

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take or the contents of this Prospectus, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank, solicitor, accountant, or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 (the FSMA) if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

A copy of this document, which comprises a prospectus relating to The UK Residential REIT plc (the Company) in connection with the issue of Issue Shares in the Company and their admission to trading on the Main Market and to listing on the premium listing segment of the Official List, has been prepared in accordance with the UK version of the EU Prospectus Regulation (2017/1129) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (as amended and supplemented from time to time (including, but not limited to, by the UK Prospectus Amendment Regulations 2019 and The Financial Services and Markets Act 2000 (Prospectus) Regulations 2019)) (the UK Prospectus Regulation) and the prospectus regulation rules of the Financial Conduct Authority (the FCA) (the Prospectus Regulation Rules). This Prospectus has been approved by the FCA, as the competent authority under the UK Prospectus Regulation and the FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Accordingly, such approval should not be considered as an endorsement of the issuer, or of the quality of the securities, that are the subject of this Prospectus; investors should make their own assessment as to the suitability of investing in the Issue Shares.

The Issue Shares are only suitable for investors: (i) who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in the Issue Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment programme. It should be remembered that the price of the Shares and the income from them can go down as well as up.

The attention of potential investors is drawn to the section entitled Risk Factors in this Prospectus.

The results of the Initial Issue are expected to be announced on 14 July 2021. The earliest date for applications under the Offer is the date of this Prospectus and the latest time and date for applications under the Offer is 11:00 a.m. on 12 July 2021. Further details of the Initial Issue and the Placing Programme are set out in Part VIII (*The Initial Issue and the Placing Programme*) of this Prospectus.

THE UK RESIDENTIAL REIT PLC

(Incorporated in England and Wales with company number 13159275 and registered as an investment company under section 833 of the Companies Act 2006)

Placing, Offer for Subscription and Intermediaries Offer for a target issue of 150 million Ordinary Shares at 100 pence per Ordinary Share and Placing Programme of up to 350 million new Ordinary Shares (less the number of Ordinary Shares issued pursuant to the Initial Issue)

and

Issue of up to 50 million Consideration Shares in connection with the acquisition of Seed Assets

Investment Adviser

L1 Capital UK Property Advisors Limited

Sponsor and Joint Bookrunner

Panmure Gordon (UK) Limited

Joint Bookrunner

RBC Capital Markets

AIFM

Carne Global AIFM Solutions (C.I.) Limited

Intermediaries Offer Adviser

Solid Solutions Associates (UK) Limited

Applications will be made for the new Ordinary Shares to be issued in connection with the Initial Issue and the Placing Programme and for the Consideration Shares to be admitted to trading on the main market for listed securities of the London Stock Exchange (**Main Market**) and to listing on the premium listing segment of the Official List of the FCA (the **Official List**) at the relevant Admission, with applications to be made in connection with the Ordinary Shares issued pursuant to the Initial Issue at Initial Admission. It is expected that Initial Admission will become effective and that dealings in the Ordinary Shares which are the subject of the Initial Issue will commence on 16 July 2021.

The Placing Programme will remain open until 2 June 2022 or such earlier time at which the maximum number of Issue Shares to be issued pursuant to the Placing Programme has been issued (or such other date as may be agreed between Panmure Gordon (UK) Limited (**Panmure**), RBC Europe Limited (trading as RBC Capital Markets) (**RBC**) and together with Panmure, the **Joint Bookrunners**) and the Company (such agreed date to be announced by way of an RIS announcement).

The Company and the Directors, whose names appear on page 38 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Prospectus is in accordance with the facts and this Prospectus does not omit anything likely to affect the import of such information.

The Investment Adviser accepts responsibility for the information and opinions contained in the section entitled "Risk Factors", Part I (*Investment Highlights*), Part III (*Investment Proposition*), Part IV (*Market Report*), Part V (*Seed Assets and Pipeline Assets*), Part VII (*Directors, Management and Administration*) and Part XI (*Additional Information*) of this Prospectus and any other information or opinion related to or attributed to it or any Affiliate of the Investment Adviser. To the best of the Investment Adviser's knowledge, the information and opinions contained in this Prospectus related to or attributed to it or any Affiliate of the Investment Adviser are in accordance with the facts and this Prospectus does not omit anything likely to affect the import of such information or opinions.

Knight Frank LLP (**Knight Frank**) accepts responsibility for the information and opinions contained in Part VI (*Valuation Report on Seed Assets*) of this Prospectus and any other information or opinion related to or attributed to it or any Affiliate of Knight Frank. To the best of Knight Frank's knowledge, the information and opinions contained in this Prospectus related to or attributed to it or any Affiliate of Knight Frank are in accordance with the facts and this Prospectus does not omit anything likely to affect the import of such information or opinions. Capitalised terms contained in this Prospectus shall have the meanings set out in the sections entitled **Definitions** in this Prospectus, save where the context requires otherwise.

This Prospectus does not constitute an offer to sell or issue, or the solicitation of an offer to purchase, subscribe for or otherwise acquire, Issue Shares in any jurisdiction where such an offer or solicitation would be unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the AIFM or the Investment Adviser. The distribution of this Prospectus and the offer of the Issue Shares in certain jurisdictions may be restricted by law. Other than in the United Kingdom, no action has been or will be taken to permit the possession, issue or distribution of this Prospectus (or any other offering materials or publicity relating to the Issue Shares) in any jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this Prospectus, nor any other offering materials or publicity relating to the Issue Shares may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus (or any other offering materials or publicity relating to the Issue Shares) comes should inform themselves about and observe any such restrictions.

The Issue Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "US Securities Act"). Outside the United States, the Issue Shares may be sold to persons who are not "US Persons", as defined in and pursuant to Regulation S under the US Securities Act ("US Persons"). Any sale of Shares in the United States or to US Persons may only be made to persons reasonably believed to be "qualified institutional buyers", as defined in Rule 144A under the US Securities Act, that are also "qualified purchasers", as defined in the US Investment Company Act of 1940, as amended (the "US Investment Company Act"). The Company will not be registered under the US Investment Company Act, and investors in the Shares will not be entitled to the benefits of regulation under the US Investment Company Act.

Unless otherwise expressly agreed with the Company, the Issue Shares may not be acquired by: (i) investors using assets of: (A) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (B) a "plan" as defined in Section 4975 of the US Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Tax Code; or (C) an entity whose underlying assets are considered to include "plan assets" by reason of investment by an "employee benefit plan" or "plan" described in preceding clause (A) or (B) in such entity pursuant to the US Plan Assets Regulations; or (ii) a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Tax Code, unless its purchase, holding, and disposition of the Issue Shares will not constitute or result in a non-exempt violation of any such substantially similar law.

Neither the United States Securities and Exchange Commission (the SEC) nor any securities regulatory authority of any state or other jurisdiction of the United States has approved or disapproved of the Issue Shares or passed upon the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

In addition, until 40 days after the commencement of the Initial Issue or any Subsequent Placing, an offer, sale or transfer of the Issue Shares within the United States by a dealer (whether or not participating in the Initial Issue or any Subsequent Placing) may violate the registration requirements of the US Securities Act.

The offer and sale of the Issue Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan or the Republic of South Africa. The Issue Shares may not be offered or sold within Australia, Canada, Japan or the Republic of South Africa or to any national, resident or citizen of Australia, Canada, Japan or the Republic of South Africa unless an exemption from any registration or prospectus requirement is available.

The Issue Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations and under the Articles. Any failure to comply with such restrictions may constitute a violation of applicable securities laws and may subject the holder to the forced transfer provisions set out in the Articles. For further information on restrictions on transfers of the Issue Shares, prospective investors should refer to the sections entitled "Representations, Warranties and Undertakings" in Part VIII (*The Initial Issue and the Placing Programme*) and "The Articles: Transfer of Shares" in Part XI (*Additional Information*) of this Prospectus.

The Joint Bookrunners are acting exclusively for the Company and for no one else in connection with Initial Admission, any Subsequent Admission, the Initial Issue, the Placing Programme and any other arrangements referred to in this Prospectus. The Joint Bookrunners will not be responsible to anyone other than the Company for providing the protections afforded to their clients, nor for providing advice in relation to Initial Admission, any Subsequent Admission, the Initial Issue, the Placing Programme or any matters referred to herein.

The Joint Bookrunners do not accept any responsibility whatsoever for the contents of this Prospectus. The Joint Bookrunners do 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 either of them or on their behalf in connection with the Company, Initial Admission, any Subsequent Admission, the Initial Issue, the Placing Programme, the contents of this Prospectus, or any transaction or arrangement referred to in this Prospectus or the Issue Shares. Each of the Joint Bookrunners and their respective Affiliates accordingly disclaim 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 or they 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 the Joint Bookrunners by FSMA or the regulatory regime established thereunder.

Panmure is authorised and regulated in the United Kingdom by the FCA. RBC is authorised in the United Kingdom by the Prudential Regulation Authority (**PRA**) and regulated by the FCA and the PRA.

In connection with the Initial Issue and the Placing Programme, the Joint Bookrunners and their respective Affiliates, acting as investor(s) for its or their own account(s), may subscribe for Issue 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 Initial Issue or the Placing Programme or otherwise. Accordingly, references in this Prospectus to the Issue 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 Joint Bookrunners and any of their respective Affiliates acting as investor(s) for its or their own account(s). Neither the Joint Bookrunners nor any of their respective Affiliates intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

This Prospectus is dated 3 June 2021.

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SUMMARY

1. Introduction and warnings

a. Name and ISIN of securities

The ISIN of the Ordinary Shares to be issued under the Initial Issue is ISIN is GB00BMXTBJ38 and the SEDOL is BMXTBJ3.

b. Identity and contact details of the issuer

Name: The UK Residential REIT plc (the **Company**) (incorporated in England and Wales with registered number 13159275)

Registered Office: 6th Floor, Bastion House, 140 London Wall, London EC2Y 5DN

Tel: +44 (0) 20 3697 5353; Legal Entity Identifier (LEI): 21380062ARZH7PJ5D557

c. Identity and contact details of the competent authority

Name: Financial Conduct Authority; Address: 12 Endeavour Square, London, E20 1JN, United Kingdom

d. Date of approval of the prospectus

3 June 2021

e. Warnings

This summary should be read as an introduction to this Prospectus. Any decision to invest in the Issue Shares should be based on a consideration of the Prospectus as a whole by the prospective investor. The investor could lose all or part of the invested capital. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Issue Shares.

f. Use of prospectus by financial intermediaries

The Company consents to the use of this Prospectus by Intermediaries in connection with any subsequent resale or final placement of the Ordinary Shares in the UK in relation to the Offer only by Intermediaries who are appointed by the Company, a list of which will appear on the Company's website.

Such consent is given for the offer period which is from the date any Intermediaries are appointed to participate in connection with any subsequent resale or final placement of the Ordinary Shares until the closing of the period for the subsequent resale or final placement of the Ordinary Shares at 2.00 p.m. on 12 July 2021, being the date upon which the Offer closes, unless closed prior to that date.

Any intermediary that uses this Prospectus must state on its website that it uses this Prospectus in accordance with the Company's consent and the conditions attached thereto. 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 Ordinary Shares by any intermediary is to be provided at the time of the offer by the intermediary.

The Company accepts responsibility for the information in this Prospectus with respect to any subscriber for Ordinary Shares pursuant to any subsequent resale or final placement of Ordinary Shares by Intermediaries appointed by the Company.

Solid Solutions has been engaged as an adviser to the Company in relation to the Intermediaries Offer (the **Intermediaries Offer Adviser**) and will be responsible for liaising directly with potential financial intermediaries and processing applications made by intermediaries in relation to the Intermediaries Offer.

As at the date of this Prospectus, the financial intermediaries that are allowed to use this Prospectus are:

AJ Bell Youinvest, Equiniti Financial Services Ltd, Hargreaves Lansdown Asset Management, iDealing.com and Interactive Investor Services Limited.

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

2. Key information on the issuer

a. Who is the issuer of the securities?

i. Domicile and legal form, LEI, applicable legislation and country of incorporation

The Company is a public limited company, registered and incorporated in England and Wales under the Companies Act 2006 (the **Companies Act**) on 26 January 2021 with registered number 13159275. The Company's LEI is 21380062ARZH7PJ5D557. The Company is registered as an investment company under section 833 of the Companies Act and intends to carry on business as a REIT for the purposes of Part 12 of the Corporation Tax Act (and the regulations made thereunder).

ii. Principal activities

The principal activity of the Company is to invest in a diversified portfolio of privately rented residential real estate assets in the United Kingdom in accordance with its investment policy and with a view to achieving its investment objective.

iii. Investment objective and policy

The Company's investment objective is to provide Shareholders with an attractive and growing level of income together with capital growth by investing in a diversified portfolio of privately rented residential real estate assets in the United Kingdom. The Company's investment policy is to invest in a diversified portfolio of principally freehold and long leasehold existing built Blocks of apartments and portfolios of houses and apartments (all within a common location) in city-centre UK locations. The Company will pre-dominantly invest in one, two and three bedroom properties.

iv. Major Shareholders

Pending the Initial Issue, the Company is controlled by the Investment Adviser as the sole Shareholder.

The Directors and their connected persons intend to subscribe for the following number of Ordinary Shares pursuant to the Initial Issue: Richard Grainger – 100,000 Ordinary Shares; Malcolm Cooper – 50,000 Ordinary Shares and Philip Cropper – 50,000 Ordinary Shares. Even if only the Minimum Gross Proceeds are raised, members of the L1 Capital management team and their connected persons intend to have an investment of not less than £5 million in Ordinary Shares in aggregate through a combination of Consideration Shares and cash subscriptions in the Initial Issue, subject to their combined interests in the Ordinary Shares not being greater than 29.9% of the total issued share capital of the Company when aggregated with Consideration Shares to be issued to L1 Capital funds.

As at the date of this Prospectus and insofar as is known to the Company, the Company anticipates that following Admission and completion of the acquisition of the Seed Assets (assuming the Initial Issue is in respect of 150 million Ordinary Shares and that up to 50 million Consideration Shares are issued to the Seed Asset Vendors), the Seed Asset Vendors (being Equity Trustees Limited acting as Trustee of L1 Capital UK Residential Property Fund II, L1 Capital UK Residential Property Fund III and L1 Capital UK Residential Property Fund IV) will own up to 50 million Ordinary Shares comprising up to 25 per cent. of the total issued share capital.

Save as disclosed above, the Company and the Directors are not aware of any other person who directly or indirectly, jointly or severally exercises or could exercise control over the Company. All Shareholders have the same voting rights in respect of the share capital of the Company.

v. Directors

Richard Grainger (Non-executive Chairman), Malcolm Cooper (Audit Chair and Non-executive Director), Philip Cropper (Non-executive Director) and Louise Bonham (Non-executive Director).

The Board intends to appoint a fifth Director, prior to the Company's first AGM and it is anticipated that the individual will be independent and appointed in accordance with the Board's policy on appointing new Directors. Any appointment will be based on merit and objective criteria and, within this context, will promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

vi. Statutory auditor

The Company will confirm the appointment of its statutory auditor post-Initial Admission. The auditor following Initial Admission will be Mazars LLP of Tower Bridge House, St Katharine's Way, London E1W 1DD.

b. What is the key financial information regarding the issuer?

No key financial information is included in this document as the Company is yet to commence operations.

c. What are the key risks that are specific to the issuer?

Key risks relating to the Company, its investment strategy and operations

- There is no guarantee that the Company will achieve its investment objective or return objective. The Company has no operating history and investors have a limited basis on which to evaluate the Company's ability to achieve its investment objective and returns objective.
- Borrowings of the Company will be subject to financial covenants (including, *inter alia*, in respect of maintenance of certain interest cover ratios, debt service cover ratios and loan to value ratios) assessed against the operational performance of the Portfolio and which, if breached, could result in an event of default.
- The Company's due diligence processes in respect of its acquisitions may not identify all risks and liabilities in respect of properties that are acquired.
- The Company is dependent on the expertise of the Investment Adviser and its key personnel to evaluate investment opportunities and to assist in the implementation of the Company's investment objective and investment policy.
- There can be no assurance as to how long it will take the Company to invest the Net Issue Proceeds. Any delays in deployment of the Net Issue Proceeds and/or the deployment of proceeds from borrowings may impact the ability of the Company to pay dividends to Shareholders and to achieve its returns objective.
- Returns achieved are reliant upon the performance of the Portfolio. A material variation in the Company's operating results may impact its ability to pay dividends and lead to volatility in the market price of the Ordinary Shares.

Key risks relating to Real Estate investments

- Property valuations are inherently subjective due to the individual nature of each property and as a result are subject to uncertainty.
- The Company may rely on third party advice relating to fire safety concerns and may be adversely affected by changes to UK legislation relating to fire safety.
- The Company's performance will be subject to, among other things, conditions affecting the property markets in the UK which will affect both the value of the Portfolio and the income the Portfolio produces.
- The Company's investments will be illiquid and may be difficult to realise at a particular time.
- The Company may be impacted by the ongoing Covid-19 pandemic and the end of the associated UK government fiscal stimulus programme as well as the potential for longer term trends away from accommodation in urban centres.

Key risks relating to taxation

- A change in the Company's tax status or in taxation legislation in the UK could adversely affect the Company's profits and Portfolio value and/or returns to Shareholders. In particular, the Company cannot guarantee that it will qualify, or remain qualified, as a REIT. If the Company fails to qualify or remain qualified as a REIT, the Company will be subject to UK corporation tax on some or all of its property rental income and chargeable gains on the sale of properties and/or certain property holding companies, which could reduce the amounts available to distribute to Shareholders and change the tax status of distributions received by investors.

3. Key information on the securities

a. What are the main features of the securities?

i. Type, class and ISIN of the securities being admitted to trading on a regulated market

The securities that may be issued under the Initial Issue, and the Consideration Shares, are Ordinary Shares of £0.01 each in the capital of the Company. The ISIN of the Ordinary Shares is GB00BMXTBJ38.

ii. **Currency, denomination, par value, number of securities issued and term of the securities**

The Ordinary Shares are denominated in pounds sterling and have nominal value £0.01 each.

The issue price of the Ordinary Shares under the Initial Issue is 100 pence. Ordinary Shares issued under any Subsequent Placing under the Placing Programme will be issued at a premium to the prevailing (*cum income*) Net Asset Value per Ordinary Share plus a premium to cover the costs and expenses of such issue.

Up to 200 million Ordinary Shares may be issued pursuant to the Initial Issue. Up to 350 million Ordinary Shares (less the number of Ordinary Shares issued pursuant to the Initial Issue) may be issued pursuant to the Placing Programme.

The Ordinary Shares have no fixed term.

iii. **Rights attached to the securities**

The Ordinary Shares to be issued pursuant to the Initial Issue or pursuant to any Subsequent Placing, when issued and fully paid, will have the following rights attaching to them:

- **Dividends** – the Ordinary Shares carry the right to receive all dividends declared by the Company which are payable out of the assets attributable to the Ordinary Shares;
- **Voting** – Ordinary Shareholders are entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each Ordinary Share held; and
- **Winding-up** – Provided the Company has satisfied all of its liabilities, and subject to the rights conferred by any C Shares in issue (if any) at the time to participate in the winding-up, the holders of Ordinary Shares are entitled to all of the surplus assets of the Company.

iv. **Relative seniority of the securities in the event of insolvency**

The capital and assets of the Company shall on a winding-up or on a return of capital be divided amongst the holders of the Ordinary Shares *pro rata* according to their holdings of Ordinary Shares.

v. **Restrictions on free transferability of the securities**

There are no restrictions on the free transferability of the Ordinary Shares, subject to compliance with applicable securities laws.

vi. **Dividend policy¹**

In order to obtain and comply with REIT status the Company will be required to meet a minimum distribution test for each year that it is a REIT. This minimum distribution test requires the Company to distribute 90 per cent. of the income profits of its Property Rental Business for each accounting period, as adjusted for tax purposes. The Company is targeting a dividend yield of 5.5 per cent. or more per annum from 1 July 2022 when it expects to have fully invested the Net Issue Proceeds and achieved associated gearing and a net total Shareholder return of 10 per cent or more per annum. In the first financial period from Initial Admission to 30 June 2022, whilst the Net Issue Proceeds are being fully deployed and associated gearing achieved, the Company's target is to pay a minimum total dividend of 4.0 pence per Ordinary Share. The Company intends to declare dividends on a quarterly basis by way of four interim dividends of equal amounts (subject to reporting based adjustments), for periods ending September, December, March and June. The Company's first interim dividend, in respect of the period ending 31 December 2021, is expected to be declared in February 2022 and paid within 20 business days of declaration.

b. **Where will the securities be traded?**

Applications will be made: (i) to the FCA for the Ordinary Shares and Consideration Shares to be admitted to listing on the premium listing segment of the Official List; and (ii) to the London Stock Exchange for the Ordinary Shares and Consideration Shares to be admitted to trading on the Main Market.

c. **What are the key risks that are specific to the securities?**

Key risks relating to the Ordinary Shares

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

¹ The dividend targets below are targets only and not profit forecasts. There can be no assurance that these targets will be met. Accordingly, potential investors should not place any reliance on these targets in deciding whether or not to invest in the Company.

- Sales of Ordinary Shares or interests in Ordinary Shares by significant investors (including the sale of the Consideration Shares by the Seed Asset Vendors) could depress the market price of the Issue Shares. A substantial amount of Ordinary Shares being sold, or the perception that sales of this type could occur, could also depress the market price of the Issue Shares; and
- The market price of the Ordinary Shares may fluctuate independently of their Net Asset Value and the Ordinary Shares may trade at a discount or premium to their Net Asset Value at different times.

4. Key information on the admission to trading on a regulated market

a. Under which conditions and timetable can I invest in this security?

i. General terms and conditions and timetable

The Initial Issue is conditional on, among other things:

- Initial Admission occurring and becoming effective by 8.00 a.m. (London time) on 16 July 2021 (or such later time and date, not being later than 19 August 2021, as the Company, the Investment Adviser and the Joint Bookrunners may agree);
- each Seed Assets Acquisition Agreement not having been terminated in accordance with its terms prior to Initial Admission;
- the Sponsor and Placing Agreement becoming unconditional in respect of the Initial Placing and not having been terminated in accordance with its terms on or before the Initial Admission; and
- the Minimum Gross Proceeds being raised.

If the Minimum Net Proceeds are not raised, the Initial Issue may only proceed where a supplementary prospectus (including a working capital statement based on a revised minimum net proceeds figure) has been prepared in relation to the Company and approved by the FCA.

The maximum number of Issue Shares that may be issued under the Placing Programme is 350 million (less the number of Ordinary Shares issued pursuant to the Initial Issue). Each Subsequent Placing under the Placing Programme will be conditional on, among other things:

- the relevant Admission occurring and becoming effective by 8.00 a.m. (London time) on such date as the Company specifies, not being later than the Final Closing Date;
- the applicable Placing Programme Price being determined by the Directors;
- a valid supplementary prospectus being published by the Company if such is required by the UK Prospectus Regulation; and
- the Sponsor and Placing Agreement not having been terminated in accordance with its terms before the relevant Admission.

ii. Expected timetable

| <i>Event</i> | <i>Time and Date</i> |
|--|---|
| Date of publication of this Prospectus | 3 June 2021 |
| Latest time and date for applications under the Offer and the Intermediaries Offer | 11.00 a.m. on 12 July 2021 |
| Latest time and date for applications under the Initial Placing | 2.00 p.m. on 13 July 2021 |
| Expected date of Initial Admission of the Ordinary Shares | 8.00 a.m. on 16 July 2021 |
| Ordinary Shares issued and credited to CREST accounts | 16 July 2021 |
| Consideration Shares issued to Seed Asset Vendors | Upon completion of the acquisition of the relevant Seed Assets and expected to occur within 15 Business Days of Initial Admission |
| Placing Programme closes | 2 June 2022 |

The times and dates set out in the expected timetable and mentioned throughout this summary may, in certain circumstances, be adjusted by the Company (with the prior approval of the Joint Bookrunners). In the event that such dates and/or times are changed, the Company will notify investors

who have applied for Issue Shares of changes to the timetable either by post, by electronic mail or via an RIS announcement.

The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue Ordinary Shares over a period of time. The Placing Programme will open on the day after Initial Admission and will close on 2 June 2022 (or an earlier date on which it is fully subscribed, or otherwise at the discretion of the Directors).

iii. ***Details of admission to trading on a regulated market***

Applications will be made: (i) to the FCA for the Ordinary Shares and the Consideration Shares to be admitted to listing on the premium listing segment of the Official List and; (ii) to the London Stock Exchange for the Issue Shares and the Consideration Shares to be admitted to trading on the Main Market. It is expected that Initial Admission will become effective and that dealings on the London Stock Exchange in the Ordinary Shares issued pursuant to the Initial Issue will commence on 16 July 2021.

iv. ***Plan for distribution***

The Company will notify investors of the number of Issue Shares to be issued pursuant to the Initial Issue or the Placing Programme (as applicable) in respect of which their application has been successful. The results of the Initial Issue will be announced by the Company by an RIS announcement. There will be no conditional dealings in the Ordinary Shares being issued pursuant to the Initial Issue before Initial Admission.

v. ***Amount and percentage of immediate dilution resulting from the Initial Issue***

The Initial Issue will not result in dilution.

vi. ***Dilution in connection with Subsequent Placings***

If 350 million Issue Shares were to be issued pursuant to Subsequent Placings (being the maximum number of Shares that the Directors will be authorised to issue under the Placing Programme) and assuming that: (i) 200 million Ordinary Shares had been issued on Initial Admission; (ii) no other Ordinary Shares had been issued; and (iii) the relevant investor did not participate in any Subsequent Placings, an investor holding 1 per cent. of the Company's issued share capital after the Initial Issue would then hold 0.50 per cent. of the Company's issued share capital following completion of all the Subsequent Placings.

vii. ***Estimate of the total expenses of the Initial Issue and Placing Programme***

The costs and expenses of the Initial Issue are capped at 2.0 per cent. of the Gross Issue Proceeds with any excess costs to be borne by the Investment Adviser. Assuming 200 million Ordinary Shares are issued under the Initial Issue resulting in Gross Issue Proceeds of £200 million, the costs and expenses of the Initial Issue payable by the Company will be capped at £4 million. The Directors expect that the total costs of the Placing Programme are not expected to exceed 2 per cent. of the aggregate gross proceeds of the Placing Programme.

