in 2011 and has most recently been leading the debt advisory business for housing associations, local authorities and specialist residential accommodation. He is a Chartered Accountant and worked at Deloitte for five years in the audit and financial modelling teams.

**Alex Pilato** (Director)

Alex Pilato is the Compliance Officer and Risk & Audit Committee Chair of ReSI Capital Management Limited. Alex is the founder, Chief Executive and principal shareholder of TRL, which he started in 2000. Prior to TRL, he has worked in financial services throughout his career including seven years at JP Morgan where he founded its risk advisory businesses, then at HSBC leading the banks' global risk advisory businesses and Tokai Bank Europe as head of Capital Markets and Merchant Banking.

Alex is a regular speaker on housing association and local authority funding, and risk management.

**Ken Youngman** (Director)

Ken Youngman is the Chief Financial Officer of ReSI Capital Management Limited. From 2001 to 2017 Ken was Group Finance Director of Family Mosaic Housing, a leading London based Housing Association owning 25,000 homes. Responsibilities included investment appraisal for schemes totalling £200 million per annum, rental and service charge management, operating performance including asset management, sales, cash flow, and treasury. He chaired the G15 London Finance Directors Group, and is a qualified Chartered Accountant.

**Antoine Pesenti** (Director)

Antoine Pesenti is the Chief Risk Officer of ReSI Capital Management Limited. Antoine is Senior Managing Director, Finance Director and shareholder of TRL, joining in 2002. He previously worked at the European Bank for Reconstruction and Development and at Refco where he led the OTC Desk risk management function.

**TradeRisks Limited**

TradeRisks Limited (**TRL**) is the parent company of the Fund Manager.

TRL operates in two main business areas: providing corporate finance advice, and arranging and placing long-term debt.

TRL's core client base for corporate finance advice is the UK social housing sector, and TRL is currently engaged as financial adviser to 33 Housing Associations, with its client base concentrated amongst the largest Housing Associations. In addition, TRL provides corporate finance advice within the Local Authority sector as well as to other social infrastructure and specialist residential property clients. As part of its corporate finance advice, TRL typically models a client's current financial situation, its property development pipeline and financial constraints, and works with its clients to identify financial risks and options for financing its development pipeline as necessary.

TRL's business of arranging and placing long-term debt involves being mandated by a potential issuer of debt, developing a financing structure and then arranging and placing the financing with suitable lenders. In the case of long-term UK debt backed by property or an investment grade issuer covenant, such lenders are often UK insurance companies whose regulation makes such debt an attractive asset to apply to matching their pension liabilities. TRL is a leading non-bank arranger of Housing Association and other social infrastructure debt.

**Conflicts of interest: Fund Manager**

The Fund Manager is under an obligation to consider all investment opportunities which fall within the Investment Policy for investment by the Group in priority to any other clients. As at the date of this Prospectus, the Fund Manager currently has no other clients and the Directors have noted that the Fund Manager may only, after the Net Issue Proceeds are fully invested, have other clients.

In spite of the Fund Manager not currently having other clients, the Directors have satisfied themselves that the Fund Manager has procedures in place to address potential conflicts of interest.

Pursuant to such procedures, the Fund Manager will have due regard to its obligations under the Fund Management Agreement with the Company and will otherwise act in a manner that it considers fair, reasonable and equitable, having due and proper regard to its obligations to any other clients, should any potential conflicts of interest arise.

Should the Fund Manager have another client and such client has a mandate to invest in assets in which the Group may be interested in investing, the Fund Manager will, if required, at the time put in place appropriate provisions to ensure that the interests of the Company and such other client are protected to the maximum extent reasonably possible. In no event shall the Fund Manager receive any fees in connection with any sales of assets to the Group.

The Fund Manager may receive Debt Arrangement Fees in respect of any indebtedness arranged, placed or brokered on behalf of the Group as is disclosed in this Prospectus.

The activities of the Fund Manager in relation to the Company are subject to the overall supervision and review of the Board. The Fund Management Agreement is further described in paragraph 12.2 of Part 8 of this Prospectus.

### **Conflicts of interest: TRL**

As at the date of this Prospectus, TRL has multiple debt issuer, treasury advisory clients and debt investor relationships.

TRL envisages continuing to receive both: (i) debt arrangement fees in respect of any indebtedness arranged, placed or brokered on behalf of its clients; and (ii) other advisory retainer fees from its clients, whether such retainer is periodic or specific to a project, provided that in no event shall TRL receive any fees in connection with any such mandates which specifically relate to sales of assets to the Group. TRL does not currently envisage promoting any potential asset purchaser (other than the Company) to its social housing and local authority clients. Should a conflict of interest arise, TRL shall immediately notify the Fund Manager who shall notify the Board of such conflict.

### **Other arrangements**

#### ***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.

#### ***Registrar***

The Company will utilise the services of Capita Registrars Limited as registrar in relation to the transfer and settlement of Ordinary Shares held in certificated and uncertificated form.

#### ***Administration and Company Secretarial Services***

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. Furthermore, the Administrator is responsible for calculating the Net Asset Value and the Net Asset Value per Share (in consultation with the Fund Manager and any relevant professional advisers) and reporting these to the Board.

#### ***Auditor***

BDO LLP will provide audit services to the Company. The annual report and accounts will be prepared according to accounting standards in line with IFRS.

#### ***Valuation Agent***

A Valuation Agent will be engaged to provide valuation services in respect of the Homes.

## PART 4

### FEES AND EXPENSES

#### Fees and Expenses of the Company

##### **Initial costs**

###### *Formation and Issue Costs*

The Formation and Issue Costs are those necessary for the establishment of the Company and for the Issue, and include the fees payable in relation to Admission, including listing fees, as well as the fees due under the Placing Agreement, legal and other advisory fees, registration, printing, advertising and distribution costs and any other applicable expenses.

The Formation and Issue Costs will be met by the Company from the proceeds of the Issue and are capped at two per cent. of the Gross Issue Proceeds.

The Formation and Issue Costs (including VAT where relevant) payable by the Company will be £6 million on the basis of Gross Issue Proceeds at the maximum issue size of £300 million.

##### **On-going fees and expenses**

###### **Fund Management Fee**

The Fund Manager is entitled to an annual management fee (the **Fund Management Fee**) under the Fund Management Agreement with effect from the date of Admission, as follows:

###### *Net Asset Value*

	<b>Annual Fund Management Fee (percentage of Net Asset Value)</b>
Up to and including £250 million	1.0 per cent.
Above £250 million and up to and including £500 million	0.9 per cent.
Above £500 million and up to and including £1 billion	0.8 per cent.
Above £1 billion	0.7 per cent.

The Fund Management Fee shall be paid quarterly in advance, provided that the fee for the initial period commencing on Admission until 31 December 2017 (the **Initial Period**) and the fee for the period commencing on the first day of the quarter in which the Fund Management Agreement terminates and ending on the date of termination of the Fund Management Agreement (**Final Period**) shall be the appropriate pro-rated amount.

75 per cent. of the total Fund Management Fee will be payable in cash and 25 per cent. of the total Fund Management Fee (net of any applicable tax) will be payable in the form of Ordinary Shares rather than cash (the **Equity Portion**). The issue price for each of such Ordinary Shares will be the prevailing Net Asset Value per Share at the end of the relevant period concerned. If, however, the Ordinary Shares are trading at a discount to the prevailing Net Asset Value per Share at the relevant time, (to the extent possible) no new Ordinary Shares will be issued and instead the Ordinary Shares due to the Fund Manager will be satisfied by a purchase or purchases of Ordinary Shares in the secondary market. In addition, any such Ordinary Shares issued or purchased for the Fund Manager are subject to a lock-in period of 12 months. However, the Fund Manager may treat the Ordinary Shares as a liquid asset (which are therefore capable of being sold during the 12 month lock-in period) for the purposes of meeting any regulatory capital requirements applicable to the Fund Manager's role as an alternative investment fund manager and to meet any taxation or similar levy payable by the Fund Manager referable to the Equity Portion.

If any of the Ordinary Shares issued to the Fund Manager to satisfy the Equity Portion of the Fund Management Fee are issued out of treasury and were purchased by the Company in the market at a discount to the Net Asset Value per Share, such Ordinary Shares will be issued to the Fund Manager at the price at which they were purchased by the Company. If the Company is unable to purchase sufficient shares in the market at a discount to the Net Asset Value per Share, new Ordinary Shares will be issued to the Fund Manager at a price equal to the current Net Asset Value per Share to meet such shortfall.

At the end of each financial year of the Company, there will be a reconciliation of amounts paid to the Fund Manager and the number of Ordinary Shares delivered to the Fund Manager in respect of the Equity Portion of the Fund Management Fee. There shall be an adjustment to the effect that the obligation to pay such amounts or deliver such number of Ordinary Shares are obligations to pay or deliver in arrears. This adjustment will be deduced using a time weighted average on the relevant Net Asset Value per Share calculation for the financial year in question as adjusted for the shares issued and share purchases. A balancing payment will be made by the Company or the Fund Manager in relation to the amounts paid to the Fund Manager or the numbers of Ordinary Shares to be issued under the Equity Portion will be increased or decreased accordingly.

The cash portion of the Fund Management Fee will be payable within five business days of each quarter date, provided that the fees for the Initial Period shall be payable as soon as reasonably practicable following Admission. The Fund Management Fee is exclusive of any applicable VAT which shall, where relevant, be payable in addition.

The Fund Manager is also entitled to be reimbursed for all reasonable disbursements, fees and costs payable to third parties, including travel expenses and attendance at Board meetings incurred by the Fund Manager on behalf of the Company pursuant to provision of services under the Fund Management Agreement.

For the avoidance of doubt, the Fund Manager will not be entitled to any performance, acquisition, exit or property management fees from the Group. The Fund Manager may not retain any ancillary fees (these, for the avoidance of doubt, do not include the Debt Arrangement Fee) earned by it from any member of or investee company of the Group and is required to pay such amounts to the Group.

#### *Debt Arrangement Fee*

The Fund Manager shall be paid a debt arrangement fee (the **Debt Arrangement Fee**) in respect of debt arranged by the Fund Manager for the Group. The Debt Arrangement Fee will be the present value of 0.04 per cent. per annum levied on the notional amount outstanding of any bond or private placement financing.

There will be no Debt Arrangement Fee payable in respect of any bank debt financing the Fund Manager may arrange for the Group.

The Group shall amortise any Debt Arrangement Fee over the term of the relevant debt.

#### **Depositary fees**

The Depositary shall receive an annual fee of £32,000 if Gross Issue Proceeds are in excess of £150 million and shall receive a further 0.3 basis points on the portion of share capital over £250 million.

#### **Other fees and expenses**

The Company will bear all fees, costs and expenses in relation to the on-going operation of the Company (including banking and financing fees) and all professional fees and costs relating to the acquisition, holding or disposal of investments and any proposed investments that are reviewed or contemplated but which do not proceed to completion. Any break fee or similar arrangements in relation to proposed investments negotiated by the Company (or by the Fund Manager on the Company's behalf) will be for the benefit of the Company.

The fees and expenses payable to the Administrator and the Registrar pursuant to the Administration Agreement and the Registrar Agreement respectively is set out in paragraphs 12.3 and 12.4 of Part 8 of this Prospectus.

The fees charged by the Auditor depends on the services provided, computed, *inter alia*, on the time spent by the Auditor on the affairs of the Company; there is therefore no maximum amount payable under the Auditor's engagement letter.

The fees and expenses payable to the Directors pursuant to their letters of appointment are set out in Part 8 of this Prospectus.

## PART 5

### THE ISSUE

#### The Issue

The Company is targeting raising £300 million through the issue of 300 million Ordinary Shares to be issued at a price of 100 pence per Ordinary Share. The Issue will comprise the Placing and Offer for Subscription. Should the Company not reach the £300 million target, the Company may determine to proceed with the Issue, provided that Gross Issue Proceeds are equal to or exceed the Minimum Gross Issue Proceeds. The number of Ordinary Shares available for subscription pursuant to the Issue is 300 million Ordinary Shares.

Allocations of Ordinary Shares pursuant to the Issue will be determined at the discretion of the Board in consultation with the Bookrunner and the Fund Manager. On the basis that 300 million Ordinary Shares are to be issued, it is expected that the Company will receive approximately £294 million from the Issue, net of associated Formation and Issue Costs.

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 Admission.

The Issue is being made in order to raise funds for the purpose of seeking to achieve the investment objective of the Company, as described in Part 1 of this Prospectus. The Fund Manager will invest the proceeds in accordance with the Investment Policy.

The Issue is conditional upon, *inter alia*:

- Admission occurring;
- the Placing Agreement having become unconditional in all respects and not having been terminated in accordance with its terms before Admission; and
- the Minimum Gross Issue Proceeds being committed pursuant to the Issue by 8.00 a.m. on 12 July 2017 or such later date as the Company, the Fund Manager and the Bookrunner may agree.

If any of these conditions is not met, the Issue (and therefore Admission) will not proceed.

#### The Offer for Subscription

Ordinary Shares to be issued at a price of 100 pence each are available to the public under the Offer for Subscription. The Offer for Subscription is only being made in the UK. The terms and conditions of application under the Offer for Subscription are set out in Part 9 of this Prospectus. An Application Form is set out at the end of this Prospectus. The terms and conditions should be read carefully before an application is made. Investors should consult their respective stockbroker, bank manager, solicitor, accountant, legal or professional adviser or other financial adviser if they are in doubt about the contents of this Prospectus. The Offer for Subscription is not underwritten.

The latest time and date for receipt of Application Forms under the Offer for Subscription is 1.00 p.m. on 6 July 2017.

Applications under the Offer for Subscription must be for a minimum subscription amount of £1,000 and thereafter in multiples of £100.

All applications for Ordinary Shares under the Offer for Subscription will be payable in full, in Sterling, by a cheque or banker's draft drawn on a UK clearing bank.

Applications may be rejected in whole or in part at the sole discretion of the Company.

#### Intermediaries

In connection with the Offer for Subscription, the Bookrunner will appoint certain Intermediaries to market the Ordinary Shares to potential retail investors in the United Kingdom. The Intermediaries who have been appointed by the Bookrunner prior to the date of this Prospectus are listed in paragraph 13 of Part 8 of this Prospectus. Further Intermediaries may be appointed after the date of this Prospectus.

Each Intermediary has agreed, or will on appointment agree, to the Intermediaries Terms and Conditions, which regulate, *inter alia*, the conduct of the Intermediaries in relation to the offering of Ordinary Shares on market standard terms and provide for the payment of commission to any Intermediary that elects to receive commission from the Bookrunner.

Each Intermediary will submit a single Application Form pursuant to the Offer for Subscription in its own name, as nominee, for the aggregate number of Ordinary Shares procured by it via subscriptions from underlying retail investors.

Each applicant who applies for Ordinary Shares via an Intermediary must comply with the appropriate money laundering checks required by the relevant Intermediary. Where an application is not accepted or there are insufficient Ordinary Shares available to satisfy an application in full (due to scaling back of subscriptions or otherwise), the relevant Intermediary will be obliged to refund the applicant as required and all such refunds shall be made without interest. The Company and the Bookrunner accept no responsibility with respect to the obligation of the Intermediaries to refund monies in such circumstances.

Pursuant to the Intermediaries Terms and Conditions, the Intermediaries have undertaken to make payment on their own behalf for the consideration for any Ordinary Shares subscribed pursuant to the Offer for Subscription by means of the CREST system against delivery of the Ordinary Shares.

The publication of the Prospectus and any actions of the Company, the Bookrunner, the Intermediaries or other persons in connection with the Offer for Subscription should not be taken as any representation or assurance as to the basis on which the number of Ordinary Shares to be offered under the Offer for Subscription or allocations between applications in the Offer for Subscription (from Intermediaries or otherwise) will be determined and any such actions or statements are hereby disclaimed by the Company, the Bookrunner and the Intermediaries.

### **The Placing**

The Company, the Fund Manager, the Directors, the directors of the Fund Manager and the Bookrunner have entered into the Placing Agreement, pursuant to which the Bookrunner has agreed, subject to certain conditions, to use their reasonable endeavours to procure subscribers for the Ordinary Shares made available in the Placing. The Placing is not underwritten.

The terms and conditions of application under the Placing are set out in Part 10 of this Prospectus. The Company and/or the Bookrunner and/or the Fund Manager may require any Placee to agree to such further terms and conditions and/or give such additional warranties and representations as it (in its absolute discretion) sees fit.

The latest time and date for receipt of placing commitments under the Placing is 3.00 p.m. on 6 July 2017.

Under the Placing Agreement, the Bookrunner is entitled at its discretion and out of its own resources at any time to rebate to any third party part or all of its fees relating to the Issue and to retain agents and may pay commission in respect of the Placing to any or all of those agents out of its own resources.

Further details of the terms of the Placing Agreement are detailed in paragraph 12.1 of Part 8 of this Prospectus.

### **General**

Subject to those matters on which the Issue is conditional, the Board, with the consent of the Bookrunner and the Fund Manager, may bring forward or postpone the closing date for the Issue.

The results of the Issue are expected to be announced on 7 July 2017 via a Regulatory Information Service.

CREST accounts will be credited on the date of Admission and it is expected that, where Shareholders have requested them, certificates in respect of the Ordinary Shares to be held in certificated form will be despatched in the week commencing 24 July 2017. Pending receipt by Shareholders of definitive share certificates, if issued, the Registrar will certify any instruments of transfer against the register of members.

To the extent that any application for subscription under the Issue is rejected in whole or in part, the Minimum Gross Issue Proceeds are not raised or the Bookrunner determines in its absolute discretion



that the Issue should not proceed, monies received will be returned to each relevant applicant at its risk and without interest.

The Company does not propose to accept multiple subscriptions. Financial intermediaries who are investing on behalf of clients should make separate applications or, if making a single application for more than one client, provide details of all clients in respect of whom application is being made.

Multiple applications or suspected multiple applications on behalf of a single client are liable to be rejected.

The ISIN for the Ordinary Shares is GB00BYSX1508 and the SEDOL is BYSX150.

The Ordinary Shares are not dealt in on any other recognised investment exchanges and no applications for the Ordinary Shares to be traded on such other exchanges have been made or are currently expected to be made.

Subject to their statutory right of withdrawal pursuant to section 87(Q)(4) of FSMA in the event of the publication of a supplementary prospectus, applicants may not withdraw their applications for Ordinary Shares.

Applicants wishing to exercise their statutory right of withdrawal pursuant to section 87(Q)(4) of FSMA after the publication by the Company of a prospectus supplementing this Prospectus must do so by lodging a written notice of withdrawal (which shall include a notice sent by any form of electronic communication) which must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the Participant ID and the Member Account ID of such CREST Member, by post or by hand (during normal business hours only) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Kent BR3 4TU or by email to [withdraw@capita.co.uk](mailto:withdraw@capita.co.uk) so as to be received not later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received by Capita Asset Services after expiry of such period will not constitute a valid withdrawal, provided that the Company will not permit the exercise of withdrawal rights after payment by the relevant applicant of his subscription in full and the allotment of Ordinary Shares to such applicant becoming unconditional. In such event Shareholders are recommended to seek independent legal advice.

### **Basis of allocation**

The basis of allocation of Ordinary Shares shall be determined by the Board in consultation with the Bookrunner and the Fund Manager. The maximum number of Ordinary Shares available for subscription pursuant to the Issue is 300 million Ordinary Shares.

If subscriptions under the Placing and the Offer for Subscription exceed the maximum number of Ordinary Shares available, subscriptions will be scaled back on a basis determined by the Board in consultation with the Bookrunner and the Fund Manager.

### **Overseas investors**

The attention of persons resident outside the UK is drawn to the notices to investors set out on pages 137 to 139 of this Prospectus which set out restrictions on the holding of Ordinary Shares by such persons in certain jurisdictions.

In particular investors should note that the Ordinary Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Company has not registered, and does not intend to register, as an investment company under the U.S. Investment Company Act. Accordingly, the Ordinary Shares may not be offered, sold, pledged or otherwise transferred or delivered within the United States or to, or for the account or benefit of, any U.S. Persons (within the meaning of Regulation S under the U.S. Securities Act) except in a transaction meeting the requirements of an applicable exemption from the registration requirements of the U.S. Securities Act.

### **CREST**

CREST is a paperless settlement procedure enabling securities to be transferred from one person's CREST account to another without the need to use share certificates or written instruments of transfer. The Articles of Association permit the holding of the Ordinary Shares under the CREST system and the Company has applied for the Ordinary Shares to be admitted to CREST with effect from

Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes (provided that the Ordinary Shares are not in certificated form).

CREST is a voluntary system and, upon the specific request of a Shareholder, the Ordinary Shares of that Shareholder which are being held under the CREST system may be exchanged, in whole or in part, for share certificates.

If a Shareholder or transferee requests Ordinary Shares to be issued in certificated form, a share certificate will be despatched either to them or their nominated agent (at their own risk) within 21 days of completion of the registration process or transfer, as the case may be, of the Ordinary Shares. Shareholders who are non-U.S. Persons holding definitive certificates may elect at a later date to hold their Ordinary Shares through CREST in uncertificated form provided that they surrender their definitive certificates.

### **Dealing arrangements**

Application will be made for the Ordinary Shares to be admitted to trading on the Main Market. It is expected that Admission will become effective, and that dealings in the Ordinary Shares will commence, at 8.00 a.m. on 12 July 2017.

### **Settlement**

Payment for the Ordinary Shares applied for under the Offer for Subscription should be made in accordance with the instructions contained in the Application Form. Payment for the Ordinary Shares to be acquired under the Placing should be made in accordance with settlement instructions provided to investors by the Bookrunner. To the extent that any application or subscription for Ordinary Shares is rejected in whole or part, monies will be returned to the applicant without interest.

### **Money laundering**

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

Each of the Company and its agents, including the Administrator, the Registrar, the Receiving Agent, the Fund Manager and the Bookrunner reserve the right to request such information as is necessary to verify the identity of a Shareholder or prospective Shareholder and (if any) the underlying beneficial owner or prospective beneficial owner of a Shareholder's Ordinary Shares. In the event of delay or failure by the Shareholder or prospective Shareholder to produce any information required for verification purposes, the Board, in consultation with any of the Company's agents, including the Administrator, the Registrar, the Receiving Agent, the Fund Manager and the Bookrunner, may refuse to accept a subscription for Ordinary Shares, or may refuse the transfer of Ordinary Shares held by any such Shareholder.

### **ISA, SSAS and SIPP**

#### ***General***

The Ordinary Shares will be "qualifying investments" for the stocks and shares component of an ISA and the Board will use its reasonable endeavours to manage the affairs of the Company so as to enable this status to be maintained. Save where an account manager is acquiring Ordinary Shares using available funds in an existing ISA, an investment in Ordinary Shares by means of an ISA is subject to the usual annual subscription limits applicable to new investments into an ISA (for the tax year 2017/2018 an individual may invest £20,000 worth of stocks and shares in a stocks and shares ISA).

Sums received by a Shareholder on a disposal of Ordinary Shares will not count towards the Shareholder's annual limit but a disposal of Ordinary Shares held in an ISA 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 an ISA should contact their professional advisers regarding their eligibility.