Any expenses incurred by a financial intermediary are for its own account. Prospective investors should confirm separately with any financial intermediary whether there are any commissions, fees or expenses that will be applied by such financial intermediary in connection with any application made through that financial intermediary pursuant to the Intermediaries Offer. The terms and conditions of the Intermediaries Offer limit the level of commission that financial intermediaries are able to charge any of their respective clients acquiring Ordinary Shares pursuant to their intermediaries offer.

viii. ***Estimated expenses charged to the investor***

The costs and expenses of the Issue will be borne by the Company and will be capped at £4 million assuming 200 million Ordinary Shares are issued pursuant to the Initial Issue. These costs will be deducted from the Gross Issue Proceeds and it is expected that the starting Net Asset Value per Ordinary Share will be 98 pence. No expenses will be charged to investors by the Company. All expenses incurred by any Intermediary are for its own account. Investors should confirm separately with any Intermediary whether there are any commissions, fees or expenses that will be applied by such Intermediary in connection with any application made through that Intermediary pursuant to the Intermediaries Offer.

b. **Why is this prospectus being produced?**

i. ***Reasons for the Initial Issue and Placing Programme and Admission***

The Initial Issue and Placing Programme are being made in order to provide investors with the opportunity to invest in a diversified portfolio of residential real estate assets in the United Kingdom.

If the Company achieves its target fundraise pursuant to the Initial Issue of £150 million it intends to acquire all the Seed Assets for aggregate consideration of approximately £145 million (with approximately £14.8 million of this cash consideration, in respect of three properties within the Seed Assets, payable as deferred consideration on completion of remedial works). Up to approximately £50 million of the total consideration will be satisfied through the issue of Consideration Shares issued at the Initial Issue Price and the balance paid out of the Net Issue Proceeds.

ii. ***The use and estimated net amount of the proceeds***

The Net Issue Proceeds, which are not known as at the date of this Prospectus, will be invested in accordance with the Company's investment objective and policy, including towards the acquisition of the Seed Assets.

iii. ***Underwriting***

The Initial Issue and the Placing Programme are not being underwritten.

iv. ***Material conflicts of interest***

As at the date of this Prospectus, there are no interests that are material to the Initial Admission.

RISK FACTORS

An investment in the Issue Shares carries a number of risks, including the risk that the entire investment may be lost. In addition to all other information set out in this Prospectus, the following factors should be considered when deciding whether to make an investment in the Issue Shares. The risks set out below are those which are considered to be the material risks relating to the Company and an investment in the Issue Shares but are not the only risks relating to the Issue Shares or the Company.

Prospective investors should note that the risks relating to the Company, its investment strategy and operations and the Issue Shares summarised in the section of this Prospectus headed “Summary” are the risks that the Investment Adviser and the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Issue 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 in this “Risk Factors” section of this Prospectus. Additional risks and uncertainties not currently known to the Company or the Directors or that the Company or the Directors consider to be immaterial as at the date of this Prospectus may also have a material adverse effect on the Company’s financial condition, business, prospects and results of operations and, consequently, the Company’s Net Asset Value and/or the market price of the Issue Shares. Further, as required by the UK Prospectus Regulation, the risks that the Investment Adviser and the Directors consider to be the most material risk in each category, taking into account the negative impact on the Company and the probability of its occurrence, have been set out first. Given the forward-looking nature of the risks, there can be no guarantee that such risk is, in fact, the most material or the most likely to occur. Prospective investors should, therefore, review and consider each risk.

The Issue 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 Issue Shares is part of a diversified investment programme and who fully understand and are willing to assume the risks involved in such an investment.

Potential investors in the Issue Shares should review this Prospectus carefully and in its entirety and consult with their professional advisers prior to making an application to subscribe for Issue Shares.

RISKS RELATING TO THE COMPANY, ITS INVESTMENT STRATEGY AND OPERATIONS

The Company may not achieve its investment objective or return objective

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

The Company’s investment objective includes the aim of providing Shareholders with an attractive level of income together with the scope for capital growth by investing in a diversified portfolio of residential real estate assets in the United Kingdom. The payment of future dividends and the level of any future dividends paid by the Company is subject to the discretion of the Directors and will depend upon, amongst other things, the Company successfully pursuing its investment policy and the Company’s earnings, financial position, cash requirements, level and rate of borrowings and availability of profit, as well as the provisions of relevant laws or generally accepted accounting principles from time to time. There can be no assurance that any dividends will be paid in respect of any financial year or period and no guarantee as to the level of any future dividends to be paid by the Company. There is no guarantee that the Company will achieve the stated target dividend or target total Shareholder return referred to in this Prospectus and therefore achieve its return objective.

The Company has no operating history

The Company was incorporated on 26 January 2021. The Company has not commenced operations and has no operating history. No historical financial statements or other meaningful operating or financial data upon which prospective investors may base an evaluation of the likely performance of the Company have been made up. An investment in the Company is therefore subject to all risks and uncertainties associated with a new business, including the risk that the Company will not achieve its investment objective or return objective and that the value of an investment in the Company could decline substantially as a consequence.

The use of borrowings will be subject to financial covenants (including, *inter alia*, in respect of interest cover requirement and loan to value covenants) assessed against the operational performance of properties

The Company will seek to utilise borrowings, targeting a conservative level of aggregate borrowings equal to approximately 30 to 35 per cent. of the Gross Asset Value of the Group as per the Borrowing Policy. Whilst borrowings are utilised to support the Company's investment objectives, the Company will be subject to certain financial covenants under the relevant debt facility agreements. This would include, *inter alia*, covenants to maintain certain Interest Cover Ratios and Debt Service Cover Ratios. Such covenants will be assessed against the operational performance of the underlying properties. If the operational performance of the underlying properties (which will be secured under the relevant debt facility agreements), declines (including for example if a deterioration of occupancy rates leads to a decline in rental income), such financial covenants could be breached. A breach of financial covenants could result in an event of default under the relevant facility agreement which may lead to an acceleration of the relevant loan or an increase in borrowing costs if the Company is able to negotiate a waiver of the relevant event of default. In some circumstances, an event of default could lead to the Company becoming subject to certain insolvency procedures including, *inter alia*, the liquidation of the Company which could result in a total or partial loss of equity value for Shareholders.

Under any debt facility agreements, the Company will also be subject to certain loan to value (**LTV**) covenants. LTV is typically calculated as the aggregate of the net borrowing amount outstanding under the loan divided by the aggregate valuation of the relevant properties secured under the facility agreements based on their most recent valuation. The valuation of properties can go up or down and whether any covenant test is passed or not is therefore subject to general UK property market conditions. In the event that the valuation of the Company's secured assets declines, the LTV covenants could be breached. A breach of financial covenants could result in an event of default under the relevant facility agreement which may lead to an acceleration of the relevant loan or an increase in borrowing costs if the Company is able to negotiate a waiver of the relevant event of default. In some circumstances, an event of default could lead to the Company becoming subject to certain insolvency procedures including, *inter alia*, the liquidation of the Company which could result in a total or partial loss of equity value for Shareholders.

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

Prior to the Company entering into an agreement to acquire a property, the Investment Adviser, on behalf of the Company, will perform significant due diligence and analysis on the property concerned. In doing so, it would also instruct third parties to support the due diligence analysis (including legal reports on title and technical building surveys). There can be no assurance, however, that any due diligence examinations carried out by third parties on behalf of the Company in connection with any assets the Company may acquire will reveal all of the risks associated with that asset, or the full extent of such risks. To the extent that such third parties underestimate or fail to identify risks and liabilities (including any environmental liabilities) associated with the property in question, the Company may be affected by defects in title, or exposed to environmental, structural or operational defects or liabilities requiring remediation, which may not be covered by indemnities or insurance, or may be unable to obtain necessary permits or permissions which may have a material adverse effect on the Company's profitability, the NAV and the price of the Issue Shares.

A failure to identify all risks and liabilities as part of due diligence may also result in properties that are acquired failing to perform in accordance with relevant projections, particularly as to rent and occupancy, which may have a material adverse effect on the Company's profitability, the NAV and the price of the Issue Shares.

Even where the Investment Adviser has been able to identify relevant risks and liabilities associated with a potential acquisition through its due diligence process, the contractual protections in the acquisition

documentation may not be sufficient to protect the Company from such risks and liabilities. As a consequence, the Company may be affected by or exposed to risks against which it has insufficient or no protection or available remedies which may have a material adverse effect on the Company's financial condition, business, prospects and results of operations.

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

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

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

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

The Company may not be able to implement its investment objective and investment policy in a manner that generates returns in line with its targets. The existence of the target dividend and target total Shareholder return should not be considered as an assurance or guarantee that it can or will be met by the Company.

Although the target dividend and target total Shareholder return figures are presented as specific figures in this Prospectus, the actual returns achieved by the Company's investment portfolio may vary from the target dividend and target total Shareholder return and these variations may be material. The target dividend and total Shareholder return figures are based on the Investment Adviser's assessment of appropriate expectations for returns on the investments that the Company proposes to make and the ability of the Investment Adviser to enhance the return generated by those investments through active asset management and based on assumptions including those relating to forecasts of increases in property capital, loan and rental values. There can be no assurance that these assessments, expectations and assumptions are correct and failure to achieve any or all of them may materially adversely impact the Company's ability to achieve the target dividend and/or target total Shareholder return.

In addition, numerous factors, including, without limitation, taxation and fees payable by the Company or its intermediary holding entities, could prevent the Company from achieving its target dividend or target total Shareholder return, even if the individual investments made by the Company were to achieve returns in line with the Company's stated targets.

The target dividend and target total Shareholder return figures are based on estimates and assumptions about a variety of factors including, without limitation, purchase prices and SDLT payable on the acquisition of assets, yield and performance of the Company's investments. There can be no assurance that these assumptions (including as to the SDLT payable on the acquisition of the Seed Assets) will prove to be correct and such assumptions and estimates are inherently subject to significant business, economic and market uncertainties and contingencies, all of which are beyond the Company's control and which may adversely affect the Company's ability to achieve its target returns. Furthermore, the target dividends and target total Shareholder return figures are based on the general and local market conditions and the economic environment at the time of assessing the targets, and are therefore subject to change. In particular, the Company's stated target dividend and target total Shareholder return assumes no material changes will occur in government regulations or other policies, or in law and taxation, or changes in the political approach

to real estate investment or to the laws governing private rental accommodation, and that the Company is not affected by natural disasters, terrorism, social unrest or civil disturbances or the occurrence of risks described elsewhere in this Prospectus. There is no guarantee that actual (or any) returns can be achieved at or near the levels set out in this Prospectus. Accordingly, the actual rate of return achieved may be materially lower than that targeted, or may result in a partial or total loss, which could have a material adverse effect on the Company's profitability, the NAV and the price of the Issue Shares.

The Company may face delays in the deployment of its funds

The Company has entered into legally binding contractual arrangements to acquire certain of the Seed Assets, but not all of the Seed Assets, and otherwise has not entered into legally binding acquisition arrangements in relation to the acquisition of properties from any potential vendors. Although the Company, acting on advice from the Investment Adviser, has identified a number of available properties that are consistent with its investment objective and investment policy there can be no certainty that the Company will be able to acquire these or other properties on acceptable terms or at all. There can therefore be no assurance as to how long it will take the Company to invest the Net Issue Proceeds.

On or before deploying the Net Issue Proceeds, the Company will also seek to utilise borrowings targeting a conservative level of aggregate borrowings equal to approximately 30 to 35 per cent. of the Gross Asset Value of the Group as per the Company's Borrowing Policy. There can be no assurance as to whether the Company will successfully obtain such borrowings and how long it will take the Company to invest the net proceeds from borrowings.

Even where the Company, acting on advice from the Investment Adviser, has identified and approved the acquisition of a property in line with its investment objective and investment policy, it may encounter a number of delays before the property is finally acquired. These delays may arise as a result of, *inter alia*, conducting full and proper due diligence on the new property and any tenant(s), negotiating acceptable purchase contracts, competition from other potential buyers, proceeding to completion of the acquisition and obtaining any necessary approvals, consents and/or permits. Necessary approvals may be refused, or granted only on onerous terms, and any such refusals, or the imposition of onerous terms, may result in an investment not proceeding as originally intended and could result in significant costs associated with aborting the transaction being incurred by the Company.

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

The Group may not acquire the Pipeline Assets

None of the pipeline investment opportunities referred to in this document have been contracted to be acquired by the Group and there are no contractually binding commitments or agreements to acquire any of these Pipeline Assets.

There can be no assurance that any of the Pipeline Assets referred to in this document will remain available for purchase after Initial Admission, or, if available at what price any such investments can be acquired by the Group (if a price can be agreed at all).

The making of any investment will be conditional upon, amongst other things, receipt of all necessary consents, approvals, authorisations and permits, the Company deciding to proceed with the acquisition, the Company being able to finance its commitment to a particular investment, satisfactory completion of due diligence and the entering into of binding agreements in a form satisfactory to all the parties thereto, including the Company.

Investor returns will be dependent upon the performance of the Company's portfolio and the Company may experience fluctuations in its operating results as a result of risks inherent in real estate asset investment

Returns achieved are reliant primarily upon the performance of the Company's portfolio. No assurance is given, express or implied, that Shareholders will be able to realise the amount of their original investment in the Issue Shares. Revenues earned from, and the capital value and disposal value of, real estate assets held by the Company and the Company's business may be materially adversely affected by a number of factors inherent in investment in real estate assets. The Company may experience fluctuations in its operating results due to a number of factors, including changes in the values of properties in the Company's portfolio from time to time, changes in its rental income, operating expenses, occupancy rates, the degree to which it encounters competition and general economic and market conditions. Further, there may be increases in operating and other expenses or cash needs without a corresponding increase in turnover or tenant reimbursements, including as a result of increases in the rate of inflation in excess of rental growth, property taxes or statutory charges or insurance premiums, costs associated with tenant vacancies and unforeseen capital expenditure affecting properties which cannot be recovered from tenants.

Such variability in its operating results may be reflected in dividends, may lead to volatility in the market price of the Issue Shares and may cause the Company's results for a particular period not to be indicative of its performance in a future period. In addition, if the Company's revenues earned from tenants or the value of its real estate assets are adversely impacted by the above or other factors, the Company's financial condition, business, prospects and results of operations may be materially adversely affected.

Risks relating to the acquisition of the Seed Assets

Whilst it is intended to acquire all the Seed Assets within a short period of time following Initial Admission if the Company achieves its target fundraising pursuant to the Initial Issue of £150 million, the Company will not be able to acquire all the Seed Assets valued at approximately £145 million if it only raises the Minimum Gross Proceeds. Accordingly there can be no assurance that all the Seed Assets described in this Prospectus will be acquired.

As at the date of this Prospectus, legally binding agreements (being the Seed Assets 1 Acquisition Agreement and the Seed Assets 2 Acquisition Agreement) have been entered into in respect of Seed Assets valued at approximately £72.8 million and in the event that the Minimum Gross Proceeds are raised it is intended that a further agreement to acquire a 100 per cent. interest in the Skyline property (through the acquisition of S class units) will be entered into shortly after Initial Admission for consideration of approximately a further £27.6 million. Whilst the vendor of the S class units is an existing fund managed by L1 UK Property Investments Pty Ltd, an affiliate of the Investment Adviser, both of which are under common control and have the same management team, there can be no guarantee that such an agreement will be entered into.

Completion of each of the Seed Assets Acquisition Agreements is conditional upon the fulfilment of certain conditions, including in each case the Minimum Gross Proceeds being raised under the Initial Issue.

If any condition under the relevant Seed Assets Acquisition Agreement is not obtained by the Long Stop Date (or such other date that the parties agree in writing), either of the parties to the relevant Seed Assets Acquisition Agreement may terminate the relevant Seed Assets Acquisition Agreement on written notice. There can be no assurance that these termination rights will not be exercised if applicable. If they are so exercised, the acquisition of the relevant Seed Assets under the relevant Seed Assets Acquisition Agreement will fail to complete which could result in a delay in deployment of the Net Issue Proceeds in which in turn may impact the Company's ability to meet its dividend and returns targets.

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

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

such borrowings, on a liquidation of the Company, Shareholders may not recover their initial investment and in certain circumstances may lose their entire investment.

Whilst the use of borrowings should enhance the NAV per Share where the value of the Company's investments is rising, it will have the opposite effect where the value of the Company's investments is falling. In addition, in the event that rental income from the Company's investments falls (for example as a result of defaults by tenants) the use of borrowings will increase the impact of such falls on the net revenue of the Company and this in turn will have an adverse effect on the Company's ability to pay dividends.

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

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

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

In addition, the Company's third party providers may collect, use, retain and share consumer data on behalf of the Company. Any significant data breaches of the Company's consumer data could have a material adverse effect on the Company's operations.

Unsuccessful transaction costs

The Investment Adviser will review potential investment opportunities via a preliminary screening process. If it is found that a potential investment satisfies initial analysis, a more comprehensive due-diligence exercise will be conducted. Subject to Board approval, the Company and Investment Adviser will appoint third party advisors to support with its due diligence and as a result the Company is typically expected to incur costs relating to professional services during the sourcing phase in respect of potential acquisitions. This is likely to include, *inter alia*, property conveyancing fees, technical building survey costs and legal fees. Where prospective acquisitions do not proceed to completion, these costs will still need to be paid by the Company and this could adversely affect the Company's business, financial condition, results of operations and prospects.

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

The AIFM, the Investment Adviser and their Affiliates may be involved in other activities which on occasion may give rise to conflicts of interest with the Company. For example, the Investment Adviser has a historical relationship with L1 Capital UK Residential Property Funds which established the portfolio of Seed Assets. In particular: (i) the AIFM, the Investment Adviser or their respective affiliates may invest in, manage and/or advise other funds and may provide investment management, investment advisory or other services in relation to these funds or future funds which may have similar investment policies to that of the Company; (ii) the AIFM, the Investment Adviser and their affiliates may carry on investment activities for their own accounts and for other accounts in which the Company has no interest; and (iii) the AIFM, the Investment Adviser and their affiliates may give advice and recommend investments to other managed accounts or investment funds which may differ from advice given to, or investments recommended or bought for, the Company, even though their investment policies may be the same or similar. If these conflicts of interest are managed to the detriment of the Company by the AIFM or the Investment Adviser they could materially and adversely affect the performance of the Company.

After Initial Admission, the Seed Asset Vendors will be able to exert significant influence over the Group, its management and its operations

Following Initial Admission and completion of the acquisition of the Seed Assets, assuming that the target fundraise of £150 million pursuant to the Initial Issue is achieved, Equity Trustees Limited (acting as trustee of L1 Capital UK Residential Property Fund II, L1 Capital UK Residential Property Fund III and L1 Capital UK Residential Property Fund IV) will hold approximately 25 per cent. of the Ordinary Shares assuming 50 million Consideration Shares are issued. As a result, these shareholders individually or together will be able to exercise influence over the Group's management and operations and over its shareholders' meetings, such as in relation to the payment of dividends, the issuance of further equity and the appointment of the majority of the directors to its Board of Directors and other matters. The Company cannot give any assurances that the interests of the Seed Asset Vendors will align with the interests of purchasers of the Ordinary Shares.

The Seed Asset Vendors have also agreed to give certain lock-in undertakings to the Company in respect of any disposals of their Ordinary Shares during the relevant lock-in period of 12 months after Initial Admission which could affect the liquidity of the Ordinary Shares during such time.

Furthermore, the Seed Asset Vendors' significant ownership may delay or deter a change of control of the Company (including deterring a third party from making a takeover offer for the Company), deprive Shareholders of an opportunity to receive a premium for their Ordinary Shares as part of a sale of the Company and affect the liquidity of the Ordinary Shares. Each of these could have a material adverse effect on the market price of the Ordinary Shares.

Brexit

The United Kingdom left the European Union on 31 January 2020 and the subsequent transition period ended on 31 December 2020. Although the United Kingdom and the European Union agreed a trading arrangement which took effect from 1 January 2021, there remains uncertainty with respect to the United Kingdom's trading relationship with the European Union and the political, economic, legal and social impact of such relationship going forward.

As the UK and the EU become accustomed to the new arrangements, there may be significant volatility and disruption in: (i) the global financial markets generally, which could result in a reduction of the availability of capital and debt; and/or (ii) the currency markets as the value of Sterling fluctuates against other currencies.

The nature of the United Kingdom's future relationship with the European Union may also impact and potentially require changes to the Company's regulatory position. With effect from 1 January 2021, historic EU legislation has largely been implemented into UK law, but it remains unclear as to how UK law will develop over time, including whether the UK will be required to adopt new EU legislation in the future for the purposes of proving equivalence and how UK law will diverge, if at all, from historic EU legislation. Accordingly, the impact on the Group of the United Kingdom's future relationship with the European Union and any resulting changes to the UK's legislative and regulatory framework is unclear.

Consequently, there will be a period of prolonged uncertainty regarding aspects of the UK economy including the possibility of a period of recession, together with other risks which could materially and adversely affect the legal, operational, regulatory and tax regime(s) to which the Group is currently subject. The effect of these risks could also be a reduction in the number of potential tenants for the Company to let its properties to and the creditworthiness of such tenants.

Any of these effects of Brexit (and others that the Directors cannot anticipate at this stage given the political and economic uncertainty following the UK's departure from the European Union) could adversely affect the Company's business, financial condition and cash flows. They could also negatively impact the value of the Company and make accurate valuations of the Shares and investments more difficult.

The Company will be exposed to counterparty risk in connection with refurbishments and/or maintenance of properties

The Investment Adviser (on behalf of the Company) anticipates engaging third party contractors to conduct refurbishments, or maintenance works for properties owned by the Company. While cost overruns will be

the contractual responsibility of the developer/contractor, such projects are nonetheless subject to various hazards and risks associated with the refurbishment of real estate, including personal injury and property damage, delays in the timely completion of projects and properties being available for occupancy, fraud or misconduct by an officer, employee or agent of a third party contractor, liability of the Company for the actions of the third party contractors or insolvency of third party contractors.

In addition, there is a risk of disputes with developers and/or contractors should they fail to perform against contractual obligations. Whilst the Company intends to mitigate this risk by holding a retention of funds until the project is signed-off by the Investment Adviser or an appropriate, impartial third party surveyor, any litigation or arbitration resulting from any such disputes may increase the Company's expenses and distract the Board and the Investment Adviser from focusing their time on pursuing the investment objective of the Company. This could have a material adverse effect on the Company's financial position, results of operation and business prospects.

Risks relating to not acquiring 100 per cent. of an asset

The Company may not always be able, for structural or commercial reasons, to acquire a 100 per cent. of any SPVs through which it indirectly acquires assets. Although it does not typically intend to acquire stakes in SPVs or joint ventures that would not give it effective control of the acquired asset it may do so in the future and minority holdings in acquired assets may hamper the Group's ability to control such assets and may also reduce the future returns to the Company.

RISKS RELATING TO REAL ESTATE INVESTMENTS

Property valuation is inherently subjective and uncertain

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

In determining the value of properties, valuers are required to make assumptions in respect of matters including, but not limited to, the existence of willing buyers in uncertain market conditions, title, condition of structure and services, environmental matters, statutory requirements, expected future rental revenues from the property and other information. Such assumptions may prove to be inaccurate. Incorrect assumptions underlying the valuation reports could negatively affect the value of any property assets the Company acquires and thereby have a material adverse effect on the Company's financial condition. This is particularly so in periods of volatility or when there is limited real estate transactional data against which property valuations can be benchmarked. There can also be no assurance that these valuations will be reflected in the actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and annual rental income will prove to be attainable.

Property investments can perform in a cyclical nature and values can increase or decrease. Economic, political, fiscal and legal issues can affect values as they can with any other investment. The Company's portfolio will be valued on each valuation date by a professional independent valuer as may be appointed by the Company from time to time.

To the extent valuations of the Company's properties do not fully reflect the value of the underlying properties, whether due to the above factors or otherwise, this may have a material adverse effect on the Company's financial condition, business, prospects and results of operations. It may also adversely affect the ability of the Company to secure financing on acceptable terms.

The Company may be adversely affected by changes to UK legislation relating to fire safety

Whilst the Investment Adviser will endeavour to ensure that appropriate due diligence is undertaken on potential investment opportunities to identify all material issues and ensure that the Company will comply with all applicable fire regulations, the Investment Adviser may rely on reports from third-party surveyors and other advisors. Consequently, there can be no assurance that such third party advice will address all applicable fire safety concerns or risks.

Further, there can be no certainty that current guidance and/or legislation with respect to fire safety will remain unchanged in future. As a result, there can be no guarantee that the Company's investments will continue to be fully compliant with all applicable regulation with respect to fire safety for the foreseeable future, in which case the Company may be required to incur remedial costs. Incurring additional costs and obligations could have an adverse impact on the Company's results of operations, cash flows and the ability of the Company to pay dividends to Shareholders and to achieve its stated target dividend and target total Shareholder return and therefore to achieve its returns objective.

The Company is expected to invest in residential property and may be subject to environmental related risks and the Company may also be adversely affected by changes to UK regulation relating to environmental standards

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

In addition, in accordance with the Company's investment policy, the Company seeks to invest in UK residential property. Changes to any regulatory policies in relation to the environment could negatively affect the Company's assets. As the Company will operate in the private rental sector (**PRS**) and will rent out properties, the Company will be required to have a valid Energy Performance Certificate (**EPC**) registered to each property prior to letting the property to a tenant. Each property is assigned an EPC rating between A to G, and the rating must be a minimum of an E to be privately rented. From 2030, it will become a statutory requirement for properties in the PRS to achieve at least a C rating which may result in the Company incurring additional costs. As the Company has a focussed strategy on improving EPC ratings in order to reduce carbon emissions, increasing EPC ratings could result in additional costs above and beyond what the Company expects which may impact the Company's ability to pay dividends to Shareholders and may impact the Company achieving its investment objective.

The Company's performance may be adversely impacted by a downturn in conditions of the UK real estate market

As all of the Company's assets will be invested in UK property, the Company's performance will be subject to, among other things, the conditions of the property markets in the UK, which will affect both the value of any assets that the Company acquires and the income these assets produce.

The value of assets and the income produced will be impacted by the general macro-economic climate and the conditions of the real estate property market in the UK. Declines in the performance of the economy or the property market could have a negative impact on the Company's financial condition, business, prospects and results of operations.

In addition to the impact from the general economic climate, the property markets and prevailing rental rates in the UK may also be affected by factors such as an excess supply of properties, a fall in the general demand for rental property, reductions in tenants' and potential tenants' space requirements, the availability of credit and changes in laws and governmental. Any of the foregoing could have a material adverse effect on the ability of the Company to achieve its investment objective, on the NAV and on the market price of the Issue Shares.