***Offer for Subscription***

Ordinary Shares allotted under the Offer for Subscription will be eligible for inclusion in an ISA, subject to the applicable subscription limits to new investments into an ISA, as set out above, being complied with.

***Placing***

Ordinary Shares allotted under the Placing are not eligible for inclusion in an ISA.

***Secondary market purchases***

Ordinary Shares acquired by an account manager by purchase in the secondary market, subject to applicable subscription limits, as set out above, will be eligible for inclusion in an ISA.

UK small self-administered schemes and self-invested personal pensions

The Ordinary Shares will be eligible for inclusion in a UK SSAS or a UK SIPP, subject to the terms of the particular SSAS or SIPP.

## PART 6

# TAXATION

### 1. UK TAXATION

The statements set out below are intended only as a general guide to certain aspects of current UK tax law and HMRC published practice as at the date of this Prospectus, which may change, possibly with retrospective effect, and apply only to certain Shareholders resident for tax purposes in the UK (save where express reference is made to non-UK resident persons). The summary does not purport to be a complete analysis or listing of all the potential tax consequences of holding Ordinary Shares. Prospective purchasers of Ordinary Shares are advised to consult their own independent tax advisers concerning the consequences under UK tax law of the acquisition, ownership and disposition of Ordinary Shares.

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

### 2. UK TAXATION OF PIDS

#### 2.1 General

Subject to certain exceptions summarised below, the Company is required to withhold income tax at source at the basic rate (currently 20 per cent) from its PIDs (whether paid in cash or in the form of a stock dividend). The Company will provide Shareholders with a certificate setting out the gross amount of the PID, the amount of tax withheld, and the net amount of the PID.

#### 2.2 UK taxation of Shareholders who are individuals

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are individuals as the profit of a single UK property business (as defined in Part 3 of the Income Tax (Trading and Other Income) Act 2005). A PID is, together with any property income distribution from any other company to which Part 12 of the CTA 2010 applies, treated as a separate UK property business. Income from any other UK property business (a **different UK property business**) carried on by the relevant Shareholder must be accounted for separately. This means that any surplus expenses from a Shareholder's different UK property business cannot be offset against a PID as part of a single calculation of the profits of the Shareholder's UK property business.

Where tax has been withheld at source, Shareholders who are individuals may, depending on their particular circumstances, be liable to further tax on their PID at their applicable marginal rate (40 per cent. higher rate or 45 per cent. additional rate), incur no further liability on their PID, or be entitled to claim repayment of some or all of the tax withheld on their PID.

As part of the UK Government's 2016 Budget, the government announced that the Finance Bill 2017 would contain legislation providing that from April 2017 UK individuals were to be entitled to a £1,000 property income allowance. Where the individual's property income falls below the threshold there was to be no requirement to declare the income for tax purposes. However, this has not been enacted and it remains to be seen whether it will be enacted after the general election held on 8 June 2017.

### 2.3 **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 corporation tax as profit of a property business (as defined in Part 4 of the Corporation Tax Act 2009) (**Part 4 property business**). A PID is, together with any property income distribution from any other company to which Part 12 of the CTA 2010 applies, treated as a separate Part 4 property business. Income from any other Part 4 property business (a **different UK property business**) carried on by the relevant Shareholder must be accounted for separately. This means that any surplus expenses from a Shareholder's different Part 4 property business cannot be offset against a PID as part of a single calculation of the Shareholder's Part 4 property business profits.

Shareholders who are corporate entities will generally be liable to pay corporation tax on their PID and if (exceptionally) income tax is withheld at source, the tax withheld can be set against their liability to corporation tax in the accounting period in which the PID is received.

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

Where a Shareholder who is resident for tax purposes outside the UK receives a PID, the PID will generally be chargeable to UK income tax as profit of a UK property business and this tax will generally be collected by way of a withholding. Under section 548(7) of the CTA 2010, this income is expressly not non-resident landlord income for the purposes of regulations under section 971 of the Income Tax Act 2007.

It is not possible for a Shareholder to make a claim under a double taxation convention for PID to be paid by the Company gross or at a reduced rate. The right of a Shareholder to claim repayment of any part of the tax withheld from a PID will depend on the existence and terms of any double taxation convention between the UK and the country in which the Shareholder is resident.

### 2.5 **Exceptions to requirement to withhold income tax**

Shareholders should note that, in certain circumstances, the Company is not required to withhold income tax at source from a PID. These include where the Company reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the UK, or a charity or a company resident for tax purposes outside the UK with a permanent establishment in the UK which is required to bring the PID into account in computing its chargeable profits. They also include where the Company reasonably believes that the PID is paid to the scheme administrator of a registered pension scheme, the sub-scheme administrator of certain pension sub-schemes or the account manager of an Individual Savings Account (ISA), provided the Company reasonably believes that the PID will be applied for the purposes of the relevant fund.

In order to pay a PID without withholding tax, the Company will need to be satisfied that the Shareholder concerned is entitled to that treatment. For that purpose, the Company will require such Shareholders to submit a valid claim form (copies of which may be obtained on request from the Registrars). Shareholders should note that the Company may seek recovery from Shareholders if the statements made in their claim form are incorrect and the Company suffers tax as a result. The Company will, in some circumstances, suffer tax if its reasonable belief as to the status of the Shareholder turns out to have been mistaken.

## 3. **UK TAXATION OF NON-PID DIVIDENDS**

Since 6 April 2016, an individual shareholder who is resident in the UK (for tax purposes) and who receives a Non-PID Dividend from the Company will be entitled to an annual tax-free allowance of £5,000 of dividend income (which is taxed at 0 per cent). It is expected that this allowance will be reduced to £2,000 per annum.

To the extent that dividend income exceeds this £5,000 threshold, tax will be imposed at the rates of 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate tax payers and 38.1 per cent. for additional rate taxpayers.

Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on Non-PID Dividends paid by the Company, unless the Non-PID Dividends fall within an exempt class set out in Part 9A of the Corporation Tax Act 2009 and certain other conditions are met. Whether an exempt class applies and whether the other conditions are met will

depend on the circumstances of the particular Shareholder, although it is expected that the Non-PID Dividends paid by the Company would normally be exempt. Shareholders within the charge to UK corporation tax will not be able to claim repayment of tax credits attaching to Non-PID Dividends.

The Company will not be required to withhold tax at source when paying a Non-PID Dividend (whether in cash or in the form of a stock dividend).

#### **4. UK TAXATION OF CHARGEABLE GAINS, STAMP DUTY AND STAMP DUTY RESERVE TAX IN RESPECT OF ORDINARY SHARES IN THE COMPANY**

##### **4.1 UK taxation of chargeable gains**

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

For shareholders who are individuals, or otherwise not within the charge to UK corporation tax, and who are taxed at the basic rate, UK capital gains tax may be payable at the flat rate of 10 per cent; for such Shareholders who are higher or additional rate taxpayers, UK capital gains tax may be payable at the flat rate of 20 per cent. No indexation allowance is available to such Shareholders, but they may be entitled to an annual exemption from capital gains (this is £11,300 for the tax year 2017/2018).

For Shareholders who are subject to corporation tax, UK corporation tax on chargeable gains may be payable on a disposal at the applicable rate. Indexation allowance may reduce a chargeable gain, but it cannot be used to create an allowable loss. The current rate of UK corporation tax is 19 per cent., but is due to reduce to 17 per cent. by 2020.

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

Individual Shareholders who are temporarily not UK resident may be liable to UK capital gains tax on chargeable gains realised on their return to the UK.

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

##### **4.2 UK stamp duty and UK stamp duty reserve tax (SDRT)**

No UK stamp duty or SDRT will generally be payable on the issue, allotment and registration of the Ordinary Shares.

Transfers on 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 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.



## **5. ISA ELIGIBILITY**

### **5.1 General**

The Ordinary Shares will be “qualifying investments” for the stocks and shares component of an ISA and the Board will use its reasonable endeavours to manage the affairs of the Company so as to enable this status to be maintained. Save where an account manager is acquiring Ordinary Shares using available funds in an existing ISA, an investment in Ordinary Shares by means of an ISA is subject to the usual annual subscription limits applicable to new investments into an ISA (for the tax year 2017/2018 an individual may invest £20,000 worth of stocks and shares in a stocks and shares ISA).

Sums received by a Shareholder on a disposal of Ordinary Shares will not count towards the Shareholder’s annual limit but a disposal of Ordinary Shares held in an ISA 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 an ISA should contact their professional advisers regarding their eligibility.

### **5.2 Offer for Subscription**

Ordinary Shares allotted under the Offer for Subscription will be eligible for inclusion in an ISA, subject to the applicable subscription limits to new investments into an ISA, as set out above, being complied with.

### **5.3 Placing**

Ordinary Shares allotted under the Placing are not eligible for inclusion in an ISA.

### **5.4 Secondary market purchases**

Ordinary Shares acquired by an account manager by purchase in the secondary market, subject to applicable subscription limits, as set out above, will be eligible for inclusion in an ISA.

### **5.5 UK small self-administered schemes and self-invested personal pensions**

The Ordinary Shares will be eligible for inclusion in a UK SSAS or a UK SIPP, subject to the terms of the particular SSAs or SIPP.

## PART 7

### THE REIT REGIME

#### 1. THE REIT REGIME

- 1.1 The summary of the REIT Regime below is intended to be a general guide only and constitutes a high-level summary of the Company's understanding of certain aspects of current UK law and published HMRC practice relating to the REIT Regime, each of which is subject to change, possibly with retrospective effect. It is not an exhaustive summary of all applicable legislation in relation to the REIT Regime. The REIT Regime was introduced by the UK Finance Act 2006 and subsequently re-written into Part 12 of the CTA 2010.
- 1.2 Investing in property through a UK taxable corporate investment vehicle has the disadvantage that, in comparison to a direct investment in property assets, some categories of shareholder may effectively bear tax twice on the same income: first, indirectly, when the corporate investment vehicle pays direct tax on its profits, and secondly, directly (subject to any available exemption or with the benefit of a tax credit) when the shareholder receives a dividend. UK non-tax paying entities, such as UK pension funds, bear tax indirectly when investing through a taxable closed-ended corporate vehicle that is not a REIT, which they would not suffer if they were to invest directly in the property assets.
- 1.3 Upon qualifying and remaining as a UK REIT, the Company will not pay UK direct taxes on income and capital gains from its Property Rental Businesses in the UK and elsewhere, provided that certain conditions are satisfied. Instead, distributions in respect of the tax-exempt Property Rental Businesses will be treated for UK tax purposes as UK property income in the hands of shareholders. Part 6 of this Prospectus contains further detail on the UK tax treatment of shareholders in a REIT.
- 1.4 Gains arising to UK resident companies on the disposal of shares in property owning companies may, however, be subject to UK corporation tax. In addition, the Company will remain subject to UK direct taxes in respect of any income and gains from its businesses not included in the Property Rental Business (the **Residual Business**).
- 1.5 Whilst within the REIT Regime, the Property Rental Business will be treated as a separate business for corporation tax purposes from the Residual Business.
- 1.6 A dividend paid by the Company relating to profits or gains of its Property Rental Business is referred to as a PID. Other normal dividends paid by the Company (including dividends relating to the Residual Business) are referred to as Non-PID Dividends. Both PIDs and Non-PID Dividends may be satisfied by stock dividends. Part 6 of this Prospectus contains further detail on the UK tax treatment of shareholders in a REIT.
- 1.7 In this Prospectus, references to a company's accounting period are to its accounting period for UK corporation tax purposes. This period can differ from a company's accounting period for other purposes.

#### 2. QUALIFICATION AS A REIT

A company becomes a UK REIT by serving notice on HMRC before the beginning of the first accounting period for which it wishes to become a REIT. A group of companies becomes a group REIT if its principal company serves a notice under section 523 of the CTA 2010. In order to qualify as a REIT, the company must satisfy certain conditions set out in the CTA 2010. A non-exhaustive summary of the material conditions is set out below. For a group REIT, the "company conditions" must be met in relation to the principal company, and the other conditions in relation to the group.

##### 2.1 Company conditions

A company must be solely UK resident for tax purposes, its shares must be admitted to trading on a recognised stock exchange and it must not be an open-ended investment company. This company's shares must either be listed on a recognised stock exchange throughout each accounting period or traded on a recognised stock exchange in each accounting period. This listing/traded requirement is relaxed in the first three accounting periods. This company must

also not be a close company (the close company condition) subject to a limited exception. In summary, the close company condition amounts to a requirement that the company cannot be under the control of 5 or fewer participators (meaning generally shareholders or loan creditors), or of participators who are directors, subject to certain exceptions. The close company condition is relaxed for the company's first three years.

## 2.2 **Share capital restrictions**

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

## 2.3 **Borrowing restrictions**

A company must not be party to any loan in respect of which the lender is entitled to interest which exceeds a reasonable commercial return on the consideration lent or where the interest depends to any extent on the results of any of its business or on the value of any of its assets (subject to exceptions). In addition, the amount repayable must either not exceed the amount lent or must be reasonably comparable with the amount generally repayable (in respect of an equal amount lent) under the terms of issue of securities listed on a recognised stock exchange.

## 2.4 **Conditions for the Property Rental Business (including the Balance of Business conditions)**

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

- (a) the Property Rental Business must throughout the accounting period involve at least three properties;
- (b) throughout the accounting period no one property may represent more than 40 per cent. of the total value of the properties involved in the Property Rental Business;
- (c) the profits arising from the Property Rental Business must represent at least 75 per cent. of the company's total profits for the accounting period (the **75 per cent. profits condition**). Profits for this purpose means profits before deduction of tax and excluding, broadly, gains and losses on the disposal of property and gains and losses on the revaluation of properties, and certain exceptional items; and
- (d) 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 (the **75 per cent. assets condition**). Cash and the value of UK REIT shares are included in the value of the assets relating to the Property Rental Business for the purpose of meeting this condition.

## 2.5 **Distribution condition**

A company will be required (to the extent permitted by law) to distribute to shareholders (by way of cash or stock dividend), on or before the filing date for the principal company's tax return for the accounting period in question, at least 90 per cent. of its profits (broadly, calculated using normal UK corporation tax rules) in respect of its Property Rental Business (the **90 per cent. distribution condition**) together with all of such of the company's profits as are UK REIT investment profits (broadly dividends received from other REITs in which the Group holds shares). For the purpose of satisfying the 90 per cent. distribution condition, any dividend withheld in order to comply with the 10 per cent. rule (as described below) will be treated as having been paid.

## 3. **INVESTMENT IN OTHER REITS**

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

## **4. EFFECT OF BECOMING A REIT**

### **4.1 Tax exemption**

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

### **4.2 Dividends**

- (a) When the Company pays a dividend, that dividend will be a PID to the extent necessary to satisfy the 90 per cent. distribution condition. If the dividend exceeds the amount required to satisfy that test, then depending on all the circumstances the REIT may determine that all or part of the balance is a Non-PID Dividend Subject to certain exceptions, PIDs will be subject to withholding tax at the basic rate of income tax (currently 20 per cent). Further details of the United Kingdom tax treatment of certain categories of Shareholder while the Company is in the REIT Regime are contained in Part 6 of this Prospectus.
- (b) If the Company ceases to be a REIT, dividends paid by the Company may nevertheless be PIDs to the extent they are paid in respect of profits and gains of the Property Rental Business whilst the Company was within the REIT Regime.

### **4.3 Interest cover ratio**

A tax charge will arise if, in respect of any accounting period, the Company's ratio of income profits (subject to certain adjustments) to financing costs is less than 1.25:1. The amount (if any) by which the financing costs exceeds the amount of those costs which would cause that ratio to equal 1.25 (subject to a cap of 20 per cent. of the income profits) is chargeable to corporation tax.

### **4.4 The "10 per cent. rule"**

- (a) The Company may become subject to an additional tax charge if it pays a dividend to, or in respect of, a person beneficially entitled, directly or indirectly, to 10 per cent. or more of the Company's dividends or share capital or that controls, directly or indirectly, 10 per cent. or more of the voting rights in the principal company. Shareholders should note that this tax charge only applies where a dividend is paid to persons that are companies or are treated as bodies corporate in accordance with the law of an overseas jurisdiction with which the UK has a double taxation agreement, or in accordance with such a double taxation agreement. It does not apply where a nominee has such a 10 per cent. or greater holding unless the persons on whose behalf the nominee holds the shares meets the test in their own right.

### **4.5 Property development and property trading by a REIT**

- (a) A property in relation to which development has been undertaken by the Company 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 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 profits arising on disposal of the property. Any profit will be chargeable to corporation tax.
- (b) If the Company 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.

#### 4.6 **Movement of assets in and out of Property Rental Business**

In general, where an asset owned by the Company and used for the Property Rental Business begins to be used for the Residual Business, there will be a tax exempt market value disposal of the asset. Where an asset owned by the Company and 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 for UK corporation tax purposes, except for certain capital allowances purposes.

#### 4.7 **Joint ventures**

The REIT Regime also makes certain provisions for corporate joint ventures. If the Company is beneficially entitled to at least 40 per cent. of the profits available for distribution to equity holders in the venture company and at least 40 per cent. of the assets of the joint venture company available to equity holders in the event of a winding up, that joint venture company (or its subsidiaries) is carrying on a Property Rental Business which satisfies the 75 per cent. profits condition and the 75 per cent. assets condition (the **JV company**) and certain other conditions are satisfied, the principal company may, by giving notice to HMRC and with the consent of the JV company, elect for the assets and income of the JV company to be included in the Property Rental Business for tax purposes (on a proportionate basis). In such circumstances, the income and assets of the JV company will count towards the per cent. distribution condition and the 75 per cent. profits condition, and its assets will count towards the 75 per cent. assets condition (on a proportionate basis). It must itself satisfy the “balance of business” conditions set out at paragraph 2.4 above. Only so much of its profits as correspond to the REIT’s ownership percentage will be exempt from tax.

#### 4.8 **Acquisitions and takeovers**

- (a) If a REIT is taken over by another REIT, the acquired REIT does not necessarily cease to be a REIT and will, provided the conditions are met, continue to be entitled to the tax exemptions in respect of the profits of its Property Rental Business and capital gains on disposal of properties in the Property Rental Business.
- (b) The position is different where a REIT is taken over by an acquiror 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 that accounting period to benefit from tax exemptions on the profits of its Property Rental Business and capital 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 corporation tax on chargeable gains immediately before the end of the preceding accounting period. These disposals should be tax exempt as they are deemed to have been made at a time when the acquired REIT was still in the REIT Regime and future capital gains on the relevant assets will therefore be calculated by reference to a base cost equivalent to this market value. If the acquired REIT ends its accounting period immediately prior to the takeover becoming unconditional in all respects, dividends paid as PIDs before that date should not be recharacterised retrospectively as normal dividends.

#### 4.9 **Certain tax avoidance arrangements**

If HMRC believes that a REIT company 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. In addition, if HMRC consider that the circumstances are sufficiently serious or if two or more notices in relation to the obtaining of a tax advantage are issued by HMRC in a 10 year period, they may require the company to exit the REIT Regime.

### 5. **EXIT FROM THE REIT REGIME**

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

- 5.2 If the Company voluntarily leaves the REIT Regime within 10 years of joining and within two years of leaving disposes of any property that was involved in its Property Rental Business, any uplift in the base cost of the property as a result of the deemed disposals on entry into and exit from the REIT Regime (or as a movement from the Property Rental Business to the Residual Business) is disregarded in calculating the gain or loss on the disposal.
- 5.3 It is important to note that it cannot be guaranteed that the Company will comply with all of the REIT conditions and that the REIT Regime may cease to apply in some circumstances.
- 5.4 Shareholders should note that it is possible that the Company could lose its status as a REIT as a result of actions by third parties (for example, in the event of a successful takeover by a company that is not a REIT) or other circumstances outside the Company's control.



## PART 8

### ADDITIONAL INFORMATION

#### 1. INCORPORATION AND ADMINISTRATION

- 1.1 Residential Secure Income plc was incorporated in England and Wales on 21 March 2017 with company number 10683026 as a public company with an unlimited life under the CA 2006.
- 1.2 The registered office of the Company is 5 Old Bailey, London, EC4M 7BA. The principal place of business of the Company is 5 Old Bailey, London, EC4M 7BA and its telephone number is +44 (0)20 3597 7900.
- 1.3 The Company is incorporated and operates under the CA 2006. The Company is not authorised or regulated as a collective investment scheme by the FCA. From Admission, the Company will be subject to the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulations, the UK Corporate Governance Code and the AIC Code.
- 1.4 Save in respect of its entry into the material contracts summarised in paragraphs 12.1 to 12.6 of this Part 8 and professional fees incurred, the Company has not commenced operations since incorporation and, as at the date of this 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 terminate on 30 September of each year, with the first accounting period of the Company after Admission commencing on Admission and ending on 30 September 2018. The annual report and accounts will be prepared according to accounting standards in line with IFRS.
- 1.6 Other than its entry into the Fund Management Agreement (details of which are summarised in paragraph 12.2 of this Part 8), the Company has not since its date of incorporation entered into any related party transactions.
- 1.7 The Company has received a certificate under section 761 CA 2006 entitling it to commence business and to exercise its borrowing powers.
- 1.8 The Company has no employees.
- 1.9 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 CA 2006.
- 1.10 Changes in the issued share capital of the Company since its incorporation are summarised in paragraph 3 of this Part 8.
- 1.11 BDO LLP has been the only auditor of the Company since its incorporation. BDO LLP is registered to carry out audit work by the Institute of Chartered Accountants of England and Wales.
- 1.12 As at the date of this Prospectus, the Company will make its investments either directly or through one or more Subsidiary SPVs. The Company may establish further subsidiaries for the purposes of acquiring investment properties.

#### 2. DIRECTORS

- 2.1 The Directors are:

<b>Name</b>	<b>Function</b>	<b>Age</b>	<b>Date of Appointment</b>
Rt. Hon Baroness Dean of Thornton le Fylde	Chairman	74	9 June 2017
Robert Whiteman	Director	55	9 June 2017
Robert Blackburn Gray	Director	66	9 June 2017
John Carleton	Director	61	9 June 2017

all care of the Company's registered office at 5 Old Bailey, London, EC4M 7BA.

- 2.2 Further details relating to the Directors are set out in Part 3 of this Prospectus.

### 3. SHARE CAPITAL

- 3.1 On incorporation, the share capital of the Company was £1 represented by one ordinary share of nominal value of £1, which was taken by the subscriber to the memorandum of association of the Company. Such ordinary share was issued as fully paid.
- 3.2 To enable the Company to obtain a certificate to commence business and to exercise its borrowing powers under section 761 CA 2006, on 31 May 2017, 50,000 redeemable preference shares of £1 each were allotted to the Fund Manager against its irrevocable undertaking to pay 25p in cash for each such share by not later than Admission and the balance on demand thereafter (**Redeemable Preference Shares**). The Redeemable Preference Shares will be redeemed in full out of the proceeds of the Issue as soon as reasonably practicable following Admission.
- 3.3 Pursuant to a resolution passed at a general meeting of the Company held on 31 May 2017, the ordinary share of £1 in the Company was sub-divided into 100 Ordinary Shares of 1 penny each.
- 3.4 Pursuant to resolutions passed at a general meeting of the Company held on 31 May 2017:
- (a) in substitution for all subsisting authorities to the extent unused, the Directors were generally and unconditionally authorised, in accordance with section 551 of the CA 2006, to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £3,000,000 pursuant to the issue by the Company of up to 300 million Ordinary Shares pursuant to the Issue, provided that the authority conferred on the Directors expires (A) at the conclusion of the next annual general meeting of the Company (**AGM**) after the passing of this resolution or (B) 31 December 2017, whichever is the earlier (unless previously revoked, varied or renewed by the Company in general meeting), save that under this authority the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for, or to convert any security into, shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for, or to convert any security into, shares (as the case may be) in pursuance of such an offer or agreement as if the authority conferred had not expired;
  - (b) in substitution for all subsisting authorities to the extent unused, the Directors were empowered, pursuant to section 570 and section 573 CA 2006, to allot equity securities (within the meaning of section 560 CA 2006) for cash either pursuant to the authority conferred by the resolution above or by way of a sale of treasury shares, as if section 561(1) CA 2006 did not apply to any such allotment, provided that this power:
    - (i) is limited in respect of the resolution above, to the allotment of Ordinary Shares pursuant to the Issue, and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements or securities represented by depositary receipts, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter; and
    - (ii) expires (A) at the conclusion of the next AGM after the passing of this resolution or (B) 31 December 2017, whichever is the earlier (unless previously revoked, varied or renewed by the Company in general meeting), save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred had not expired.
  - (c) in addition to the authority set out at 3.4(a) above, the Directors were generally and unconditionally authorised, in accordance with section 551 of the CA 2006, to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to the lower of (a) 20 per cent. of the Ordinary Shares in issue at the time of admission of the Ordinary Shares issued pursuant to the Issue, or (ii) 60 million Ordinary Share, provided that the authority conferred on the Directors expires (A) at the conclusion of the next annual

- general meeting of the Company (**AGM**) after the passing of this resolution or (B) 31 December 2017, whichever is the earlier (unless previously revoked, varied or renewed by the Company in general meeting), save that under this authority the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for, or to convert any security into, shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for, or to convert any security into, shares (as the case may be) in pursuance of such an offer or agreement as if the authority conferred had not expired;
- (d) in substitution for all subsisting authorities to the extent unused, the Directors were empowered, pursuant to section 570 and section 573 CA 2006, to allot equity securities (within the meaning of section 560 CA 2006) for cash either pursuant to the authority conferred by the resolution above or by way of a sale of treasury shares, as if section 561(1) CA 2006 did not apply to any such allotment, provided that this power:
- (i) is limited to the lower of (a) 20 per cent. of the Ordinary Shares in issue at the time of Admission, or (ii) 60 million Ordinary Shares, and that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements or securities represented by depositary receipts, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter; and
  - (ii) expires (A) at the conclusion of the next AGM after the passing of this resolution or (B) 31 December 2017 whichever is the earlier (unless previously revoked, varied or renewed by the Company in general meeting), save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred had not expired.
- (e) conditional upon admission of the Ordinary Shares to listing on the UK Listing Authority's Official List and to trading on London Stock Exchange's Main Market for listed securities and the approval of the Court, the amount standing to the credit of the share premium account of the Company following completion of the Issue (less any issue expenses set off against the share premium account) be cancelled and the amount of the share premium account so cancelled be credited as a distributable reserve to be established in the Company's books of account which shall be capable of being applied in any manner in which the Company's profits available for distribution (as determined in accordance with the CA 2006) are able to be applied;
- (f) the Company is generally and unconditionally authorised, for the purposes of section 701 CA 2006, to make market purchases (within the meaning of section 693(4) CA 2006) of Ordinary Shares on such terms and in such manner as the Directors shall from time to time determine, provided that:
- (i) the maximum aggregate number of Ordinary Shares authorised to be purchased is 44,970,000 Ordinary Shares provided that the number of Ordinary Shares to be acquired between the date of the resolution and the first annual general meeting of the Company shall not exceed 14.99 per cent. of Shares issued pursuant to the Issue;
  - (ii) the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is 1 penny;
  - (iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is the higher of:
    - (A) an amount equal to 105 per cent. of the average of the middle market quotations for an Ordinary Share (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the date on which that Ordinary Share is contracted to be purchased; and

- (B) an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share as derived from the London Stock Exchange Trading System;
  - (iv) the authority conferred expires (A) at the conclusion of the next AGM after the passing of this resolution or (B) 18 months after the passing of this resolution, whichever is the earlier (unless previously revoked, varied or renewed by the Company in general meeting); and
  - (v) the Company may at any time prior to the expiry of such authority enter into a contract or contracts under which a purchase of Ordinary Shares under such authority will or may be completed or executed wholly or partly after the expiration of such authority and the Company may purchase Ordinary Shares in pursuance of any such contract or contracts as if the authority conferred had not expired.
- 3.5 Pursuant to resolutions passed at a general meeting of the Company held on 8 June 2017, the Articles summarised in paragraph 11 of this Part 8 were adopted as the articles of association of the Company in substitution for, and to the exclusion of, the then existing articles of association.
- 3.6 Assuming the Issue is fully subscribed, immediately following Admission the issued share capital of the Company will consist of up to 300 million Ordinary Shares and 50,000 Redeemable Preference Shares. The 50,000 Redeemable Preference Shares will be redeemed out of the Gross Issue Proceeds for the nominal paid up amount as soon as reasonably practicable following Admission.
- 3.7 The provisions of section 561(1) CA 2006 (which, to the extent not disapplied pursuant to sections 570 and 573 CA 2006, 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 paragraph 3.4(b) of this Part 8.
- 3.8 In accordance with the power granted to the Board by the Articles of Association, it is expected that the Ordinary Shares will be allotted (conditional upon Admission) pursuant to a resolution of the Board to be passed shortly before Admission.
- 3.9 Save as disclosed in this paragraph 3, no share or loan capital of the Company has since the date of incorporation of the Company been issued or been agreed to be issued, fully or partly paid, either for cash or for a consideration other than cash, and no such issue is now proposed.
- 3.10 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, convertible securities, exchangeable warrants or securities with warrants.
- 3.11 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.

#### **4. GROUP STRUCTURE**

- 4.1 The Company will acquire Homes either directly or indirectly (either through the acquisition of Home-owning vehicles or the entry into joint venture arrangements) with the benefit of long-term (typically 20 years and longer) inflation-linked cash flows.
- 4.2 The Group will comprise the Company, ReSI Housing Limited and one or more Subsidiary SPVs.

#### **5. WORKING CAPITAL**

The Company is of the opinion that, taking into account the Minimum Gross Issue Proceeds, the working capital available to the Group is sufficient for its present requirements, which is for at least the next 12 months from the date of this Prospectus.

#### **6. CAPITALISATION AND INDEBTEDNESS**

- 6.1 As at the date of this Prospectus, the Company:
  - (a) does not have any secured, unsecured or unguaranteed indebtedness, including indirect and contingent;

- (b) has not granted any mortgage or charge over any of its assets; and
  - (c) does not have any contingent liabilities or guarantees.
- 6.2 As at the date of this Prospectus, the Company's issued share capital is 50,000 Redeemable Preference Shares, which are paid up as to one quarter of their nominal value, and 1 Ordinary Share, which is fully paid.

## 7. DIRECTORS' AND OTHER INTERESTS

- 7.1 The Directors have confirmed to the Company that they intend to subscribe for the number of Ordinary Shares under the Issue set out in the table below. Insofar as is known to the Company, the interests of each Director and any member of the Fund Manager, including any connected person, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director whether or not held through another party, in the share capital of the Company following Admission will be as follows:

<b>Director</b>	<b>Ordinary Shares</b>
Rt. Hon Baroness Dean of Thornton le Fylde	20,000
Robert Whiteman	5,000
Robert Blackburn Gray	75,000
John Carleton	5,000

- 7.2 Under the Placing Agreement, the Directors, the Fund Manager and the directors of the Fund Manager have undertaken to the Bookrunner not to dispose of any interest in any Ordinary Shares which are legally owned by them or which are otherwise controlled by them for a period of 12 months from Admission save with the prior written consent of the Bookrunner.
- 7.3 All Ordinary Shares allotted and issued to a Director under the Issue will be beneficially held by such Director unless otherwise stated.
- 7.4 The directors of the Fund Manager (or persons connected to them) also intend to subscribe for (in aggregate) 1,355,000 Ordinary Shares pursuant to the Placing.
- 7.5 Prior to Admission, the Company will neither pay any amount of remuneration (including any contingent or deferred compensation) nor grant any benefits in kind to any persons for any services provided to the Company.
- 7.6 The Company has not set aside or accrued amounts to provide pension, retirement or similar benefits for the Board.
- 7.7 The Company has no employees.
- 7.8 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.
- 7.9 There are currently no potential conflicts of interest between any of the Directors' duties to the Company and their private interests and/or other duties. If a Director has a potential conflict of interest between his duties to the Company and his private interests or other obligations owed to third parties on any matter, the relevant Director will disclose his conflict of interest to the rest of the Board, not participate in any discussion by the Board in relation to such matter and not vote on any resolution in respect of such matter.
- 7.10 None of the Directors, has, or has had, any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which has been effected by the Company since its incorporation.
- 7.11 The business address of each of the Directors is 5 Old Bailey, London, EC4M 7BA.
- 7.12 As at the date of this Prospectus, none of the Directors:
- (a) has any convictions in relation to fraudulent offences for at least the previous five years;
  - (b) has been bankrupt or been a director of any company or been a member of the administrative, management or supervisory body of an issuer or a senior manager of an issuer at the time of any receivership or compulsory or creditors' voluntary liquidation for at least the previous five years; or
  - (c) has been subject to any official public incrimination or sanction of him by any statutory or regulatory authority (including designated professional bodies) nor has (s)he been

disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer, for at least the previous five years.

- 7.13 The Company will maintain directors' and officers' liability insurance on behalf of the Directors at the expense of the Company. The Company has also indemnified the Directors in accordance with the provisions of the Articles of Association.

## 8. DIRECTORS' LETTERS OF APPOINTMENT

- 8.1 Each of the Directors will be entitled to receive a fee linked to the Net Asset Value of the Company in respect of their position as a director of the Company.

Each of the Directors, save for the Chairman, will be entitled to receive a fee linked to the Net Asset Value of the Company as follows:

<b>Net Asset Value</b>	<b>Annual Fee</b>
Up to £100,000,000	£30,000
£100,000,001 to £200,000,000	£35,000
thereafter	£40,000

The Chairman will be entitled to receive a fee linked to the Net Asset Value of the Company as follows:

<b>Net Asset Value</b>	<b>Annual Fee</b>
Up to £100,000,000	£40,000
£100,000,001 to £200,000,000	£50,000
£200,000,001 to £350,000,000	£60,000
thereafter	£70,000

No commissions or performance related payments will be made to the Directors by the Company. The aggregate remuneration and benefits in kind of the Directors in respect of the Company's accounting period ending on 30 September 2018 which will be payable out of the assets of the Company are not expected to exceed £220,000.

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

Rt. Hon Baroness Dean of Thornton le Fylde was appointed as a non-executive director by a letter of appointment dated 26 April 2017.

Robert Whiteman was appointed as a non-executive director by a letter of appointment dated 31 May 2017.

Robert Blackburn Gray was appointed as a non-executive director by a letter of appointment dated 26 April 2017.

John Carleton was appointed as a non-executive director by a letter of appointment dated 26 April 2017.

Each Director has a letter of appointment that provides that their appointment shall be subject to the Articles of Association. The Directors' letters of appointment provide that, upon the termination of a Director's appointment all records remain the property of the Company. The Director's appointment can be terminated in accordance with the Articles of Association and without compensation. There is no notice period specified in the Articles of Association for the removal of Directors.

## 9. OTHER DIRECTORSHIPS

In addition to their directorships of the Company, the Directors are or have been members of the administrative, management or supervisory bodies or partners of the following companies or partnerships, at any time in the previous five years:

### **Rt. Hon Baroness Dean of Thornton le Fylde**

#### *Present directorships and partnerships*

Empiric Student Property plc (08886906)  
Empiric Student Property Trustees Limited  
(09023795)

#### *Past directorships and partnerships*

East Foundation Limited (05311406)  
NATS (En Route) Public Limited Company  
(04129273)



Labour Tomorrow Limited (10097916)  
Places for People Group Limited (03777037)  
Places for People Ventures Limited (09925149)  
Places for People Ventures Operations Limited  
(08740397)  
The University College London Hospitals  
Charitable Foundation (03807203)

NATS Employee Sharetrust Limited (04152329)  
NATS Holdings Limited (04138218)  
Taylor Wimpey plc (00296805)  
Thompson Foundation (Trustee) Limited  
(07405128)

### **Robert Whiteman**

*Present directorships and partnerships*  
CIPFA Business Limited (02376684)

*Past directorships and partnerships*  
Centre For Public Scrutiny Limited (05133443)

### **Robert Blackburn Gray**

*Present directorships and partnerships*  
Egyptian-British Chamber Of Commerce(The)  
(01561635)  
The Invicta Film Partnership No.15, LLP  
(OC302757)  
The Sixteen Saul Recording LLP (OC370914)  
Joint Arab-British Chamber Of Commerce  
(The) (01199402)  
Prospekt Medical Limited (06041277)  
ABBC Limited (08189989)

*Past directorships and partnerships*  
Centrepont Soho (01929421)  
THECITYUK (07088009)  
Teeny Tiny People LLP (OC344036)  
The Sixteen Messiah Recording LLP  
(OC332377)

### **John Carleton**

*Present directorships and partnerships*  
Places for People Leisure Partnership  
(08980157)

*Past directorships and partnerships*  
Arcadis LLP (OC368843)  
Bura (02622350)  
Larden New Homes Limited (05730330)  
Central Chelmsford Development Agency  
Limited (05852493)  
Choices for Grahame Park Limited (05303074)  
European Urban St Pancras 2 Limited  
(05147122)  
Genesis Homes Limited (05618921)  
Genesis Purchasing Limited (05713741)  
Geninvest Limited (05311051)  
Logic Homes Limited (05225956)  
Low C Living Limited (06303491)  
Pathmeads Property Services Limited  
(05963185)  
Pathmeads Residential Limited (02927849)  
Stoke Quay New Homes Limited (06196157)  
Takeparts Limited (06432537)

## **10. MAJOR INTERESTS**

- 10.1 The nature of the Issue is such that, as at 21 June 2017 (being the latest practicable date prior to the publication of this Prospectus), the Company is not aware of any person who, immediately following Admission, would be directly or indirectly interested in three per cent. or more of the Company's issued share capital.
- 10.2 All Shareholders have the same voting rights in respect of the share capital of the Company.
- 10.3 As at the date of this Prospectus, the Fund Manager holds all the voting rights in the Company. As at 21 June 2017 (being the latest practicable date prior to the publication of this Prospectus), the Company is not aware of any person who, immediately following Admission could, directly or indirectly, jointly or severally, exercise control over the Company.

10.4 The Company knows of no arrangements, the operation of which may result in a change of control of the Company.

## **11. ARTICLES OF ASSOCIATION**

11.1 Pursuant to resolutions passed at a general meeting of the Company held on 8 June 2017, the Articles summarised in this paragraph 11 were adopted as the articles of association of the Company in substitution for, and to the exclusion of, the then existing articles of association.

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

### **Objects/Purposes**

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

### **Voting rights**

11.4 Subject to the provisions of the CA 2006 and to any special terms as to voting on which any shares may have been issued or may from time to time be held and any suspension or abrogation of voting rights pursuant to the Articles of Association, at a general meeting of the Company every member who is present in person shall, on a show of hands, have one vote, every proxy who has been appointed by a member entitled to vote on the resolution shall, on a show of hands, have one vote and every member present in person or by proxy shall, on a poll, have one vote for each share of which (s)he is a holder. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

11.5 Unless the Board otherwise determines, no member is entitled to vote at a general meeting or at a separate meeting of the shareholders of any class of shares, either in person or by proxy, or to exercise any other right or privilege as a member in respect of any share held by him, unless all calls presently payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) payable by such member to the Company have been paid or if he, or any other person whom the Company reasonably believes to be interested in such shares, has been issued with a notice pursuant to the CA 2006 requiring such person to provide information about his interests in the Company's shares and has failed in relation to any such shares to give the Company the required information within 14 days.

### **Dividends**

11.6 Subject to the provisions of the CA 2006 and of the Articles of Association, the Company may by ordinary resolution declare dividends to be paid to members (including out of its accumulated, realised revenue profits, as long as it remains an investment company, in accordance with the Companies Act) according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.

11.7 Subject to the provisions of the CA 2006, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividends as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those preferential rights.

11.8 Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid. Subject as aforesaid, all dividends should be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly.

- 11.9 All dividends, interest or other sums payable and unclaimed for a period of 12 months after having become payable may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having become payable shall (if the Board so resolves) be forfeited and shall cease to remain owing by, and shall become the property of, the Company.
- 11.10 The Board may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.
- 11.11 The Board may also, with the prior authority of an ordinary resolution of the Company and subject to such terms and conditions as the Board may determine, offer to holders of Ordinary Shares (excluding any member holding Ordinary Shares as treasury shares) the right to elect to receive Ordinary Shares, credited as fully paid, instead of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.
- 11.12 Unless the Board otherwise determines, the payment of any dividend or other money that would otherwise be payable in respect of shares will be withheld if such shares represent at least 0.25 per cent. in nominal value of their class and the holder, or any other person whom the Company reasonably believes to be interested in those shares, has been duly served with a notice pursuant to the CA 2006 requiring such person to provide information about his interests in the Company's shares and has failed to supply the required information within 14 days. Furthermore such a holder shall not be entitled to elect to receive shares instead of a dividend.

#### **Transfer of shares**

- 11.13 Subject to any applicable restrictions in relation the Articles of Association, each member may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument must be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor is deemed to remain the holder of the share until the transferee's name is entered in the register of members.
- 11.14 The Board may, in its absolute discretion, refuse to register any transfer of a share or renunciation of a renounceable letter of allotment unless:
- (a) it is in respect of a share which is fully paid up;
  - (b) it is in respect of only one class of shares;
  - (c) it is in favour of a single transferee or not more than four joint transferees;
  - (d) it is duly stamped (if so required); and
  - (e) it is delivered for registration to the registered office for the time being of the Company or such other place as the Board may from time to time determine,
- accompanied (except in the case of: (i) a transfer by a recognised person where a certificate has not been issued; (ii) a transfer of an uncertificated share; or (iii) a renunciation) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so, provided that the Board shall not refuse to register a transfer or renunciation of a partly paid share on the grounds that it is partly paid in circumstances where such refusal would prevent dealings in such share from taking place on an open and proper basis on the market on which such share is admitted to trading. The Board may refuse to register a transfer of an uncertificated share in such other circumstances as may be permitted or required by the regulations and the relevant electronic system.
- 11.15 Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person whom the Company reasonably believes to be interested in the transferor's shares has been duly served with a notice pursuant to the CA 2006 requiring such person to provide information about his interests in the Company's shares, has failed to supply the required information within 14 days and the shares in respect of which such notice has

been served represent at least 0.25 per cent. in nominal value of their class, unless the member is not himself/herself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised stock exchange or is in consequence of a bona fide sale to an unconnected party.

- 11.16 If the Board refuses to register a transfer of a share, it shall send the transferee notice of its refusal, together with its reasons for refusal, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company.
- 11.17 No fee shall be charged for the registration of any instrument of transfer or any other document relating to or affecting the title to any share.
- 11.18 If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors (i) would cause the assets of the Company to be treated as “plan assets” of any benefit plan investor under Section 3(42) of ERISA or the U.S. Code; or (ii) would or might result in the Company and/or its shares being required to register or qualify under the U.S. Investment Company Act and/or the U.S. Securities Act and/or the U.S. Securities Exchange Act 1934 and/or any laws of any state of the U.S. that regulate the offering and sale of securities; or (iii) may cause the Company not to be considered a “Foreign Private Issuer” under the U.S. Securities Exchange Act 1934; or (iv) may cause the Company to be a “controlled foreign corporation” for the purpose of the U.S. Code; or (v) creates a significant legal or regulatory issue for the Company under the U.S. Bank Holding Company Act of 1956 (as amended) or regulations or interpretations thereunder, then any shares which the Directors decide are shares which are so held or beneficially owned (**Prohibited Shares**) must be dealt with in accordance with paragraph 11.19 below. The Directors may at any time give notice in writing to the holder of a share requiring him to make a declaration as to whether or not the share is a Prohibited Share.
- 11.19 The Directors shall give written notice to the holder of any share which appears to them to be a Prohibited Share requiring him within 21 days (or such extended time as the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) such share to another person so that it will cease to be a Prohibited Share. From the date of such notice until registration for such a transfer or a transfer arranged by the Directors as referred to below, the share will not confer any right on the holder to receive notice of or to attend and vote at a general meeting of the Company and of any class of shareholder and those rights will vest in the Chairman of any such meeting, who may exercise or refrain from exercising them entirely at his discretion. If the notice is not complied with within 21 days to the satisfaction of the Directors, the Directors shall arrange for the Company to sell the share at the best price reasonably obtainable to any other person so that the share will cease to be a Prohibited Share. The net proceeds of sale (after payment of the Company's costs of sale and together with interest at such rate as the Directors consider appropriate) shall be paid over by the Company to the former holder upon surrender by him of the relevant share certificate (if applicable).
- 11.20 Upon transfer of a share the transferee of such share shall be deemed to have represented and warranted to the Company that such transferee is acquiring shares in an offshore transaction meeting the requirements of Regulation S and is not, nor is acting on behalf of: (i) a benefit plan investor and no portion of the assets used by such transferee to acquire or hold an interest in such share constitutes or will be treated as “plan assets” of any benefit plan investor under Section 3(42) of ERISA; and/or (ii) a U.S. Person.

### **Variation of rights**

- 11.21 Subject to the provisions of the CA 2006, if at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any shares may be varied or abrogated in such manner (if any) as may be provided in the Articles of Association by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) or with the sanction of an ordinary resolution passed at a separate general meeting of the holders of the class.

- 11.22 The quorum at any such meeting shall be not less than two persons present (in person or by proxy) holding at least one-third of the nominal amount paid up on the issued shares of the relevant class (excluding any shares of that class held as treasury shares) and at an adjourned meeting not less than one person holding shares of the relevant class or his proxy.
- 11.23 Subject to the terms of issue of or rights attached to any shares, the rights for the time being attached to any shares shall be deemed not to be varied or abrogated by the creation or issue of any new shares ranking pari passu in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued or by the reduction of the capital paid up on such shares or by the purchase or redemption by the Company of its own shares or the sale of any shares held as treasury shares in accordance with the provisions of the CA 2006 and the Articles of Association.