There can be no guarantee that Seed Assets will continue to generate their current level of net rental income

In connection with the Initial Issue and dependent on the amount of the Net Issue Proceeds, the Company intends to acquire all the Seed Assets which based on current performance represents a net rental yield of 5.8 per cent. on the valuation conducted by Knight Frank. There can be no assurance that the existing performance of the Seed Assets will continue when the Seed Assets are purchased by the Company. The

future net rental income from the Seed Assets may be negatively impacted by, amongst others, a decline in rental prices, a decline in tenant occupancy rates and / or an increase in remains and maintenance costs. The performance of the UK rental market can also fluctuate over time and be affected by number of market conditions including micro-location factors and tenant retention rates. Any decline in net rental income could impact the Company's ability to pay dividends to Shareholders and achieve its stated investment objective.

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

The Company will invest in residential property. Such investments are relatively illiquid (in comparison to other types of investments, such as bonds and securities, which have daily liquidity). Such illiquidity may affect the Company's ability to adjust, dispose of or liquidate any or all of its portfolio in a timely fashion and at satisfactory prices in response to changes in economic, property market or other conditions.

There can be no assurance that, at the time the Company seeks to dispose of assets (whether voluntarily or otherwise), relevant market conditions will be favourable or that the Company will be able to maximise the returns on such disposed assets. To the extent that the property market conditions are not favourable, the Company may not be able to dispose of property assets at a gain and may even have to dispose of them at a loss. The Company may be forced to realise the disposal of an asset at a discount to the prevailing valuation of the relevant property, which may have a material adverse effect on the Company's profitability, the NAV and the price of the Issue Shares.

The Company may be adversely affected by liability relating to property disposals

The Group may be exposed to future liabilities and/or obligations with respect to the disposal of investments. The Company 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.

The Company may be adversely affected by the end of the UK government's current level of fiscal stimulus in response to the Covid-19 pandemic

The UK government has provided an unprecedented level of fiscal support to the UK economy in response to the Covid-19 pandemic. More specifically, employees in the lower-income quartile of the UK workforce has been most impacted by the pandemic (55 per cent. – 60 per cent. of employees in the UK that have been furloughed have earned less than £8.72 per hour, ONS) this is likely due to being in customer-facing roles that have been unable to work from home throughout the pandemic. The "furlough" scheme operated across the UK is expected to end in the short to medium term. If the reduction in fiscal support causes an increase in unemployment or other negative economic consequences across the UK it may impact the overall rental market. Depending on the Company's tenant mix and overall exposure to the demographics most reliant to the furlough scheme, there may be a reduction in demand for tenancies at the Company's properties, or the Company could be required to offer rents on less favourable terms. In such cases, this may have an adverse impact on the Company's results of operations, cash flows and the ability of the Company to pay dividends to Shareholders and to achieve the stated target dividend and target total Shareholder return referred to in this Prospectus and therefore to achieve its return objective.

The ongoing Covid-19 pandemic, including the resulting global economic uncertainty and measures taken in response to the pandemic, in particular its effects in the UK could have a significant adverse impact on the Company's operations and performance

A novel strain of coronavirus causing Covid-19 disease, identified in China in late 2019, has spread throughout the world. On 11 March 2020, the World Health Organization confirmed that its spread and severity had escalated to the point of pandemic. The outbreak of Covid-19 has resulted in authorities, including those in the UK, implementing numerous measures to try to contain the virus, such as travel bans and restrictions, lockdowns, quarantines and shutdowns of business and workplaces, and has led to materially increased volatility in financial markets and significant worsening of the global, macroeconomic outlook. The extent and scope of such restrictions is highly uncertain and subject to change, however, the UK Residential market has been able to continue operating to a greater extent throughout Covid measures than other sectors. For example, in the UK's lockdown announced on the 4 January 2021, the housing market in England remained open and people were able to move home during this time, whilst Estate and lettings agents, removers, valuers were able to continue working.

The degree to which Covid-19 impacts the Company's business, results of operations and financial position will depend on future developments, which are uncertain and cannot be predicted. These developments may include, but are not limited to, the duration and spread of Covid-19, its severity, actions taken to contain the virus or treat its impact, including the effectiveness and rate of deployment of vaccines, the extent and effectiveness of economic stimulus and the speed at which and to what extent normal economic and business activity can resume. Potential future lockdown measures, such as preventing moving homes and limiting entry into the United Kingdom, could disrupt the Company's operations and business. If any of the foregoing were to occur, there could be a material adverse effect on the Company's business, results of operations, financial condition or prospects.

Changes in laws or regulations governing the Company's operations, including changes to private rental accommodation or property management legislation, may adversely affect the Company's business

There is a risk that the current government or future governments may take a different approach to private rental accommodation. In particular, there could be changes to the law and other regulation or practices of the government with regard to private rental accommodation or property management. Whilst the Investment manager aims to incorporate the latest view of regulation in its business operation, future changes in regulations cannot be predicted, and any such changes which limits or reduces rents for the Company's assets, may have an adverse effect on the ability of the Company to pursue its investment objective and policy, and 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. In such event, the investment returns of the Company may be materially adversely affected.

Furthermore, the Company's properties must comply with laws and regulations which relate to, among other things, health and safety requirements, electrical safety certification and energy efficiency requirements. Laws and regulations are subject to change and the Investment Adviser is unable to predict the final outcome, and changes in regulations could adversely affect existing planning consent, costs of property ownership, the capital value of the Company's assets and the income arising from the Company's portfolio. Changes in laws and governmental regulations governing leases could determine the Company's approach to tenancy management which may impact the Company's ability to meet its investment objectives. For example, the UK Government instituted a ban on tenants paying lettings fees and capped tenancy deposits on or after 1 June 2019.

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 regulatory requirements that are applicable to listed closed-ended investment companies, including the Listing Rules, the UK Prospectus Regulation, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, UK MAR, the UK AIFMD Laws, the EU AIFM Directive and the UK PRIIPs Laws. In addition, the Company is subject to the continuing obligations imposed by the Financial Conduct Authority on all investment companies whose shares are listed on the Official List.

Any change in the law and regulation affecting the Company may have a material adverse effect on the ability of the Company to carry on its business and successfully pursue its investment policy and on the

value of the Company and/or the Issue Shares. In such event, the investment returns of the Company may be materially adversely affected.

The Company may be adversely affected by an increase in tenant rental arrears and or a rise in tenant default rates

Dividends payable by the Company will be dependent on the income from the properties it owns. While the Company's dividend yield target is expected to be largely underpinned by Assured Shorthold Tenancies which should provide predictable income lease agreements, as with any real estate transaction there can be no guarantee that tenants will comply with their rental obligations. The Company may be adversely impacted by tenants deferring rental payments and / or defaulting on their rental obligations, affecting the Company's ability to pay dividends to Shareholders.

The Company's properties may suffer damage or loss which is not fully compensated by insurance

The Company's property assets may suffer physical damage resulting in losses (including loss of rent) which may not be compensated for by insurance, either fully or at all. In addition, there are certain types of losses, generally of a catastrophic nature, that may be uninsurable or are not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations and other factors might also result in insurance proceeds being insufficient to repair or replace a property. Should an uninsured loss or a loss in excess of insured limits occur, the Company may lose capital invested in the affected property as well as anticipated future revenue from that property. In addition, the Company could be liable to repair damage caused by uninsured risks or pay for uninsured environmental clean-up costs. The Company might also remain liable for any debt or other financial obligations related to that property. Any material uninsured losses may have a material adverse effect on the Company's business prospects, results of operations and financial condition.

RISKS RELATING TO THE ISSUE SHARES

Liquidity

There can be no guarantee that a liquid market in the Issue Shares will exist. Accordingly, Shareholders may be unable to realise their Issue Shares at the quoted market price (or at the prevailing Net Asset Value per Ordinary Share), or at all.

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.

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

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

Furthermore, Equity Trustees Limited (acting as trustee of L1 Capital UK Residential Property Fund II, L1 Capital UK Residential Property Fund III and L1 Capital UK Residential Property Fund IV) will receive Consideration Shares in connection with the acquisition of the Seed Assets (representing, in aggregate, approximately 25 per cent. of the Ordinary Shares after Initial Admission and following completion of the relevant acquisitions assuming the target fundraising of £150 million pursuant to the Initial Issue is achieved and 50 million Consideration Shares are issued) and will be subject to lock-in undertakings in relation to disposals of the Consideration Shares during the relevant 12 month lock-in period after Initial Admission and will also be subject to certain orderly market dealing arrangements which will apply following the expiry of the initial lock-up period for a further 24 month period. Members of the L1 Capital management team and connected persons will also be subject to lock-in and orderly market dealing arrangements in respect of their shareholdings. This could affect the liquidity of the Ordinary Shares both during the initial lock-up period and subsequently during the orderly market period.

Discount

The Ordinary Shares may trade at a discount to their Net Asset Value and Shareholders may be unable to realise their investments through the secondary market at Net Asset Value. The Ordinary Shares may trade at a discount to their Net Asset Value for a variety of reasons, including market conditions or to the extent investors undervalue the management activities of the Investment Adviser and/or Operations Manager or discount its valuation methodology and judgments of value. While the Board may seek to mitigate any discount to Net Asset Value at which the Ordinary Shares may trade through discount management mechanisms, there can be no guarantee that they will do so or that such mechanisms will be successful and the Board accepts no responsibility for any failure of any such strategy to effect a reduction in any discount.

The Company may be adversely affected by significant changes in value of the investments which it owns

All investments owned (directly or indirectly) by the Company will be valued on a semi-annual basis in accordance with the Company's accounting policies and procedures. These valuations are presented to the Board for their approval and adoption. Property valuation is inherently subjective and can be uncertain. Acquisitions may expose the Group to unforeseen risks and liabilities associated with properties the Group acquires.

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 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. Any changes in value may 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, ability to maintain its dividend policy, net asset values and/or the market price of the Ordinary Shares. As such, the investment returns of the Company may be materially affected.

The Company may rely on large and detailed financial models to support valuations for asset acquisitions. There is a risk that errors may be made in the assumptions or methodology used in a financial model to complete these valuations. In such circumstances, the returns generated by any asset acquired by the Company may be different to those expected.

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 Issue Shares.

Currency risk

If an investor's currency of reference is not Sterling, currency fluctuations between the investor's currency of reference and the base currency of the Company may adversely affect the value of an investment in the Company.

Issue price of new Ordinary Shares under the Placing Programme

The issue price of any new Ordinary Shares issued on a non-pre-emptive basis under the Placing Programme will not be lower than the prevailing (cum income) Net Asset Value per Ordinary Share at the time of the relevant Subsequent Placing. The applicable issue price will be calculated by reference to the latest published unaudited Net Asset Value per Ordinary Share. Such Net Asset Value per Ordinary Share is determined on the basis of the information available to the Company at the time and may be subject to subsequent revisions. Accordingly, there is a risk that, had such issue price been calculated by reference to information that emerged after the calculation date, it could have been greater or less than the issue price actually paid by investors. If such issue price should have been less than the issue price actually paid, investors will have borne a greater premium than intended. If the issue price should have been greater than

the issue price actually paid, investors will have paid less than intended and, in certain circumstances, the Net Asset Value of the existing Ordinary Shares may have been diluted.

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

The Company may seek to issue new equity in the future pursuant to the Placing Programme or otherwise. While the Companies Act contains pre-emption rights for Shareholders in relation to issues of shares in consideration for cash, such rights can be disapplied in certain circumstances and have been disapplied in relation to the maximum amount of Issue Shares that may be issued pursuant to the Placing Programme. Where pre-emption rights are disapplied, any additional equity fundraising will be dilutive to the voting rights of those Shareholders who cannot, or choose not to, participate in such fundraising in their *pro rata* amount.

Forced transfer provisions

The Issue Shares have not been and will not be registered under the US Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, in or into the United States or to or for the account or benefit of any US Person (within the meaning of Regulation S under the US Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States.

If any shares in the Company are owned directly, indirectly or beneficially by a person believed by the Board to be a Non-Qualified Holder, the Board may give notice to such person requiring him either (i) to provide the Board within 30 days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Board that such person is not a Non-Qualified Holder or (ii) to sell or transfer his shares to a person who is not a Non-Qualified Holder within 30 days and within such 30 days to provide the Board with satisfactory evidence of such sale or transfer and pending such sale or transfer, the Board may suspend the exercise of any voting or consent rights and rights to receive notice of or attend any meeting of the Company and any rights to receive dividends or other distributions with respect to such shares. Where condition (i) or (ii) is not satisfied within 30 days after the serving of the notice, the person will be deemed, upon the expiration of such 30 days, to have forfeited his shares. If the Board in its absolute discretion so determines, the Company may dispose of the shares at the best price reasonably obtainable and pay the net proceeds of such disposal to the former holder.

For these purposes, a **Non-Qualified Holder** means any person: (i) whose ownership of Ordinary Shares may cause the Company's assets to be deemed "plan assets" for the purposes of ERISA or the Internal Revenue Code; (ii) whose ownership of Ordinary Shares may cause the Company to be required to register as an "investment company" under the US Investment Company Act (including because the holder of the shares is not a "qualified purchaser" as defined in the US Investment Company Act); (iii) whose ownership of Ordinary Shares may cause the Company to register under the US Exchange Act, the US Securities Act or any similar legislation; (iv) whose ownership of Ordinary Shares may cause the Company not being considered a "foreign private issuer" as such term is defined in rule 3b-4(c) under the US Exchange Act; (v) whose ownership may result in a person holding Ordinary Shares in violation of the transfer restrictions put forth in any prospectus published by the Company from time to time; (vi) whose ownership of Ordinary Shares may cause the Company to be a "controlled foreign corporation" for the purposes of the Internal Revenue Code, or may cause the Company to suffer any pecuniary or tax disadvantage (including any excise tax, penalties or liabilities under ERISA or the Internal Revenue Code); or (vii) who is a Substantial Shareholder (as defined in the Articles) in accordance with the Articles.

RISKS RELATING TO TAXATION

A change in the tax status of the Company or a member of its corporate group or in taxation legislation in the UK could adversely affect the Company's profits and portfolio value and/or returns to and/or the tax treatment for Shareholders

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

Investors should consult their tax advisers with respect to their particular tax situation and the tax effects of an investment in the Company. Statements in this Prospectus concerning the taxation of investors or prospective investors in Issue Shares are based upon current tax law and tax authority practice, each of which is potentially subject to change. The value of particular tax reliefs, if available, will depend on each individual Shareholder's circumstances. This Prospectus does not constitute tax advice and must not therefore be treated as a substitute for independent tax advice.

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

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

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

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

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

Automatic exchange of information (AEOI)

To the extent that the Company may be a Reporting Financial Institution under FATCA and/or the Common Reporting Standard, or otherwise in connection with other tax information reporting obligations, 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 other tax authorities.

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

IMPORTANT INFORMATION

Prospective investors should rely only on the information contained in this Prospectus and any supplementary prospectus published by the Company prior to the date of Admission of the relevant Issue Shares subscribed for under the Initial Issue or a Subsequent Placing. No person has been authorised to give any information or to make any representation other than those contained in this Prospectus (or any supplementary prospectus published by the Company prior to the date of Initial Admission or the date of any Subsequent Admission) in connection with the Initial Issue or any Subsequent Placing and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, the Investment Adviser, the Joint Bookrunners or any of their respective Affiliates, officers, directors, employees or agents. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to the UK Prospectus Regulation (as amended), neither the delivery of this Prospectus nor any subscription or sale made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Prospectus or that the information contained in this Prospectus is correct as of any time subsequent to its date.

The contents of this Prospectus or any subsequent communications from the Company, the AIFM, the Investment Adviser, the Joint Bookrunners or any of their respective Affiliates, officers, directors, employees or agents are not to be construed as legal, business or tax advice. Each prospective investor should consult their own solicitor, financial adviser or tax adviser for legal, financial or tax advice in relation to the purchase of any Issue Shares.

Apart from the liabilities and responsibilities (if any) which may be imposed on either of the Joint Bookrunners by FSMA or the regulatory regime established thereunder, neither of the Joint Bookrunners makes any representations, express or implied, or accepts any responsibility whatsoever for the contents of this Prospectus (or any supplementary prospectus published by the Company prior to Initial Admission or the date of any Subsequent Admission) or for any other statement made or purported to be made by either of them or on behalf of either of them in connection with the Company, the Investment Adviser, the Issue Shares, the Initial Issue, the Placing Programme, Initial Admission or any Subsequent Admission. Each of the Joint Bookrunners and their respective Affiliates accordingly disclaim all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which it or they might otherwise have in respect of this Prospectus, any such supplementary prospectus or any such statement.

In connection with the Initial Issue and the Placing Programme, the Joint Bookrunners and their respective Affiliates acting as investor(s) for its (or their) own account, may acquire Issue 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 Initial Issue and the Placing Programme or otherwise. Accordingly, references in this Prospectus to the Issue Shares being issued, offered, acquired, subscribed or otherwise dealt with, should be read as including any issue or offer to, acquisition of, or subscription or dealing by, the Joint Bookrunners and any of their respective Affiliates acting as investor(s) for its (or their) own account(s). Neither the Joint Bookrunners nor any of their respective Affiliates intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

An investment in the Issue Shares should constitute part of a diversified investment portfolio. The Issue Shares are only suitable for investors: (i) who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in the Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment portfolio. It should be remembered that the price of the Issue Shares and the income from them can go down as well as up.

The Issue Shares are designed to be held over the long term and may not be suitable as short-term investments. There is no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment. Any investment objective of, and target dividend yield and target total NAV return proposed by, the Company are targets only and should not be treated as an assurance or guarantee of performance. There can be no guarantee that the investment objective will be achieved or that the proposed target dividend yield and target total Shareholder return will be achieved or paid.

A prospective investor should be aware that the value of an investment in the Company is subject to market fluctuations and other risks inherent in investing in securities. There is no guarantee that any appreciation in the value of the Issue Shares will occur or that the investment objective of, or the target dividend yield and target total Shareholder return proposed by, the Company will be achieved or paid. 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.

GENERAL

Prospective investors should rely only on the information contained in this Prospectus and any supplementary prospectus published by the Company prior to Initial Admission or any Subsequent Admission. No broker, dealer or other person has been authorised by the Company, the Board or any Director, the Investment Adviser, the AIFM or any of the Joint Bookrunners to issue any advertisement or to give any information or to make any representation in connection with the Initial Issue other than those contained in this Prospectus or any supplementary prospectus published by the Company prior to Initial Admission or any Subsequent Admission and, if issued, given or made, any such advertisement, information or representation must not be relied upon as having been authorised by the Company, the Board, any Director, the Investment Adviser, the AIFM or any of the Joint Bookrunners.

The distribution of this Prospectus in jurisdictions other than the UK may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions.

Prospective investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (i) the legal requirements within their own countries for the purchase, holding, transfer, conversion, redemption or other disposal of Issue Shares; (ii) any foreign exchange restrictions applicable to the purchase, holding, transfer, conversion, redemption or other disposal of Issue Shares which they might encounter; and (iii) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of 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.

The Joint Bookrunners do not accept any responsibility for the contents of this document.

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.

PROFILE OF A TYPICAL INVESTOR

The Ordinary Shares are designed to be suitable for institutional investors and professionally-advised private investors. The Ordinary Shares may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment. Furthermore, an investment in the Ordinary Shares should constitute part of a diversified investment portfolio.

Potential investors should consider with care whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them. Private investors who are unsure whether to invest should consider consulting a financial adviser authorised under FSMA to assess whether an investment in the Company is suitable.

SELLING RESTRICTIONS

This Prospectus does not constitute, and may not be used for the purposes of, an offer or an invitation to apply for any Issue Shares by any person: (i) in any jurisdiction in which such offer or invitation is not authorised; or (ii) in any jurisdiction in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation.

The distribution of this Prospectus and the offering of Issue Shares in certain jurisdictions may be restricted. Accordingly, persons into whose possession this Prospectus comes are required to inform themselves about and observe any restrictions as to the offer or sale of Issue Shares and the distribution of this Prospectus

under the laws and regulations of any jurisdiction relevant to them in connection with any proposed applications for Issue Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such jurisdiction.

Save for the United Kingdom and save as explicitly stated elsewhere in this Prospectus, no action has been taken or will be taken in any jurisdiction by the Company that would permit a public offering of Issue Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Prospectus in any other jurisdiction where action for that purpose is required.

Notice to prospective investors in the United Kingdom

No Issue Shares have been offered or will be offered pursuant to the Initial Issue or the Placing Programme to the public in the United Kingdom prior to the publication of a prospectus in relation to the Issue Shares which has been approved by the FCA, except that offers of Issue Shares to the public may be made at any time with the prior consent of the Joint Bookrunners, under the following exemptions under the UK Prospectus Regulation:

- (a) to any legal entity which is a qualified investor as defined in Regulation 2(e) of the UK Prospectus Regulation (as amended);
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the UK Prospectus Regulation (as amended)) in the United Kingdom; or
- (c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation (as amended) with the prior consent of the Joint Bookrunners,

provided that no such offer of Issue Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3(l) of the UK Prospectus Regulation (as amended).

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of Issue Shares in the United Kingdom means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Issue Shares to be offered so as to enable an investor to decide to purchase or subscribe for Issue Shares.

Notice to prospective investors in Jersey

Consent has been granted in relation to the circulation of this document in Jersey pursuant to the Control of Borrowing (Jersey) Order 1958, as amended. The Jersey Financial Services Commission is protected by the Control of Borrowing (Jersey) Law 1947 against any liability arising from the discharge of its functions under that Law and orders made thereunder.

This document may be circulated in Jersey only by persons who are registered by the Jersey Financial Services Commission in accordance with the Financial Services (Jersey) Law 1998, as amended (**FSL**) for the conduct of financial services business and the distribution of this document, or are exempt from such registration in accordance with the FSL.

Notice to prospective investors in Guernsey

The Initial Placing and Offer and the Placing Programme may be promoted in or from within the Bailiwick of Guernsey only:

- by persons licensed to do so (or permitted by way of exemption granted) by the Commission under the POI Law; or
- to persons licensed under the POI Law, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002, the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 by non-Guernsey bodies who: (i) carry on such promotion in a manner in which they are permitted to carry on promotion in or from within, and under the law of certain designated countries or territories which, in the opinion of the Commission, afford adequate protection to investors; and (ii) meet the criteria specified in section 29(1)(cc) of the POI Law; or

- as otherwise permitted by the GFSC.

The Initial Placing and Offer and Placing Programme and this document are not available in or from within the Bailiwick of Guernsey other than in accordance with the above paragraphs and must not be relied upon by any person unless made or received in accordance with such paragraphs.

Notice to prospective investors in the Isle of Man

The Issue Shares cannot be marketed, offered or sold in or to persons resident in the Isle of Man other than in compliance with the licensing requirements of the Isle of Man Financial Services Act 2008, as amended, or any exclusion or exemption therefrom.

This Prospectus has not been, and is not required to be, filed or lodged with any regulatory or other authority in the Isle of Man. The Company is not subject to any regulatory approval in the Isle of Man. Investors in the Company are not protected by any statutory compensation arrangements in the event of the Company's failure and the Isle of Man Financial Services Authority does not vouch for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard to it.

Notice to prospective investors in the EEA

In relation to each EEA Member State, no Issue Shares have been offered or will be offered pursuant to the Initial Issue or the Placing Programme to the public in that EEA Member State prior to the publication of a prospectus in relation to the Issue Shares which has been approved by the competent authority in that EEA Member State, or, where appropriate, approved in another EEA Member State and notified to the competent authority in that EEA Member State, all in accordance with the EU Prospectus Regulation, except that offers of Issue Shares to the public may be made at any time with the prior consent of the Joint Bookrunners, under the following exemptions under the EU Prospectus Regulation, if they are effective in that EEA Member State:

- (a) to any legal entity which is a qualified investor as defined in Article 2(e) of the EU Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) in such EEA Member State; or
- (c) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation with the prior consent of the Joint Bookrunners,

provided that no such offer of Issue Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3(l) of the EU Prospectus Regulation in a EEA Member State.

For the purposes of this provision, the expression an "offer to the public" in relation to any offer of Issue Shares in any EEA Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Issue Shares to be offered so as to enable an investor to decide to purchase or subscribe for Issue Shares.

The AIFM, has made the notifications or applications and received, where relevant, approvals for the marketing of the Issue Shares to "professional investors" (as defined in the EU AIFM Directive) in the Republic of Ireland and The Netherlands. Notwithstanding any other statement in this Prospectus, this Prospectus should not be made available to any investor domiciled in any EEA Member State other than the Republic of Ireland or The Netherlands. Prospective investors domiciled in the EEA that have received the Prospectus in any EEA Member States other than the Republic of Ireland or The Netherlands should not subscribe for Issue Shares (and the Company reserves the right to reject any application so made, without explanation) unless: (i) the Company has confirmed that the Company has made the relevant notification or applications in that EEA Member State and are lawfully able to market Issue Shares into that EEA Member State; or (ii) such investors have received the Prospectus on the basis of an enquiry made at the investor's own initiative.

The Issue Shares may not be marketed to retail investors (as this term is defined in the EU AIFM Directive as transposed in the relevant EEA Member State) in any EEA Member State unless the Issue Shares have been qualified for marketing to retail investors in that EEA Member State in accordance with applicable local laws. At the date of this Prospectus, the Issue Shares are not eligible to be marketed to retail investors in any EEA Member State. Accordingly, the Issue Shares may not be offered, sold or delivered and neither this

document nor any other offering materials relating to such Issue Shares may be distributed or made available to retail investors in any EEA Member State.

Notice to prospective investors in Canada

The Issue 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 are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and by purchasing the Issue Shares, the Canadian purchaser thereof will be deemed to have represented and warranted as such to the Joint Bookrunners. Any resale of the Issue 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 Issue Shares will be subject to the following legend restriction: “Unless permitted under securities legislation, the holder of the Issue Shares must not trade the security before the date that is 4 months and a day after the later of (i) the date of distribution of the Issue Shares, and (ii) the date the issuer became a reporting issuer in any province or territory.” In the event that no physical certificates representing the Issue Shares are provided to the purchaser (including if the Issue Shares are entered into direct registration or other electronic book-entry system), the above constitutes written notice pursuant to, and as required by, Section 2.5(2)(3.1) of National Instrument NI 45-102 Resale of Securities (“**NI 45-102**”) of the legend requirement set out in section 2.5 of NI 45-102.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this document (including any amendment hereto) contains a misrepresentation (as defined under applicable Canadian securities laws), 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.