### **General meetings**

- 11.24 The Board may convene a general meeting (which is not an annual general meeting) whenever it thinks fit.
- 11.25 A general meeting shall be convened by such notice as may be required by law from time to time.
- 11.26 The notice shall specify whether the meeting is convened as an annual general meeting or any other general meeting, the day, time and place of the meeting and the general nature of the business to be transacted at the meeting. In the case of a meeting convened to pass a special resolution, the notice shall specify the intention to propose the resolution as a special resolution. The notice shall specify that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and to speak and vote instead of the member and that a proxy need not also be a member. The notice must be given to the members (other than any who, under the provisions of the Articles of Association or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the Board and the Auditors. The accidental omission to give notice to, or the non-receipt of notice by, any person entitled to receive the same, shall not invalidate the proceedings at the meeting.
- 11.27 The right of a member to participate in the business of any general meeting shall include without limitation the right to speak, vote, be represented by a proxy or proxies and have access to all documents which are required by the CA 2006 or the Articles of Association to be made available at the meeting.
- 11.28 A Director shall, notwithstanding that (s)he is not a member, be entitled to attend and speak at any general meeting. The chairman of any general meeting may also invite any person to attend and speak at that meeting if (s)he considers that this will assist in the deliberations of the meeting.
- 11.29 No business shall be transacted at any general meeting unless a quorum is present. Subject to the Articles of Association, two persons (either members, duly authorised representatives or proxies) entitled to vote upon the business to be transacted at the meeting shall be a quorum. The chairman of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time (or indefinitely) and from place to place as the meeting shall determine. Where a meeting is adjourned indefinitely, the Board shall fix a time and place for the adjourned meeting. Whenever a meeting is adjourned for 30 days or more or indefinitely, seven clear days' notice at the least, specifying the place, the day and time of the adjourned meeting and the general nature of the business to be transacted, must be given in the same manner as in the case of the original meeting.
- 11.30 A resolution put to a vote of the meeting shall be decided on a show of hands unless a poll is duly demanded. Subject to the provisions of the CA 2006, a poll may be demanded by the chairman, at least five members having the right to vote on the resolution, a member or members representing not less than ten per cent. of the total voting rights of all the members having the right to vote on the resolution or member or members holding shares conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than ten per cent. of the total sum paid up on all the shares conferring that right.



11.31 The Board may, for the purpose of controlling the level of attendance and ensuring the safety of those attending at any place specified for the holding of a general meeting, from time to time make such arrangements as the Board shall in its absolute discretion consider to be appropriate and may from time to time vary any such arrangements or make new arrangements in place thereof. The entitlement of any member or proxy to attend a general meeting at such place shall be subject to any such arrangements as may be for the time being approved by the Board. In the case of any meeting to which such arrangements apply the Board may, when specifying the place of the meeting:

- (a) direct that the meeting shall be held at a place specified in the notice at which the chairman of the meeting shall preside (being the principal place); and
- (b) make arrangements for simultaneous attendance and participation at satellite meeting places or by way of any other electronic means by members otherwise entitled to attend the general meeting or who wish to attend at satellite meeting places or other places at which persons are participating by electronic means, provided that persons attending at the principal place and at satellite meeting places or other places at which persons are participating by electronic means shall be able to see, hear and be seen and heard by, persons attending at the principal place and at such other places, by any means.

11.32 Such arrangements for simultaneous attendance at such other places may include arrangements for controlling the level of attendance in any manner aforesaid at any of such other places, provided that they shall operate so that any excluded members are able to attend at one of the satellite meeting places or other places at which persons are participating by electronic means. Any such meeting shall be treated as taking place at and being held at the principal place.

11.33 The Board may direct that any person wishing to attend any meeting should provide such evidence of identity and submit to such searches or other security arrangements or restrictions as the Board shall consider appropriate in the circumstances and shall be entitled in its absolute discretion to refuse entry to any meeting to any person who fails to provide such evidence of identity or to submit to such searches or to otherwise comply with such security arrangements or restrictions.

### **Borrowing powers**

11.34 The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital and, subject to the provisions of the CA 2006, to create and issue debentures and other loan stock and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

### **Substantial Shareholders**

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

- (a) provide the Directors with powers to identify Substantial Shareholders (including giving notice to a Shareholder requiring him to provide such information as the Directors may require to establish whether or not he is an Substantial Shareholder);
- (b) provide the Directors with powers to prohibit the payment of dividends on Ordinary Shares that form part of an Substantial Shareholding, unless certain conditions are met;
- (c) allow dividends to be paid on Ordinary Shares that form part of an Substantial Shareholding where the Shareholder has disposed of its rights to dividends on its Ordinary Shares;



- (d) seek to ensure that if a dividend is paid on Ordinary Shares that form part of an Substantial Shareholding and arrangements of the kind referred to in (c) above are not met, the Substantial Shareholder concerned does not become beneficially entitled to that dividend; and
- (e) provide the Directors with powers if certain conditions are met, to require (i) a Substantial Shareholder; or (ii) a Shareholder who has not complied with a notice served in accordance with the power referred to in (a); or (iii) a Shareholder who has provided materially inaccurate or misleading information in relation to the Substantial Shareholder provisions of the Articles of Association, to dispose of such number of their shares as the Directors may specify, or to take such other steps as will cause the Directors to believe the Shareholder is no longer an Substantial Shareholder.

Ordinary Shares held as nominee are disregarded for these purposes.

### **Issue of shares**

- 11.36 Subject to the provisions of the CA 2006 and to any rights for the time being attached to any shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time to time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine, and any share may be issued which is, or at the option of the Company or the holder of such share is liable to be, redeemed in accordance with the Articles of Association or as the Board may determine.
- 11.37 Subject to the provisions of the CA 2006 and to any relevant authority of the Company required by the CA 2006, any new shares shall be at the disposal of the Board.

### **Directors' fees**

- 11.38 The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine (not exceeding in aggregate £300,000 per annum or such other sum as the Company in general meeting shall from time to time determine). Any such fees payable shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provision of the Articles of Association or otherwise and shall accrue from day to day.
- 11.39 The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors.

### **Directors' interests**

- 11.40 The Board may authorise any matter proposed to it in accordance with the Articles of Association which would otherwise involve a breach by a Director of his duty to avoid conflicts of interest under the CA 2006, including any matter which relates to a situation in which a Director has or can have an interest which conflicts, or possibly may conflict, with the interest of the Company or the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it (excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest). This does not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company. Any authorisation will only be effective if any quorum requirement at any meeting at which the matter was considered is met without counting the Director in question or any other interested Director and the matter was agreed to without their voting or would have been agreed to if their votes had not been counted. The Board may impose limits or conditions on any such authorisation or may vary or terminate it at any time.
- 11.41 Subject to having, where required, obtained authorisation of the conflict from the Board, a Director shall be under no duty to the Company with respect to any information which (s)he obtains or has obtained otherwise than as a Director of the Company and in respect of which (s)he has a duty of confidentiality to another person and will not be in breach of the general duties (s)he owes to the Company under the CA 2006 because (s)he fails to disclose any such information to the Board or to use or apply any such information in performing his duties as a Director, or because (s)he absents himself/herself from meetings of the Board at which any matter relating to a conflict of interest, or possible conflict, of interest is discussed and/ or

makes arrangements not to receive documents or information relating to any matter which gives rise to a conflict of interest or possible conflict of interest and/or makes arrangements for such documents and information to be received and read by a professional adviser.

11.42 Provided that his interest is disclosed at a meeting of the Board, or in the case of a transaction or arrangement with the Company, in the manner set out in the CA 2006, a Director, notwithstanding his office:

- (a) may be a party to or otherwise be interested in any transaction, arrangement or proposal with the Company or in which the Company is otherwise interested;
- (b) may hold any other office or place of profit at the Company (except that of auditor of the Company or any of its subsidiaries) and may act by himself/herself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange;
- (c) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has powers of appointment; and
- (d) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any office or employment or from any transaction, arrangement or proposal or from any interest in any body corporate. No such transaction, arrangement or proposal shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such profit, remuneration or any other benefit constitute a breach of his duty not to accept benefits from third parties.

11.43 A Director need not declare an interest in the case of a transaction or arrangement with the Company if the other Directors are already aware, or ought reasonably to be aware, of the interest or it concerns the terms of his service contract that have been or are to be considered at a meeting of the Board or if the interest consists of him being a director, officer or employee of a company in which the Company is interested.

11.44 The Board may cause the voting rights conferred by the shares in any other company held or owned by the Company or any power of appointment to be exercised in such manner in all respects as it thinks fit and a Director may vote on and be counted in the quorum in relation to any of these matters.

### **Restrictions on Directors' voting**

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

- (a) any transaction or arrangement in which (s)he is interested by means of an interest in shares, debentures or other securities or otherwise in or through the Company;
- (b) the giving of any guarantee, security or indemnity in respect of money lent to, or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;
- (c) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which (s)he himself/herself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (d) the giving of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;
- (e) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer (s)he is or may be entitled to participate as a holder of securities or in the underwriting or sub- underwriting of which (s)he is to participate;
- (f) any proposal concerning any other body corporate in which (s)he does not to his knowledge have an interest (as the term is used in Part 22 CA 2006) in one per cent. or

more of the issued equity share capital of any class of such body corporate nor to his knowledge hold one per cent. or more of the voting rights which (s)he holds as shareholder or through his direct or indirect holding of financial instruments (within the meaning of the Disclosure and Transparency Rules) in such body corporate;

- (g) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
- (h) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors;
- (i) any proposal concerning the funding of expenditure by one or more Directors on defending proceedings against him or them, or doing anything to enable such Director or Directors to avoid incurring such expenditure; or
- (j) any transaction or arrangement in respect of which his interest, or the interest of Directors generally has been authorised by ordinary resolution.

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

### **Number of Directors**

11.47 Unless and until otherwise determined by an ordinary resolution of the Company, the number of Directors shall be not less than two.

### **Directors' appointment and retirement**

11.48 Directors may be appointed by the Company by ordinary resolution or by the Board. If appointed by the Board, a Director shall hold office only until the next annual general meeting and shall not be taken into account in determining the number of Directors who are to retire by rotation.

11.49 At each annual general meeting of the Company, any Director appointed by the Board since the last annual general meeting shall retire. In addition one-third of the remaining Directors or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third, shall retire from office by rotation. If there are fewer than three such Directors, one Director shall retire from office.

11.50 At each annual general meeting, any Director who was last elected or last re-elected at or before the annual general meeting held in the third calendar year before the current year shall retire by rotation. If the number of Directors so retiring is less than the minimum number of Directors who are required to retire by rotation, additional Directors up to that number shall retire (namely, those Directors who are subject to rotation but who wish to retire and not offer themselves for re- election) and those Directors who have been Directors longest since their appointment or last re- appointment (and, as between those who have been in office an equal length of time, those to retire shall, unless they otherwise agree, be determined by lot).

11.51 Any Director who would not otherwise be required to retire shall also retire if (s)he has been with the Company for a continuous period of nine years or more at the date of the meeting and shall not be taken into account when deciding which and how many Directors should retire by rotation at the annual general meeting.

### **Notice requiring disclosure of interest in Ordinary Shares**

11.52 The Company may, by notice in writing, require a person whom the Company knows to be, or has reasonable cause to believe is, interested in any Ordinary Shares or at any time during the three years immediately preceding the date on which the notice is issued to have been interested in any Ordinary Shares, to confirm that fact or (as the case may be) to indicate whether or not this is the case and to give such further information as may be required by the Board. Such information may include, without limitation, particulars of the person's identity, particulars of the person's own past or present interest in any shares and to disclose the identity of any other person who has a present interest in the shares held by him, where the interest is a present interest and any other interest, in any shares, which subsisted during that three year period at any time when his own interest subsisted to give (so far as is within his

knowledge) such particulars with respect to that other interest as may be required and where a person's interest is a past interest to give (so far as is within his knowledge) like particulars for the person who held that interest immediately upon his ceasing to hold it.

- 11.53 If any Shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 14 days after service of the notice), or such other reasonable period as the Board may determine, the Board in its absolute discretion may serve a direction notice on the Shareholder or (subject to the rules of CREST, the Listing Rules and the requirements of the UK Listing Authority and the London Stock Exchange) take such action to compulsorily transfer shares. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the default shares) the shareholder shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25 per cent. in nominal value of the class of shares concerned, the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the default shares (other than a transfer authorised under the Articles of Association) shall be registered until the default is rectified.

#### **Untraced shareholders**

- 11.54 Subject to the Articles of Association, the Company may sell any shares registered in the name of a member remaining untraced for 12 years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

#### **Non-United Kingdom shareholders**

- 11.55 There are no limitations in the Articles of Association on the rights of non-United Kingdom shareholders to hold, or to exercise voting rights attached to, the Ordinary Shares. However, non- United Kingdom shareholders are not entitled to receive notices of general meetings unless they have given an address in the United Kingdom to which such notices may be sent or, subject to and in accordance with the CA 2006, an address to which notices may be sent in electronic form.

#### **CREST**

- 11.56 CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles of Association are consistent with CREST membership and, amongst other things, allow for the holding and transfer of shares in uncertificated form. The Articles of Association contain other provisions in respect of transactions with the shares in the Company in uncertificated form and generally provide for the modifications of certain provisions of the Articles of Association so that they can be applied to transactions with shares in the Company in uncertificated form.

#### **Indemnity of officers**

- 11.57 Subject to the provisions of the CA 2006, but without prejudice to any indemnity to which (s)he might otherwise be entitled, every past or present Director (including an alternate Director) or officer of the Company or a director or officer of an associated company (except the Auditors or the auditors of an associated company) may at the discretion of the Board be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company or of an associated company, or in connection with the activities of the Company, or of an associated company, as a trustee of an occupational pension scheme (as defined in section 235(6) CA 2006). In addition the Directors may purchase and maintain insurance at the expense of the Company for the benefit of any such person indemnifying him against any liability or expenditure incurred by him for acts or omissions as a Director or officer of the Company (or of an associated company).

#### **Lien and forfeiture**

- 11.58 The Company shall have a first and paramount lien on every share which is not fully paid for all amounts payable to the Company (whether presently or not) in respect of that share to the extent and in the circumstances permitted by the CA 2006. The Board may sell any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable

and is not paid within 14 clear days after notice has been sent to the holder of the share demanding payment and stating that if the notice is not complied with the share may be sold.

11.59 The Board may from time to time make calls on members in respect of any money unpaid on their shares, subject to the terms of allotment of the shares. Each member shall (subject to receiving at least 14 clear days' notice) pay to the Company the amount called on his shares. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the Board may give the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not to be complied with the shares in respect of which the call was made is liable to be forfeited.

### **Suspension of determination of Net Asset Value**

11.60 The Company may temporarily suspend the determination of the Net Asset Value per Share when the prices of any investments owned by the Company cannot be promptly or accurately ascertained.

## **C Share Rights**

### 11.61 **Definitions and Interpretation**

(a) For the purposes of this section 11.61 to 11.65 only, the following words and expressions shall bear the following meanings (notwithstanding that a different meaning may be given to any such word or expression in another provision of the Articles):

**Compulsory Redemption Notice** has the meaning set out in this section 11.64(b)(ii)(A)

**Conversion** means the conversion of C Shares into Ordinary Shares, in accordance with the provisions of section 11.65

**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

**C Share** means the convertible redeemable preference shares of one penny each in the capital of the Company having the rights and being subject to the restrictions set out in the Articles

**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 six 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 Fund Manager 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 Fund Manager 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

**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

**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 (m) 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

**Fund Manager** means any fund manager of the Company from time to time

**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 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 section 11.63 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

**Redemption Value** means 100 pence per C Share.

#### 11.62 **Rights attaching to C Shares**

- (a) The C Shares have attached to them the rights set out in this section, 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 section 11.65.
- (c) Subject to section 11.65(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 section 12.60(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 section 11.65(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 (n) 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.



#### 11.63 **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 section;
  - (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 Fund Manager to manage the Company's assets so that section 11.63(a) can be complied with.

#### 11.64 **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 section 11.64. 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) Subject to the Regulations, and the practices instituted by, the Operator, 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 Article 12.57 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; and
- (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 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.

#### 11.65 **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 section 11.65.

- (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 20 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 section 11.65(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 (and notwithstanding Article 155 of the Articles of Association), 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 section 11.65.
- (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 *par 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 section 11.63 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 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 in aggregate for all such C Shares held by any member and redeemed at any one time and the notice referred to in Article 12.60(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 section 11.65(f) shall amount to the variation, alteration or abrogation of the rights attaching to any class of share in the Company.

#### 11.66 **Continuation vote**

The Directors are required to propose an ordinary resolution at the annual general meeting following the fifth anniversary from its initial public offering that the Company should continue as presently constituted and at every fifth annual general meeting thereafter. In the event that a continuation resolution is not passed, the Directors will be required to formulate proposals for the voluntary liquidation, unitisation, reorganization or reconstruction of the Company for consideration by Shareholders at a general meeting to be convened by the Board for a date not more than six months after the date of the meeting at which such continuation resolution was not passed.

## 12. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company since incorporation of the Company and are, or may be, material. There are no other contracts entered into by the Company which include an obligation or entitlement which is material to the Company as at the date of this Prospectus.

### 12.1 **Placing Agreement**

Pursuant to the Placing Agreement dated 22 June 2017 between the Company, the Fund Manager, the Directors, the directors of the Fund Manager and the Bookrunner, subject to certain conditions, the Bookrunner has agreed to use its reasonable endeavours to procure subscribers for the Ordinary Shares pursuant to the Placing.

The obligations of the Company to issue the Ordinary Shares and the obligations of the Bookrunner to use reasonable endeavours to procure subscribers for Ordinary Shares pursuant to the Placing is conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, among others: (i) the Placing Agreement becoming wholly unconditional (save as to Admission) and not having been terminated in accordance with its terms prior to Admission; and (ii) Admission occurring by 8.00 a.m. on 12 July 2017 (or such later date as the Company, the Fund Manager and the Bookrunner may agree in writing, being not later than 8.00 a.m. on 31 October 2017).

The Company, the Directors and the Fund Manager have given warranties to the Bookrunner concerning, *inter alia*, the accuracy of the information contained in this Prospectus. The Company and the Fund Manager have also given indemnities to the Bookrunner. The warranties and indemnities given by (as appropriate) the Company, the Directors and the Fund Manager are standard for an agreement of this nature. The Placing Agreement may be terminated by the Bookrunner in certain customary circumstances prior to Admission.

The Directors, the Fund Manager and the directors of the Fund Manager have undertaken to the Bookrunner not to dispose of any interest in any Ordinary Shares which are legally owned by them or which are otherwise controlled by them for a period of 12 months from Admission save with the prior written consent of the Bookrunner.

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

## 12.2 **Fund Management Agreement**

Pursuant to a fund management agreement dated 16 June 2017 between the Company and the Fund Manager (the **Fund Management Agreement**), the Fund Manager has been appointed with full discretionary authority on behalf of the Company subject to the overall supervision of the Directors. The Fund Manager will act in accordance with the policies laid down by the Board (including, without limitation, the Investment Policy) and in accordance with the investment restrictions referred to in this Prospectus. The Fund Manager has also been appointed as the alternative investment fund manager to the Company, as defined in the AIFMD and AIFM Regulations.

In consideration for its services, the Fund Manager will receive fees as described in Part 4 of this Prospectus.

The Fund Management Agreement and the appointment of the Fund Manager will continue in force unless and until terminated by either the Company or the Fund Manager giving to the other not less than 12 months' written notice, such notice not to expire earlier than the fifth anniversary of Admission.

The Fund Management Agreement may also be terminated by either party giving written notice as follows:

- if an order has been made or an effective resolution passed for the liquidation of the other party or any member of the other party (as applicable) (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the terminating party) or a receiver, administrator, administrative receiver or similar officer has been appointed in respect of the other party or any member of the other party (as applicable) or of a substantial part of its assets or the other party or any member of the other party (as applicable) enters into an arrangement with its creditors or is or is deemed to be unable to pay its debts;
- if the other party has committed a material breach of its obligations under the Fund Management Agreement (or a series of persistent breaches that together are material in the context of the Fund Management Agreement) (whether or not, for the avoidance of doubt, such breach would otherwise be a repudiatory breach) and, where such breach is capable of remedy, fails to remedy such breach within 30 days after receiving notice requiring the same to be remedied;
- in the case of the Company only, if the Fund Manager ceases to be authorised and regulated by the FCA (to the extent required under applicable laws to perform its services);
- in the case of the Company only, if the Fund Manager commits any action that constitutes fraud, gross negligence, wilful default, material breach of duty or bad faith on the part of the Fund Manager or reckless disregard of its obligations and duties as fund manager of the Company;
- in the case of the Company only, if the Fund Manager has committed an act in contravention of any applicable laws, including the Proceeds of Crime Act 2002, the Fraud Act 2006 and/or the Bribery Act 2010 in relation to bribery and corruption, money laundering, the proceeds of bribery and corruption, off-the-books accounting, recording non-existent expenditure or improperly recorded expenditure in connection with bribery and corruption; and/or obtaining tax deductions for bribes or corrupt expenditure, whether or not, local and/or extraterritorial in effect, carried out directly by a person or indirectly by an agent for that person;
- if the other party breaches any applicable requirement or any provision of the Fund Management Agreement and such breach results in the listing of the Ordinary Shares on the Official List being suspended or results in the Company losing its real estate investment trust status;



- if any party is required by any relevant regulatory authority to terminate this Agreement.

The Fund Management Agreement contains provisions for conflicts to be managed (a) in compliance with the FCA Rules; and (b) in accordance with the Fund Manager's policies in relation to conflicts of interest.

The Fund Manager is under an obligation to consider all investment opportunities which fall within the Investment Policy for investment by the Group in priority to any other clients.

The Fund Management Agreement provides for the indemnification by the Company of the Fund Manager in circumstances where the Fund Manager suffers loss in connection with the provision of services under the Fund Management Agreement. The Fund Manager will not be responsible for loss to the Group, except to the extent that such loss is attributable to its gross negligence, wilful default, fraud, bad faith or material breach of the Fund Management Agreement which, if remediable, is not remedied within 60 days.

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

### 12.3 **Administration Agreement**

Pursuant to an administration agreement dated 9 June 2017 between the Company and the Administrator (the **Administration Agreement**), the Administrator was appointed to perform certain company administration and secretarial 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.

In consideration for its administration and company secretarial services, the Administrator is entitled to receive an on-going fee of £75,000 per annum. The Administrator is entitled to an additional fee equal to 0.75 basis points per annum on the portion of share capital over £200 million. Any additional services provided by the Administration will incur additional charges.

The Administrator's total liability in relation to the provision of the administration and company secretary 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 the higher of three times its fee and £1 million.

The Administration Agreement contains provisions to allow for its termination by any party on not less than three months prior written notice to each other party, or immediately in the case of specified circumstances of fault.

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

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

### 12.4 **Registrar Agreement**

Pursuant to a registrar agreement dated 9 June 2017 between the Company and the Registrar (the **Registrar Agreement**), the Registrar was appointed to act as the Company's share registrar.

Under the Registrar Agreement, the Registrar is responsible for maintaining and updating the register of members, maintaining and updating dividend and interest payment instructions, providing shareholder analysis through its corporate portal, telephone enquiry services for shareholders/agent queries and performing all the usual duties of a registrar in relation to the Company.

Fees at rates notified to the Company by the Registrar in writing, are payable quarterly in arrear based on the number of shareholders appearing on the Register at a rate of £1.25 per shareholder account appearing on the register during the fee year, subject to a minimum annual fee of £7,500 in the first year and £5,000 in the second year. Under the terms of the Registrar Agreement, the Registrar is also entitled to certain transaction based fees.

Subject to certain exclusions, including negligence and liability for fraud and any other liability that cannot be excluded by law, the maximum aggregate liability of the Registrar and its affiliates,



or its or their directors, officers, employees, or agents under the Registrar Agreement (including, but not limited to, contractual or tortious liability, including negligence and non-fraudulent misrepresentation, breach of statutory duty, restitution or otherwise) for any damage or other loss howsoever caused arising out of or in connection with the Registrar Agreement, or the provision of the services, will be limited to the lesser of £500,000 or an amount equal to five (5) times the annual fee payable to the Registrar under the Registrar Agreement.

The Registrar Agreement also contains a provision whereby the Company indemnifies the Registrar against any loss, liability or expense resulting from the Company's breach of the agreement or any third party claims in connection with the provision of the Registrar's services under the agreement, save where due to fraud or wilful default on the part of the Registrar.

The Registrar Agreement contains certain customary warranties, undertakings and indemnities by the Company in favour of the Registrar. The Registrar Agreement may be terminated by either party on not less than six months' notice in writing to the other party.

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

### 12.5 **Receiving Agent Agreement**

Pursuant to a receiving agent agreement dated 9 June 2017 between the Company and the Receiving Agent (the **Receiving Agent Agreement**), the Receiving Agent was appointed to provide receiving agent services to the Company in respect of the Issue.

Under the terms of the agreement, the Receiving Agent is entitled to a professional advisory fee plus a processing fee per application.

The Receiving Agent will also be entitled to reimbursement of all out of pocket expenses properly incurred by it in connection with its duties. These fees will be for the account of the Company.

The Receiving Agent Agreement also contains a provision whereby the Company indemnifies the Receiving Agent against any loss, liability or expense resulting from the Company's breach of the agreement or any third party claims in connection with the provision of the Receiving Agent's services under the agreement, save where due to fraud or wilful default on the part of the Receiving Agent.

Subject to certain exclusions, including negligence and liability for fraud and any other liability that cannot be excluded by law, the maximum aggregate liability of the Receiving Agent and its affiliates, or its or their directors, officers, employees, or agents under the Receiving Agent Agreement (including, but not limited to, contractual or tortious liability, including negligence and non-fraudulent misrepresentation, breach of statutory duty, restitution or otherwise) for any damage or other loss howsoever caused arising out of or in connection with the Receiving Agent Agreement, or the provision of the services, will be limited to the lesser of £250,000 or an amount equal to five (5) times the annual fee payable to the Receiving Agent under the Receiving Agent Agreement.

The Receiving Agent Agreement contains certain customary warranties, undertakings and indemnities by the Company in favour of the Receiving Agent. The Receiving Agent Agreement may be terminated by either party upon service of written notice to the other party in the event of a material breach or if a resolution is made for winding up, dissolution or administration of the other party.

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

### 12.6 **Depositary Agreement**

Pursuant to the Depositary Agreement dated 9 June 2017 entered into between the Depositary, the Fund Manager and the Company, the safekeeping of the Company's assets will be entrusted to the Depositary who will be required to provide depositary services to the Company in fulfilment of the AIFMD requirements. The Depositary shall also be responsible for ensuring that the Company's cash flows are properly monitored and shall review the Fund Manager's cash monitoring procedures.

The Depositary 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 Depositary shall receive an annual fee of £32,000 if

Gross Issue Proceeds are in excess of £150 million and shall receive a further 0.3 basis points on the portion of share capital over £250 million. Any additional services provided by the Depositary will incur additional charges.

The Depositary Agreement contains provisions to allow for the Company or the Fund Manager to terminate the Depositary Agreement on not less than three months prior written notice to each other party, or immediately in the case of specified circumstances of fault. The Depositary may retire on providing six months' written notice.

The Depositary Agreement contains certain customary warranties, undertakings and indemnities by the Company in favour of the Depositary.

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

### 13. INTERMEDIARIES

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

Name	Address
AJ Bell Youinvest	Calverley House, 55 Calverley Rd, Tunbridge Wells TN1 2TU
Alliance Trust Savings	PO Box 164, 8 West Marketgait, Dundee DD1 9YP
Barclays Stockbrokers	1 Churchill Place, London E14 5HP
Cornhill Capital Limited	4th Floor, 18 St Swithins Lane, London EC4N 8AD
Equiniti Financial Services Limited (Selftrade, Shareview, Saga Share Direct)	Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
Hargreaves Lansdown	1 College Square South, Anchor Road, Bristol BS1 5HL
Jarvis Investment Management Ltd (Shareddeal Active, x-o.co.uk)	8 Mount Ephraim, Tunbridge Wells, Kent TN4 8BS
London Stone Securities Limited	Lloyds Avenue House, 6 Lloyd's Ave, London EC3N 3AX
Redmayne-Bentley	9 Bond Court, Leeds LS1 2JZ
Shore Capital Stockbrokers Ltd	Bond Street House, 14 Clifford Street, London W1S 4JU
SVS Securities Plc	20 Ropemaker St, London EC2Y 9AR
TD Direct Investing (Europe) Limited	Exchange Court, Duncombe Street, Leeds LS1 4AX

### 14. AIFMD DISCLOSURES

The Company is an externally managed alternative investment fund and has appointed the Fund Manager as its alternative investment fund manager. Pursuant to the AIFMD and the UK implementing measures (the Alternative Investment Fund Managers Regulations No.1173/2013, and consequential amendments to the Financial Conduct Authority Handbook, the table below sets out the information required to be disclosed in accordance with Article 23 of the AIFMD:

DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
Investment strategy and objective of the AIF	<p><i>Investment objective</i></p> <p>The Company's investment objective is to provide Shareholders with an attractive level of income, together with the potential for capital growth, from acquiring a portfolio of Homes across residential asset classes that comprise the stock of Statutory Registered Providers. Such asset classes are categorised as Shared Ownership Homes, Market Rental Homes, Functional Homes and Sub-Market Rental Homes and will provide secure long-term inflation-linked cash flows to the Group.</p> <p><i>Investment policy</i></p> <p>The Company's investment policy is to invest in portfolios of Homes throughout the United Kingdom.</p>

The freehold or long leasehold (typically 99 years and longer) interest of Homes will be acquired by the Company directly or indirectly (either through the acquisition of Home-owning vehicles or the entry into joint venture arrangements) with the benefit of long-term (typically 20 years and longer) inflation-linked cash flows.

In each case, the Group will outsource the day-to-day management, rent collection and maintenance in respect of a Home.

The Group will make use of leverage, put in place on or shortly after the acquisition of Homes, to enhance returns on equity. The Group will only invest in Homes, and forward funding of Homes, with sufficient cashflows, counterparty credit quality and property security that allow the Fund Manager to secure equivalent debt of a credit strength which is equivalent to investment grade based on published rating agency methodologies. This restriction to Homes that can be funded with investment grade debt is the fundamental limitation on asset quality of the Company.

The Group will not undertake any direct development activity or assume direct development risk but may enter into forward funding arrangements without limit subject to the investment restrictions outlined below. These are arrangements with property developing entities (typically expected to be Statutory Registered Providers) whereby the Group forward funds the development of Homes by such developing entities, which will be structured so that the only risk to the Group is the credit risk of such developing entity. In such circumstances, the Group will typically seek to negotiate the receipt of immediate income from the asset, such that the developing entity is paying the Group a return on its investment during the construction phase and prior to the tenant commencing rental payments under the terms of their lease. In addition, the Group may engage in renovating or customising existing Homes, as necessary.

The Group aims to deliver capital growth by holding the Portfolio over the long term and therefore it is unlikely that the Group will dispose of any part of the Portfolio. In the unlikely event that a part of the Portfolio is disposed of, the Group intends to reinvest proceeds from such disposals in assets in accordance with the Investment Policy.

#### *Investment restrictions*

The Group will invest and manage the Portfolio with the objective of delivering a high quality Portfolio, which is fundamentally driven by the requirement that Homes have sufficient cashflows, counterparty credit quality and property security that allow the Fund Manager to secure debt of a credit strength which is equivalent to investment grade based on published rating agency methodologies and which is subject to the following investment restrictions:

- the Group will only invest in Homes located in the United Kingdom;
- the Homes will comprise Shared Ownership Homes, Market Rental Homes, Functional Homes and Sub-Market Rental Homes;

- the Group will only invest in Market Rental Homes, Functional Homes and Sub-Market Rental Homes in respect of which the Counterparty is a Statutory Registered Provider, University, Reputable Private Landlord or Reputable Care Provider;
- no Home, or group of Homes forming one contiguous, or largely contiguous, block of Homes (for example a building containing multiple flats), will represent more than 20 per cent. of Gross Asset Value calculated at the time of investment. However, during such time as Gross Asset Value remains below £900 million, the maximum limit for up to two Homes may exceed 20 per cent. but will not exceed 25 per cent. of Gross Asset Value (calculated at the time of investment) per Home in order to facilitate the ownership of certain larger Homes during the Company's initial deployment period;
- the aggregate maximum credit exposure to any Counterparty or Shared Owner, will not exceed 20 per cent. of Gross Asset Value, calculated at the time of investment. However during such time as Gross Asset Value remains below £900 million, the maximum credit exposure to up to two Counterparties and/or Shared Owners may exceed 20 per cent. but will not exceed 25 per cent. of Gross Asset Value (calculated at the time of investment) per Counterparty and/or Shared Owner in order to facilitate the ownership of certain larger residential assets during the Company's initial deployment period;
- with respect to forward funded Homes, the maximum exposure to an individual property developing entity will be limited to 20 per cent. of Gross Asset Value calculated at the time of investment. However, during such time as Gross Asset Value remains below £900 million, the maximum limit for up to two individual property developing entities may exceed 20 per cent. but will not exceed 25 per cent. of Gross Asset Value (calculated at the time of investment) per individual property developing entity in order to facilitate the forward funding of Homes during the Company's initial deployment period; and
- the Group will not undertake any direct development or speculative development.

The Group shall be permitted to acquire any property consisting of Homes and a commercial element, provided that the Fund Manager is satisfied that such commercial element is ancillary to the primary function of such Home as a Shared Ownership Home, Market Rental Home, Functional Home or Sub-Market Rental Home.

The investment limits detailed above apply at the time of the acquisition of the relevant investment in the Portfolio. The Group 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 or merger of Counterparties.

*Use of derivatives*

The Fund Manager intends to match debt cashflows to those of the underlying assets and therefore does not expect to

	<p>utilise derivatives. However, to the extent this is not possible, the Group may utilise derivatives for full or partial inflation or interest rate hedging or otherwise seek to mitigate the risk of inflation or interest rate movements. The Group will closely manage any derivatives, in particular with regard to liquidity and counterparty risks.</p> <p>The Group will only use derivatives for risk management and not for speculative purposes.</p> <p><i>Cash management</i></p> <p>Until the Group is fully invested, and pending re-investment or distribution of cash receipts, the Group will invest in cash, cash equivalents, near cash instruments and money market instruments.</p> <p><i>REIT status</i></p> <p>The Directors will at all times conduct the affairs of the Company so as to enable it to become and remain qualified as a REIT for the purposes of Part 12 of the CTA 2010 (and the regulations made thereunder). For further information on the Company's REIT status and the REIT Regime, please refer to Part 7 of this Prospectus.</p>
Master fund domicile, if relevant	Not applicable.
If the AIF is a fund of funds, the domicile of investee funds	Not applicable.
The type of assets in which the AIF may invest	Please see the Investment Policy and investment restrictions set out above.
Investment techniques that may be employed by the AIF and all associated risks	Please see the Investment Policy and investment restrictions set out above.
Investment restrictions	Please see the Investment Policy and investment restrictions set out above.
Circumstances in which the AIF may use leverage, the types and sources of leverage permitted and the associated risks, any restrictions on the use of leverage and the maximum level of leverage which the Fund Manager is entitled to employ on behalf of the AIF	<p>The Group will seek to use leverage to enhance equity returns of the Portfolio. The level of borrowing will be determined by the Fund Manager based on the characteristics of the relevant property and asset class and the Fund Manager will seek to achieve a low cost of funds, whilst maintaining the flexibility in the underlying security requirements and the structure of both the Portfolio and the Group.</p> <p>The Fund Manager intends to have indicative terms of any debt funding before completing an acquisition which will mitigate the risk of a funding mismatch arising. When considering any funding proposal, the Fund Manager will make use of its officers' experience, and those of TRL, in accessing long-term fixed rate and inflation-linked debt, which will most appropriately match debt against the cashflow profile of the investment opportunity. The Fund Manager intends to structure the debt by assessing the operational cashflows from the target asset and setting a Debt Service Coverage Ratio that, in combination with the counterparty credit quality and property security, gives efficient funding, which shall be of a credit strength equivalent to investment grade based on published rating agency methodologies. As such the gearing</p>

	<p>strategy for the Group is more akin to long term project finance debt than to traditional commercial property debt.</p> <p>Debt may be secured or unsecured. If secured, it will be secured at asset level, whether over a particular property or a holding entity for a particular property or series of properties (without recourse to the Company). The Fund Manager intends that all indebtedness will be incurred on a fully or partially amortising basis, to minimise the need to refinance on any final repayment date, with the exception of any working capital facilities raised at the level of the Company.</p> <p>The Group will target an asset level aggregate level of borrowings of 50 per cent. of Gross Asset value over the medium term. Aggregate Group borrowings will always be subject to an absolute maximum, calculated at the time of drawdown, of 67 per cent. of Gross Asset Value.</p>
Any collateral and asset reuse arrangements	Not applicable.
Procedures by which the AIF may change its investment strategy or investment policy or both	<p>Material changes to the Investment Policy may only be made in accordance with the Listing Rules and the approval of the Shareholders by way of ordinary resolution and (for so long as the Ordinary Shares are listed on the Official List) in accordance with the Listing Rules. Non-material changes to the Investment Policy must be approved by the Board, taking into account advice from the Fund Manager where appropriate.</p>
The main implications of the contractual relationship entered into for the purpose of investment including information on jurisdiction, the applicable law and on the existence (or not) of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established	<p>The Company is a company limited by shares, incorporated in England and Wales. While investors acquire an interest in the Company on subscribing for or purchasing shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, Shareholders have no direct legal or beneficial interest in those investments. The liability of Shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the Shares held by them. Shareholders' rights in respect of their investment in the Company are governed by the Articles and the CA 2006. Under English law, the following types of claims may in certain circumstances be brought against a company by its shareholders: contractual claims under its articles of association; claims in misrepresentation in respect of statements made in its prospectus and other marketing documents; unfair prejudice claims and derivative actions. In the event that a Shareholder considers that it may have a claim against the Company in connection with such investment in the Company, such Shareholder should consult its own legal advisers.</p> <p><i>Jurisdiction and applicable law</i></p> <p>As noted above, Shareholders' rights are governed principally by the Articles and the CA 2006. By subscribing for the Ordinary Shares, investors agree to be bound by the Articles which are governed by, and construed in accordance with, the laws of England and Wales.</p> <p><i>Recognition and enforcement of foreign judgments</i></p> <p>Regulation (EC) 593/2008 (<b>Rome I</b>) must be applied in all member states of the European Union (other than Denmark).</p>



	<p>Accordingly, where a matter comes before the courts of a relevant member state, the choice of a governing law in any given agreement is subject to the provisions of Rome I. Under Rome I, the member state's court may apply any rule of that member state's own law which is mandatory, irrespective of the governing law and may refuse to apply a rule of governing law if it is manifestly incompatible with the public policy of that member state. Further, where all other elements relevant to the situation at the time of the choice are located in a country other than the country whose law has been chosen, the choice of the parties shall not prejudice the application of provisions of the law of that other country which cannot be derogated from by agreement.</p> <p>Shareholders should note that there are a number of legal instruments providing for the recognition and enforcement of foreign judgments in England. Depending on the nature and jurisdiction of the original judgment, Council Regulation (EC) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, Regulation (EC) No 805/2004 of the European Parliament and of the Council of 21 April 2004 creating a European Enforcement Order for uncontested claims, the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters done at Lugano on 30 October 2007, the Administration of Justice Act 1920 and the Foreign Judgment (Reciprocal Enforcement) Act 1933 may apply. There are no legal instruments providing for the recognition and enforcement of judgments obtained in jurisdictions outside those covered by the instruments listed above, although such judgments might be enforceable at common law.</p>
<p>The identity of the alternative investment fund manager, the AIF's depositary, auditor and other service providers together with a description of their duties and the investors' rights</p>	<p><i>Fund Manager</i> ReSI Capital Management Limited has been engaged as the Fund Manager to advise the Company and provide certain management services in respect of the Portfolio. The Fund Manager will act as the Company's alternative investment fund manager under the AIFMD.</p> <p><i>Depositary</i> 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.</p> <p><i>Registrar</i> The Company will utilise the services of Capita Registrars Limited as registrar in relation to the transfer and settlement of Ordinary Shares held in certificated and uncertificated form.</p> <p><i>Administration and Company Secretarial Services</i> 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. Furthermore, the Administrator is responsible for calculating the Net Asset Value and the Net Asset Value per Share (in consultation with the Fund Manager and any relevant professional advisers) reporting this to the Board.</p>

	<p><i>Auditor</i></p> <p>BDO LLP will provide audit services to the Company. The annual report and accounts will be prepared according to accounting standards in line with IFRS.</p> <p><i>Valuation Agent</i></p> <p>A Valuation Agent will be engaged to provide valuation services in respect of the Homes.</p>
<p>A description of how the Fund Manager is complying with the requirements of Article 9(7) of AIFMD relating to professional liability risk requirements</p>	<p>The AIFM covers potential professional liability risks arising from its activities as the Company's AIFM through additional own funds. As prescribed by the AIFMD, the AIFM retains additional own funds of 0.01% of the value of the Company's funds under management.</p>
<p>A description of any delegated management function as referred to in Annex I of the AIFMD by the Fund Manager and of any safe-keeping function delegated by the depositary, the identification of the delegate and any conflicts of interest that may arise from such delegations</p>	<p>Not applicable.</p>
<p>The AIF's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing hard-to-value assets in accordance with Article 19 of the AIFMD</p>	<p>Valuation of Homes will be calculated by a Valuation Agent on a quarterly basis in accordance with Market Value subject to existing Tenancies methodology (MV-T), as more particularly described in Part 2 of this Prospectus.</p> <p>The Net Asset Value and Net Asset Value per Share will be calculated quarterly by the Administrator in consultation with the Fund Manager and any relevant professional advisers, and will be presented to both the Fund Manager and the Board for its approval and adoption. Calculations are made in accordance with IFRS and, unless the Board determines otherwise, in accordance with EPRA's best practice recommendations. Details of each quarterly Net Asset Value and Net Asset Value per Share will be announced by the Company through a Regulatory Information Service and will be available on the Company's website as soon as practicable after their adoption. In addition, the calculations will be reported to Shareholders in the Company's annual report and interim financial statements.</p> <p>The Board may determine that the Company shall temporarily suspend the determination of the Net Asset Value and Net Asset Value per Share when the prices of any investments owned by the Company cannot be promptly or accurately ascertained. Any suspension in the calculation of the Net Asset Value and Net Asset Value per Share will be notified to Shareholders through a Regulatory Information Service as soon as practicable after such suspension occurs.</p>

<p>The AIF's liquidity risk management, including the redemption rights both in normal and in exceptional circumstances, and the existing redemption arrangements with investors</p>	<p>The Company is a closed-ended investment company incorporated in England and Wales on 21 March 2017 which carries on its business as the principal company of a REIT. Shareholders are entitled to participate in the assets of the Company attributable to their Shares in a winding-up of the Company or other return of capital, but they have no rights of redemption.</p> <p>Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected. The Company mitigates this risk by maintaining a balance between continuity of funding and flexibility through the use of bank deposits and loans.</p>
<p>Fees, charges and expenses, and the maximum amounts directly or indirectly borne by investors</p>	<p>The on-going annual expenses of the Company for the period ending 30 September 2018 relative to Net Asset Value is expected to be approximately 0.3 per cent. (excluding the Fund Management Fee payable to the Fund Manager) based on the target Gross Issue Proceeds of £300 million.</p> <p>Given that many of the fees are irregular in their nature, the maximum amount of fees, charges and expenses that Shareholders will bear in relation to their investment cannot be disclosed in advance.</p>
<p>Fair treatment of investors and, whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of that preferential treatment, the type of investors who obtain such preferential treatment and, where relevant, their legal or economic links with the AIF or alternative investment fund manager</p>	<p>As a company listed on the UK Listing Authority's Official List, the Company is required under the Premium Listing Principles to treat all Shareholders of a given class equally.</p> <p>In addition, as directors of a company incorporated in England and Wales, the Directors have certain statutory duties with which they must comply. These include a duty upon each Director to act in the way (s)he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.</p> <p>No investor has a right to obtain preferential treatment in relation to their investment in the Company and the Company does not give preferential treatment to any investors.</p> <p>The Shares rank pari passu with each other.</p>
<p>The latest Annual Report referred to in Article 22 AIFMD</p>	<p>As a newly incorporated company, the Company has not yet published its annual report. Once published, annual reports in respect of the Company will be available at <a href="http://www.resi-reit.com">www.resi-reit.com</a>.</p>
<p>Procedure and conditions for the issue and sale of shares</p>	<p>The Ordinary Shares are admitted to trading on the London Stock Exchange's Main Market for listed securities. Accordingly, the Ordinary Shares may be purchased and sold on the Main Market. New Ordinary Shares may be issued at the Board's discretion and providing relevant Shareholder issuance authorities are in place. Shareholders do not have the right to redeem their Ordinary Shares. While the Company will typically have Shareholder authority to buy back Ordinary Shares, any such buy back is at the absolute discretion of the Board and no expectation or reliance should be placed on the Board exercising such discretion.</p>
<p>Latest net asset value of the AIF</p>	<p>The latest published Net Asset Value and Net Asset Value per Share will be available at <a href="http://www.resi-reit.com">www.resi-reit.com</a>.</p>

<p>The historical performance of the AIF</p>	<p>In due course, details of the Company's historical financial performance will be provided in the Company's annual reports and accounts which will be available at <a href="http://www.resi-reit.com">www.resi-reit.com</a>.</p>
<p>The identity of the prime broker and a description of any material arrangements with the prime brokers including transfer and reuse of assets and conflicts of interest</p>	<p>Not applicable.</p>
<p>How and when the information required to be disclosed under Article 23(4) and 23(5) of the AIFMD will be disclosed</p>	<p>The Fund Manager is required to make certain periodic disclosures to investors under the AIFMD and the Investment Funds sourcebook of the Financial Conduct Authority Handbook (<b>FUND</b>).</p> <p>Under Article 23(4) of the AIFMD and FUND 3.2.5R, the Fund Manager must disclose to investors periodically:</p> <ul style="list-style-type: none"> <li>• the percentage of the Company's assets that are subject to special arrangements arising from their illiquid nature;</li> <li>• any new arrangements for managing the liquidity of the Company; and</li> <li>• the current risk profile of the Company and the risk management systems employed by the Fund Manager to manage those risks.</li> </ul> <p>The information shall be disclosed as part of the Company's periodic reporting to investors, as required by the Articles or at the same time as any prospectus and offering document and at a minimum at the same time as the Company's annual report is made available.</p> <p>Under Article 23(4) of the AIFMD and FUND 3.2.6 R, the Fund Manager must disclose on a regular basis any changes to:</p> <ul style="list-style-type: none"> <li>• the maximum level of leverage that the Fund Manager may employ on behalf of the Company;</li> <li>• any right of reuse of collateral or any guarantee granted under the leveraging arrangement; and</li> <li>• the total amount of leverage employed by the Company.</li> </ul> <p>Information on changes to the maximum level of leverage and any right of re-use of collateral or any guarantee under the leveraging arrangements shall be provided without undue delay.</p> <p>Information on the total amount of leverage employed by the Company shall be disclosed as part of the Company's periodic reporting to investors, as required by the Articles, or at the same time as any prospectus and offering document and at least at the same time as the Company's annual report is made available.</p> <p>Without limitation to the generality of the foregoing, any information required under Article 23(4) of the AIFMD and FUND 3.2.5 R and, Article 23(4) of the AIFMD and FUND 3.2.6 R, may be disclosed: (a) in the Company's annual report or half-yearly report; (b) by the Company issuing an announcement via a Regulatory Information System; (c) a subsequent prospectus; and/or (d) by the Company publishing the relevant information on the Company's website.</p>

## **15. MANDATORY BIDS, SQUEEZE-OUT AND SELL-OUT RULES RELATING TO THE ORDINARY SHARES**

### **Mandatory bid**

15.1 The City Code on Takeovers and Mergers (the **City Code**) applies to the Company. Under Rule 9 of the City Code, if:

- (a) a person acquires an interest in shares in the Company 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
- (b) 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 offeror and, depending on the circumstances, his 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 in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the offeror or his concert parties during the previous 12 months.