Canadian investors are advised that, pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (“**NI 33-105**”), the Joint Bookrunners are, in connection with this offering, relying on the exemption from the requirement to provide Canadian investors with certain disclosure required by NI 33-105 regarding underwriter conflicts of interest pertaining to “connected issuer” and/or “related issuer” relationships.

Notice to prospective investors in the Netherlands

The Company is an alternative investment fund (AIF) within the meaning of the Act on the Financial Supervision (*Wet op het financieel toezicht*, the AFS). The AIFM has given written notification to the Netherlands Authority for the Financial Markets (AFM), pursuant to Article 1:13b section 1 and 2 of the AFS of its intention to market the New Shares exclusively to individuals or entities in the Netherlands that are qualified investors within the meaning of Article 1:1 of the AFS, all in accordance with the AFS, any rules and regulations promulgated pursuant thereto and the rules and guidance of the AFM.

Notice to prospective investors in the Republic of Ireland

Neither the Company nor any investment in the Company has been authorised by the Central Bank of Ireland. The Prospectus does not, and shall not be deemed to, constitute an invitation to the public in Ireland to purchase interests in the Company.

The Issue Shares have not been and will not be registered in the Republic of Ireland or passported for inward marketing to professional investors (as defined in Annex II of Directive 2014/65/EU) under the European Communities (Alternative Investment Fund Manager) Regulations 2013 (**AIFM Regulations**) or any applicable regulations or guidance issued thereunder by the Central Bank of Ireland. The Issue Shares may only be offered to professional investors on a private placement basis in accordance with the EU AIFM Directive. In respect of such private placement, the AIFM has provided notification to the Central Bank of Ireland and has received confirmation of its eligibility to market the Issue Shares under Article 42 of the EU AIFM Directive (as implemented into Irish Law).

The offer of Issue Shares in the Company shall not be made by any person in Ireland otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations

2017 (as amended) and in accordance with any codes, guidance or requirements imposed by the Central Bank of Ireland thereunder.

Notice to prospective investors in Switzerland

The offer and marketing of the New Shares of the Company in Switzerland will be exclusively made to, and directed at, qualified investors (the “**Qualified Investors**”), as defined in Article 10(3) of the Swiss Collective Investment Schemes Act (**CISA**) in conjunction with Article 4(4) of the Swiss Financial Services Act (**FinSA**), i.e. institutional clients, at the exclusion of professional clients with opting-out pursuant to Article 5(3) FinSA (**Excluded Qualified Investors**). Accordingly, the Company has not been and will not be registered with the Swiss Financial Market Supervisory Authority (**FINMA**) and no representative or paying agent have been or will be appointed in Switzerland. This Securities Note and/or any other offering or marketing materials relating to the New Shares of the Company may be made available in Switzerland solely to Qualified Investors, at the exclusion of Excluded Qualified Investors.

Notice to prospective investors in the United States

The Issue Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act), except pursuant to an exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the Shares in the United States. The Shares are being offered or sold outside the United States to non-US Persons in offshore transactions in reliance on the exemption from the registration requirements of the US Securities Act provided by Regulation S thereunder. Any sale of Ordinary Shares in the United States or to US Persons may only be made to persons reasonably believed to be “qualified institutional buyers” (as the term is defined in Rule 144A under the US Securities Act) that are also “qualified purchasers” within the meaning of section 2(a)(51) of the US Investment Company Act in reliance on an exemption from registration provided by section 4(a)(2) under the US Securities Act. The Company has not been and will not be registered under the US Investment Company Act and investors will not be entitled to the benefits of the US Investment Company Act.

The Shares are subject to restrictions on transferability and resale and may not be transferred or resold, except as permitted under applicable securities laws and regulations, including the US Securities Act, and under the Articles. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions and may subject the holder to the forced transfer and other provisions set out in the Articles.

Unless otherwise expressly agreed with the Company, the Issue Shares may not be acquired by: (i) investors using assets of: (A) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (B) a “plan” as defined in Section 4975 of the US Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Tax Code; or (C) an entity whose underlying assets are considered to include “plan assets” by reason of investment by an “employee benefit plan” or “plan” described in preceding clause (A) or (B) in such entity pursuant to the US Plan Assets Regulations; or (ii) a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Tax Code, unless its purchase, holding, and disposition of the Issue Shares will not constitute or result in a non-exempt violation of any such substantially similar law.

The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions.

FORWARD-LOOKING STATEMENTS

The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions.

This Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. Forward-looking statements typically can be identified by the use of forward-looking terminology, including, but not limited to, terms such as “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. Such forward-looking statements, which include all matters that are not historical facts, appear in a number of places in this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Company, the Board or the Investment Adviser concerning, amongst other things, the Company’s target dividend yield and target total Shareholder return, the investment objective, investment performance, results of operations, financial condition, prospects, and dividend policy of the Company and the markets in which it invests and/or operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company’s actual investment performance, results of operations, financial condition, dividends paid and its financing strategies may differ materially from the impression created by the forward-looking statements contained in this Prospectus. In addition, even if the investment performance, results of operations, financial condition of the Company and its financing strategies, are consistent with the forward-looking statements contained in this Prospectus, those results, its condition or strategies may not be indicative of results, its condition or strategies in subsequent periods. Important factors that could cause these differences include, but are not limited to:

- (a) changes in economic conditions generally and the Company’s ability to achieve its investment objective, target dividend yield and target total shareholder return on equity for investors;
- (b) the Company’s ability to invest the Net Issue Proceeds on a timely basis within the investment objective and investment policy;
- (c) changes in interest rates, as well as the success of the Company’s investment strategy in relation to such changes and the management of the uninvested proceeds of the Initial Issue;
- (d) impairments in the value of the Company’s investments;
- (e) the availability and cost of capital for future investments;
- (f) the departure of key personnel employed by the Investment Adviser;
- (g) the failure of the Investment Adviser to perform its obligations under the Investment Adviser Agreement or the termination of the Investment Adviser Agreement;
- (h) changes in the competitive landscape for the acquisition of investment assets;
- (i) changes in laws or regulations, including tax laws, or new interpretations or applications of laws and regulations, that are applicable to the Company; and
- (j) general economic trends and other external factors, including those resulting from war, incidents of terrorism or responses to such events.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. Prospective investors should carefully review the section entitled “*Risk Factors*” of this Prospectus for a discussion of additional factors that could cause the Company’s actual results to differ materially from those that the forward-looking statements may give the impression will be achieved, before making an investment decision. Forward-looking statements speak only as at the date of this Prospectus. Although the Company undertakes no obligation to revise or update any forward-looking statements contained herein (save where required by the Prospectus Regulation Rules, the Listing Rules, the EU AIFM Directive, the UK AIFMD Laws or the Disclosure Guidance and Transparency Rules), whether as a result of new information, future events, conditions or circumstances, any change in the Company’s expectations with regard thereto or otherwise, Shareholders are advised to read any communications made directly to them by the Company and/or any additional disclosures in announcements that the Company may make via an RIS announcement.

Nothing in the preceding two paragraphs should be taken as limiting the working capital statement contained in paragraph 10 of Part XI (*Additional Information*) of this Prospectus.

DATA PROTECTION

The information that a prospective investor in the Company provides in documents in relation to a subscription for Issue Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual (**personal data**) will be held and processed by the Company (and any third party in the United Kingdom to whom it may delegate certain administrative functions in relation to the Company) in compliance with: (a) the relevant data protection legislation and regulatory requirements of the United Kingdom (the **Data Protection Legislation**); and (b) the Company's privacy notice, a copy of which is available for consultation on the Company's website at www.ukresidentialreit.com (**Privacy Notice**) (and if applicable any other third party delegate's privacy notice).

Without limitation to the foregoing, each prospective investor acknowledges that it has been informed that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar and/or Receiving Agent) in accordance with and for the purposes set out in the Company's Privacy Notice which include:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- carrying out the business of the Company and the administering of interests in the Company; and
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in the United Kingdom or elsewhere or of any third party functionary or agent appointed by the Company.

Where necessary to fulfil the purposes set out above and in the Company's Privacy Notice, the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) will:

- disclose personal data to third party service providers, affiliates, agents or functionaries appointed by the Company or its agents to operate and administer the Company; and
- transfer personal data outside of the UK and the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors provided that suitable safeguards are in place for the protection of such personal data, details of which are set out in the Privacy Notice or shall be otherwise notified from time to time.

The foregoing processing of personal data is required in order to perform the contract with the prospective investor, to comply with the legal and regulatory obligations of the Company or otherwise is necessary for the legitimate interests of the Company.

If the Company (or any third party, functionary or agent appointed by the Company, which may include, without limitation, the Registrar) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will ensure that adequate safeguards are in place for the protection of such personal data, details of which are set out in the Privacy Notice or shall be otherwise notified from time to time.

Prospective investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions. Individuals have certain rights in relation to their personal data; such rights and the manner in which they can be exercised are set out in the Company's Privacy Notice.

INTERMEDIARIES

The Company consents to the use of this Prospectus by Intermediaries in connection with any subsequent resale or final placement of the Ordinary Shares in the UK in relation to the Offer only by Intermediaries who are appointed by the Company, a list of which will appear on the Company's website.

Such consent is given for the offer period which is from the date any Intermediaries are appointed to participate in connection with any subsequent resale or final placement of the Ordinary Shares until the closing of the period for the subsequent resale or final placement of the Ordinary Shares at 2.00 p.m. on 12 July 2021, being the date upon which the Intermediaries Offer closes, unless closed prior to that date.

Any intermediary that uses this Prospectus must state on its website that it uses this Prospectus in accordance with the Company's consent and the conditions attached thereto. 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 Ordinary Shares by any intermediary is to be provided at the time of the offer by the intermediary.

The Company accepts responsibility for the information in this Prospectus with respect to any subscriber for Ordinary Shares pursuant to any subsequent resale or final placement of Ordinary Shares by Intermediaries appointed by the Company.

Solid Solutions has been engaged as an adviser to the Company in relation to the Intermediaries Offer (the Intermediaries Offer Adviser) and will be responsible for liaising directly with potential financial intermediaries and processing applications made by intermediaries in relation to the Intermediaries Offer.

As at the date of this Prospectus, the financial intermediaries that are allowed to use this Prospectus are:

- (a) AJ Bell Youinvest;
- (b) Equiniti Financial Services Ltd;
- (c) Hargreaves Lansdown Asset Management;
- (d) iDealing.com; and
- (e) Interactive Investor Services Limited.

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

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**Directive 2014/65/EU**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing Directive 2014/65/EU; (c) local implementing measures; and/or (d) (where applicable to UK investors or UK firms) the relevant provisions of the UK MiFID Laws (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares to be issued pursuant to the Initial Issue and the Placing Programme are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in Directive 2014/65/EU or the UK MiFID Laws (as applicable); and (ii) eligible for distribution through all distribution channels as are permitted by Directive 2014/65/EU or the UK MiFID Laws, as applicable (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing Programme. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Directive 2014/65/EU, or the UK MiFID Laws, as applicable; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

PRIIPs Regulation

In accordance with the UK PRIIPs Laws, a Key Information Document in respect of the Ordinary Shares has been prepared by the Company and is available to investors at www.ukresidentialreit.com. If you are distributing the Ordinary Shares, it is your responsibility to ensure that the relevant Key Information Document is provided to any clients that are “retail clients”.

The Company is the only manufacturer of the Ordinary Shares for the purposes of the UK PRIIPs Laws and neither of the Joint Bookrunners is a manufacturer for these purposes. The Joint Bookrunners make no representations, express or implied, or accept any responsibility whatsoever for the contents of any Key Information Documents prepared by the Company nor accept any responsibility to update the contents of any Key Information.

NO INCORPORATION OF WEBSITE

The contents of the Company’s website at www.ukresidentialreit.com or the contents of any website accessible from hyperlinks on the Company’s website or any other website referred to in this Prospectus are not incorporated into, and do not form part of, this Prospectus. Investors should base their decision to invest on the contents of this Prospectus and any supplementary prospectus published by the Company prior to Initial Admission and, where applicable, any Subsequent Admission alone and should consult their professional advisers prior to making an application to acquire Issue Shares.

MARKET AND INDUSTRY DATA

Certain information in this document has been sourced from third parties. Where information in this document has been sourced from third parties, the source of such information has been clearly stated adjacent to the reproduced information.

All information contained in this document which has been sourced from third parties has been accurately reproduced and, as far as the Company or the Investment Adviser is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

All references to market data, industry statistics and forecasts and other information in this document consist of estimates based on data and reports compiled by industry professionals, organisations, analysts, publicly available information or the Company’s or the Investment Adviser’s own knowledge of their relevant markets.

Market data and statistics are inherently speculative and are not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgements by both the researchers and the respondents, including judgements about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that: the markets may be defined differently; the underlying information may be gathered by different methods; and different assumptions may be applied in compiling the data. Accordingly, the market statistics included in this document should be viewed with caution.

EXPECTED ISSUE TIMETABLE

EXPECTED ISSUE TIMETABLE¹

| | |
|--|---|
| Publication of this Prospectus | 3 June 2021 |
| Initial Placing, Offer for Subscription and Intermediaries Offer open | 3 June 2021 |
| Latest time and date for applications and payment in full under the Offer for Subscription | 11:00 a.m. on 12 July 2021 |
| Latest time and date for applications under the Intermediaries Offer | 2.00 p.m. on 12 July 2021 |
| Latest time and date for receipt of placing commitments under the Initial Placing | 4.00 p.m. on 13 July 2021 |
| Publication of results of the Initial Issue | 14 July 2021 |
| Initial Admission and commencement of dealings in the Ordinary Shares issued pursuant to the Initial Issue | 8.00 a.m. on 16 July 2021 |
| CREST accounts credited and settlement of relevant CREST instructions received under the Offer for Subscription/Intermediaries Offer | As soon as reasonably practicable on 16 July 2021 |
| Where applicable, definitive share certificates despatched by post | Within 10 Business Days of Initial Admission |
| Consideration Shares issued to Seed Asset Vendors | Upon completion of the acquisition of the relevant Seed Assets and expected to occur within 15 Business Days of Initial Admission |

¹ The Board may, subject to prior approval from the Joint Bookrunners, bring forward or postpone the closing time and date for the Initial Issue. In the event that such date is changed, the Company will notify investors who have applied for Ordinary Shares of changes by post, email, or by publication via an RIS announcement.

EXPECTED PLACING PROGRAMME TIMETABLE¹

| | |
|---|---|
| Publication of Placing Programme Price in respect of each Subsequent Placing of Ordinary Shares | As soon as practicable following the closing of each Subsequent Placing |
| Subsequent Admission and crediting of CREST accounts in respect of each Subsequent Placing | As soon as practicable following the closing of each Subsequent Placing |
| Share certificates in respect of Issue Shares to be issued pursuant to the Placing Programme dispatched (if applicable) | Within 10 Business Days of each Subsequent Placing |
| Last date for Issue Shares to be issued pursuant to the Placing Programme | 2 June 2022* |

¹ The Board may, subject to prior approval from the Joint Bookrunners, bring forward or postpone the closing time and date for the Placing Programme. In the event that such date is changed, the Company will notify investors who have applied for Issue Shares of changes by post, email, or by publication via an RIS announcement.

* or, if earlier, the date on which all of the Issue Shares available for issue under the Placing Programme have been issued (or such other date as may be agreed between the Joint Bookrunners and the Company (such agreed date to be announced via an RIS announcement)).

References to times are to London times.

INITIAL ISSUE STATISTICS

| | |
|---|--------------------|
| Initial Issue Price per Ordinary Share | 100 pence |
| Gross Issue Proceeds* | up to £200 million |
| Value of Consideration Shares to be issued | up to £50 million |
| Total Ordinary Shares in issue after the Initial Issue and issue of Consideration Shares* | 250 million |
| Expected market capitalisation after the Initial Issue and issue of Consideration Shares* | £250 million |

* Assuming the maximum of 200 million Ordinary Shares are issued pursuant to the Initial Issue at 100 pence per Ordinary Share. The number of Ordinary Shares to be issued pursuant to the Initial Issue, and therefore the Gross Issue Proceeds and Net Issue Proceeds, is not known as at the date of this Prospectus, but will be notified by the Company via an RIS prior to Initial Admission.

PLACING PROGRAMME STATISTICS

| | |
|---|--|
| Number of Issue Shares that may be issued under the Placing Programme | up to a maximum of 350 million (less the number of Ordinary Shares issued pursuant to the Initial Issue) |
| Placing Programme Price for Placings of Issue Shares | at a premium to the latest published NAV per Ordinary Share to be determined by Directors, in their absolute discretion, from time to time |

DEALING CODES

| | |
|---|----------------------|
| ISIN for the Ordinary Shares | GB00BMXTBJ38 |
| SEDOL for the Ordinary Shares | BMXTBJ3 |
| Ticker code for the Ordinary Shares | URES |
| Company's Legal Entity Identifier (LEI) | 21380062ARZH7PJ5D557 |

DIRECTORS, MANAGEMENT AND ADVISERS

| | |
|---|---|
| Directors (all non-executive) | Richard Grainger (<i>Non-executive Chairman</i>) Malcolm Cooper (<i>Non-executive Director</i>) Philip Cropper (<i>Non-executive Director</i>) Louise Bonham (<i>Non-executive Director</i>) all independent and of the registered office below |
| Registered office | 6th Floor Bastion House 140 London Wall London EC2Y 5DN |
| AIFM | Carne Global AIFM Solutions (C.I.) Limited Channel House Green Street St Helier JE2 4UH Jersey |
| Investment Adviser | L1 Capital UK Property Advisors Limited 10 Orange Street Haymarket London WC2H 7DQ |
| Sole Sponsor and Joint Bookrunner | Panmure Gordon (UK) Limited One New Change London EC4M 9AF |
| Joint Bookrunner | RBC Europe Limited (trading as RBC Capital Markets) 100 Bishopsgate London EC2N 4AA |
| Intermediaries Offer Adviser | Solid Solutions Associates (UK) Limited 1 Forest Lane Hightown Hill Ringwood BH24 3HF |
| Legal advisers to the Company as to English and US Securities law | Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ |
| Legal advisers to the Sole Sponsor and Joint Bookrunners as to English Law and US Securities Law | Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG |
| Administrator and Company Secretary | Apex Fund and Corporate Services (UK) Limited 6th Floor Bastion House 140 London Wall London EC2Y 5DN |

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|-----------------------------|--|
| Registrar | Link Group 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL |
| Receiving Agent | Link Group Corporate Actions 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL |
| Reporting Accountant | Ernst & Young LLP 1 More London Place London SE1 2AF |
| Tax Adviser | Ernst & Young LLP 1 More London Place London SE1 2AF |
| Auditor | Mazars LLP Tower Bridge House St Katherines Way London E1W 1DD |
| External Valuer | Knight Frank LLP 55 Baker Street Marylebone London W1U 8AN |

PART I

INVESTMENT HIGHLIGHTS

1 INTRODUCTION

The Company will invest in a diversified portfolio of residential property in strong UK rental markets outside of prime central London. The investment strategy targets residential properties, which are tenanted, day-one income generating and with no material development risk to minimise cash drag. Dividends will be supported from rental income from the properties which historically have been proven to be resilient in past economic downturns. The Company also aims to target properties which may be under-managed and provide scope for capital appreciation through active asset management initiatives.

2 ATTRACTIVE INVESTMENT FUNDAMENTALS²

The Company is targeting a dividend yield of 5.5 per cent. or more per annum from 1 July 2022 when it expects to have fully invested the Net Issue Proceeds and achieved the associated gearing, and a net total Shareholder return of 10 per cent. or more per annum. The Company targets paying dividends equating to approximately 4 per cent.³ on an annualised basis in respect of the period from Admission to 30 June 2022, while it is deploying the Net Issue Proceeds.

The Company intends to pay interim dividends on a quarterly basis in cash. The first interim dividend is expected to be declared in February 2022 and paid within 20 business days of declaration (in respect of the period from Admission to 31 December 2021).

The Company expects the dividend to be supported by PRS rental income generated from the properties (which are typically tenanted and day-one income generating) and as a sector has proven to be inherently stable and predictable over time. The growth in the NAV over time is expected to be supported by rental growth and value-add asset management strategies by the Investment Adviser such as refurbishment or asset repositioning.

3 SEED ASSETS

Subject to the Company achieving its target fundraise of £150 million pursuant to the Initial Issue, the Company intends to acquire all the Seed Assets shortly after Initial Admission for an aggregate purchase price of approximately £145 million (with approximately £14.8 million of the cash consideration, in respect of three properties, deferred until completion of remedial works), representing a net yield of 5.8 per cent. The purchase price will be satisfied by a mixture of cash and the issue of up to approximately 50 million Consideration Shares at the Initial Issue Price upon completion of the relevant acquisitions. The properties are tenanted, day-one income generating and supporting return from income from their acquisition. The aggregate purchase price of the Seed Assets also represents an attractive discount of approximately 29 per cent. to the replacement or rebuilding cost.

The underlying properties held in the Seed Assets comprise 28 properties containing an aggregate of 1,214 residential units, 6 ground floor commercial units, and two additional student properties. The Seed Assets are primarily located in strong rental macro-locations in the UK outside of central London, which include Manchester, Sheffield, Leeds, Liverpool and Bristol, amongst others and strong local micro-locations within the relevant City Centres.

The properties typically target the mid-market rental segment within their local markets (typical rent between £600 to £850 per calendar month). The average occupancy rate of the Seed Assets properties is approximately 95 per cent. over the past 2 years. The Seed Assets have also experienced robust rental collection rates over the 12 months up to March 2021 (average 97 per cent. collection rate) despite the COVID induced macroeconomic downturn, which is a reflection of the overall defensiveness of the mid-

2 These dividend and return targets are targets only and not profit forecasts. There can be no assurance that these targets will be met. Accordingly, potential investors should not place any reliance on these targets in deciding whether or not to invest in the Company. Please refer to the Risk Factors for more information.

3 All dividend yields referred to are based on the Initial Issue Price.

market rental segment and the properties' locations. The Seed Assets have achieved an average rental growth of 5.1 per cent. per annum (weighted by income) since their original acquisition by the Seed Asset Vendors.

Some examples of the properties in the Seed Assets are illustrated below.⁴

Lakeshore Drive, Bristol



- 67 apartments
- £8.30m (latest valuation)
- 7.9 per cent. gross yield

Mount Pleasant, Liverpool



- 38 apartments
- £5.03m (latest valuation)
- 7.7 per cent. gross yield

Ashton Point & Ashton Works, Sheffield



- 40 apartments
- £3.85m (latest valuation)
- 7.3 per cent. gross yield

Further details of the Seed Assets, including a breakdown of the purchase price for each property, are provided in Part V (*Seed Assets and Pipeline Assets*) of this Prospectus.

4 ACCESS TO PIPELINE ASSETS

The Investment Adviser has access to certain investment opportunities through established industry contacts and sector knowledge. The Investment Adviser has identified a pipeline of PRS properties which are currently in negotiation (pending a successful Initial Issue) or that the Investment Adviser is aware may be available to acquire, with an aggregate value of approximately £440 million (the **Pipeline Assets**).

The Pipeline Assets primarily comprise off-market sourced properties, which the Investment Adviser believes meets the requirements of the Company's investment objective and investment policy. The Pipeline Assets have been originated and made available principally through existing relationships and prior transactional experience from a network of key contacts. For example the Pipeline Assets include assets being negotiated from three separate vendors where the Investment Adviser team has transacted in excess of £50 million of assets in the past.

⁴ Images captured and provided by the Investment Adviser

The Investment Adviser believes that it has differentiated access to suitable investment opportunities through an ability to complete due diligence promptly, its targeting of a “sweet spot” transaction size of £5 million to £30 million which is less than is typical for transactions entered into by major institutional investors, its ability to transact with a high degree of execution certainty and to settle in cash. Furthermore, the Investment Adviser believes that the Company will have a competitive advantage in sourcing transactions in certain cases by offering vendors possible relief against capital gains tax charges via the Company purchasing properties through SPVs (rather than the properties directly). This will also provide stamp duty relief for the Company.

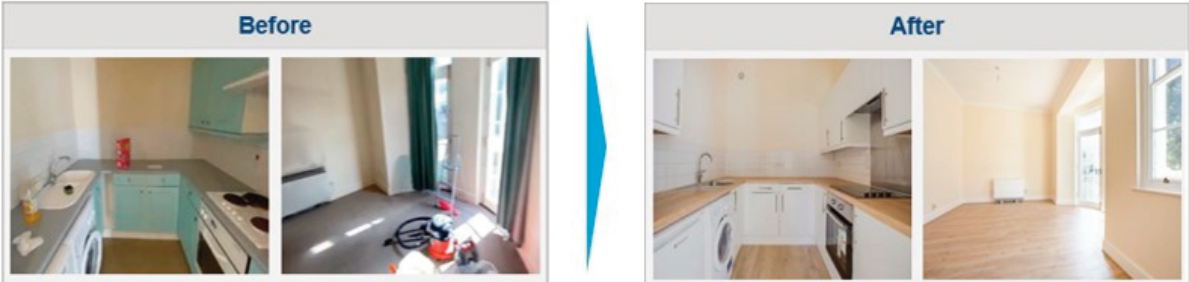
There is no guarantee that the Group will complete the acquisition of any or all of the Pipeline Assets described above. However, the Investment Adviser believes that sufficient assets will be available for acquisition so as to enable the Company to invest or commit substantially all of the Net Issue Proceeds within twelve months following Initial Admission.

5 ASSET MANAGEMENT CAPABILITY AND OPPORTUNITY

An important part of the Company’s strategy will be for some investment to be in properties which have, in the opinion of the Investment Adviser, historically been under-managed or under-invested. The Company will look to complete investments in properties whose valuation represents an attractive discount to the replacement cost and where scope to add value has been identified as part of the due diligence process. Where appropriate, the Investment Adviser will look to capitalise on its scale, relationships and capabilities to deliver asset management initiatives to support both rental income growth and capital appreciation in the Portfolio. For example, the Investment Adviser may selectively reposition or refurbish individual apartments to improve the appearance of the apartments and appeal to a wider tenant mix thereby improving occupancy levels. The Investment Adviser has historically deemed investments with attractive asset management potential as “core-plus” assets. The Investment Adviser intends to strategically execute refurbishment programmes across select “core-plus” assets in the Portfolio only when existing tenants decide to leave. This phased approach helps to maintain strong occupancy levels throughout the refurbishment program and reduce let-up risk (as opposed to a full building refurbishment programme whereby assets would need to be vacant for a comparatively lengthy period of time). In addition, the Investment Adviser will selectively invest in opportunistic property assets where the Investment Advisor believes the risk-adjusted returns are attractive. Having completed initial due diligence on the Pipeline Assets, the Investment Adviser has identified certain opportunities in the Pipeline Assets to add value that it will look to capitalise on shortly following Initial Admission. Further summary details on the Pipeline Assets are set out in Part V (*Seed Assets and Pipeline Assets*) of this Prospectus.