### **Compulsory acquisition**

15.2 Under sections 974 to 991 CA 2006, 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 CA 2006 must, in general, be the same as the consideration that was available under the takeover offer.

15.3 In addition, pursuant to section 983 CA 2006, 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.

15.4 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 his/her 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.

## **16. INVESTMENT RESTRICTIONS**

16.1 In accordance with the requirements of the UK Listing Authority, the Company:

- (a) will not invest more than ten per cent. in aggregate of the value of the total assets of the Company in other investment companies or investment trusts which are listed on the Official List (except to the extent that those investment companies or investment trusts have published investment policies to invest no more than 15 per cent. of their gross assets in other investment companies or investment trusts which are listed on the Official List);
- (b) will not conduct any trading activity which is significant in the context of the Company as a whole;
- (c) will, at all times, invest and manage its assets:
  - (i) in a way which is consistent with its object of spreading investment risk; and
  - (ii) in accordance with its published Investment Policy.

- 16.2 The Company will not make any material change to its published Investment Policy without the approval of its Shareholders by ordinary resolution. Such an alteration would be announced by the Company through a Regulatory Information Service.
- 16.3 In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company by an announcement issued through a Regulatory Information Service.

## **17. THIRD PARTY INFORMATION AND CONSENTS**

- 17.1 Jefferies International Limited has given and not withdrawn its written consent to the inclusion in this Prospectus of its name and references in the form and context in which it appears.
- 17.2 Savills Advisory Services Limited has given and not withdrawn its written consent to the inclusion in this Prospectus of its name and the report titled 'UK Housing Market Commentary' reproduced in full in Part 2 of this Prospectus and references in the form and context in which they appear and has authorised the contents of those parts of this Prospectus which comprise its report for the purposes of Prospectus Rule 5.5.3R(2)(f).

## **18. AVAILABILITY OF THIS PROSPECTUS**

Copies of this Prospectus can be collected, free of charge during Business Hours on any Business Day, from the registered office of the Company (being 5 Old Bailey, London, EC4M 7BA).

## **19. GENERAL**

- 19.1 No Director has any interest in the promotion of, or in any property proposed to be acquired by, the Company.
- 19.2 Save as disclosed in paragraph 12 of this Part 8, there is no other contract (not being a contract entered into in the ordinary course of business) entered into by the Company which contains any provision under which the Company has any obligation or entitlement which is material to the Company as at the date of this Prospectus.
- 19.3 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.
- 19.4 The ISIN number for the Ordinary Shares is GB00BYSX1508.
- 19.5 The SEDOL number for the Ordinary Shares is BYSX150.
- 19.6 Ordinary Shares available under the Issue are not being underwritten. Save in relation to the Offer for Subscription, the Ordinary Shares have not been marketed nor are available, in whole or in part, to the public in conjunction with the Issue.
- 19.7 There are no, and have not since the incorporation of the Company been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, significant effects on the Company and/or the Group's financial position or profitability.
- 19.8 There has been no significant change in the financial or trading position of the Company since 21 March 2017, the date of its incorporation.
- 19.9 Since incorporation, the Company has not commenced operations and therefore has not generated earnings; following the completion of the Issue, it is expected that the Company will derive earnings from its gross assets in the form of dividends and interest.
- 19.10 The Company intends to become a member of the AIC following Admission.
- 19.11 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by written instrument. The Articles of Association permit the holding of Ordinary Shares under the CREST system. The Board intends to apply for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly it is intended that settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the relevant Shareholders so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so upon request made to the Receiving Agent.



19.12 Where information contained in this Prospectus has been sourced from a third party, the Company confirms that such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

19.13 The Company has not had any employees since its incorporation and does not own any premises.

## **20. DOCUMENTS FOR INSPECTION**

20.1 Copies of the following documents will be available for inspection at the registered office of the Company and at the offices of Norton Rose Fulbright LLP, 3 More London Riverside, London SE1 2AQ during Business Hours on any Business Day from the date of this Prospectus until Admission:

- (a) the memorandum of association of the Company;
- (b) the Articles of Association;
- (c) the consent letters set out in paragraph 17 of this Part 8; and
- (d) this Prospectus.

## PART 9

### TERMS AND CONDITIONS OF THE OFFER FOR SUBSCRIPTION

The Ordinary Shares are only suitable for investors who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in Ordinary Shares is part of a diversified investment programme and who fully understand and are willing to assume the risks involved in such an investment programme.

In the case of the Application, references to you in these terms and conditions of Application are to each of you, and your liability is joint and several. Please ensure you read these terms and conditions in full before completing the Application Form.

#### 1. THE TERMS AND CONDITIONS

- 1.1 The contract created by the acceptance of an Application under the Offer for Subscription will be conditional on:
  - (a) Admission becoming effective by not later than 8.00 a.m. (London time) on 12 July 2017 (or such later date as may be provided for in accordance with the terms of the Placing Agreement referred to in paragraph 12.1 of Part 8 of this Prospectus);
  - (b) the Placing Agreement referred to in paragraph 12.1 of Part 8 of this Prospectus becoming otherwise unconditional in all respects, and not being terminated in accordance with its terms before Admission becomes effective; and
  - (c) satisfaction of the conditions set out in Part 5 of this Prospectus.
- 1.2 The Company reserves the right to present all cheques and banker's drafts for payment on receipt and to retain application monies and refrain from delivering an Applicant's Ordinary Shares into CREST, pending clearance of the successful Applicant's cheques or banker's drafts. The Company also reserves the right to reject in whole or part, or to scale down or limit, any Application. The Company may treat Applications as valid and binding if made in accordance with the prescribed instructions and the Company may, at its discretion, accept an Application in respect of which payment is not received by the Company prior to the closing of the Offer for Subscription. If any Application is not accepted in full or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance thereof will be returned (without interest) by returning each relevant Applicant's cheque or banker's draft or by crossed cheque in favour of the first Applicant through the post at the risk of the person(s) entitled thereto. In the meantime, application monies will be retained by the Receiving Agent in a separate account.
- 1.3 To ensure compliance with the Money Laundering Regulations, the Company (or any of its agents) may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment. If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Company (or any of its agents).
- 1.4 The person lodging the Application Form with payment and in accordance with the other terms as described above, including any person who appears to the Company (or any of its agents) to be acting on behalf of some other person, accepts the Offer for Subscription in respect of such number of offered Ordinary Shares as is referred to therein and shall thereby be deemed to agree to provide the Company (or any of its agents) with such information and other evidence as the Company (or any of its agents) may require to satisfy the verification of identity requirements.
- 1.5 If the Company (or any of its agents) determines that the verification of identity requirements apply to any Application, the relevant Ordinary Shares (notwithstanding any other term of the Offer for Subscription) will not be issued to the relevant Applicant unless and until the verification of identity requirements have been satisfied in respect of that Applicant (or any beneficial holder) or Application. The Company (or any of its agents) is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any Application and whether such requirements have been satisfied, and neither the Company nor

any agent of it will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

- 1.6 If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Company (or any of its agents) has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant Application as invalid, in which event the monies payable on acceptance of the Offer for Subscription will be returned (at the Applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.
- 1.7 Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company, the Administrator and the Registrar from the Applicant that the Money Laundering Regulations will not be breached by application of such remittance. The verification of identity requirements will not usually apply:
- (a) if the Applicant is an organisation required to comply with 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); or
  - (b) if the Applicant is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
  - (c) if the aggregate subscription price for the offered Ordinary Shares is less than the lower of £12,500 or €15,000.
- 1.8 In other cases the verification of identity requirements may apply. If the Application Form is lodged with payment by a regulated financial services firm (being a person or institution) (the **Firm**) which is located in Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Gibraltar, Guernsey, Hong Kong, Iceland, Ireland, Isle of Man, Italy, Japan, Jersey, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, the Republic of South Africa, Spain, Sweden, Switzerland or the UK, the Firm should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Company (or any of its agents). If the Firm is not such an organisation, it should contact Capita Asset Services, Corporate Actions, at 34 Beckenham Road, Beckenham, Kent, BR3 4TU. To confirm the acceptability of any written assurance referred to above, or in any other case, the Applicant should call 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 am – 5.30 pm, 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.
- 1.9 If the Application Form(s) is/are in respect of Ordinary Shares with an aggregate subscription price of more than the higher of £12,500 or €15,000 and is/are lodged by hand by the Applicant in person, or if the Application Form(s) in respect of Ordinary Shares is/are lodged by hand by the Applicant and the accompanying payment is not the Applicant's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.
- 1.10 If, within a reasonable period of time following a request for verification of identity, and in any case by 1.00 p.m. on 6 July 2017, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent may, as agent of the Company and upon instruction from the Company, reject the relevant Application, in which event the monies submitted in respect of that Application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

- 1.11 All payments must be made by cheque or banker's draft in pounds sterling drawn on a branch in the United Kingdom of a bank or a building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by those companies or committees: cheques and banker's drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to Capita Registrars Limited re: "Residential Secure Income plc – OFS A/C" in respect of an Application and crossed "A/C Payee Only". Cheques should be for the full amount payable on Application. Post-dated cheques and payment via CHAPS, BACS or electronic transfer will not be accepted.
- 1.12 Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the cheque/banker's draft to such effect. The account name should be the same as that shown on the Application Form.
- 1.13 The following is provided by way of guidance to reduce the likelihood of difficulties, delays and potential rejection of an Application Form (but without limiting the Receiving Agent's right to require verification of identity as indicated above):
- (a) Applicants should make payment by a cheque drawn on an account in their own name and write their name and address on the back of the banker's draft or cheque and, in the case of an individual, record his date of birth against his name; banker's drafts should be duly endorsed by the bank or building society on the reverse of the cheque as described above; and
  - (b) if an Applicant makes the Application as agent for one or more persons, (s)he should indicate on the Application Form whether (s)he is a UK or EU-regulated person or institution (for example a bank or stockbroker) and specify his status. If an Applicant is not a UK or EU-regulated person or institution, (s)he should contact the Receiving Agent.
- 1.14 By completing and delivering an Application Form you, as the Applicant (and, if you sign the Application Form on behalf of somebody else or a corporation, that person or corporation, except as referred to in paragraph (a) below) will be deemed to represent and warrant to each of the Company, the Fund Manager and the Bookrunner that you:
- (a) offer to subscribe for the number of Ordinary Shares specified in your Application Form (or such lesser number for which your Application is accepted) on the terms of and subject to this Prospectus, including these terms and conditions, and subject to the Articles of Association of the Company;
  - (b) agree that, in consideration of the Company agreeing to process your Application, your Application cannot be revoked (subject to any legal right to withdraw your application which arises as a result of the publication of a supplementary prospectus) and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand during normal business hours only) on receipt by, the Receiving Agent of your Application Form;
  - (c) agree and warrant that your cheque or banker's draft may be presented for payment on receipt and will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive the Ordinary Shares until you make payment in cleared funds for the Ordinary Shares and such payment is accepted by the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it, and the Receiving Agent, against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by the Company of such late payment, the Company may (without prejudice to its other rights) avoid the agreement to subscribe for such Ordinary Shares and may issue or allot such Ordinary Shares to some other person, in which case you will not be entitled to any payment in respect of such Ordinary Shares other than the refund to you at your risk of the proceeds (if any) of the cheque or banker's draft accompanying your Application, without interest;

- (d) agree that (i) any monies returnable to you may be retained pending clearance of your remittance and the completion of any verification of identity required by the Money Laundering Regulations and (ii) monies pending allocation will be retained in a separate account and that such monies will not bear interest;
- (e) undertake to provide satisfactory evidence of your identity within such reasonable time (in each case to be determined in the absolute discretion of the Company and the Receiving Agent) to ensure compliance with the Money Laundering Regulations;
- (f) agree that, in respect of those Ordinary Shares for which your Application has been received and is not rejected, acceptance of your Application shall be constituted, at the election of the Company, either (i) by notification to the UK Listing Authority and the London Stock Exchange of the basis of allocation (in which case acceptance shall be on that basis) or (ii) by notification of acceptance thereof to the Receiving Agent;
- (g) authorise the Receiving Agent to procure that your name (together with the name(s) of any other joint Applicant(s)) is/are placed on the register of members of the Company in respect of such Ordinary Shares and to send a crossed cheque for any monies returnable by post without interest, at the risk of the persons entitled thereto, to the address of the person (or in the case of joint holders the first-named person) named as an Applicant in the Application Form;
- (h) 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, the Receiving Agent, or any of their affiliates or any other person;
- (i) warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person or corporation, and such person or corporation will also be bound accordingly and will be deemed to have given the confirmations, warranties and undertakings contained herein and undertake to enclose your power of attorney, or a copy thereof duly certified by a solicitor or bank, with the Application Form;
- (j) agree that all Applications, acceptances of Applications and contracts resulting from such acceptances shall be governed by and construed in accordance with English law, and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (k) confirm that in making such Application, neither you nor any person on whose behalf you are applying are relying on any information or representation in relation to the Company other than the information contained in this Prospectus and any supplementary prospectus and, accordingly, you agree that no person (responsible solely or jointly for this Prospectus or any part thereof or involved in the preparation thereof) shall have any liability for any such information or representation;
- (l) confirm that your Application is made solely on the terms of this Prospectus and subject to the Articles of Association;
- (m) irrevocably authorise the Company or any person authorised by it to do all things necessary to effect registration of any Ordinary Shares subscribed by or issued to you into your name(s) or into the name(s) of any person(s) in whose favour the entitlement to any such Ordinary Shares has been transferred and authorise any representative of the Company to execute any document required therefor;
- (n) agree that, having had the opportunity to read this Prospectus, you shall be deemed to have had notice of all information and representations concerning the Company and the Ordinary Shares contained therein;
- (o) confirm that you have reviewed the restrictions contained in these terms and conditions;
- (p) warrant that, if you are an individual, you are not under the age of 18;

- (q) agree that all documents and cheques sent by post to, by or on behalf of the Company or the Receiving Agent, will be sent at the risk of the person(s) entitled thereto;
- (r) warrant that in connection with your Application you have observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your Application in any territory and that you have not taken any action which will or may result in the Company or any person responsible solely or jointly for the prospectus or any part of its or involved in the preparation thereof acting in breach of the regulatory or legal requirements of any territory (including in particular FSMA) in connection with the Offer for Subscription or your Application;
- (s) save where you have satisfied the Company that an appropriate exemption applies so as to permit you to subscribe, represent and agree that you are not a resident of United States, Australia, Canada, Japan or the Republic of South Africa;
- (t) agree, on request by the Company or the Receiving Agent on behalf of the Company, to disclose promptly in writing to the Company or the Receiving Agent any information which the Company or the Receiving Agent may reasonably request in connection with your Application, and authorise the Company or the Receiving Agent on behalf of the Company to disclose any information relating to your Application as it considers appropriate;
- (u) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your agreement to subscribe for Ordinary Shares under the Offer, you warrant 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, the Fund Manager, the Bookrunner or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Offer;
- (v) acknowledge that no person is authorised in connection with the Offer 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 Fund Manager or the Bookrunner;
- (w) confirm that you are not applying as, nor are you 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);
- (x) if you are outside the United Kingdom, confirm that neither this Prospectus nor any other offering, marketing or other material in connection with the Offer 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 Offer 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 you or such person and Ordinary Shares could lawfully be distributed to and subscribed and held by you or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- (y) confirm that you do 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 you are not acting on a non-discretionary basis for any such person;
- (z) confirm that you have complied and will comply with all applicable provisions of the Criminal Justice Act 1993 and the Market Abuse Regulation (EU) No. 596/2014 with respect to anything done by it in relation to the Placing and/or the Ordinary Shares;
  - (aa) agree that you accept that if the Offer does not proceed or the conditions to the Placing Agreement are not satisfied or the Ordinary Shares for which valid applications are received and accepted are not admitted to the Official List of the



UK Listing Authority and to trading on the London Stock Exchange for any reason whatsoever then neither the Bookrunner, nor the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;

- (bb) acknowledge and agree that information provided by you to the Company, the Bookrunner or the Registrar will be stored both on the Registrar's and the Administrator's computer system and manually. You acknowledge and agree that for the purposes of the Data Protection Act 1998 (the **DP Act**) and other relevant data protection legislation which may be applicable, the Registrar is required to specify the purposes for which it will hold personal data. The Registrar and the Administrator will only use such information for the purposes set out below (collectively, the **Purposes**), being to:
- (i) process your personal data (including sensitive personal data) as required by or in connection with your holding of Ordinary Shares, including processing personal data in connection with credit and money laundering checks on you;
  - (ii) communicate with you as necessary in connection with your affairs and generally in connection with its holding of Ordinary Shares;
  - (iii) provide personal data to such third parties as the Registrar or the Administrator may consider necessary in connection with your affairs and generally in connection with your holding of Ordinary Shares or as the DP Act may require, including to third parties outside the EEA;
  - (iv) without limitation, provide such personal data to the Company or the Fund Manager and each of their respective associates for processing, notwithstanding that any such party may be outside the EEA; and
  - (v) process your personal data for the Registrar's or the Administrator's internal administration;
- (cc) in providing the Registrar and the Administrator with information, you hereby represent and warrant to the Registrar and the Administrator that you have obtained the consent of any data subject to the Registrar and the Administrator and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out in paragraph (bb) above). For the purposes of this Prospectus, "**data subject**", "**personal data**" and "**sensitive personal data**" shall have the meanings attributed to them in the DP Act;
- (dd) acknowledge that the Bookrunner and the Company are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to you;
- (ee) acknowledge that the representations, undertakings and warranties contained in this Prospectus are irrevocable. You acknowledge that the Bookrunner and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and you agree 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, you shall promptly notify the Bookrunner and the Company; and
- (ff) if you are in the Bailiwick of Guernsey, you are a person licensed under any of 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).

1.15 If you are applying on behalf of someone else you will not, and will procure that none of your affiliates will, circulate, distribute, publish or otherwise issue (or authorise any other person to

issue) any document or information in connection with the Issue, or make any announcement or comment (whether in writing or otherwise) which states or implies that it has been issued or approved by or prepared in conjunction with the Company or any person responsible solely or jointly for this Prospectus or any part thereof or involved in the preparation thereof or which contains any untrue statement of material fact or is misleading or which omits to state any material fact necessary in order to make the statements therein not misleading.

- 1.16 No person receiving a copy of this Prospectus and/or an Application Form in any territory other than the UK may treat the same as constituting an invitation or an offer to him; nor should (s)he in any event use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or the Application Form could lawfully be used without contravention of any, or compliance with, any unfulfilled registration or other legal or regulatory requirements. It is the responsibility of any person outside the UK wishing to apply for Ordinary Shares under the Offer for Subscription to satisfy himself/herself as to full observance of the laws of any relevant territory in connection with any such Application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in any such territory and paying any issue, transfer or other taxes required to be paid in any such territory.
- 1.17 The Ordinary Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons. The Company has not been and will not be registered as an “investment company” under the U.S. Investment Company Act, and investors will not be entitled to the benefits of the U.S. Investment Company Act. In addition, relevant clearances have not been, and will not be, obtained from the securities commission (or equivalent) of any province of Australia, Canada, Japan or the Republic of South Africa and, accordingly, unless an exemption under any relevant legislation or regulations is applicable, none of the Ordinary Shares may be offered, sold, renounced, transferred or delivered, directly or indirectly, in Australia, Canada, Japan or the Republic of South Africa. Unless the Company has expressly agreed otherwise in writing, you represent and warrant to the Company that you are not a U.S. Person or a resident of Australia, Canada, Japan or the Republic of South Africa and that you are not subscribing for such Ordinary Shares for the account of any U.S. Person or resident of Australia, Canada, Japan or the Republic of South Africa and that you will not offer, sell, renounce, transfer or deliver, directly or indirectly, Ordinary Shares subscribed for by you in the United States, Australia, Canada, Japan or the Republic of South Africa or to any U.S. Person or resident of Australia, Canada, Japan or the Republic of South Africa. Subject to certain exceptions, no Application will be accepted if it bears an address in the United States, Australia, Canada, Japan or the Republic of South Africa unless an appropriate exemption is available as referred to above.
- 1.18 The basis of allocation will be determined by the Board in consultation with the Bookrunner and the Fund Manager. The right is reserved to reject in whole or in part and/or scale down and/or ballot any Application or any part thereof. The right is reserved to treat as valid any Application not in all respects completed in accordance with the instructions relating to the Application Form, including if the accompanying cheque or banker’s draft is for the wrong amount.

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

Each subscriber of Ordinary Shares in the Issue and each subsequent investor in the Ordinary Shares will be deemed to have represented, warranted, acknowledged and agreed as follows:

- 1 it is either: (i) acquiring the Ordinary Shares in an “offshore transaction” meeting the requirements of Regulation S under the U.S. Securities Act and not a U.S. Person and not acting for the account or benefit of a U.S. Person; or (ii) an Eligible US Investor;
- 2 it acknowledges that the Ordinary Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons absent registration or an exemption from registration under the U.S. Securities Act;

- 3 it acknowledges that the Company has not been registered under the U.S. 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 U.S. Investment Company Act;
- 4 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 (i) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a “plan” as defined in Section 4975 of the U.S. Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the U.S. Code. In addition, if an investor is a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the U.S. 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;
- 5 if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the U.S. Securities Act and under circumstances which will not require the Company to register under the U.S. 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 of Association;
- 6 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 U.S. Securities Act, the U.S. Investment Company Act or any other applicable securities laws;
- 7 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 the U.S. federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under the U.S. securities laws to transfer such Ordinary Shares or interests in accordance with the Articles of Association;
- 8 it acknowledges and understands that the Company is required to comply with FATCA and CRS and agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA or CRS;
- 9 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 Fund Manager or the Bookrunner, or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Issue or its acceptance of participation in the Issue;
- 10 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 U.S. Persons, nor will it do any of the foregoing;
- 11 if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, the investor has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account; and
- 12 the Company, the Fund Manager, the Bookrunner, the Administrator and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.