As an example of such potential in relation to an existing Seed Asset, the Investment Adviser has recently commenced a refurbishment programme on a block of apartments in Bristol city centre (Flat 2, 22 Pritchard Street). Given the central location of the property (BS2 postcode), the Investment Adviser identified there being scope for adding value by commencing a full-refurbishment programme of the apartments and communal areas. In order to maintain occupancy levels, the Investment Adviser will only refurbish individual units on an apartment-by-apartment basis as and when tenants decide to leave. As of the date of this document, the rents for 1 bedroom apartments at Flat 2, 22 Pritchard Street have increased from an average of approximately £750 per calendar month to £1,100 per calendar month (c. 46 per cent. increase).

Flat 2, 22 Pritchard Street – refurbishment:



Communal areas – refurbishment:



6 A GROWING UK PRS MARKET

For the past 20 years, the UK PRS market has grown at approximately 4.1 per cent. per annum, from 2.0 million households in 2000 to a total of 4.6 million households in 2020. Accordingly, the PRS market now constitutes the second largest tenure of the overall residential housing market. The sector growth has been underpinned by a number of factors, in particular tenants’ restricted access to alternative housing tenures. Tightened lending requirements since the financial crisis have limited the number of individuals able to afford mortgage deposits, hence reducing overall owner occupation. A 2019 Knight Frank survey⁵ detailed that 66 per cent. of tenants in the UK choose to rent because they do not have the deposit for a mortgage. Furthermore, there is an inherent structural undersupply of housing within the UK. Against a backdrop demand of 300,000 additional residential households per annum, there is a consistent supply shortage of 100,000 households per annum. The Company believes that factors pushing residents away from other forms of residency include population growth, declining household sizes, affordability of home purchases and fiscal headwinds surrounding buy to let, and that factors pulling residents towards the PRS market include lifestyle flexibility, social aspiration, labour mobility, focus on life experiences and growth in consumerism.

The Investment Adviser believes that further population and market growth, coupled with the existing dynamics of affordability and under-supply, primes the PRS market for sustained growth over the next 5 years. By 2025, the PRS market is projected to grow from 4.6 million to 5.2 million households, with an average rental growth of 2.1 per cent. per annum⁶.

Additionally, legislation changes to Stamp Duty Land Tax, Capital Gains Tax and a phase out of mortgage interest deductibility has created a less attractive tax environment for private buy-to-let investors. Although institutional investment represents 4 per cent. of the overall PRS market, the Investment Adviser believes that institutional ownership is primed for substantial growth as private investment becomes less accretive from a tax perspective.

5 See the ‘Multihousing 2019’ tenant survey by Knight Frank.

6 Comprised of aggregated data from Savills (UK residential property forecasts as of March 2021), JLL (UK residential forecasts 2020-2025), CBRE (residential forecasts Q1 2021) and Knight Frank market reports (rental forecast February 2021).

7 DEFENSIVE INVESTMENT STRATEGY AND BUSINESS MODEL

The Company typically looks to acquire existing built and day-one income generating PRS properties, which have the benefit of a track record of historical occupancy providing predictability and security for the future net rental income.

Furthermore, where the properties are already built, there will be no material development or construction risk.

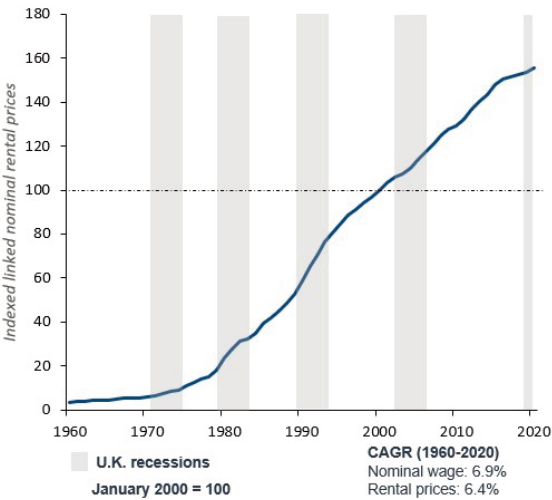
Additionally, the Investment Adviser focuses on PRS homes which are categorised as affordable relative to the local demographics, or targets the ‘mid-market’ which encompasses the largest segment of the PRS sector. Rents charged across the Seed Assets properties are approximately 20 per cent. of the tenant’s disposable income. Affordability helps support a defensive and stable tenant base, and in the event a tenant leaves, the Company’s buildings are able to appeal to the mass market. According to a Knight Frank 2019 tenant survey, the number one criterion for renting (61 per cent. of respondents) is affordability.

The Company is targeting a mid-market price point where the Investment Adviser believes tenants have been impacted to a lesser extent than other segments by the Covid-19 pandemic and associated governmental policy responses with mid-market tenants less reliant on the furlough scheme than other segments. According to data from the UK Office for National Statistics, approximately 68 per cent. of employees furloughed in 2020 were paid under £10.00 per hour versus the target market for the Company which typically targets tenants earning a salary from £14 per hour to £23 per hour.

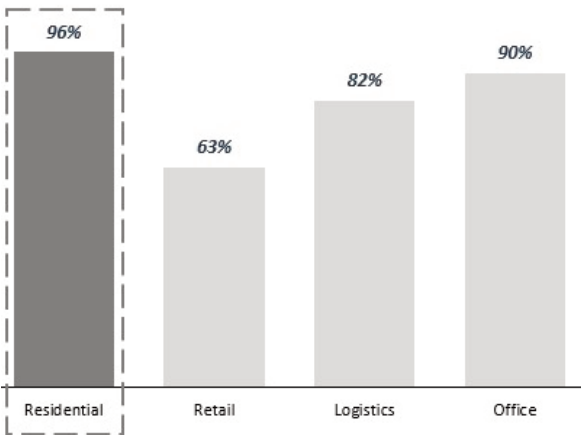
The Company is targeting a mid-market price point where the Investment Adviser believes tenants have been impacted to a lesser extent than other segments by the Covid-19 pandemic and associated governmental policy responses with mid-market tenants less reliant on furlough schemes than other segments.

In many cases, households have accumulated more in savings than in periods prior to the imposition of lockdown requirements (such as a result of eating out less) and trading down by tenants to lower priced rental properties has been moderate. The Investment Adviser believes that many tenants residing in properties in its target price point have continued to prioritise rental payments despite financial difficulties arising out of the Covid-19 pandemic. Rental collection rates averaged approximately 96 per cent. between May 2020 to December 2020. However, the length of governmental stimulus programmes arising out of the pandemic is unknown and the Investment Adviser has increased its focus on stress testing intended tenants’ ability to pay rents during referencing processes.

UK rental prices over the past 60 years



Rent collection rates post COVID (May 20 – Dec 20)



Furthermore, the ability of the Company to make purchases of a block of apartments typically attracts on average an approximate 20 per cent. discount to the Vacant Possession Value (effectively a bulk purchase discount). Additionally, the Company will typically invest at a discount to rebuild cost (as a reference point the Seed Assets are being acquired by the Company at approximately a 29 per cent. discount to the replacement or rebuild cost).

8 ALIGNMENT WITH INVESTORS' INTERESTS THROUGH EQUITY INVESTMENT

Members of the L1 Capital management team and their connected persons intend to have an investment of not less than £5 million in Ordinary Shares in aggregate through a combination of Consideration Shares and cash subscriptions in the Initial Issue, subject to their combined interests in the Ordinary Shares not being greater than 29.9 per cent. of the total issued share capital of the Company when aggregated with Consideration Shares to be issued to L1 Capital funds.

Such Shares will be subject to lock-up restrictions for a period of 12 months from the date of Initial Admission, subject to certain customary exceptions, and subsequently will be subject to certain orderly market dealing arrangements for a further 24 month period, which promote an alignment of interest with other investors.

In addition to the cash consideration payable for the Seed Assets, up to approximately £50 million of Consideration Shares will be issued to Equity Trustees Limited acting as trustee of the L1 Capital UK Residential Property Funds (being funds currently managed by L1 UK Property Investments Pty Ltd, an affiliate of the Investment Adviser, and in which members of the L1 management team and their connected persons have invested). All the Consideration Shares will be subject to lock-up restrictions for a period of 12 months from the date of Initial Admission, subject to certain customary exceptions, and subsequently will be subject to certain orderly market dealing arrangements for a further 24 month period, which promote an alignment of interest with other investors.

PART II

THE COMPANY

1 INTRODUCTION

The UK Residential REIT plc is a newly established closed-ended investment company incorporated in England and Wales on 26 January 2021 and registered as an investment company under Section 833 of the Companies Act. The Company intends to carry on business as a REIT for the purposes of Part 12 of the Corporation Tax Act (and the regulations made thereunder), subject to meeting the necessary qualifying conditions.

2 INVESTMENT OBJECTIVE AND POLICY

The Company's investment objective is to provide Shareholders with an attractive and growing level of income together with capital growth by investing in a diversified portfolio of privately rented residential real estate assets in the UK.

The Company's investment policy is to invest in a diversified portfolio of principally freehold and long leasehold existing built Blocks of apartments and portfolios of houses and apartments (all within a common location) in city-centre UK locations. The Company will pre-dominantly invest in one, two and three bedroom properties.

The Company expects the majority of tenants to be individual residential tenants on Assured Shorthold Tenancies to provide a predictable income stream. The Company will also target assets with scope for refurbishment and / or value-add upside potential (which may be vacant on day-one) to support capital appreciation. The Company will not undertake any speculative development activity (defined for this purpose as developments which have not received planning permission or benefit from a pre-let agreement and hence are speculative in nature), but may enter into development funding arrangements or carry out improvements or enhancements (including through additional development) to existing properties where appropriate, subject to the investment restrictions outlined below.

The Company will seek to diversify its exposure to individual cities and regions. The Company will typically avoid investing in prime central London (being within zones 1 and 2 of the London Underground map).

From time to time, the Company may consider opportunistic disposals of properties where the Board and AIFM deem appropriate, following advice from the Investment Adviser. It is possible that in connection with an opportunistic disposals of any of the assets in the Portfolio, it may be value accretive for individual apartments to be sold individually on a long leasehold interest. Once all apartments are sold in a Block, the freehold interest would then be disposed of separately.

The Company may acquire and own properties directly or indirectly through one or more SPVs. Where properties are owned indirectly the Company will generally own 100 per cent. of the relevant SPV, but the Company may also enter into joint ventures and may acquire minority interests where this enables the Company to gain exposure to assets consistent with the Company's investment policy which the Company would not otherwise be able to acquire on a wholly-owned basis. In circumstances where a minority interest is acquired, the Company will secure appropriate minority protection rights through shareholder agreements and other transaction documentation.

Investment restrictions

The Company's objective is to maintain a high quality Portfolio in the United Kingdom through applying the following restrictions at the time of making each investment:

- (a) no single asset will represent more than 25 per cent. of the Gross Asset Value. For these purposes a "single asset" means any block or blocks of apartment located on a contiguous or largely contiguous basis, or any portfolio of houses in a common geographical location;
- (b) there will not be less than ten individual properties within the Portfolio;

- (c) no more than 30 per cent. of Gross Asset Value can be invested in any single city (defined as the boundary of any one local authority) in the United Kingdom;
- (d) no more than 10 per cent. of Gross Asset Value can be invested in prime Central London (being within zones 1 and 2 of the London Underground map);
- (e) the maximum aggregate exposure to forward funded developments and/or a material conversion of a development site into residential property where an attractive opportunity exists shall not exceed 20 per cent. of Gross Asset Value;
- (f) where the Company enters into a tenancy agreement with a corporate body (e.g. university, housing association), the aggregate maximum exposure to any single corporate body will not exceed 20 per cent. of Gross Asset Value;
- (g) the maximum aggregate exposure to non-residential property across the Portfolio (such as commercial and student property) shall not exceed 20 per cent. of Gross Asset Value; and
- (h) the Company will not invest in other alternative investment funds or closed ended investment companies.

The Company shall be permitted to acquire blocks of apartments or portfolios of properties which may contain an ancillary proportion of non-residential property (for example a block of apartments with a number of commercial units on the ground floor).

The investment limits detailed above apply at the time of the acquisition of the relevant investment. The Company will not be required to dispose of any investment, or to rebalance its portfolio, solely as a result of a change in the valuation of any asset since it was acquired.

The Company will invest in properties directly or through holdings in SPVs. The Company will control the investment policy of each of its subsidiaries to ensure that the assets acquired and held by them comply with the investment policy and investment restrictions set out above on a Group basis.

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

In addition to the Seed Assets, the Company may acquire assets from time to time from other funds managed or advised by the Investment Adviser. The terms of any such acquisitions will be subject to the approval of the Board as well as the AIFM.

Cash management

Until the Net Issue Proceeds are fully invested, and pending re-investment or distribution of cash receipts, the Company will invest in cash, cash equivalents, near cash instruments and money market instruments.

REIT status

The Company will at all times aim to conduct its affairs so as to enable it to qualify and remain qualified as a REIT for the purposes of Part 12 of the Corporation Tax Act (and the regulations made thereunder). For further information on the Company's REIT status and the REIT Regime, please refer to Part IX of this Prospectus.

Borrowing Policy

The Company will seek to utilise borrowings to enhance both income and equity returns. The level of borrowing will be on a prudent basis for the asset class and will seek to achieve a low cost of funds while maintaining flexibility in the underlying security requirements of the lender and the structure of the Company.

When the Company incurs borrowings, it is anticipated that it will be secured on a non-recourse basis at an asset and/or SPV level, depending on the optimal structure for the Group, and having consideration to key metrics including achieving a low cost of debt, lender diversity and an appropriate debt maturity profile.

The Company intends to target a conservative level of aggregate borrowings equal to approximately 30 to 35 per cent. of the Gross Asset Value of the Group as a whole from time to time. The aggregate borrowings will always be subject to an absolute maximum, calculated at the time of each drawdown, of 40 per cent. of the Gross Asset Value of the Group. The Company and its group companies may raise borrowings from banks, non-bank lenders and/or the capital markets.

Derivatives

The Group may utilise derivatives for efficient portfolio management. In particular, the Directors may engage in full or partial interest rate hedging or otherwise seek to mitigate the risk of interest rate increases on borrowings incurred in accordance with the gearing limits as part of the management of the Portfolio.

The Company will at all times invest and manage its assets in accordance with its published investment policy.

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 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 AIFM and the Investment Adviser where appropriate.

3 ACQUISITION OF SEED ASSETS

Subject to the Company achieving its target fundraising of £150 million pursuant to the Initial Issue and conditional upon Initial Admission, the Company intends to acquire the Seed Assets shortly after Initial Admission for an aggregate purchase price of approximately £145 million, (although approximately £14.8 million of the cash consideration, which is in respect of three properties within the Seed Assets that require remedial work, will be deferred until such remediable work is complete) representing a net yield of 5.8 per cent.

All of the Seed Assets will be acquired from the L1 Capital UK Residential Property Funds (being existing funds managed by L1 UK Property Investments Pty Ltd, an affiliate of the Investment Adviser, both of which are under common control and have the same management team).

A summary of the Seed Assets and the structure of the acquisitions is set out in Part V (Seed Assets and Pipelines Assets) of the Prospectus. Knight Frank's independent valuation report on the Seed Assets is set out in Part VI (Valuation Report on Seed Assets) of this Prospectus.

As at the date of this Prospectus, legally binding agreements (being the Seed Assets 1 Acquisition Agreement and the Seed Assets 2 Acquisition Agreement) have been entered into in respect of Seed Assets valued at approximately £72.8 million (as described in Part V of this Prospectus). If the Company achieves its target fundraising of £150 million, the Company and the Seed Asset Vendors expect to enter into agreements as soon as reasonably practicable following Initial Admission to acquire the remaining Seed Assets at the agreed valuation either on substantially the same terms as those agreed in respect of Seed Assets 1 and Assets 2 or, if applicable, through direct acquisitions.

The aggregate consideration payable for all the Seed Assets is approximately £145 million, which will be satisfied through a combination of cash raised through the Initial Issue and the issue of up to approximately 50 million fully paid ordinary shares (being the Consideration Shares) at the Initial Issue Price. The Consideration Shares will be issued to the Seed Asset Vendors at completion of the acquisitions of the relevant Seed Assets which is expected to occur within 15 Business Days following Initial Admission.

Pursuant to lock-up and orderly market dealing deeds to be entered into in accordance with the relevant acquisition agreements, the Seed Asset Vendors who are issued the Consideration Shares will agree not to transfer, dispose or grant any options over any of the Consideration Shares acquired by them without the prior written consent of the Company and the Joint Bookrunners for a period of 12 months following Initial Admission. These arrangements are subject to certain exceptions customary for an agreement of this nature, including: the acceptance of a takeover offer, selling or otherwise disposing of Consideration Shares pursuant to any offer by the Company to purchase its own Shares made on identical terms to all Shareholders; transferring or disposing of Consideration Shares pursuant to a court sanctioned scheme of reconstruction or compromise or similar arrangement between the Company and its members or creditors or any class of

them; and effecting any transfer of Shares to an affiliate provided that the relevant transferee has given an undertaking to the Company and the Joint Bookrunners on substantially the same terms to those described above. In addition, following the expiry of the initial lock-up period, the relevant Seed Asset Vendors will be required to agree to certain post lock-up dealing arrangements for a further 24 month period which are intended to maintain an orderly market in the Company's Shares. The lock-up and orderly market dealing arrangements described above will promote an alignment of interests between the Seed Asset Vendors who are issued the Consideration Shares (including members of the L1 management team and their affiliates by virtue of their interests in the existing funds) and other investors.

4 DEPLOYMENT OF NET ISSUE PROCEEDS

The Company intends that the Net Issue Proceeds will be invested as quickly as practicable following Initial Admission. The Investment Adviser estimates that the Net Issue Proceeds should be substantially invested or committed within 12 months of Initial Admission.

5 DIVIDEND POLICY AND TARGET RETURNS⁷

The Company is targeting a dividend yield of 5.5 per cent. or more per annum from 1 July 2022 when it expects to have fully invested the Net Issue Proceeds and achieved associated gearing and a net total Shareholder return of 10 per cent. or more per annum. The net total Shareholder return will be divided between income (payable by way of dividends) and potential growth in NAV.

In order to obtain and comply with REIT status the Company will be required to meet a minimum distribution test for each year that it is a REIT. This minimum distribution test requires the Company to distribute 90 per cent. of the income profits of its property rental business for each accounting period, as adjusted for tax purposes.

The Company intends to pay interim dividends on a quarterly basis in cash. The first interim dividend is expected to be declared in February 2022 and paid within 20 business days of declaration (in respect of the period from Admission to 31 December 2021).

The Company targets paying dividends equating to approximately 4 per cent. of the Issue Price on an annualised basis in respect of the period from Initial Admission to 30 June 2022, while it is deploying the Net Issue Proceeds, and 5.5 per cent. or more per annum in respect of periods from 1 July 2022 and thereafter.

The Directors will seek to maintain the dividend over the long-term and may offer Shareholders the opportunity to receive scrip dividends. Dividends paid by the Company relating to profits or gains of its Property Rental Business are Property Income Distributions (**PIDs**). Dividends paid in respect of the Ordinary Shares are expected to be treated as PIDs. 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 scrip dividends.

All dividend yields referred to above are based on the Initial Issue Price.

6 CALCULATION OF NET ASSET VALUES

The Net Asset Value (and Net Asset Value per Ordinary Share) (the **Net Asset Values**) will be calculated on a semi-annual basis by the Administrator (and reviewed by the Company). Calculations will be made in accordance with IFRS. Details of each valuation, and of any suspension in the making of such valuations, will be announced by the Company via an RIS announcement as soon as practicable after the end of the relevant period. The semi-annual valuations of the Net Asset Values will be calculated on the basis of the most recent semi-annual independent valuation of the Company's properties.

Details of each half yearly valuation will be announced by the Company via a Regulatory Information Service and will be available on the Company's website as soon as practicable after the end of the relevant period

⁷ These dividend and return targets are targets only and not profit forecasts. There can be no assurance that these targets will be met. Accordingly, potential investors should not place any reliance on these targets in deciding whether or not to invest in the Company. Please refer to the Risk Factors for more information.

along with a half-yearly fact sheet. In addition, the calculations will be reported to Shareholders in the Company's annual report and interim financial statements.

The Company will also publish adjustments to the Net Asset Value on a half yearly basis based on the prevailing EPRA best practice recommendations (the latest being published in October 2019) including adjusting the Net Asset Value in accordance with three valuation metrics, namely the EPRA Net Reinstatement Value, EPRA Net Tangible Assets and EPRA Net Disposal Value (the "**EPRA Adjustments**").

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

The Company's first Net Asset Value and EPRA Adjustments will be calculated as at 31 December 2021.

7 VALUATION POLICY

The expected first valuation date is 31 December 2021.

Red Book annual valuations together with biannual desk-top valuations will be prepared in respect of the Portfolio by an external valuer. Valuations will be published by the Company after the period to which they relate via an RIS announcement and the Company's website.

The Company shall appoint an appropriately qualified independent property valuation expert regulated by the Royal Institution of Chartered Surveyors, which will be Knight Frank following Initial Admission to carry out valuations of the Company's properties. The Company may add an additional and/or such replacement valuer who the Company considers to have the requisite skills, qualifications and relevant experience to carry out Red Book valuations of some or all of the Portfolio.

8 MEETINGS, REPORTS AND ACCOUNTS

The Company will hold its first annual general meeting in 2022 and will then hold an annual general meeting each year thereafter. The annual report and accounts of the Company will be made up to 31 December in each year with copies being made available to Shareholders within the following four months. The first annual report will be prepared to 31 December 2021. The Company will also publish unaudited half-yearly reports covering the six months to the end of June each year and copies of the unaudited half-yearly reports will be made available on the Company's website (in accordance with the Companies Act) within the following three months.

The financial statements will be prepared in accordance with IFRS.

9 DISCOUNT AND PREMIUM MANAGEMENT

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

Premium management

In the event that the Ordinary Shares trade at a premium to NAV, the Company may issue new Ordinary Shares. In addition to the issue of Ordinary Shares pursuant to the Placing Programme, the Directors have authority, following Initial Admission, to issue up to a further 80 million Ordinary Shares on a non-pre-emptive basis. Such authority will expire at the conclusion of the Company's first annual general meeting, which is expected to be held in 2022, or 18 months from 19 May 2021 (whichever is earlier). It is intended that renewal of this authority will be sought from Shareholders at each subsequent annual general meeting of the Company.

In addition to the maximum number of Ordinary Shares which may be issued under the Placing Programme, further Ordinary Shares may be issued without the publication of a prospectus in accordance with

exemptions set out in the UK Prospectus Regulation, which currently allow for the issue of shares representing, over a rolling period of 12 months, less than 20 per cent. of the number of shares of the same class already admitted to trading on the same regulated market which have not been issued pursuant to a prospectus, provided that such issue is not made by way of an offer of the Company's securities to the public.

No Ordinary Shares will be issued at a price less than the (cum income) Net Asset Value per existing Ordinary Share at the time of their issue, plus a premium to cover the costs and expenses of such issue.

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

The Board expects that any Subsequent Placings pursuant to the Placing Programme will only be carried out after the Net Issue Proceeds are invested or committed (or 80 per cent. of the gross proceeds of any prior Subsequent Placing has been invested or committed) in accordance with the Company's investment policy.

Discount management

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

The Directors have the authority to make market purchases of up to 14.99 per cent. of the Ordinary Shares in issue on Initial Admission. The maximum price (exclusive of expenses) which may be paid for an Ordinary Share must not be more than 5 per cent. above the average of the mid-market values of the Ordinary Shares for the five Business Days before the purchase is made. Ordinary Shares will be repurchased only at prices below the prevailing NAV per Ordinary Share, which should have the effect of increasing the NAV per Ordinary Share for the remaining Shareholders. Ordinary Shares purchased by the Company may be held in treasury or cancelled.

It is intended that a renewal of the authority to make market purchases will be sought from Shareholders at each annual general meeting of the Company. Purchases of Ordinary Shares will be made within guidelines established from time to time by the Board and conducted in accordance with the Companies Act, the Listing Rules, the Disclosure Guidance and Transparency Rules and UK MAR and will be announced to the market through an RIS as soon as possible and in any event by no later than 7.30 a.m. on the following day. Any purchase of Ordinary Shares would be made only out of the available cash resources of the Company. The Directors will have regard to the Company's REIT status when making any repurchase of Ordinary Shares.

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

Treasury shares

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

10 THE INITIAL ISSUE AND THE PLACING PROGRAMME

The Company is targeting an issue of 150 million Ordinary Shares pursuant to the Initial Issue. The actual number of Ordinary Shares to be issued pursuant to the Initial 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 an RIS announcement prior to Initial Admission.

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

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

Following the Initial Issue, the Directors will have authority to allot further Ordinary Shares pursuant to the Placing Programme. Further issues of Shares will only be made if the Directors determine such issues to be in the best interests of Shareholders and the Company as a whole. Relevant factors in making such determination include the Company's performance, the discount/premium at which the Ordinary Shares trade to the prevailing Net Asset Value per Ordinary Share, perceived investor demand and investment opportunities. The minimum price at which further Ordinary Shares will be issued will be set at a premium to the latest published NAV (cum income) per Ordinary Share at the relevant time, plus a premium to cover the costs and expenses of such issue.

Each of the Joint bookrunners has agreed to use its reasonable endeavours to procure subscribers pursuant to the Placing Programme for Ordinary Shares on the terms and subject to the conditions set out in the Sponsor and Placing Agreement.

11 REIT STATUS AND TAXATION

The Company will give notice to HMRC (in accordance with section 523 of the Corporation Tax Act) to become a group REIT when it has acquired the Seed Assets (expected to occur shortly after Initial Admission) and the Company will need to comply with certain ongoing regulations and conditions (including minimum distribution requirements) thereafter.

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

12 REGULATORY ENVIRONMENT

The Company

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 regulatory requirements that are applicable to listed closed-ended investment companies, including the Listing Rules, the UK Prospectus Regulation, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, UK MAR, the UK AIFMD Laws, the EU AIFM Directive and the UK PRIIPs Laws. In addition, the Company is subject to the continuing obligations imposed by the Financial Conduct Authority on all investment companies whose shares are listed on the Official List.

The Company intends to carry on business as a REIT for the purposes of Part 12 of the Corporation Tax Act (and the regulations made thereunder) subject to meeting and continuing to satisfy the necessary qualifying conditions. A summary of the REIT Regime, including the material conditions which the Company must satisfy, is set out in Part IX of this Prospectus.

The private rental sector

The Company will invest in a diversified portfolio of privately rented residential real estate assets in the UK. The PRS in the UK is regulated by dozens of statutes and hundreds of regulations, with the regulatory burden on landlords continuing to grow. Regulation of the PRS covers many matter including, among others:

- tenancy agreements
- landlords' and tenants' rights and obligations
- letting fees
- tenant deposits

- health and safety requirements, including fire safety
- electrical certifications
- energy efficiency requirements

Accordingly as a landlord in the UK, the Group will have to comply with a number of regulatory requirements including:

- keeping the properties safe and free from health hazards
- making sure all gas and electrical equipment is safely installed and maintained
- providing energy performance certificates for each property
- protecting tenant's deposit in a government-approved scheme
- checking each tenant has the right to rent property in England

The Company also has an objective of improving the energy efficiency of its properties (tracked by the EPC rating). As part of the Company's "Core-Plus" strategy, where buildings are refurbished, an improvement in the EPC rating is also likely to be achieved. Overall refurbishment of existing buildings, rather than construction of brand new buildings, reduces the overall carbon footprint.

13 REGULATORY STATUS OF THE ORDINARY SHARES

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

The Company intends to conduct its affairs so that its Ordinary Shares can be recommended by financial advisers to retail investors in accordance with the rules on the distribution of financial instruments under UK MiFID Laws. The Directors consider that the requirements of Article 57 of the EU MiFID II delegated regulation of 25 April 2016 (and the equivalent provision of the UK MiFID Laws) are met in relation to the Ordinary Shares that, accordingly, the Ordinary Shares should be considered "non-complex" for the purposes of EU MiFID II and the UK MiFID Laws.

14 RISK FACTORS

The Company's performance is dependent on many factors and potential investors should read the whole of this Prospectus and in particular the section entitled "Risk Factors" on pages 11 to 25.

PART III

INVESTMENT PROPOSITION

1 THE INVESTMENT OPPORTUNITY AND INVESTMENT PROCESS

The Board believes that an investment in the Company offers investors an attractive risk-adjusted investment return through a combination of recurring dividends and capital appreciation. Rental income from the PRS has historically been resilient which supports predictable dividends. Capital appreciation is supported by rental growth and the Company's value-add strategy.

2 OVERVIEW OF THE INVESTMENT STRATEGY

2.1 Focusing on strong rental macro-locations outside of prime central London

- (a) The Company is focused on investing in a diversified portfolio of operational residential property in the United Kingdom, in attractive locations outside of prime central London that are underpinned by strong macroeconomic fundamentals. The strategy will therefore cover regional cities and towns that serve as key employment hubs, which are typically anchored by strong corporate companies. In conjunction with a strong employer base, the target locations will have benefitted from recent historical population growth, and in turn wider gentrification that provides the foundations for sustainable long term rental growth.
- (b) The target locations are typically key economic centres across the country that generally act as transport hubs, and may be well served by major road, rail and air links. For example, a number of selected conurbations will be served and benefit from nationwide transport infrastructure projects, including High Speed Rail 2 that will travel through Birmingham, Manchester and Leeds.
- (c) Shortly after Initial Admission, the Company will acquire the Seed Assets, which comprises of assets in locations where there is strong rental demand, which is founded upon as some of the above factors. These locations include Bristol, Leeds, Liverpool, Birmingham, Manchester and Sheffield.

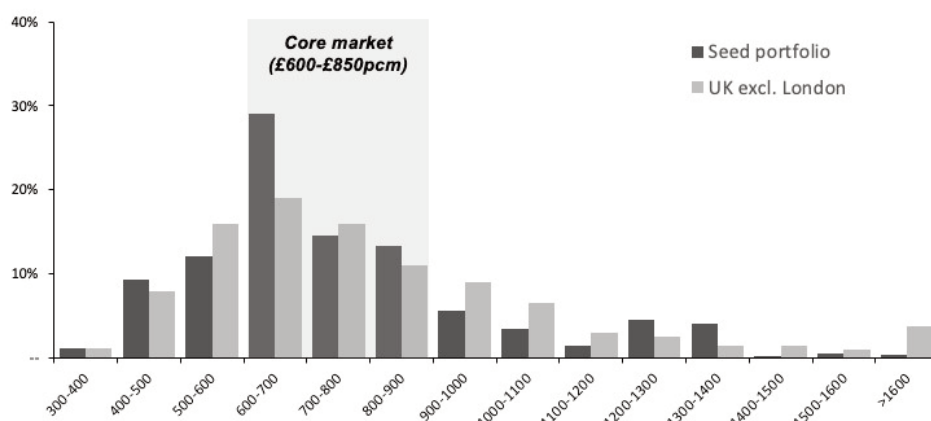
2.2 Concentrating on strong local micro-locations

- (a) Careful consideration is taken by the Investment Adviser to ensure that assets are positioned appropriately from a localised microeconomic perspective supporting the wider backdrop of strong macroeconomic fundamentals. There are a number of aspects that are analysed for each local context.
- (b) The Investment Adviser expects that, normally, assets in the Portfolio should have convenient access to the local transport infrastructure, through cycle paths, railway and tram connections or extensive road networks. Assets in the City Centres are preferably located within walking distance of office locations (as a reference point from a survey from Dataloft, concluded that 38 per cent. of tenants who rent an apartment in the City Centre walk to work). The location should further be accessible to the primary local employment hubs, schools and health facilities. In addition, the assets will be in close proximity to the local amenities, including but not limited to, gyms, open green space, shops, restaurants, swimming pools, and entertainment centres.
- (c) The Investment Adviser will closely evaluate undergoing or proposed regeneration projects commenced by the local authority or private sector that may generate further employment opportunities. Moreover, the Investment Adviser will observe the local supply entering the market, monitoring any potential oversupply of residential stock in the immediate area.

2.3 Focussed on the mid-market of the rental sector

- (a) The Investment Adviser will undertake an evaluation of the wider market income and affluence dynamics to assess whether each investment is positioned within the 'mid-market' rental segment relative to the local demographics. This tenant base encompasses the largest segment of the PRS market.

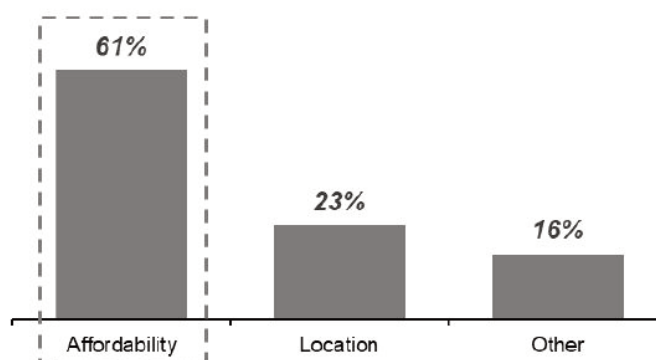
Distribution of rental demand by price (Pounds per calendar month)



Source: Hometrack

- (b) The distribution of rental demand demonstrates the Company’s target tenant base. Typically, the core market includes rents between £600 to £850 per calendar month where effectively the ‘mass’ rental market sits. Ultimately affordability is the primary decision factor for a potential renter (see chart below). This mid-market segment provides a wider tenant audience because a lower household income is required to meet affordability requirements. The Company therefore believes that by offering affordable but high-quality rental accommodation represents an attractive value proposition to working professionals which helps sustain strong rental growth and occupancy levels.

Important factors when choosing a property? (Knight Frank Survey, 2019)



- (c) This is a different value proposition vs. the ‘Build to Rent’ PRS segment, which typically attracts premium or top-end market rents. In comparison, the Investment Adviser believes the core market supports a defensive rental strategy where typically, rental prices constitute a relatively low proportion of tenant’s disposable income, particularly when compared to the London rental market and other segments of the PRS. Across the Seed Assets, rents charged are on average £730 pcm which represents approximately 20 per cent. of the tenant’s median monthly gross income. According to Knight Frank research, as a reference for rental affordability, the average household could typically spend up to 40 per cent. of their gross income on rent before affordability becomes stretched.
- (d) The target tenant base further offers an inherently resilient position relative to the impacts of Covid-19 throughout 2020 and onwards. Across the Seed Assets, only 2.5 per cent. of tenants were furloughed or communicated they required further financial assistance with making rental payments at some point in time throughout the calendar year 2020. The Investment Adviser has worked with each tenant who has communicated the need for assistance on a case by case basis. According to data from the UK Office for National Statistics, employees with jobs paying £10 or less per hour were over five times more likely than jobs paying in excess of this to be

furloughed on reduced pay, largely as employees are possibly employed in the hospitality, leisure and retail sectors which will typically not be the target tenant base for the Company. Typically, the Company's tenant base will be focused on tenants with incomes in the mass mid-market, thus having more defensive characteristics than those on lower incomes. The target tenant base for the Company will typically include young professionals working in the City Centre (aged 25 to 34 years) and to a lesser extent families.

2.4 **Strong fundamental valuation considerations**

- (a) The Company will typically be focused on targeting existing assets rather than new build properties, which offers the opportunity to command a discount to both the open market Vacant Possession Value and rebuild cost. By completing property transactions in bulk and purchasing a number of residential flats at the same time, the Company expects to be able to attract an average of approximately 20 per cent. discount to the Vacant Possession Value, which represents the value achieved by selling each flat individually on the open market.
- (b) Additionally, by purchasing existing buildings, the Company will typically invest at a discount to rebuild cost. As a reference, the Seed Assets are being acquired at approximately a 30 per cent. discount to the aggregate rebuild cost. Since the financial crisis, in real terms, UK house prices have only risen by 5 per cent. from 2010 to 2020, however, build costs, in real terms, have risen by 25.3 per cent. throughout the same period. These fundamental valuation considerations provide downside protection against the underlying value of the real estate.
- (c) The income yield profile of existing properties is typically much stronger than new build alternatives. For reference, the Seed Assets represent a net rental yield of 5.8 per cent. By comparison, the net rental yield of new build regional residential stock is approximately 4.25 per cent., new build South East of England residential stock is approximately 3.75 per cent. and new build London (Zones 3-6) residential stock is approximately 3.50 per cent.

2.5 **Diversified portfolio composition**

- (a) The Company is focused on investing in a diversified portfolio, covering stabilised assets blended with selective value add opportunities in attractive locations outside of prime central London that are underpinned by strong macroeconomic fundamentals which support long term rental growth.
- (b) The Portfolio will be primarily composed and anchored by 'core' properties. These assets will be diversified by location, but are expected to be tenanted, offer a strong and secure income stream and be inherently less management intensive by way of value-add strategies. Therefore, core assets will generally provide less scope for rental or capital appreciation but are expected to be a fundamentally stable product. The core segment of the Portfolio will be supplemented by a range of 'core-plus' assets. Although still tenanted and existing built, core-plus properties will likely involve growth capital expenditure, by way of intensive asset management led refurbishments or redecorations. This asset class provides the Company with the opportunity to increase both rental prices, improve the quality of accommodation for tenants and optimise the cost base, hence improving the overall net rental yield. Furthermore, core-plus assets provide scope for significant capital appreciation. Finally, not more than 20 per cent. of the Portfolio will incorporate risk-adjusted opportunistic assets, which are evaluated on a site-by-site basis, alongside non-core strategic disposals.
- (c) A blended Portfolio provides the Company with risk diversification, a stabilised net rental yield and scope for growth through value-add opportunities.

3 THE INVESTMENT PROCESS

The investment process for the Company is broken down into the following stages:

3.1 Origination and sourcing investments

Origination takes place through the Investment Adviser's extensive network of contacts and relationships with agents, administrators, intermediaries, banks, property companies and housing authorities. The Investment Adviser notes that market credibility and a track record of performance demonstrating transaction certainty for a vendor is a key driver of securing off-market transactions. The Company typically targets investing a specific niche mid-market segment, being a £5 million to £30 million per property transaction size in City Centre locations outside of prime central London. This part of the market is typically less competitive as its standalone value is typically too large for some buy-to-let or high net worth individuals but sub-scale for the wider institutional market.

3.2 Due diligence and investment approval

- (a) The Investment Adviser will source and filter opportunities that meet its investment criteria. The Investment Adviser will then complete an 'initial' due diligence of each opportunity typically based on a number of investment considerations including:
 - (i) locations with underlying economic fundamentals supportive of long term demand for rental properties, for example demographic requirements, improving transport links, infrastructure and new housing supply;
 - (ii) financial assessment of net rental income and underlying quality of the cash flows, including historical financials analysis (rental income and historical costs where available), and Key Performance Indicators where available (e.g. occupancy rates);
 - (iii) operational benchmarking of rental values against relevant comparables;
 - (iv) a preliminary review of the value-add potential of a particular property;
 - (v) valuation analysis to determine whether a purchase can be made at an attractive valuation; and
 - (vi) overall geographical diversification of the Portfolio
- (b) Once a potential property investment has been screened and satisfied the 'initial' due diligence phase, a more comprehensive due diligence exercise is completed in order to support a detailed recommendation to Investment Committee.
- (c) For the purposes of the Investment Committee, a comprehensive due diligence written report is prepared which will include both quantitative factors and qualitative factors and analysis. Examples of quantitative factors include returns analysis and valuation metrics such as rental yield and price per square foot. Qualitative factors may include the buildings' condition, micro-location and future gentrification of the area. Where applicable, there is a comprehensive assessment of the potential operational or asset management upside of a property through the Company's value-add strategy such as refurbishment or repositioning. The Investment Committee will consist of members of L1 Capital UK Property Advisors Limited and also two Directors of the Company. The Investment Committee will review the investment opportunity and the associated due diligence materials. The Investment Committee will also consider each investment taking into consideration the overall portfolio considerations such as exposure or scale by UK city and region, cashflow and overall dividend yield profile and potential future exit strategy (where relevant).
- (d) Following approval by the Investment Committee, potential opportunities will be presented to the AIFM for its consideration and approval. On completion of comprehensive due diligence and approval from the AIFM, the Investment Adviser will determine whether to conduct any further detailed financial, legal and technical (building survey) due diligence not yet completed which would also include the appointment of third-party advisers.
- (e) In the event that it is proposed that the Company will acquire any further assets from other funds managed or advised by the Investment Adviser in the future, the terms of any such acquisitions will be subject to the approval of the Board, as well as the AIFM.

3.3 Execution

When an investment opportunity is approved by the Investment Committee and the AIFM as described above, the opportunity will proceed to execution where any further required due diligence will be completed including instructing third party advisers such as legal counsel, building surveyors and fire engineers where relevant. An extensive due diligence workstream is conducted on assessing whether a potential investment opportunity complies with the current fire safety regulations or if some remedial actions or works are required (so that the full costs can be taken into account prior to any investment). Typically third party advisers such as building surveyors and fire engineers are engaged.

Other key steps then undertaken by the Investment Adviser include:

- (a) co-ordinating the workstreams of professional advisors (surveyors, agents, banks, valuers) and reviewing the materials
 - (b) reviewing and enquiring on the legal due diligence and Report on Title
 - (c) leading the negotiations on the Contract of Sale
 - (d) raising financing or loans from banks or other lenders where appropriate; and
 - (e) providing final sign-off on the due diligence process ahead of completion of an investment.
- 3.4 The Company will only consider buildings above six stories if the requisite External Wall System (EWS1) form (or equivalent if the EWS1 form is replaced by an alternative certification), has been signed and executed by a suitably qualified surveyor, with a rating of A1, A2 or B1 which would support compliance with the fire safety standards or in circumstances where such form or certification is not available at the time of acquisition, there is a clear plan to obtain such form or certification and appropriate contractual protections are obtained to protect the interest of the Company prior to completion of any necessary remedial works.

4 ASSET MANAGEMENT PROCESS

4.1 The Investment Adviser will have an active role in performing key asset management services for the Company and will be responsible for the strategic direction of the Company's investments.

4.2 The key considerations for the Company's asset management process are as follows:

4.3 Lettings process

- (a) The Investment Adviser will seek to maintain a stable, rental income stream to investors supported by steady occupancy levels and long-term tenants. A property manager for each building (e.g. Countrywide and Leaders Roman primarily assist as property managers on the Seed Assets) (the **Property Manager**) will complete and execute the more commoditised day-to-day tenancy management tasks such as viewings, check-in & check-out processes. This also includes advertising apartments via online search portals on behalf of the Company. For any potential applicants, the local branch will ensure apartments are well-presented for viewings. Furthermore, when tenants have given notice to leave, the Property Manager will ensure apartments are advertised well in advance, aiming to have a new let agreed prior to the move-out date. The Investment Adviser will in any case closely monitor the average time to let an apartment, which is currently 17 days (according to Zoopla.co.uk).
- (b) Instruction and co-ordination will come primarily from the Investment Adviser who drives the key decision making and the overall execution of the asset management strategy. The Investment Adviser will drive decisions on the lettings side such as:
 - (i) setting market rental values for the Company's investments;
 - (ii) periodic review of property performance versus market rental values;
 - (iii) ensuring tenants are communicated with frequently and if they have chosen to give notice to vacate a property, the property manager will start looking for a new tenant immediately;
 - (iv) monitoring and reporting on lettings performance including vacancy rates, quality of adverts, volume of enquiries and time to let; and

- (v) reconciliation of cash received on a monthly basis.
- (c) Typically, the Company will aim to enter into an initial fixed term contract with the tenant for a minimum of 12-months on an Assured Shorthold Tenancy agreement. To the extent that tenants may wish to stay after their initial fixed term, the Investment Adviser intends to encourage rental renewals typically for a further 12 month period (where possible) supporting a progressive growth in rents and maintain maximum occupancy levels. On a case by case basis, the Company may also offer tenants the flexibility to move onto periodic (rolling monthly) contracts post the expiry of the initial 12 month term of an Assured Shorthold Tenancy agreement.

4.4 **Repairs and maintenance**

The Investment Adviser will review and approve any expenditure above the approval limit via email on a case-by-case basis that will be executed by the Property Manager. In addition to this, the Investment Adviser will set an annual service charge budget for planned building maintenance and costs. The Property Manager will have delegated authority to arrange for those items provided they are within budget.

4.5 **Maintenance response time**

The Company will utilise online maintenance portals to promote efficiencies in repairs and maintenance requests. When tenants use the software, they are encouraged to provide a greater level of detail regarding the issue (including videos where possible) and subsequently, the portal is then able to correctly address the repair or provide instruction to the tenant to support self-diagnosis. This should provide comfort to the tenants by addressing their concerns earlier and generate operational cost-savings for the Company by reducing maintenance callouts.

4.6 **Building local scale**

Where there is specific geographical concentrations in the Company's investments, the Investment Adviser will consider building a localised team of maintenance staff based onsite. By bringing maintenance operations in-house, the Investment Adviser hopes to generate operational efficiencies both in terms of lower costs (e.g. avoiding third party call-out costs) and faster response time for tenants (as the reliance on arranging repairs via a third-party is reduced), ultimately improving tenant experience. For example, once there is scale of over 300 apartments in Sheffield (city level scale), the Investment Adviser could bring various maintenance operations in house via a full time employee.

4.7 **Value-add opportunities**

Where possible, the Investment Adviser will explore value-add opportunities to enhance rental growth and capital appreciation. Value-add opportunities will be identified in the pre-acquisition due-diligence outlining the business case and execution plan. When considering value-add functions, the Investment Adviser will focus on progressively re-investing to improve the condition and design of apartments. Additionally, the Investment Adviser will selectively arrange the refurbishment of apartments with preferred third-party providers. To provide certainty on the quality and appearance of the refurbishments, the Investment Adviser will request that computer generated imagery and preliminary designs which are provided by the third-party are to be approved pre-instruction. Typically, the Investment Adviser intends to refurbish apartments only as-and-when tenants choose to leave. This should allow for occupancy levels to be maintained and remove any lease-up risk. This is due to the Investment Adviser being able to focus on letting apartments one-by-one. Final payment to the third-party will be made on completion of the refurbishments once any snagging or defects have been addressed. The Investment Adviser will also seek warranties or guarantees to ensure longevity of workmanship.

4.8 **Insurance**

The Investment Adviser will arrange insurance against all of the Company's investments, protecting against the risk of unforeseen events (such as terrorism, storms and floods). The Investment Adviser

hopes to generate cost efficiencies by arranging insurance for the Portfolio in its entirety from time to time.

4.9 **Strategic insights**

The Investment Adviser intends to derive strategic insights from data and will also closely monitor micro-location and rental trends. It is intended that key decision making will be based on such insights drawn to enhance rental growth and capital appreciation for the Company's investments.

4.10 **Monitoring and reporting**

- (a) The Investment Adviser will closely monitor rent receivable and the performance of the Company's investments on a monthly basis.
- (b) The Investment Adviser will update the Board and AIFM on progress made on a quarterly basis, supported by quarterly management accounts prepared by the Administrator. Additional formal reports will be provided by the Investment Adviser to the Board and the AIFM when significant events have occurred which the Investment Adviser expects will materially impact the Company's income, expenditure or NAV.
- (c) The Administrator will oversee the preparation of valuation statements for the Portfolio in each six-month period ending on 30 June and 31 December (working with the Investment Adviser and professional valuers, and assisting the Company in selecting appropriate valuers).

5 SELECTIVE DISPOSALS

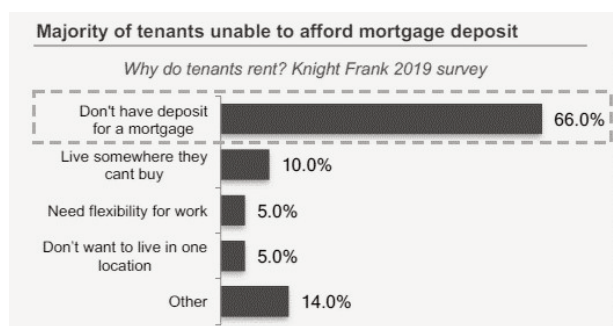
The Company intends to hold the majority of assets over a long term to support sustainable income generation and capital appreciation. As part of a diversified portfolio composition, the Investment Adviser expects that there will be a select number of non-core assets which will be opportunistically and strategically disposed of at appropriate times. For example, this could include a number of leaseholds flats that were acquired as part of a wider portfolio transaction, that will be sold individually on a case-by-case basis to crystallise Vacant Possession Value on sale. Furthermore, in the event that an external offer is made to the Company for a particular asset, which sufficiently represents full value, or a very attractive return the Investment Committee will consider a block asset sale, following which the proceeds will typically be reinvested into new residential opportunities.

PART IV

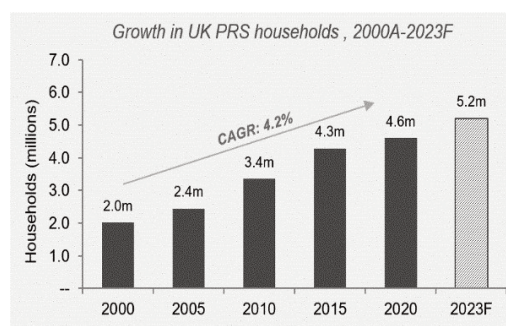
MARKET OVERVIEW

1 AN OVERVIEW OF THE PRS MARKET

- 1.1 The Company will operate in the UK Private Rented Sector (**PRS**) which consists of residential properties that are privately let to tenants on the open market, usually on Assured Shorthold Tenancies (**ASTs**). PRS appeals to a wide range of socio-demographic groups, typical tenants comprising of working professionals, young families, students and retirees. The PRS is distinct from the social rented sector, which the Company does not participate in, and this sector usually refers to properties rented by local authorities, housing associations and registered providers at government subsidised rents.
- 1.2 ASTs are legally binding contracts regulated by the Housing Act 1988 and typically last between six to twenty-four months. Once the initial term expires the tenancy will continue with the same terms and conditions, but the contract will become periodic (otherwise known as a ‘rolling monthly contract’). As a landlord within the UK, the landlord needs to ensure gas and electrical equipment (where applicable) is safely installed and maintained, provide a compliant Energy Performance Certificate for the property and protect the tenant’s deposit in a government-approved scheme and check that the tenant has the right to rent prior to the start of the tenancy.
- 1.3 The UK private rented market is a structurally high growth sector. In 2020, the PRS market consisted of 4.6 million households who privately rent in the United Kingdom (representing approximately 19 per cent. of all households in the United Kingdom). This has grown from 1990, where approximately 9 per cent. of all households were privately renting. Knight Frank estimates that the number of households privately renting is expected to grow by a further 595,000 by 2023 to approximately 5.2 million (a 13 per cent. increase from 2020), or equivalent to 22 per cent. of all households in the United Kingdom.
- 1.4 Tightening lending criteria is a fundamental driver of affordability constraints in the owner occupier market and subsequently supports strong growth in the private rented sector. Since the Global Financial Crisis in 2008, mortgage lending has become more stringent and consequently, the ability to raise the required deposit has become a key barrier to home ownership. According to a recent Knight Frank survey, the primary reason as to why tenants are privately renting is due to the lack of deposit for a mortgage. Knight Frank also forecast that it would take PRS households in the UK on average 15 years to save for a deposit. This demonstrates affordability constraints in the owner occupier market has been a fundamental driver of growth in the Private Rented Sector. Tenants are also choosing to rent over purchasing homes due to an increasing preference for flexibility and ability to move to different locations if they wish or are required to for work purposes.



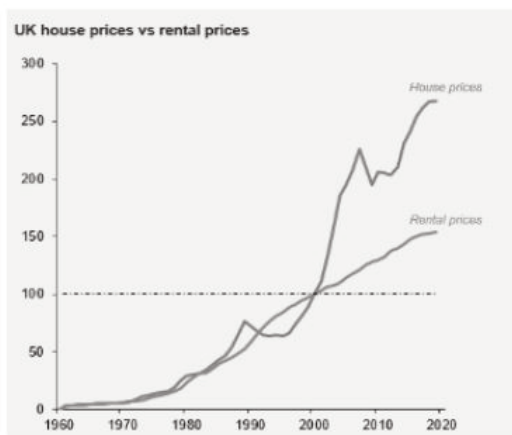
Source: ONS, Knight Frank



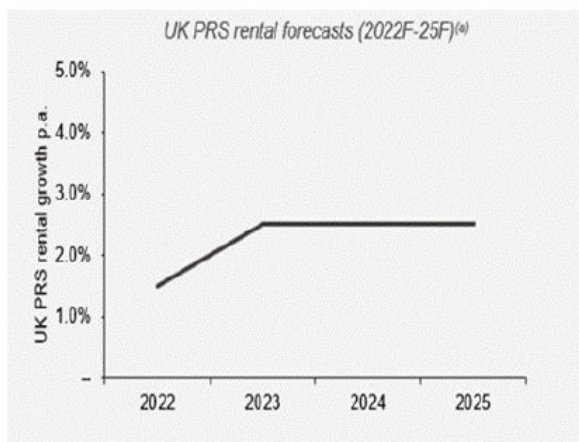
Source: Knight Frank

- 1.5 Historically, the UK has experienced a housing shortage, with housing demand exceeding new-built housing supply. To keep up with demand in the UK, the Ministry of Housing, Communities and Local Government guidance provides a minimum of 300,000 new homes per annum. Since 2009, the average number of new homes delivered has been ~180,000 causing a structural undersupply of housing placing upwards pressure on house prices. Consequently, for some households it remains unaffordable to purchase their own homes. This is highlighted in the chart above where house price growth since the year 2000 has exceeded the growth PRS rental prices.