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

## PART 10

### TERMS AND CONDITIONS OF THE PLACING

#### 1. INTRODUCTION

- 1.1 Each Placee which confirms its agreement to the Company and/or the Bookrunner to subscribe for Ordinary Shares under the Placing will be bound by these terms and conditions and will be deemed to have accepted them.
- 1.2 The Company and/or the Bookrunner and/or the Fund Manager may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it/they (in its/their absolute discretion) sees fit.

#### 2. AGREEMENT TO SUBSCRIBE FOR ORDINARY SHARES

Conditional on: (i) Admission becoming effective by not later than 8.00 a.m. (London time) on 12 July 2017 (or such later date as may be provided for in accordance with the terms of the Placing Agreement); (ii) the Placing Agreement becoming otherwise unconditional in all respects, and not being terminated in accordance with its terms before Admission becomes effective; (iii) satisfaction of the conditions set out in Part 5 of this Prospectus; and (iv) the Bookrunner confirming to the Placees their allocation of Ordinary Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those Ordinary Shares allocated to it by the Bookrunner at the Issue Price. 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 Issue Price for the Ordinary Shares issued to the Placee in the manner and by the time directed by the Bookrunner. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for Ordinary Shares may, at the discretion of the Bookrunner, either be rejected or accepted and in the latter case paragraph 3.2 of these terms and conditions shall apply.
- 3.2 Each Placee is deemed to agree that if it does not comply with its obligation to pay the Issue Price for the Ordinary Shares allocated to it in accordance with paragraph 3.1 of these terms and conditions and the Bookrunner elects to accept that Placee's application, the Bookrunner may sell all or any of the Ordinary Shares allocated to the Placee on such Placee's behalf and retain from the proceeds, for the Bookrunner's own account and profit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will, however, remain liable for any shortfall below the aggregate amount owed by such Placee and it may be required to bear any tax or other charges (together with any interest or penalties) which may arise upon the sale of such 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 and warrant to each of the Company, the Fund Manager and the Bookrunner that:

- (a) in agreeing to subscribe for Ordinary Shares under the 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 or the Placing. It agrees that none of the Company, the Fund Manager, the Bookrunner or the Registrar, or 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;
- (b) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Ordinary Shares under the 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 Fund Manager, the Bookrunner or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing;

- (c) 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 10 and the Articles of Association as in force at the date of Admission;
- (d) it has not relied on the Bookrunner or any person affiliated with the Bookrunner in connection with any investigation of the accuracy of any information contained in this Prospectus;
- (e) the content of this Prospectus is the responsibility of the Company and its Directors and neither the Bookrunner nor any person acting on their respective behalf nor any of their 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 Placing based on any information, representation or statement contained in this Prospectus or otherwise;
- (f) it acknowledges that no person is authorised in connection with the 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 Fund Manager or the Bookrunner;
- (g) 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);
- (h) it accepts that none of the Ordinary Shares have been or will be registered under the laws of the United States, Australia, Canada, Japan or the Republic of South Africa. Accordingly, the Ordinary Shares may not be offered, sold, issued or delivered, directly or indirectly, within any of the United States, Australia, Canada, Japan or the Republic of South Africa unless an exemption from any registration requirement is available;
- (i) if it is within the United Kingdom, it is: (i) 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 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; or (ii) 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;
- (j) 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)(i), (ii) or (iii) of Directive 2003/71/EC and (b) if that relevant Member State has implemented the AIFMD, that it is a person to whom the Ordinary Shares may lawfully be marketed under the AIFMD or under the applicable implementing legislation (if any) of that relevant Member State;
- (k) 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: (i) the Ordinary Shares acquired by it in the 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 the Bookrunner has been given to the offer or resale; or (ii) 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;
- (l) in the case of any Ordinary Shares acquired by an investor as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive:



- (i) the Ordinary Shares acquired by it in the 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, or in circumstances in which the prior consent of the Bookrunner has been given to the offer or resale; or
  - (ii) 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;
- (m) if it is outside the United Kingdom, neither this Prospectus nor any other offering, marketing or other material in connection with the 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 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;
  - (n) 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;
  - (o) 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 Placing and will not be any such person on the date any such agreement to subscribe under the Placing is accepted;
  - (p) it has complied and will comply with all applicable provisions of the Criminal Justice Act 1993 and the Market Abuse Regulation (EU) No. 596/2014 with respect to anything done by it in relation to the Placing and/or the Ordinary Shares;
  - (q) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other offering materials concerning the Placing or the Ordinary Shares to any persons within the United States or to any U.S. Persons, nor will it do any of the foregoing;
  - (r) it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading "United States Purchase and Transfer Restrictions" in paragraph 5, below;
  - (s) it acknowledges that neither the Bookrunner nor any of their respective affiliates, or any person acting on the Bookrunner's behalf is making any recommendations to it or advising it regarding the suitability of any transactions it may enter into in connection with the Placing or providing any advice in relation to the Placing and its participation in the Placing is on the basis that it is not and will not be a client of the Bookrunner and that the Bookrunner 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 Placing or in respect of any representations, warranties, undertaking or indemnities otherwise required to be given by it in connection with its application under the Placing;
  - (t) that, save in the event of fraud on the part of the Bookrunner, neither the Bookrunner, its respective ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of their respective directors, members partners, officers and employees, shall be responsible or liable to a Placee or any of its clients for any matter arising out of the Bookrunner' role as placing agents or the Bookrunner's role as sponsor, placing agent and broker or otherwise in connection with the Placing and that were any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients will immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;
  - (u) 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; (i) to subscribe for the Ordinary Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this Prospectus; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form

provided by the Company and/or the Bookrunner. It agrees that the provision of this paragraph shall survive any resale of the Ordinary Shares by or on behalf of any such account;

- (v) it irrevocably appoints any director of the Company and any director of the Bookrunner to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Ordinary Shares for which it has given a commitment under the Placing, in the event of its own failure to do so;
- (w) it accepts that if the Placing does not proceed or the conditions to the Placing Agreement are not satisfied or the Ordinary Shares for which valid applications are received and accepted are not admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange for any reason whatsoever then neither the Bookrunner, nor the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- (x) in connection with its participation in the Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering (**Money Laundering Legislation**) and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) (the **Money Laundering Directive**), together with any regulations and guidance notes issued pursuant thereto; or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- (y) it acknowledges that due to anti-money laundering requirements, the Bookrunner and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, the Bookrunner and the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify the Bookrunner and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it;
- (z) it acknowledges and agrees that information provided by it to the Company, the Bookrunner or the Registrar will be stored both on the Registrar's and the Administrator's computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection Act 1998 (the DP Act) and other relevant data protection legislation which may be applicable, the Registrar is required to specify the purposes for which it will hold personal data. The Registrar and the Administrator will only use such information for the purposes set out below (collectively, the Purposes), being to:
  - (i) process its personal data (including sensitive personal data) 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;
  - (ii) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;
  - (iii) provide personal data to such third parties as the Registrar or the Administrator may consider necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares or as the DP Act may require, including to third parties outside the EEA;
  - (iv) without limitation, provide such personal data to the Company or the Fund Manager and each of their respective associates for processing, notwithstanding that any such party may be outside the EEA; and
  - (v) process its personal data for the Registrar's or the Administrator's internal administration;

- (aa) in providing the Registrar and the Administrator with information, it hereby represents and warrants to the Registrar and the Administrator that it has obtained the consent of any data subject to the Registrar and the Administrator and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out in paragraph (bb) above). For the purposes of this Prospectus, “data subject”, “personal data” and “sensitive personal data” shall have the meanings attributed to them in the DP Act;
- (bb) the Bookrunner, the Company and the Fund Manager are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to it;
- (cc) the representations, undertakings and warranties contained in this Prospectus are irrevocable. It acknowledges that the Bookrunner and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the Ordinary Shares are no longer accurate, it shall promptly notify the Bookrunner and the Company;
- (dd) where it or any person acting on behalf of it is dealing with the Bookrunner, any money held in an account with the Bookrunner on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require the Bookrunner to segregate such money, as that money will be held by the Bookrunner under a banking relationship and not as trustee;
- (ee) any of its clients, whether or not identified to the Bookrunner, will remain its sole responsibility and will not become clients of the Bookrunner for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- (ff) it accepts that the allocation of Ordinary Shares shall be determined by the Board in consultation with the Bookrunner and the Fund Manager and that the Board may scale down any commitments for this purpose on such basis as it may determine;
- (gg) it authorises the Bookrunner to deduct from the total amount subscribed under the Placing the aggregate commission (if any) (calculated at the rate agreed with the Company) payable on the number of Ordinary Shares allocated to it under the Placing; and
- (hh) 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 Placing
- (ii) if it is in the Bailiwick of Guernsey, it is a person licensed under any of 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)

## **5. UNITED STATES PURCHASE AND TRANSFER RESTRICTIONS**

5.1 By participating in the 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 Fund Manager and the Bookrunner that:

- (a) it is either: (i) acquiring the Ordinary Shares in an “offshore transaction” meeting the requirements of Regulation S under the U.S. Securities Act and/not a U.S. Person and not acting for the account or benefit of a U.S. Person; or (ii) an Eligible US Investor;
- (b) it acknowledges that the Ordinary Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or

to, or for the account or benefit of, U.S. Persons absent registration or an exemption from registration under the U.S. Securities Act;

- (c) it acknowledges that the Company has not registered under the U.S. 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 U.S. Investment Company Act;
- (d) 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 (i) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a “plan” as defined in Section 4975 of the U.S. Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the U.S. 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 U.S. 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;
- (e) 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 U.S. Securities Act and under circumstances which will not require the Company to register under the U.S. 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 of Association;
- (f) 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 U.S. Securities Act, the U.S. Investment Company Act or any other applicable securities laws;
- (g) 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 U.S. 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 U.S. securities laws to transfer such Ordinary Shares or interests in accordance with the Articles of Association;
- (h) it acknowledges and understands that the Company is required to comply with FATCA and CRS and agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA or CRS;
- (i) 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 Fund Manager, the Bookrunner or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Placing or its acceptance of participation in the Placing;
- (j) 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 U.S. Persons, nor will it do any of the foregoing; and
- (k) 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.

- 5.2 The Company, the Fund Manager, the Bookrunner, the Registrar and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.
- 5.3 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 the Bookrunner.

## **6. SUPPLY AND DISCLOSURE OF INFORMATION**

If the Bookrunner or the Company or any of their agents request any information about a Placee's agreement to subscribe for Ordinary Shares under the Placing, such Placee must promptly disclose it to them.

## **7. MISCELLANEOUS**

- 7.1 The rights and remedies of the Company, the Fund Manager, the Bookrunner and the Registrar under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 7.2 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 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.
- 7.3 Each Placee agrees to be bound by the Articles of Association once the Ordinary Shares, which the Placee has agreed to subscribe for pursuant to the Placing, have been acquired by the Placee. The contract to subscribe for Ordinary Shares under the 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 Fund Manager, the Bookrunner and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.
- 7.4 In the case of the agreement to subscribe for Ordinary Shares under the 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.
- 7.5 The Bookrunner and the Company expressly reserve the right to modify the Placing (including, without limitation, the timetable and settlement) at any time before allocations are determined. The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained at paragraph 12.1 of Part 8 of this Prospectus.



## NOTICES TO OVERSEAS INVESTORS

This Prospectus has been approved by the FCA as a prospectus which may be used to offer securities to the public for the purposes of section 85 FSMA and Directive 2003/7/EC. No arrangement has however been made with the competent authority in any other EEA State (or any other jurisdiction) for the use of this Prospectus as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdictions. Issue or circulation of this Prospectus may be prohibited in countries other than those in relation to which notices are given below. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, shares in any jurisdiction in which such offer or solicitation is unlawful.

### European Economic Area – Prospectus requirements

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), an offer to the public of any Ordinary Shares may not be made in that Relevant Member State other than the Issue contemplated in this Prospectus in the UK once the Prospectus has been approved by the UK Listing Authority and published in accordance with the Prospectus Directive, except that, subject to separate restrictions imposed by the Alternative Investment Fund Managers Directive (in relation to which see below), the Ordinary Shares may be offered to professional investors in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if it has been implemented in that Relevant Member State:

- to legal entities which are qualified investors as defined in the Prospectus Directive;
- by the Bookrunner to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) as permitted under the Prospectus Directive and subject to obtaining the consent of the Company for any such offer; 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 by the Company or the Bookrunner of a prospectus pursuant to Article 3 of the Prospectus Directive, or supplementing a prospectus pursuant to Article 16 of the Prospectus Directive, and each person who initially acquires Ordinary Shares or to whom any offer is made will be deemed to have represented, warranted to and agreed with the Bookrunner and the Company that it is a “qualified investor” within the meaning of the law in that Relevant Member State implementing 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 Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Ordinary Shares to be offered so as to enable an investor to decide to purchase any Ordinary Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including 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 and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

In the case of any Ordinary Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will be deemed to have represented, warranted, acknowledged and agreed that the Ordinary Shares subscribed by it in the Issue have not been subscribed on a non-discretionary basis on behalf of, nor have they been subscribed with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Bookrunner has been obtained to each such proposed offer or resale.

The Company, the Bookrunner and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, warranty, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Bookrunner of such fact in writing may, with the consent of the Bookrunner, be permitted to subscribe for Ordinary Shares in the Issue



## **European Economic Area – the Alternative Investment Fund Managers Directive**

The Alternative Investment Fund Managers Directive has been implemented in the United Kingdom through the Alternative Investment Fund Managers Regulations 2013 (as amended) (the **AIFM Regulations**). For the purposes of the AIFM Regulations the Company is a UK AIF and the Fund Manager is a Full Scope UK AIFM. Under the AIFMD regime, the Fund Manager is entitled to passport marketing of the Ordinary Shares into Member States of the European Union. In accordance with the AIFM Regulations, the Fund Manager has applied to the FCA and registered the Company to enable the marketing of Ordinary Shares to professional investors in Belgium, Finland, Ireland, Norway, Sweden and The Netherlands under the AIFMD passport procedure.

## **For the attention of investors in Canada**

The Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and that are also permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. The securities may be sold only to purchasers resident in Ontario, Alberta, BC, Quebec, Manitoba, New Brunswick, Nova Scotia, Saskatchewan, or the Yukon Territory.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Bookrunner is not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this placing.

## **For the attention of investors in Guernsey**

The offer referred to in this Prospectus is available, and is and may be made, in or from within the Bailiwick of Guernsey, and this Prospectus is being provided in or from within the Bailiwick of Guernsey only:

- (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 offer referred to in this Prospectus and this Prospectus are not available in or from within the Bailiwick of Guernsey other than in accordance with the above paragraphs (i) and (ii) and must not be relied upon by any person unless made or received in accordance with such paragraphs.

## **For the attention of investors in Jersey**

Consent under the Control of Borrowing (Jersey) Order 1958 has not been obtained for the circulation of this Prospectus. Accordingly, the offer that is the subject of this Prospectus may only be made in Jersey where there is no "relevant connection" with Jersey for the purposes of the Order and (i) the offer is not an offer to public; or (ii) the offer is valid in the United Kingdom or Guernsey and is circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom or Guernsey as the case may be. By accepting this offer each prospective investor in Jersey represents and warrants that he or she is in possession of sufficient information to be able to make a reasonable evaluation of the offer.

### **For the attention of Swiss investors**

This Prospectus and any information in relation to the Company are exclusively made to, and directed at, regulated qualified investors, as defined in Article 10 para. 3 lit. a and b of the Swiss Collective Investment Schemes Act of 23 June 2006, as amended and its implementing ordinance (the **Regulated Qualified Investors**). The Company and the Ordinary Shares are not and will not be registered with the Swiss Financial Market Supervisory Authority (**FINMA**). No Swiss representative and no Swiss paying agent have been appointed.

This Prospectus and/or any other offering materials relating to the Company may be made available in Switzerland solely to Regulated Qualified Investors. The Ordinary Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (**SIX**) or on any other stock exchange or regulated trading facility in Switzerland.

This Prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under Article 652a of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under Articles 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the Ordinary Shares may be publicly distributed or otherwise made publicly available in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Ordinary Shares or the Company have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus has not been filed with, and the offering of the Shares will not be supervised by FINMA.

### **For the attention of U.S. investors**

Subject to certain limited exceptions, the Ordinary Shares offered by the Prospectus may not be offered or sold directly or indirectly in or into the United States, or to or for the account or benefit of any U.S. Person (within the meaning of the U.S. Securities Act). In addition, the Company has not been, and will not be, registered under the U.S. Investment Company Act.

The Ordinary Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of the Ordinary Shares or the accuracy or the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Furthermore, the Articles of Association provide that the Board may, in its absolute discretion, refuse to register a transfer of any Ordinary Shares to a person that it has reason to believe is an employee benefit plan subject to ERISA or similar U.S. laws, that will give rise to an obligation of the Company to register under the U.S. Investment Company Act or preclude the availability of certain exemptions, that will cause the Company or the Ordinary Shares to become subject to registration under the U.S. Securities Act or the U.S. Exchange Act, would subject the Fund Manager to registration under the U.S. Commodity Exchange Act of 1974 or that would give rise to the Company or the Fund Manager becoming subject to any U.S. law or regulation determined to be detrimental to it (any such person being a **Prohibited U.S. Person**). The Company may require a person believed to be a Prohibited U.S. Person to provide documentary evidence that it is not such a Prohibited U.S. Person or to sell or transfer the Ordinary Shares held by it to a person who is qualified to hold the Ordinary Shares and, if these requirements are not satisfied within 30 days' notice, the Ordinary Shares will be deemed to have been forfeited.

## DEFINITIONS

<b>75 per cent. assets condition</b>	has the meaning given to it in paragraph 2.4 of Part 7 of this Prospectus
<b>75 per cent. profits condition</b>	has the meaning given to it in paragraph 2.4 of Part 7 of this Prospectus
<b>90 per cent. distribution condition</b>	has the meaning given to it in paragraph 2.5 of Part 7 of this Prospectus
<b>Administration Agreement</b>	means the agreement between the Fund Manager and the Administrator dated 9 June 2017, a summary of which is set out in paragraph 12.3 of Part 8 of this Prospectus
<b>Administrator</b>	means Langham Hall UK Services LLP in its capacity as the Company's administrator
<b>Admission</b>	means admission of the Ordinary Shares to the Official List of the UK Listing Authority (premium listing) and admission of the Ordinary Shares to trading on the Main Market
<b>AEOI</b>	means automatic exchange of information
<b>AGM</b>	means the annual general meeting of the Company
<b>AIC</b>	means the Association of Investment Companies
<b>AIC Code</b>	means the AIC Code of Corporate Governance, as amended from time to time
<b>ALMO</b>	means an arm's length management organisation, a not-for-profit company that provides housing services on behalf of a Local Authority
<b>Alternative Investment Fund</b>	means an alternative investment fund as defined in the AIFMD or AIF
<b>Alternative Investment Fund Managers Directive or AIFMD</b>	means the European Alternative Investment Fund Managers Directive 2011/61/EU
<b>Alternative Investment Fund Managers Regulations or AIFM Regulations</b>	means the Alternative Investment Fund Managers Regulations 2013, as amended from time to time
<b>Applicant</b>	means a person or persons (in the case of joint applicants) whose name(s) appear(s) on the registration details of an Application Form
<b>Application</b>	means the offer made by an Applicant by completing an Application Form and posting it (or delivering it by hand during normal business hours only) to Capita Asset Services, Corporate Actions, at 34 Beckenham Road, Beckenham, Kent, BR3 4TU
<b>Application Form</b>	means the application form in connection with the Offer which is attached to this Prospectus
<b>Articles or Articles of Association</b>	means the articles of association of the Company
<b>Audit Committee</b>	means the committee of the Board as further described in Part 3 of this Prospectus
<b>Auditor</b>	means the auditors from time to time of the Company, the current such auditors being BDO LLP
<b>basis points</b>	means one hundredth of one percentage point
<b>BEPS</b>	means Base Erosion and Profit Shifting
<b>Board</b>	means the board of Directors

<b>Bookrunner</b>	means Jefferies International Limited
<b>Business Day</b>	means a day on which the London Stock Exchange and banks in London are normally open for business
<b>Business Hours</b>	means the hours between 9.00 a.m. and 5.30 p.m. on any Business Day
<b>CA 2006</b>	means the Companies Act 2006, as amended from time to time
<b>Care and Social Services Inspectorate Wales</b>	means the body currently responsible for regulating and inspecting the provision of adult care, childcare and social services in Wales
<b>Care Inspectorate</b>	means the body currently responsible for regulating and inspecting the provision of care services in Scotland
<b>Care Quality Commission</b>	means the executive non-departmental public body responsible for regulating the provision health and adult social care in England
<b>Care Regulator</b>	means the Care Quality Commission, Care and Social Services Inspectorate Wales, Care Inspectorate or Regulation and Quality Improvement Authority, as the case may be
<b>City Code</b>	has the meaning given to it in paragraph 15.1 of Part 8
<b>U.S. Code</b>	means the U.S. Internal Revenue Code of 1986, as amended from time to time
<b>Company</b>	means Residential Secure Income plc, a company incorporated in England and Wales with company number 10683026
<b>Company Secretary</b>	means Langham Hall UK Services LLP in its capacity as the Company's company secretary
<b>Counterparty</b>	means a Tenant under a Lease, an Occupant under an Occupancy Agreement and a Nominator under a Nominations Agreement
<b>CREST</b>	means the computerised settlement system operated by Euroclear UK and Ireland Limited which facilitates the transfer of title to shares in uncertificated form
<b>CREST Regulations</b>	means the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time
<b>CRS</b>	means Common Reporting Standards
<b>CTA 2010</b>	means the Corporation Tax Act 2010, as amended from time to time
<b>Debt Arrangement Fee</b>	means the debt arrangement fee to which the Fund Manager is entitled to as described in Part 4 of this Prospectus
<b>Debt Service Coverage Ratio</b>	means, in respect of an asset or group of assets (as the case may be) and any applicable period, the ratio of net revenue or income (i.e. after deducting operating and maintenance costs and expenses in respect of such asset(s)) to the debt service (both principal and interest) costs of the indebtedness incurred to finance such asset(s)
<b>Department for Communities</b>	means the executive departmental body responsible for, among other things, housing and urban regeneration in Northern Ireland
<b>Depositary</b>	means the depositary from time to time of the Company, the current such depositary being Langham Hall UK Depositary LLP
<b>Depositary Agreement</b>	means the agreement between the Fund Manager and the Depositary dated 9 June 2017, a summary of which is set out in paragraph 12.6 of Part 8 of this Prospectus