1.6 The under-supply of new housing has supported stable rental growth in the private rented sector, growing broadly in line with UK household incomes. Average rental growth has been 6.4 per cent. over the past 60 years and nominal wage growth has grown on average 6.9 per cent. during the same period. Knight Frank forecasts that in the PRS, pricing is likely to grow on average 2.5 per cent. per annum over the next 4-years.



Source: JLL, Grainger, CBRE, Savills



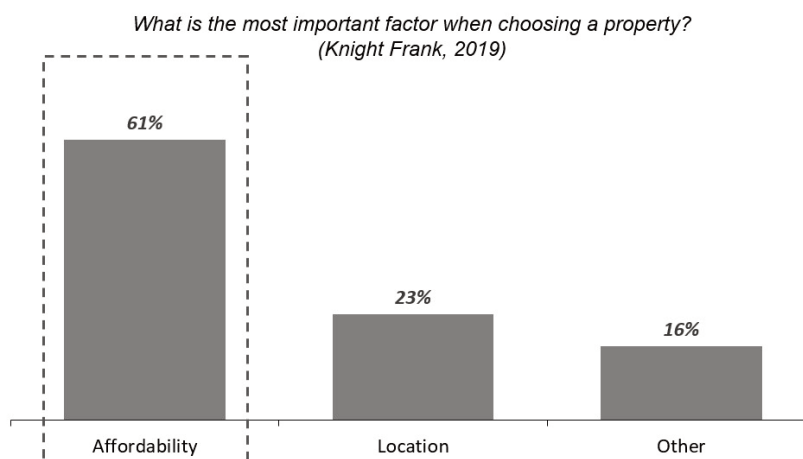
Source: Knight Frank

1.7 A number of Government policies implemented during the late 20th century created an encouraging landscape for individual buy-to-let investors including the introduction of buy-to-let mortgages in 1996 (where investors could borrow on more favourable terms versus owner-occupiers) and mortgage deductibility which could reduce tax bills for investors. Consequently, landlords in the private sector are typically private individuals. Typically, landlords who are private individuals often own a small number of properties (~62 per cent. of private rented landlords own four or less properties). However, a number of legislative changes have resulted in a less-favourable returns for individual investors, including 3 per cent.. SDLT surcharge from April 2016 for second homes, elimination of foreign tax credit relief in April 2019, and phase out of mortgage interest deductibility. As a result total transaction volumes from UK buy-to-let investors over the last three years are approximately 40 per cent. lower than the prior eight-year average.

Whilst all age groups have seen an increase in the proportion of private renter households in recent years, the most significant age group for the PRS segment is among 25 to 34 year old households. In 2020, the renting population was made up of 42 per cent. aged 25 to 34, 27 per cent. aged 35 to 44, and 13 per cent. aged 35 to 44.

2 RENTAL AFFORDABILITY

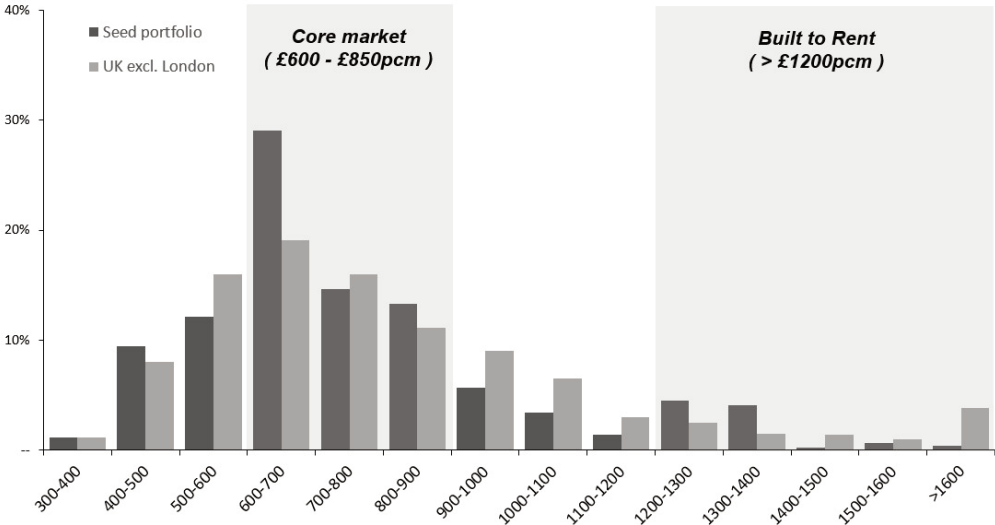
2.1 Affordability is the most important factor for most private renters when choosing a property.



2.2 Rental affordability hinges on the relationship between rents and incomes. Affordability requirements established by referencing companies for private rented stock typically set a threshold of median household income before accepting the tenant, meaning that lower or more modest rents are more accessible to a wider tenant audience.

2.3 PRS consists of two segments, Traditional PRS and Build to Rent stock.

- Traditional PRS relates to a wide variety of stock with regards to location, price point and property types (estimated to account for 98 per cent. of the UK PRS stock)
- Build to Rent (**BTR**) accommodation is a subset of PRS, relating to purpose built multifamily rental schemes under a single ownership and includes luxury onsite amenities such as gyms, pools, and spas (estimated to account for 2 per cent. of the UK PRS stock)



Source: Zoopla, URES Seed Assets

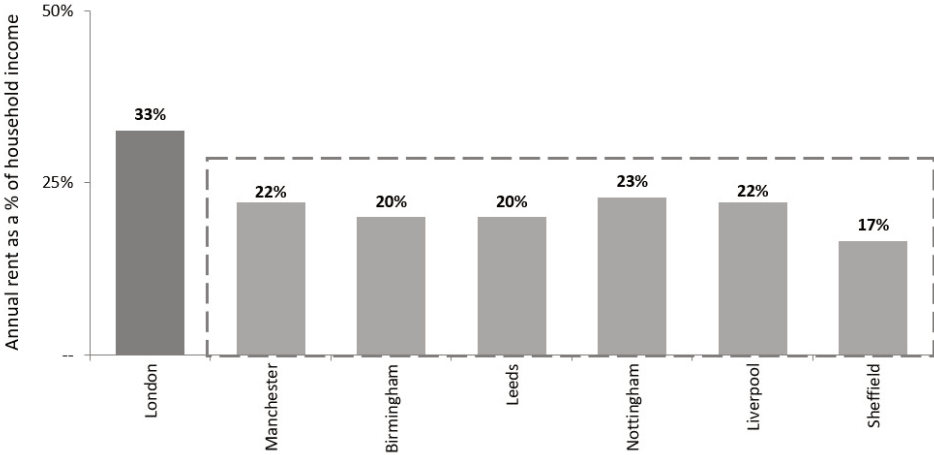
2.4 Due to the large number of communal onsite facilities, BTR accommodation typically commands higher prices compared to traditional PRS, which offers a wider range of price points. According to Knight Frank, the UK average asking rent for a one bedroom BTR property in 2020 was £1,354 pcm, which is 44 per cent. higher than the average PRS asking rent for a one bedroom property.

2.5 Furthermore, despite the amenities, the annual price of BTR accommodation represents a considerable portion of the UK median income and narrows the target tenant audience. The low-end rent of £1,200 pcm represents 34 per cent. of the gross monthly median income among PRS households. Conversely, a core, mid-market rent of £800 pcm represents 23 per cent. against the same income metrics.

2.6 The Company intends to offer an affordable, but high-quality rental accommodation that represents an attractive value and is positioned within the core ‘mid-market’ segment of the local economy. The Investment Adviser believes this segment of the market is under-supplied from institutional investment.

Rental affordability in UK cities excluding London

2.7 Affordability amongst the UK PRS market is differentiated across regional locations. UK cities outside of London have a fundamentally more affordable rental market based on the market rents as a proportion of household income.



Source: Hometrack, ONS

2.8 Whilst also more affordable relative to the local household income, regional UK cities are also underpinned by long term population and employment growth which support the local rental market. From 2020 – 2021 it is forecasted that the population of London may decline by approximately 3.3 per cent., whilst Manchester, Birmingham, Leeds, Nottingham, Liverpool and Sheffield will all show a net increase.

2.9 The higher education sector is an additional driver of demand for PRS. Historically, some students relocated from university cities and returned to their family homes post completion of their studies or relocated to London to find employment. However, growing employment opportunities across UK regional cities have encouraged students to stay in these cities and some of the highest student retention rates in the UK include Manchester (52 per cent.), Bristol (51 per cent.), Sheffield (45 per cent.) and Newcastle (44 per cent.).

3 RENTAL RESILIENCE THROUGHOUT COVID-19

3.1 The impact of Covid-19 has placed downward pressure on income stability within the real estate sector. According to CBRE, during the period May to December 2020 the collection rates for retail sector retail fell to 63 per cent., logistics to 82 per cent., and office to 90 per cent.

3.2 However, many PRS tenants continued to prioritise rental or housing payments over other forms of expenditure and collection rates for the residential sector remained resilient at 96 per cent. As social consumption was restricted due to local lockdowns and the closure of non-essential shops and travel prevented, the majority of UK households in fact reported a net savings gain between the period of May 2020 to September 2020. The inherent resilience in the PRS market throughout the pandemic lies with the tenants' willingness to prioritise rental payments as the primary payment over other forms of expenditure.

3.3 The UK housing market is underpinned by a fundamental demand and supply imbalance, and as a result occupancy levels for the PRS also remained resilient at ~95 per cent. from March 2020 to January 2021.

PART V

SEED ASSETS AND PIPELINE ASSETS

1 OVERVIEW AND ACQUISITION OF THE SEED ASSETS

- 1.1 Subject to the Company achieving its target fundraising of £150 million pursuant to the Initial Issue and conditional upon Initial Admission, the Company (or wholly-owned subsidiaries of the Company) intend to acquire all the Seed Assets shortly after Initial Admission, which the Investment Adviser believes should enable the Company to achieve its investment objective. The 28 properties forming the Seed Assets comprise of an aggregate of 1,214 residential units, 6 ancillary ground floor commercial units and 2 student blocks are predominantly located in city centres outside of London, including Manchester, Sheffield, Leeds, Liverpool, and Bristol, amongst others. All the Seed Assets have been managed by the Investment Adviser's management team since their original acquisition by the L1 Capital UK Residential Property Funds which currently own the Seed Assets and the Investment Adviser has appointed third parties, who are acquainted with each property and have had historical oversight across all operational activities, since their original acquisition.
- 1.2 Knight Frank has independently completed a Red Book valuation of the Seed Assets in accordance with RICS guidance at an aggregate investment value of approximately £145 million. The approximately £145 million aggregate consideration for all the Seed Assets is expected to be satisfied through a combination of cash raised through the Initial Issue and the issue of up to approximately 50 million fully paid ordinary shares (being the Consideration Shares) at the Initial Issue Price.

Allocations of funds to Seed Assets depending on size of the Initial Issue

- 1.3 In the event that the Minimum Gross Proceeds are raised in the Initial Issue, the following Seed Assets will (subject to the fulfilment of all conditions under the relevant Seed Assets Acquisition Agreement) be acquired by the Group, which the Investment Adviser believes will enable the Company to achieve its investment objective and its dividend and total return targets.

| <i>Property</i> | <i>City</i> | <i>Purchase price (£)</i> |
|--|-------------|---------------------------|
| Ashton Point & Ashton Works* | Sheffield | 3,850,000 |
| Carlton House* | Manchester | 3,440,000 |
| The Point* | Manchester | 2,280,000 |
| St George* | Derby | 1,600,000 |
| Bradley Court* | Derby | 1,100,000 |
| Babington Court* | Derby | 3,750,000 |
| Avoca Court & Kinvara Heights* | Birmingham | 9,500,000 |
| Brunswick Court* | Leeds | 5,200,000 |
| Lister Mills* | Bradford | 2,060,000 |
| Lakeshore Drive* | Bristol | 8,300,000 |
| Dawson's Square** | Pudsey | 10,480,000 |
| The Willows** | Sheffield | 2,320,000 |
| Apollo House** | Coventry | 4,860,000 |
| The Shoe Factory** | Leicester | 6,910,000 |
| Waterloo Apartments & Waterloo Court** | Leeds | 3,560,000 |
| Infinity House** | Stockton | 3,610,000 |
| Skyline*** | Manchester | 27,640,000 |
| Total | | £100,460,000 |

* These properties will be acquired pursuant to the Seed Assets 1 Acquisition Agreement through the acquisition of all the units in Sub-Trust 1A which beneficially owns the relevant properties and the acquisition of the nominee companies which hold legal title to the properties

** These properties will be acquired pursuant to the Seed Assets 2 Acquisition Agreement through the acquisition of all the units in Sub-Trust 2A which beneficially owns the relevant properties and the acquisition of the nominee companies which hold legal title to the properties

*** This property will be acquired through the acquisition of all the S class units in the L1 Capital UK Residential Property Fund IV pursuant to a sale and purchase agreement which it is intended will be entered into as soon as reasonably practicable following Initial Admission.

In these circumstances, the Company would issue up to 30 million Consideration Shares, giving a market capitalisation of up to £105 million.

Upon completion of the acquisition of the Seed Assets set out in the above table and the issue of the relevant Consideration Shares to the relevant Seed Asset Vendors, the Company (or its wholly-owned subsidiaries) will hold 100 per cent. of all the units in Sub-Trust 1A and Sub-Trust 2A and neither of these sub-trusts will represent 40 per cent. or more of the Company's gross assets. Both Sub-Trust 1A and Sub-Trust 2A achieve a spread of investment risk through investment in a diversified portfolio of UK PRS properties which is compliant with the Company's investment policy on a Group basis. It is not intended that any further assets will be acquired through either sub-trust following their acquisition by the Group.

The remainder of the Seed Assets may not be acquired by the Group in the event that only the Minimum Gross Proceeds are raised in the Initial Issue.

- 1.4 In the event that the target fundraise of £150 million is raised pursuant to the Initial Issue, it is intended that the following additional Seed Assets will be acquired by the Group as soon as reasonably practicable following Initial Admission, in addition to the Seed Assets specified above:

| <i>Property</i> | <i>City</i> | <i>Purchase price</i> |
|--------------------|-------------|-----------------------|
| Phoenix Court | Sheffield | 7,550,000 |
| Opal Villas | Plymouth | 4,250,000 |
| Pritchard Street | Bristol | 3,200,000 |
| Mount Pleasant | Liverpool | 5,030,000 |
| Gateway Plaza | Sheffield | 10,300,000 |
| Pictureworks | Nottingham | 3,200,000 |
| Chips | Manchester | 1,270,000 |
| Grattan Road | Bradford | 2,270,000 |
| Bristol Road South | Birmingham | 2,320,000 |
| City Buildings | Coventry | 2,450,000 |
| Montgomery Road | Sheffield | 2,280,000 |
| Total | | £44,120,000 |

In these circumstances, the Company would issue up to 50 million Consideration Shares, giving a market capitalisation of up to £200 million.

Gateway Plaza, Pictureworks and Chips require remedial works to be undertaken and, therefore, although such properties are intended to be acquired at the same time as the others set out above (if the target fundraise of £150 million is achieved), the consideration payable for such properties would will be deferred and payable on completion of the relevant remedial works.

- 1.5 It is expected that the acquisition of the relevant Seed Assets (including the acquisition of any additional assets referred to in paragraph 1.5 above, if applicable) will be completed within 15 Business Days following Initial Admission or as soon as reasonably practicable thereafter. The Consideration Shares to be issued in consideration for the relevant acquisitions will be issued at the Initial Issue Price upon completion of the relevant acquisition.

2 THE SEED ASSETS

- 2.1 The Seed Assets are strategically and geographically diversified, located in cities with strong rental demand across the UK. The Seed Assets are situated in the following key regions; East Midlands (13 per cent.), West Midlands (12 per cent.), North East (2 per cent.), North West (27 per cent.), Yorkshire and Humber (34 per cent.) and South West (11 per cent.). Each region is typically underpinned by an anchor city, where there are efficient management operations. As new opportunities are added through pipeline acquisitions, the Company will continue to build and add to the existing concentrations.

- 2.2 The majority of the Seed Assets are purpose-built blocks of apartments, usually comprising of one-bedroom or two-bedrooms. Additionally, there are a select number of three and four bed residential units across some of the properties.
- 2.3 The majority of the Seed Assets are low-rise with a maximum of six stories. In most cases, the buildings are of traditional brick construction, however in some instances alternative modern construction techniques have been adopted. Consideration of the relevant buildings structures constitute a key part of the investment diligence process, where an appropriately qualified expert will conduct a detailed technical report prior to acquisition.
- 2.4 In total, 18 of the Seed Assets are held as freehold titles and of the remaining Seed Assets, 10 are on long-leaseholds. In respect of 5 of the assets on long-leaseholds, the Investment Advisor has the benefit of controlling the service charge provisions and onsite operations and therefore is able to manage onsite costs effectively.
- 2.5 A minimal proportion of the Seed Assets (around 1 per cent. in aggregate in rental income terms), is comprised of ground floor commercial units. The aggregate income of the 6 total units comprised of ground floor commercial units is £154,692 per annum and include tenants such as Subway in Northampton and the Post Office in Derby.
- 2.6 Two of the Seed Assets, Infinity House and Apollo House, are tenanted by students.
- 2.7 Based on prior experience, the Investment Adviser anticipates that, within the Seed Assets, a typical single apartment will require capital expenditure of approximately £2,000 on average for repositioning costs and £15,000 to £20,000 on average for refurbishment costs.

3 TENANT DEMOGRAPHICS AND RENTS IN THE SEED ASSETS

- 3.1 The tenants of the Seed Assets are typically private renters. There are a selective number of company and corporate lets across the Seed Assets and a total of 20 affordable housing tenants in Waterloo Apartments in Leeds. These units are let under Section 106 leases and have capped rents.
- 3.2 The tenant demographic varies between each property and micro-location. The targeted mid-market rents typically attract working professionals for city centre properties, and young families for out of centre properties.
- 3.3 As part of its investment policy, the Company will target the affordable segment of the PRS market. Typically, the core market includes rents between £600-£850 per calendar month where effectively the 'mass' rental market sits. The average and median rent per unit across the Seed Assets is £732 and £675 per calendar month, respectively. The average monthly rent therefore represents approximately 20 per cent. of the tenant's monthly disposable income.

4 SEED ASSETS PERFORMANCE

- 4.1 The properties in the Seed Assets currently operate with an average occupancy rate of 96 per cent., and a historical occupancy of 95 per cent. since inception. The current annual rental income across the Seed Assets is approximately £11.58 million (as at December 2020) and net operating income (after property management costs of £493,000, repairs and maintenance costs of £416,000 and service charges of approximately £2.41 million) is approximately £8.26 million.
- 4.2 The Seed Assets have also experienced robust rental collection rates over the 12 months up to March 2021, with an average collection rate of 97 per cent., despite the COVID induced macroeconomic downturn. Average collection rates over the past 2 years have been 98% (as at March 2021). Historically, the Seed Assets have an average rent in arrears of 2.1 per cent. as a percentage of total gross monthly rent. Of these rental arrears, approximately 0.2 per cent. are written off as unrecoverable debts. The Seed Assets have achieved an average rental growth (weighted by income) of 5.1 per cent. per annum since their original acquisition by the Seed Asset Vendors.

- 4.3 Shortly following Initial Admission and subsequent to the completion of the acquisition of the Seed Assets, the Company will be unlikely to have incurred any bank borrowings and will therefore be ungeared. Any debt that is secured against the Seed Assets will be repaid in full (and security released by the lender) on completion of the acquisition of the Seed Assets.

5 OVERVIEW OF PIPELINE ASSETS

- 5.1 The Investment Adviser has identified 18 initial assets with an aggregate value of approximately £440 million which meet the Company's investment criteria. The Pipeline Assets comprise multiple potential transactions including both single assets and larger portfolios, in total ranging in size from £3 million to £90 million.
- 5.2 The Pipeline Assets are located in a range of strong rental cities, diversified geographically across a number of locations in the UK. The estimated ERV yield across the identified pipeline is 6.8 per cent.
- 5.3 Approximately 75 per cent. of the Pipeline Assets are classified as 'core', where the units are tenanted, the properties are in good condition and a minimal amount of capital expenditure will be required to stimulate rental growth. The remainder of the pipeline would be classified as 'core-plus', where selective capital expenditure will be deployed to significantly increase rental and capital returns for investors.
- 5.4 The majority of the Pipeline Assets have been identified through off-market opportunities, through a selection of established contacts. In numerous instances, the Investment Adviser has prior transactional experience with the relevant vendor. The vendors are motivated to sell for a variety of reasons, including the disposal of a non-core business strategy, retirement and capital recycling.
- 5.5 To date, the Investment Adviser has identified and screened PRS properties with an aggregate value of over £3 billion which are identified as meeting appropriate criteria in terms of location and rental outlook, potential valuation and yield metrics and with opportunities for potential value-add enhancements and strategic portfolio suitability.
- 5.6 Moreover, the Investment Adviser has identified a pipeline of PRS properties which are currently in negotiation (pending a successful Initial Issue) or that the Investment Adviser is aware may be available to acquire, with an aggregate value of approximately £440 million.
- 5.7 All potential acquisitions remain subject to the Investment Adviser's stringent due diligence processes, to ensure that the Company will only acquire properties that are within its investment policy and hence provide robust returns for investors.
- 5.8 The Pipeline Assets comprise suitable transactions for the Company under its investment policy, that are continuously monitored by the Investment Adviser. Given the nature of the sector, identified opportunities will be subject to change. Whilst the Investment Adviser has undertaken initial due diligence for all the Pipeline Assets, each transaction will still be required to complete the satisfactory price negotiation and extensive legal and technical diligence process which has been outlined in Part III of the Prospectus (*Investment Proposition*).
- 5.9 The Company currently has no binding contractual obligations to complete the acquisition of any of the Pipeline Assets, and although there can be no assurances that any of the relevant properties will be purchased by the Company, the Investment Adviser believes, given its previous transactional experience, that sufficient suitable assets will be available for acquisition by the Company, subject to the Company having the necessary funding available at the relevant time.

PART VI

VALUATION REPORT ON SEED ASSETS

The UK Residential REIT plc
6th Floor, Bastion House
140 London Wall
London
EC2Y 5DN



Panmure Gordon (UK) Limited ("Panmure")
One New Change
London
EC4M 9AF

RBC Europe Limited (trading as RBC Capital Markets)
("RBC")
100 Bishopsgate
London
EC2N 4AA

Date: 3 June 2021
Our reference: I:1096481

Dear Sirs

L1 Seed Assets

Instructions

We have undertaken a valuation of 28 properties in accordance with our Terms of Engagement letter dated 4 March 2021 and our General Terms of Business for Valuation Services (together the "Agreement").

Purpose of the Valuation

The Valuation is provided solely for the purpose of inclusion and/or reference in an investment prospectus to be published by the Company dated on or around 3 June 2021 (the "Prospectus") in connection with the offer of ordinary shares (as defined and referred to in the Prospectus) (the "Offer") and any supplementary prospectus issued by the Company in connection with the Offer (the "Purpose") and in accordance with clause 4.1 of our General Terms may not be used for any other purpose without our express written consent.

Pursuant to Clauses 4.3, 4.5 and 4.6 of the General Terms, we consent to the use and disclosure of the Valuation as contemplated therein (in each case), solely in connection with the Purpose.

Given the nature of this instruction, we confirm that the Valuation and Valuation reports provided complies with the UK version of Regulation 2019/980 of the European Commission (which is part of UK law by virtue of the European Union (Withdrawal) Act 2018), the Prospectus Regulation Rules and the ESMA Recommendations and will be suitable for inclusion, or reference to, in the Prospectus. We will include the following confirmation in the Valuation:

"For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), Knight Frank LLP accepts responsibility for the information within this Valuation and declares that, to the best of its knowledge, the information contained in the Valuation is in accordance with the facts and the Valuation contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex 1 item 1.2 of the UK version of Regulation 2019/980 of the European Commission (which is part of UK law by virtue of the European Union (Withdrawal) Act 2018).

Knight Frank LLP has given and has not withdrawn its written consent to the inclusion of this Valuation in the Prospectus and other Investor Documents (as defined in the section entitled "Disclosure" below).

Compliance with Valuation Standards

The Valuation has been undertaken in accordance with the current editions of RICS Valuation – Global Standards, which incorporate the International Valuation Standards, and the RICS UK National Supplement. References to the “Red Book” refer to either or both of these documents, as applicable.

The Valuation has been prepared in accordance with the Red Book and complies with Rule 5.4.5G of the Prospectus Regulation Rules published by the Financial Conduct Authority (the “FCA”) and with paragraphs 128 to 130 of European Securities and Markets Authority’s (“ESMA”) update of the CESR recommendations for the consistent implementation of the European Commission’s Regulation on Prospectuses (EC) No 809/2004 (“CESR”) implementing the Prospectus Directive (ESMA/2013/319) (the “ESMA Recommendations”).

Disclosure of any Conflicts of Interest

We confirm that we do have a material connection or involvement giving rise to a potential conflict of interest, as set out below:

- As you are aware Knight Frank LLP have previously valued some of the subject properties for lenders acting on behalf of entities within the L1 Group.
- Knight Frank were acting as the marketing agent on some of the properties when they were purchased by an entity within the L1 Group.

We have previously disclosed this to you and you have confirmed that notwithstanding this matter, you are content for us to proceed with this instruction. We are in a position to provide an objective and unbiased valuation.