<b>Directors</b>	means the directors from time to time of the Company and Director is to be construed accordingly
<b>Disclosure Guidance and Transparency Rules</b>	means the disclosure guidance and the transparency rules made by the FCA under the FSMA, as amended from time to time
<b>DP Act</b>	means the Data Protection Act 1998
<b>EEA</b>	means European Economic Area
<b>EPRA</b>	means European Public Real Estate Association
<b>Eligible U.S. Investor</b>	investors with registered addresses in the United States or who are otherwise located in the United States or who are U.S. Persons and who, in any case, are both: (a) QIBs; and (b) QPs
<b>Equity Portion</b>	means 25 per cent. of the total Fund Management Fee (net of any applicable tax) payable to the Fund Manager in the form of Ordinary Shares rather than cash
<b>ERISA</b>	means the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time
<b>FATCA</b>	means (a) sections 1471 to 1474 of the U.S. Code or any associated regulations; (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction
<b>FCA</b>	means the Financial Conduct Authority of the United Kingdom including any replacement or substitute therefor, and any regulatory body or person succeeding, in whole or in part, to the functions thereof
<b>Financial Services Compensation Scheme</b>	means the Financial Services Compensation Scheme as further described on the website of the Financial Services Compensation Scheme <a href="http://www.fscs.org.uk">www.fscs.org.uk</a>
<b>Formation and Issue Costs</b>	means the formation and Issue expenses as detailed in Part 4 of this Prospectus
<b>FSMA</b>	means the Financial Services and Markets Act 2000, as amended from time to time
<b>Functional Home</b>	means both a Unit and an aggregation of multiple Units offering elderly care facilities, assisted living facilities, sheltered housing or supported housing that are made available, by a Tenant, Occupant or Nominator (as the case may be) to a Resident/Residents
<b>Functional Home Nominator</b>	means a Reputable Care Provider and any other entity active in the Functional Home sector whose operations (or part thereof) involve it providing access to elderly care facilities, assisted living facilities, sheltered housing or supported housing for those individuals seeking such facilities (for example, a hospital or clinical commission group or similar entity)
<b>Fund Management Agreement</b>	means the agreement between the Fund Manager and the Company dated 16 June 2017, a summary of which is set out in paragraph 12.2 of Part 8 of this Prospectus
<b>Fund Management Fee</b>	means the fund management fees to which the Fund Manager is entitled as described in Part 4 of this Prospectus

<b>Fund Manager</b>	means ReSI Capital Management Limited, a company incorporated in England and Wales with company number 07588964 in its capacity as Fund Manager to the Company
<b>Gross Asset Value</b>	means 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 and on the basis that, for the purposes of this calculation, the Company shall be deemed to have borrowed up to the maximum amount available to it under the Investment Policy
<b>Gross Issue Proceeds</b>	means the gross proceeds of the Issue
<b>Group</b>	means the Company, ReSI Housing Limited and any Subsidiary SPVs
<b>HMRC</b>	means Her Majesty's Revenue and Customs
<b>Home</b>	means a Sub-Market Rental Home, Market Rental Home, Functional Home or Shared Ownership Home, as the case may be
<b>Homes and Communities Agency or HCA</b>	means the executive non-departmental public body, sponsored by the Department for Communities and Local Government, which is the regulator for social housing providers in England
<b>Housing Association</b>	means a regulated independent society, body of trustees or company established for the purpose of providing social housing  As at the date of this Prospectus, Housing Associations: in England known as "registered providers" and known as "social landlords" and are regulated by the Homes and Communities Agency; in Scotland known as "social landlords" and are regulated by the Scottish Housing Regulator; in Northern Ireland are known as "social housing providers" and are regulated by the Department for Communities of Northern Ireland; and in Wales are known as "registered social landlords and are regulated by the Welsh Government
<b>IFRS</b>	means International Financial Reporting Standards, as adopted by the EU
<b>Intermediaries</b>	means the entities listed in paragraph 13 of Part 8 of this Prospectus, together with any other intermediary financial institution (if any) that is appointed by the Bookrunner after the date of this Prospectus and <b>Intermediary</b> shall mean any one of them
<b>Intermediaries Offer Adviser</b>	means Scott Harris UK Limited
<b>Intermediaries Terms and Conditions</b>	the terms and conditions agreed between the Bookrunner and the Intermediaries in relation to the Offer for Subscription and contained in the booklet entitled "Residential Secure Income plc Share Offer Information for Intermediaries"
<b>Investment Committee</b>	means the investment committee of the Fund Manager from time to time the current such investment committee being comprised of Ben Fry, Jonathan Slater and Ken Youngman
<b>Investment Policy</b>	means the investment policy of the Company from time to time, the current version of which is set out in Part 1 of this Prospectus
<b>ISA</b>	means a UK individual savings account
<b>ISIN</b>	means the International Securities Identification Number
<b>Issue</b>	means the issue of Ordinary Shares pursuant to the Placing and the Offer for Subscription
<b>Issue Price</b>	means 100 pence per Ordinary Share



<b>Jefferies</b>	means Jefferies International Limited, a company incorporated in England and Wales with company number 01978621
<b>JV company</b>	has the meaning given to it in paragraph 4.7 of Part 7 of this Prospectus
<b>Lease</b>	means a full repairing and insuring (FRI) lease entered into by the Group, on one hand, and a Tenant, on the other that gives the Tenant the right to occupy a particular Home in return for a fixed rent.  The Group shall be entering into “Shared Ownership Leases” and not “Leases” in respect of Shared Ownership Homes
<b>Listing Rules</b>	means the listing rules made by the UK Listing Authority under section 73A of FSMA
<b>Local Authority</b>	means the administrative bodies for the local government in England, Wales, Northern Ireland and Scotland comprising (as at the date of this Prospectus) 326 authorities (including 32 London boroughs) in England, 22 unitary authorities in Wales, 26 districts in Northern Ireland and 32 council areas in Scotland
<b>London Stock Exchange</b>	means London Stock Exchange plc
<b>Main Market</b>	means the Main Market for listed securities of the London Stock Exchange
<b>Manager Group</b>	means ReSI Capital Management Limited and TradeRisks Limited
<b>Market Abuse Regulations</b>	means the EU Market Abuse Regulation (2014/596/EU)
<b>Market Rental Home</b>	means both a Unit of residential accommodation and an accommodation block comprising multiple Units facilities that is/are made available, by a Tenant, Occupant or Nominator, to a Resident/Residents at a market rent.  Market Rental Homes may be offered to Residents on either a permanent, semi-permanent or temporary basis
<b>Member States</b>	means those states which are members of the EU from time to time
<b>Minimum Gross Issue Proceeds</b>	means £125 million
<b>Money Laundering Directive</b>	has the meaning given to it in Part 10 of this Prospectus
<b>Money Laundering Legislation</b>	has the meaning given to it in Part 10 of this Prospectus
<b>Money Laundering Regulations</b>	means the UK Money Laundering Regulations 2007 (SI 2007/2157) and any other applicable anti-money laundering guidance, regulations or legislation
<b>Net Asset Value</b>	means the net asset value of the Company as a whole on the relevant date calculated in accordance with the Company’s normal accounting policies
<b>Net Asset Value per Share</b>	means the net asset value of the Company on the relevant date calculated in accordance with the Company’s normal accounting policies divided by the total number of Ordinary Shares then in issue
<b>Net Issue Proceeds</b>	means the proceeds of the Issue, after deduction of the Formation and Issue Costs

<b>Nominations Agreement</b>	means an agreement entered into by the Group, on one hand, and a Nominator, on the other, in respect of a Home under which the Nominator agrees to nominate Residents to occupy the Units in the relevant Home and may also collect rental payments from such Residents and may be on a full repairing and insuring basis.  The Group envisages such nominations being made to: in the case of a Statutory Registered Provider as Nominator, those persons on its housing waiting list; in the case of a University as Nominator, applicants for study at such University and, in the case of a Functional Home Nominator, those persons seeking elderly care, assisted living, sheltered housing or supported housing facilities
<b>Nominator</b>	means a Statutory Registered Provider, a University or a Functional Home Nominator in its capacity as nominator under a Nominations Agreement in respect of any Home (other than a Shared Ownership Home)
<b>Non-PID Dividends</b>	means a dividend paid by the Company that is not a PID
<b>Occupancy Agreement</b>	means an agreement entered into by the Group, on one hand, and an Occupant, on the other, that gives the Occupant the right to occupy a particular a Home on a full repairing and insuring basis in return for a base rent plus potentially a performance based rent
<b>Occupant</b>	means a Statutory Registered Provider, University, Reputable Private Landlord or Reputable Care Provider in its capacity as occupant under an Occupancy Agreement in respect of a particular Home
<b>OECD</b>	means the Organisation for Economic Co-operation and Development
<b>Offer or Offer for Subscription</b>	means the offer for subscription to the public in the UK of Ordinary Shares to be issued at a price of 100 pence each on the terms set out in Part 9 of this Prospectus and the Application Form
<b>Official List</b>	means the official list maintained by the UK Listing Authority
<b>Ordinary Shares</b>	means ordinary shares of one penny each in the capital of the Company
<b>PDMR</b>	means a person discharging managerial responsibility, as defined in the FCA Handbook
<b>PID</b>	means a distribution referred to in section 548(1) or 548(3) of the CTA 2010, being a dividend or distribution paid by the Company in respect of profits or gains of the Property Rental Business of the Group (other than gains arising to non-UK resident Group companies) arising at a time when the Group is a REIT insofar as they derive from the Group's Property Rental Business
<b>Placee</b>	means a placee under the Placing
<b>Placing</b>	means the proposed placing of Ordinary Shares at the Issue Price, as described in this Prospectus
<b>Placing Agreement</b>	means the placing agreement between the Company, the Directors, the Fund Manager, the directors of the Fund Manager and the Bookrunner dated 22 June 2017, a summary of which is set out in paragraph 12.1 of Part 8 of this Prospectus
<b>Portfolio</b>	means the Homes in which the Group invests in accordance with the Investment Policy
<b>Property Rental Business</b>	means a Property Rental Business fulfilling the conditions in section 529 of the CTA 2010

<b>Prospectus Directive</b>	means the Directive of the European Parliament and of the European Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (No 2003/71/EC)
<b>Prospectus Rules</b>	means the prospectus rules made by the FCA under Part VI of FSMA, as amended from time to time
<b>QIB</b>	means a “qualified institutional buyer” as defined in Rule 144A under the U.S. Securities Act
<b>QP</b>	means a “qualified purchaser” as defined in Section 2(a)(51) of the U.S. Investment Company Act and the related rules thereunder
<b>Receiving Agent</b>	means Capita Asset Services, Corporate Actions, a trading name for Capita Registrars Limited
<b>Receiving Agent Agreement</b>	means the agreement between the Fund Manager and the Receiving Agent dated 9 June 2017, a summary of which is set out in paragraph 12.5 of Part 8 of this Prospectus
<b>Redeemable Preference Shares</b>	means redeemable preference shares of £1 each in the capital of the Company
<b>Registrar</b>	means Capita Registrars Limited
<b>Registrar Agreement</b>	means the registrar agreement between the Company and the Registrar dated 9 June 2017, a summary of which is set out in paragraph 12.4 of Part 8 of this Prospectus
<b>Regulation and Quality Improvement Authority</b>	means the independent body that regulates and inspects the quality and availability of Northern Ireland’s health and social care services
<b>Regulation S</b>	means Regulation S under the U.S. Securities Act
<b>Regulatory Information Service</b>	means a regulatory information service approved by the FCA and on the list of Regulatory Information Services maintained by the FCA
<b>REIT</b>	means a company or group to which Part 12 of the CTA 2010 applies
<b>REIT Group</b>	means the Company, its wholly owned Subsidiaries and its 75 per cent. Subsidiaries from time to time (as defined in section 606 of the CTA 2010)
<b>REIT Regime</b>	means Part 12 of the CTA 2010
<b>Rent Collection and Management Agreement</b>	means, in respect of a Home, an arrangement pursuant to which a Rent Collector/Manager agrees to manage the relevant Home and collect rental payments in respect of such Home
<b>Rent Collector/Manager</b>	means the party engaged pursuant to a Rent Collection and Management Agreement, who shall typically be a Statutory Registered Provider
<b>Rental Agreements</b>	comprise Leases, Occupancy Agreements and Nominations Agreements
<b>Reputable Care Provider</b>	means a Statutory Registered Provider or other private entity in the business of building, managing and/or operating Functional Homes in the United Kingdom that the Fund Manager considers reputable in light of its investment grade equivalent debt strategy
<b>Reputable Private Landlord</b>	means a Statutory Registered Provider or other private entity in the business of building, managing and/or operating Market Rental Homes in the United Kingdom that the Fund Manager considers reputable in light of its investment grade equivalent debt strategy

<b>Resident</b>	means the underlying day-to-day resident of an Unit, making rental payments in respect of such Unit to a Tenant, Occupant or Nominator (as the case may be)
<b>Residual Business</b>	means the business of the Group which is not a Property Rental Business
<b>Risk &amp; Audit Committee</b>	means the risk & audit committee of the Fund Manager from time to time, the current such risk & audit committee being comprised of Antoine Pesenti, Alex Pilato and Michael Woodman
<b>RPI</b>	means the retail prices index
<b>Scottish Housing Regulator</b>	means the independent non-ministerial department that is directly accountable to the Scottish Parliament and is the regulator for social housing providers in Scotland
<b>SDLT</b>	means stamp duty land tax
<b>SDRT</b>	means stamp duty reserve tax
<b>SEDOL</b>	means the Stock Exchange Daily Official List
<b>Share</b>	means a share in the capital of the Company (of whatever class)
<b>Shared Owner</b>	means the part owner of a Shared Ownership Home that occupies such Shared Ownership Home in return for the payment of rent to the co-owner
<b>Shared Ownership Home</b>	means a Unit of residential accommodation where the beneficial (heritable) interest is held in part by the Shared Owner and part by the Group but the Shared Owner has sole use of the Unit
<b>Shared Ownership Lease</b>	means a lease entered into by the Group, on one hand, and a Shared Owner, on the other, in respect a Shared Ownership Home
<b>Shareholder</b>	means a registered holder of a Share
<b>SIPP</b>	means a self-invested personal pension
<b>Social Housing Regulator</b>	means the HCA, the Welsh Government, the Scottish Housing Regulator or the Department for Communities of Northern Ireland, as the case may be
<b>SPV</b>	means a special purpose vehicle used as a vehicle for acquiring a Home
<b>SSAS</b>	means small self-administered scheme
<b>Statutory Registered Provider</b>	means Housing Associations, Local Authorities and ALMOs
<b>Sterling and £</b>	means the lawful currency of the United Kingdom and any replacement currency thereto
<b>Sub-Market Rental Home</b>	means a Unit of residential accommodation that is made available, by a Tenant, Occupant or Nominator, to a Resident to rent at a level below the local market rent
<b>Subsidiary</b>	means, in respect of the Company, a subsidiary within the meaning of section 1159 CA 2006 and, in respect of ReSI Housing Limited, a subsidiary within the meaning of section 271 of the Housing and Regeneration Act 2008
<b>Substantial Shareholder</b>	means a company or body corporate that is beneficially entitled, directly or indirectly, to 10 per cent. or more of the distributions paid by the Company and/or share capital of the Company, or which controls, directly or indirectly, 10 per cent. or more of the voting rights of the Company (referred to in section 553 of the CTA 2010 as a “holder of excessive rights”)

<b>Substantial Shareholding</b>	means the holding of Ordinary Shares by a Substantial Shareholder
<b>Tenant</b>	means a Statutory Registered Provider, University, Reputable Private Landlord or Reputable Care Provider in its capacity as tenant under a Lease in respect of a particular Home
<b>TRL</b>	means TradeRisks Limited (registration number 04042506)
<b>U.S. Code</b>	means the U.S. Internal Revenue Code of 1986, as amended from time to time
<b>U.S. Exchange Act</b>	means the United States Exchange Act of 1934, as amended from time to time
<b>U.S. Investment Company Act</b>	means the U.S. Investment Company Act of 1940, as amended from time to time, and the rules and regulations of the U.S. Securities and Exchange Commission promulgated pursuant to it
<b>U.S. Person</b>	has the meaning given to it under Regulation S
<b>U.S. Securities Act</b>	means the U.S. Securities Act of 1933, as amended from time to time
<b>UK Corporate Governance Code</b>	means the United Kingdom Corporate Governance Code as published by the UK Financial Reporting Council
<b>UK Listing Authority</b>	means the FCA acting in its capacity as the competent authority for the purposes of admissions to the Official List
<b>uncertificated</b>	means recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>Unit</b>	means a residential unit of accommodation capable of being occupied and not capable of further subdivision (for example a standalone house, apartment or room within an accommodation block).  Each Sub-Market Rental Home and Shared Ownership Home, which is not capable of subdivision, shall comprise a Unit
<b>United Kingdom or UK</b>	means the United Kingdom of Great Britain and Northern Ireland
<b>United States or U.S.</b>	means the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia, and all other areas subject to its jurisdiction
<b>University</b>	means a university, university college, higher education institution or similar entity in the UK that receives funding from the relevant domestic funding body (being, as at the date of this Prospectus, Higher Education Funding Council for England, Higher Education Funding Council for Wales, the Scottish Funding Council or the Department for the Economy in Northern Ireland)
<b>Valuation Agent</b>	means any reputable firm of surveyors, which is a member of the Royal Institution of Chartered Surveyors, as may be appointed by the Company (or the Fund Manager on behalf of the Company) from time to time
<b>VAT</b>	means value added tax

## **NOTES ON HOW TO COMPLETE THE APPLICATION FORM FOR THE OFFER FOR SUBSCRIPTION**

Completed Application Forms should be returned, by post (or by hand during normal business hours only) to Capita Asset Services, Corporate Actions, at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU so as to be received no later than 1.00 p.m. on 6 July 2017, together in each case with payment by cheque or duly endorsed banker's draft in full in respect of the Application. If you post your Application Form, you are recommended to use first class post and to allow at least two days for delivery. Application Forms received after this date may be rejected.

HELP DESK: 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 am – 5.30 pm, 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 amount of money being subscribed for the Ordinary Shares. The amount being subscribed must be for a minimum of £1,000 and thereafter in multiples of £100. Financial intermediaries who are investing on behalf of clients should make separate Applications for each client.

### **2A. 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 eighteen 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 Application Form in section 3.

### **2B. CREST**

If you wish your Ordinary Shares to be deposited in a CREST account in the name of the holders given in section 2A, enter in section 2B 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.

### **3. SIGNATURE**

All holders named in section 2A must sign section 3 and insert the date. The 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 Application Form.

### **4. CHEQUE/BANKER'S DRAFT, PAYMENT DETAILS**

#### **(a) Cheque/Banker's draft**

All payments by cheque or banker's draft must accompany your Application Form and be for the exact amount inserted in Box 1 of the relevant Application Form. Applications accompanied by a post-dated cheque will not be accepted. Your cheque or banker's draft must be made payable to Capita Registrars Limited re **"Residential Secure Income plc – OFS A/C"** in respect of an Application and crossed **"A/C Payee Only"**. If you use a banker's draft or a building society cheque 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 banker's draft or cheque and adds its stamp. Cheques should be drawn on the personal account to which you have sole or joint title to the funds. Your cheque



or banker's draft must be drawn in pounds sterling on an account at a bank branch in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees, and must bear a United Kingdom bank sort code number in the top right hand corner. Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the bank or building society has confirmed the name of the account holder by stamping and endorsing the back of the cheque to such effect. Your payment must relate solely to the relevant Application. No receipt will be issued.

## **5. RELIABLE INTRODUCER DECLARATION**

Applications with a value greater than the higher of £12,500 or €15,000 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 5 of the 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 5 of the Application Form completed and signed by a suitable firm.

If the declaration in section 5 cannot be completed and the value of the application is greater than the higher of £12,500 or €15,000 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 5 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.

### **5A. FOR EACH HOLDER BEING AN INDIVIDUAL ENCLOSE:**

- (1) a certified clear photocopy of one of the following identification documents which bear both a photograph and the signature of the person: current passport – Government or Armed Forces identity card – driving licence; and
- (2) certified copies of at least two of the following documents which purport to confirm that the address given in section 2A 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 their date and place of birth, enclose a note of such information; and
- (4) details of the name and address of their personal bankers from which the Company (or any of its agents) may request a reference, if necessary.

### **5B. 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 5A 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 5C below and, if another company is named (hereinafter a beneficiary company), also complete 5D 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.

**5C. FOR EACH PERSON NAMED IN 5B(7) AS A BENEFICIAL OWNER OF A HOLDER COMPANY ENCLOSE FOR EACH SUCH PERSON DOCUMENTS AND INFORMATION SIMILAR TO THAT MENTIONED IN 5B(1) TO 5B(4)**

**5D. FOR EACH BENEFICIARY COMPANY NAMED IN 5B(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 5 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.

**6. 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 3 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.

[INTENTIONALLY LEFT BLANK]

# APPLICATION FORM FOR THE OFFER FOR SUBSCRIPTION

## For Office Use Only

Log No.

**Important:** before completing this form, you should read the accompanying notes.

To: Capita Asset Services, acting as receiving agent for Residential Secure Income plc

### 1. APPLICATION

I/We the person(s) detailed in section 2A below offer to subscribe the amount shown in Box 1 for Ordinary Shares subject to the Terms and Conditions set out in the Prospectus dated 22 June 2017 and subject to the Articles of Association of the Company.

**Box 1 Subscription monies** (minimum subscription of £1,000 and then in multiples of £100.)

£
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### 2A. 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 .....

Mr, Mrs, Miss, or Title .....

Forenames (in full) .....

Surname/Company Name .....

Mr, Mrs, Miss or Title .....

Forenames (in full) .....

Surname/Company Name .....

**2B. 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 2A).

CREST Participant ID .....

CREST Member Account ID .....

**3. SIGNATURE(S) ALL HOLDERS MUST SIGN**

First holder signature: Second holder Signature:

.....  
Name (Print) Name (Print)

.....  
Dated: Dated:

.....  
Third holder signature: Fourth holder Signature:

.....  
Name (Print) Name (Print)

.....  
Dated: Dated:

.....

**4. PAYMENT DETAILS**

**Cheque**

**Electronic payment**

(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 1 made payable to Capita Registrars Limited re "Residential Secure Income plc – OFS A/C". Cheques and banker's payments must be drawn in Sterling on an account at a bank branch in the UK and must bear a UK bank sort code number in the top right hand corner.

**5. 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 5 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 Guernsey. Acceptable countries include Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Gibraltar, Guernsey, Hong Kong, Iceland, Ireland, Isle of Man, Italy, Japan, Jersey,

Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, the Republic of South Africa, Spain, Sweden, Switzerland and the UK.

**Declaration: To the Company and the Receiving Agent**

With reference to the holder(s) detailed in section 2A, all persons signing at section 3 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 England;
- (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 2A and if a CREST Account is cited at section 2B that the owner thereof is named in section 2A;
- (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

**6. 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 3 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.