Notwithstanding Clause 4.1 of the General Terms, we agree to the Valuation being relied upon by each of the Addressees. If any Addressee subsequently requests and we agree to the Valuation being re-addressed to a third party (for which we shall make an additional charge), the Valuation may not meet their requirements, having originally been requested by you. We will only re-address the Valuation once we have received a signed reliance letter in our standard format from the new third party addressee. Please note also that no update or alterations will be made to the Valuation prior to its release to any new addressee.

Status of valuer

For the purposes of the Red Book, we are acting as External Valuers, as defined therein.

The valuer, on our behalf, with responsibility for the Valuation will be Chris Harrison MRICS, RICS Registered Valuer (the “Lead Valuer”) and overseen by Andrew Davis MRICS, RICS Registered Valuer.

Parts of the Valuation have been undertaken by additional valuers within the firm as detailed below:-

| <i>Valuer</i> | <i>Qualification</i> |
|---------------|-------------------------------|
| Tom Kendall | MRICS, RICS Registered Valuer |
| Craig Wallace | MRICS, RICS Registered Valuer |
| Aimee Howard | MRICS, RICS Registered Valuer |
| Sarah Jones | MRICS, RICS Registered Valuer |
| Megan Scott | MRICS, RICS Registered Valuer |

We confirm that we meet the requirements of the Red Book in having sufficient current knowledge of the particular market and the skills and understanding to undertake the Valuation competently.

Overview

L1 Capital UK Property Advisors Limited and their advisory banks; Panmure Gordon (UK) Limited and RBC Europe Limited (trading as RBC Capital Markets have instructed Knight Frank LLP to value the Properties in connection with the Prospectus for the proposed REIT which the properties will form part. We have carried out our valuation against this background.

The Property comprise the twenty-eight individual residential assets which are held for investment purposes.

The Properties are situated in suburban and city centre locations of English cities outside of London including, Greater Manchester, Liverpool, Birmingham, Coventry, Derby, Nottingham, Northampton, Leicester, Bristol, Plymouth, Leeds, Bradford, Barnsley and Sheffield.

The L1 Group have been actively acquiring established residential portfolios across England over the previous 5 years via 4 private investment funds. L1 have identified properties where they believe they can add value by adopting a pro-active approach to marketing and property management.

The lettings and tenancy management of the units are being undertaken by Leaders and the Countrywide Group, typically for a fixed fee of 6.5 per cent. of rents receivable which is considered to represent a notable discount from the general market and reflects the scale of the project.

Our valuations are based on a number of assumptions which are detailed through each Property report. All the properties are identified and described briefly in the attached Schedules.

Date of Inspection and Valuation

The Properties were inspected over the course of March and April 2021 by the valuers listed above:

| <i>Property</i> | <i>Date of Inspection</i> | <i>Date of Valuation</i> |
|--|---------------------------|--------------------------|
| Skyline | 3 March 2021 | 21 May 2021 |
| Mount Pleasant | 3 March 2021 | 21 May 2021 |
| Carlton House | 3 March 2021 | 21 May 2021 |
| The Point | 3 March 2021 | 21 May 2021 |
| Chips | 3 March 2021 | 21 May 2021 |
| Avoca Court & Kinvara Heights | 11 March 2021 | 21 May 2021 |
| The Shoe Factory | 10 March 2021 | 21 May 2021 |
| The Picture Works | 9 March 2021 | 21 May 2021 |
| Babington Court | 9 March 2021 | 21 May 2021 |
| City Buildings | 10 March 2021 | 21 May 2021 |
| Bristol Road South | 11 March 2021 | 21 May 2021 |
| St George | 9 March 2021 | 21 May 2021 |
| Bradley Court | 9 March 2021 | 21 May 2021 |
| Dawsons Square – Greenleigh Court & Park House | 10 March 2021 | 21 May 2021 |
| Gateway Plaza | 9 March 2021 | 21 May 2021 |
| Brunswick Court | 10 March 2021 | 21 May 2021 |
| Ashton Point & Ashton Works | 9 March 2021 | 21 May 2021 |
| Waterloo Apartments & Waterloo Court | 10 March 2021 | 21 May 2021 |
| Grattan Road | 10 March 2021 | 21 May 2021 |
| The Willows | 9 March 2021 | 21 May 2021 |
| Montgomery Road | 9 March 2021 | 21 May 2021 |
| Lakeshore Drive | 4 March 2021 | 21 May 2021 |
| Opal Villas | 12 March 2021 | 21 May 2021 |
| Pritchard Street | 4 March 2021 | 21 May 2021 |
| Lister Mills | 13 April 2021 | 21 May 2021 |
| Phoenix Court | 21 April 2021 | 21 May 2021 |
| Infinity House | 19 March 2021 | 21 May 2021 |
| Apollo House | 10 March 2021 | 21 May 2021 |

Valuation

Our valuation has been carried out using the comparative and investment methods. In undertaking our valuation of the property, we have made our assessment on the basis of a collation and analysis of appropriate comparable sales to owner occupiers, investment and rental transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions we have then applied these to the property, taking into account size, location, terms, covenant and other material factors.

- Market Value is defined within RICS Valuation – Professional Standards as:
“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”
- The Market Value – Single lot is our opinion of the Market Value of the Property, assuming that it is sold in the market as a single lot in its existing condition and subject to any existing tenancies.
- Market Rent is defined in RICS Valuation – Professional Standards as:
“The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”
- Aggregate Market Rent is the aggregate of our opinions of the Market Rents of the individual lettable interests within the property on the Special Assumption that the individual units are let on a minimum of 6 month Assured Shorthold Tenancies (AST).
- The valuation date is 21 May 2021. We confirm that we are aware of no material changes to the Properties which would adversely affect our opinion of value since the valuation date to the date of this letter.

Summary of Values

The table below summarises our opinion of aggregated Market Value of twenty-five freehold and long leasehold interests, subject to the comments and assumptions in each property report as at 21 May 2021:

| <i>Property</i> | <i>Address</i> | <i>Market Value (£)</i> | <i>Tenure</i> |
|-------------------------------|---|-------------------------|---------------------------|
| Skyline | 49 Goulden Street, Manchester, M4 5EL | £27,640,000 | Freehold |
| Mount Pleasant | 67-71 Mount Pleasant, Liverpool, L3 5TS | £5,030,000 | Leasehold (peppercorn) |
| Carlton House | 153 Upper Chorlton Road, Manchester, M16 7SH | £3,440,000 | Freehold |
| The Point | Park Parade, Scotland Street, Ashton-Under-Lyne, OL6 6SQ | £2,280,000 | Freehold |
| Avoca Court & Kinvara Heights | 140 Cheapside, Deritend, Birmingham, B12 0PR | £9,500,000 | Leasehold (Headlease) |
| The Shoe Factory | 49 Abbey Park Road, Leicester, LE4 5ET | £6,910,000 | Freehold |
| Babington Court | 10 Gower Street, Derby, DE1 1SD | £3,750,000 | Freehold |
| City Buildings | City Buildings, Fish Street, Northampton, NN1 2AA | £2,450,000 | Freehold |
| Bristol Road South | 1308-1314 Bristol Road South, Birmingham, B31 2TF | £2,320,000 | Freehold |
| St George | 20 George Street, Derby, DE1 1EP | £1,600,000 | Freehold |
| Bradley Court | Cameron Road, Derby, DE23 8RT | £1,100,000 | Freehold |

| <i>Property</i> | <i>Address</i> | <i>Market Value (£)</i> | <i>Tenure</i> |
|--------------------------------------|--|-------------------------|------------------------|
| Dawson's Square | Greenleigh Court & Park House, Pudsey | £10,480,000 | Freehold |
| Brunswick Court | 1-2 Brunswick Court, Leeds, LS2 7QU | £5,200,000 | Freehold |
| Ashton Point & Ashton Works | 64 Upper Allen Street, Sheffield, S3 7GN | £3,850,000 | Freehold |
| Waterloo Apartments & Waterloo Court | Waterloo Street, Leeds, West Yorkshire, LS10 1JA | £3,560,000 | Leasehold (peppercorn) |
| Grattan Road | Grattan House, Grattan Road, Bradford, BD1 2PG | £2,270,000 | Freehold |
| The Willows | 400 Middlewood Rd, Sheffield, S6 1BJ | £2,320,000 | Freehold |
| Montgomery Road | 7,9-11 & 13 Montgomery Road, Sheffield, S7 1LN | £2,280,000 | Freehold |
| Lakeshore Drive | Lake Shore Drive, Bristol, BS13 7BA | £8,300,000 | Leasehold |
| Opal Villas | 167 Notte Street, Plymouth, PL1 2HF | £4,250,000 | Freehold |
| Pritchard Street | 22 – 23 Pritchard Street, Bristol, BS2 8RJ | £3,200,000 | Leasehold (peppercorn) |
| Lister Mills | Lister Mills, Patent St, Bradford BD9 5BE | £2,060,000 | Leasehold |
| Phoenix Court | 133 Rockingham Street, Sheffield, S1 4EE | £7,550,000 | Leasehold (peppercorn) |
| Infinity House | Infinity House, Sorbonne Close, Thornaby, TS17 6DD | £3,610,000 | Freehold |
| Apollo House | Apollo House, Butts, Coventry, CV1 3GN | £4,860,000 | Freehold |

Our understanding of the Tenure of each property is subject to legal confirmation.

The aggregated value of the freehold properties total: £90,610,000

The aggregated value of the long leasehold properties total: £39,200,000

Aggregated Seed Assets value: £129,810,000

Special Assumptions

As instructed, we provide valuations of three additional properties which are undertaken on the following special assumptions:

- Our opinion of market value is prepared on the special assumption that the external wall finishes / cladding meet current building regulation standards, in particular regard to the fire retardant nature of the cladding and materials behind it.
- For the avoidance of doubt, our opinion of Market Value as herein reported is provided on the assumption there are no issues relating to the fire safety which would impact on the subject property including in respect of a financial burden and any impact on marketing which may result in blight.

The table below summarises our opinion of aggregated Market Value of three freehold and long leasehold interests, subject to the comments, assumptions and special assumptions in each property report as at 21 May 2021:

| <i>Property</i> | <i>Address</i> | <i>Market Value (£)</i> | <i>Tenure</i> |
|-------------------|---|-------------------------|---------------|
| Chips | 2 Lampwick Lane, Manchester, M4 6BU | £1,270,000 | Leasehold |
| The Picture Works | 42 Queens Road, Nottingham, NG2 3DT | £3,200,000 | Leasehold |
| Gateway Plaza | Fitzwilliam Street, Barnsley, S70 2RD | £10,300,000 | Leasehold |

General Assumptions

Assumptions

Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our Terms of Engagement letter and within our report.

Key Assumptions

Whilst we have not provided a summary of all these assumptions here, we would in particular draw your attention to the following key assumptions:

- The properties have been constructed in accordance with all necessary Planning, Listed Building and Building Regulation approvals as appropriate.
- The buildings are in a good structural condition and state of repair. There is no significant capital expenditure required and that there is a sufficient sinking fund provision in place.
- The properties are free from environmental contamination.
- The condition of the apartments and common areas not inspected are presented to a good condition and that all flats are in a tenantable condition.
- The properties have a good, marketable title.
- The accommodation and tenancy schedules provided to us, and which we rely upon for the purpose of our valuation are accurate.
- All documentation provided to us regarding fire safety compliance, and any associate remedial works are accurate, and as such, the marketability of the property is good and is capable of transacting in the open market within a reasonable timeframe.
- That you have formally acknowledged that where our Valuation has been prepared in reliance upon an EWS1 form (or as revised), in the full knowledge and understanding that this document is produced in good faith by a professional third party but excludes any liability to the valuer or any other party, you agree that neither you, nor any other party, may pursue a claim against us for any losses or potential losses arising directly and solely from the Valuation being provided in reliance upon the EWS1 form.

Further to your instructions, we are pleased to provide our Valuation Report in respect of the above properties.

Signed for and on behalf of Knight Frank LLP

Signature

Chris Harrison MRICS
RICS Registered Valuer
Associate, Residential Development & Investment, Valuation & Advisory
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M +44 7736 464 608

This report has been reviewed, but not undertaken, by:

Signature

Andrew Davis MRICS
RICS Registered Valuer
Partner, Head of Regional Residential Investment & Development Valuations

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PART VII

DIRECTORS, MANAGEMENT AND ADMINISTRATION

1 DIRECTORS

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

The Directors are as follows:

Richard Grainger, Non-Executive Chairman

Richard is currently Chairman of McKay Securities Plc (also a UK REIT) and Liberation Group and was previously Chairman of Safestore Plc. He spent 25 years working in corporate finance, firstly with Hill Samuel Bank Limited and latterly with Close Brothers Group Plc where he was Chief Executive of their corporate finance division. Since finishing his executive career, Richard has chaired numerous public, private and management owned businesses. He qualified as a Chartered Accountant with Price Waterhouse.

Malcolm Cooper, Non-Executive Director, Chair of Audit Committee

Malcolm Cooper is currently a non-executive director at Morgan Sindall plc, Southern Water plc and MORhomes plc. Malcolm was previously a non-executive director of CLS Holdings plc for over 11 years, where he was a senior independent director and also chaired the Audit Committee and was a member of the Remuneration Committee. For 15 years, Malcolm ran one of the largest and most successful corporate treasury teams at National Grid plc, having previously worked in a number of finance and treasury roles at companies including British Gas plc. He has also been a member of the Listing Authority Advisory Panel, President of the Association of Corporate Treasurers, and Chair of the Education Committee of the Association of Corporate Treasurers.

Louise Bonham, Non-Executive Director

Louise was previously Co-Head of EMEA Asset Services and a member of the UK & Ireland Executive Committee at Cushman and Wakefield. Prior to Cushman and Wakefield, Louise was the Chief Operating Officer at CBRE for the EMEA Advisory and Transaction Services business. Louise also held prior roles covering REIT Equities Research at Deutsche Bank and in the Real Estate teams at Brunswick Group and Deloitte. Louise is also a qualified Chartered Accountant.

Philip Cropper, Non-Executive Director

Phillip has over 35 years of real estate experience with CBRE holding the final position of Vice Chairman of CBRE Hotels Europe and CEO of CBRE Loan Servicing Limited. Other executive roles at CBRE include 15 years establishing CBRE's Capital Advisors, and 10 years at CBRE UK Valuation and Investment Consulting. He was Chief Executive of the FCA regulated CBRE Indirect Investment Services Limited. He was for 10 years a Special Advisor to the Board of Resolution Properties, a role he currently holds for the board of Waypoint Capital. Philip is a Fellow of the Royal Institution of Chartered Surveyors.

The Board intends to appoint a fifth Director, prior to the Company's first AGM and it is anticipated that the individual will be independent and appointed in accordance with the Board's policy on appointing new Directors. Any appointment will be based on merit and objective criteria and, within this context, will promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

2 AIFM

- 2.1 The Company has appointed Carne Global AIFM Solutions (C.I.) Limited as the Company's alternative investment fund manager pursuant to the AIFM Agreement.
- 2.2 The AIFM is a leading fund governance provider established by investment professionals to provide tailored governance solutions and advisory services to traditional and alternative asset managers. The AIFM's main business is the provision of fund management services to investment funds such as the Company.
- 2.3 The AIFM is registered pursuant to the FSL to carry on fund services business as a manager of collective investment funds and AIF services business as a manager of AIFs and is regulated by the Jersey Financial Services Commission.

2.4 AIFM Agreement

- (a) The Company and the AIFM have entered into the AIFM Agreement, a summary of which is set out in paragraph 7.3 of Part XI (*Additional Information*) of this Prospectus, under which the AIFM has agreed to provide the Company with portfolio management and risk management services and to be the Company's alternative investment fund manager.
- (b) Details of the fees and expenses payable to the AIFM are set out in paragraph 6 of this Part VII below.

3 INVESTMENT ADVISER

- 3.1 The Company and the AIFM have appointed the Investment Adviser to provide certain services in relation to the Company and the Portfolio.
- 3.2 The Investment Adviser is part of the L1 Capital Pty Ltd group (together, **L1** or **L1 Capital**) and is 100 per cent. owned by its employees. L1 Capital was founded in 2007 by Mark Landau and Raphael Lamm and has grown to become a substantial international asset manager, with investment strategies across equities, convertible instruments and property. At present, L1 Capital has approximately AUD\$3.5 billion (£2.0 billion) in assets under management across the following funds:⁸
 - (a) L1 Capital Australian Equity Fund (launched August 2007), 8 per cent. net return per annum since inception;
 - (b) L1 Capital Long Short Fund (launched September 2014), 22 per cent. net return per annum since inception;
 - (c) L1 Capital Global Opportunities Fund (launched June 2015) 39 per cent. net return per annum since inception;
 - (d) L1 Capital UK Residential Property Fund (launched September 2017) 17 per cent. net return per annum since inception; and
 - (e) L1 Capital International Fund (launched March 2019), 17 per cent. net return per annum since inception.
- 3.3 The core management team of the Investment Adviser (whose details are set out below) is supported by wider a team of other accounting, asset management, compliance, public relations, administrative and support staff. The key individuals responsible for executing the Company's investment strategy at the Investment Adviser are:

(a) Kee Gan, Chief Investment Officer & Co-Founder

Kee Gan was a co-founder of the L1 Capital UK Residential Property Fund strategy in 2017. Prior to L1 Capital, Kee spent 11 years in Investment Banking with a final position as a Director at Deutsche Bank working across Leveraged Finance and M&A for Private Equity clients in London, Hong Kong and Sydney. Prior to investment banking, Kee was an Associate Consultant at Bain & Company.

⁸ Net performance for Australian Equities, Long Short Fund, Global Opportunities and International Fund as at Mar-21 and UK Property Fund I as at Dec-20 (hedged class, excludes management fees)

(b) David Lamm, Director & Co-Founder

David was a co-founder of the L1 Capital UK Residential Property Fund strategy in 2017. David has over 10 years of investment management experience at Kentgrove Capital. Previous roles include portfolio manager at the Alter Family office, Associate within the investment banking division at Credit Suisse and Senior Associate Consultant at Bain and Company. David is also Chairman of ASX listed NGE Capital.

(c) Laura Wicks, Asset Manager

Laura Wicks has over 12 years of experience in residential property management. Prior to joining L1 Capital, Laura held prior roles as an Asset Management Director of PRS at Jones Lang LaSalle, Head of Property Management at Get Living, Regional Director of Property Management at Countrywide plc and more recently was responsible for Built to Rent asset management strategy for Realstar Group. Benjamin Lazar, Chief Operating Officer

(d) Sam Smith, Asset Manager and Advisory

Sam has over 17 years in residential property real-estate experience. Sam was previously a Director of PRS Operations as at Lambert Smith Hampton. Prior to Lambert Smith Hamptons, Sam was a Senior Relationship Manager at Get Living. Prior to Get Living Sam was a member of Foxtons Central London Property Management division.

(e) Benjamin Lazar, Chief Operating Officer

Benjamin is the Chief Operating Officer and has over 10 years of experience in financial services and strategy consulting. Prior to joining the Investment Adviser, Benjamin was a consult at the Boston Consulting Group. Prior to Boston Consulting Group, Benjamin was a Manager within Deloitte's Transaction Services team. Benjamin graduated from the University of Melbourne.

(f) Danielle Moyles, Asset Manager (MRICS)

Danielle has over 8 years' experience in asset management. Prior to joining the Investment Advisor, Danielle was a Development Manager at Hammerson PLC. Danielle is also a Chartered Member of the Royal Institute of Chartered Surveyors (MRICS). Danielle is also a Member of ULI (Urban Land Institute). Danielle graduated from the University of Cambridge.

3.4 Investment Adviser Agreement

- (a) The Company, the AIFM and the Investment Adviser have entered into the Investment Adviser Agreement, a summary of which is set out in 7.4 of Part XI (*Additional Information*) of this Prospectus, under which the Investment Adviser has agreed to provide certain services to the Company and the AIFM in relation to the Company's portfolio, including sourcing investments for acquisition by the Company and due diligence in relation to proposed investments.
- (b) Details of the fees and expenses payable to the Investment Adviser are set out in paragraph 6 of this Part VII below.

4 ADMINISTRATOR AND COMPANY SECRETARY

Apex has been appointed as Administrator to the Company and will also provide company secretarial services and a registered office to the Company. The Administrator is responsible for calculating the Net Asset Value in consultation with the Investment Adviser and reporting this to the Board.

5 REGISTRAR

Link Market Services Limited has been appointed to provide registrar services to the Company pursuant to the Registrar Agreement. Under the Registrar Agreement, the Registrar has responsibility for maintaining the register of Shareholders, receiving transfers of Shares for certification and registration and receiving and registering Shareholders' dividend payments together with related services from Initial Admission.

6 FEES AND EXPENSES

6.1 Formation and initial expenses

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

6.2 Acquisition Costs

- (a) The costs of the acquisition of the Seed Assets are those costs (predominantly stamp taxes, documentation and due diligence costs (including legal, technical, accounting and financial advisory fees)), incurred by the Company (or its wholly owned subsidiaries) in connection with the acquisitions of the Seed Assets and are not included in the formation costs referred to above. The Acquisition Costs will be met out of the Net Issue Proceeds and are estimated to be approximately £0.5 million (assuming that the target fundraising of £150 million is raised pursuant to the Initial Issue and all the Seed Assets are acquired by the Company).
- (b) The Acquisition Costs will be treated consistently across assets and will be capitalised in the calculation of the Net Asset Value for all assets. The Net Asset Value will be reconciled to the IFRS accounts (including in relation to capitalised Acquisition Costs) in the annual report and accounts.
- (c) The Company will also incur certain costs on the acquisition of future assets, which primarily consists of UK Stamp Duty Land Tax (which may reduce the Net Asset Value following any such acquisition).
- (d) The Company will also incur certain expenditures associated with the properties primarily in relation to service charges, repairs and maintenance and property management fees. Historically, for the Seed Assets, these expenditures have totalled approximately 27.7 per cent. of the gross rental income.

6.3 Ongoing annual expenses

- (a) Ongoing annual expenses will include the following:

- (i) AIFM

Under the AIFM Agreement, the AIFM will receive a fee of £95,000 per annum.

- (ii) Investment Adviser

Under the terms of the Investment Adviser Agreement, the Investment Adviser is entitled to receive from the Company in respect of its services provided under the Investment Adviser Agreement, an annual investment advisory fee calculated at the rate of:

- 1 per cent. p.a. of Net Asset Value up to and including £500 million;
- 0.9 per cent. p.a. of Net Asset Value in excess of £500 million and up to and including £1 billion;
- 0.8 per cent. p.a. of Net Asset Value in excess of £1 billion and up to and including £1.5 billion; and
- 0.7 per cent. p.a. of Net Asset Value in excess of £1.5 billion.

75 per cent. of the investment advisory fee will be payable in cash, quarterly in arrears and 25 per cent. of the investment advisory fee will be payable in Ordinary Shares (subject to the issue of such shares not triggering any requirement for a mandatory offer under Rule 9 of the City Code and also subject to the discretion of the Directors to satisfy this element of the advisory fee in cash where the Ordinary Shares are trading at a premium to the prevailing NAV). The Ordinary Shares will be issued on a half yearly basis (within 20 business days of the relevant NAV announcement).

Subject to the Directors not exercising their discretion referred to above where the Ordinary Shares are trading at a premium, the issue price for such Ordinary Shares will be the prevailing NAV as at the end of the relevant half year period. If, however, the Ordinary Shares are trading at a discount to the prevailing NAV at the relevant time, no Ordinary Shares will be issued and the Investment Adviser will direct the Company to instruct its broker to acquire the relevant shares in the market to the value as near as possible to 25 per cent. of the advisory fee payable to the Investment Adviser in respect of the relevant period.

In the event that the issue or acquisition of Ordinary Shares by the Investment Adviser in satisfaction of the investment advisory fee would trigger a mandatory offer under Rule 9 of the Takeover Code, then the relevant fee will be settled in cash, quarterly in arrears.

The Ordinary Shares issued in respect of the investment advisory fee shall be subject to a 12 month lock-up, subject to customary exceptions.

No performance or transaction fees (i.e. acquisition or disposal fees) will be payable to the Investment Adviser.

(iii) Administrator and Company Secretary

- (A) Under the terms of the Administration Agreement, the Administrator is entitled to receive an administration fee for the provision of certain administration services to the Company calculated at an annual rate of (i) 3 basis points of NAV up to £200 million plus (ii) 2 basis points of NAV above £200 million and up to £500 million plus (iii) 1.5 basis points of NAV in excess of £500 million subject to a minimum annual fee.
- (B) The Administrator is also entitled to a company secretarial fee for the provision of certain company secretarial services to the Company.
- (C) The Administrator is entitled to additional fees for any services provided in connection with the Issue, for providing company secretarial and administration services to any SPVs and for providing any additional services to the Company which are outside the scope of the administration and company secretarial services covered by the administration and company secretarial fees referred to above.

(iv) Registrar

Under the terms of the Registrar Agreement, the Registrar is entitled to an annual maintenance fee per Shareholder account per annum subject to a minimum annual fee from Initial Admission. The Registrar is also entitled to certain transaction fees under the Registrar Agreement.

(v) Directors

- (A) Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. Save for the Chairman, the initial fees will be £35,000 for each Director per annum. The Chairman's initial fee will be £70,000 per annum. In addition, the Chair of the Audit Committee will receive an additional fee of £5,000 per annum. Additional fees may also be payable for work in relation to any further capital raisings from time to time if they require a prospectus to be published.
- (B) Each of the Directors will also be entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the business of the Company. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

- (vi) Other operational expenses
 - (A) Other ongoing operational expenses (excluding fees paid to service providers as detailed above) of the Company will be borne by the Company including travel, accommodation, printing, insurance costs, audit, finance costs, legal fees (including those incurred on behalf of the Company by the AIFM or the Investment Adviser), corporate broking fees, annual London Stock Exchange fees and AIC membership fees. All reasonable out of pocket expenses of the AIFM, the Investment Adviser, the Administrator, the Registrar, the Company's other service providers and the Directors relating to the Company will be borne by the Company. Estimated annual Company level costs are expected to comprise approximately £1.2 million (including VAT).
 - (B) The Company has prepared a key information document required under the UK PRIIPs Laws in relation to the Ordinary Shares. Such laws require costs to be calculated and presented in accordance with detailed and prescriptive rules. The key information document in relation to the Ordinary Shares is available on the Company's website (www.ukresidentialreit.com).

7 CONFLICTS OF INTEREST

- 7.1 The AIFM, the Investment Adviser and their officers and employees may from time to time act for other clients or manage or advise other funds, which may have similar investment objectives and policies to that of the Company. As an example, members of the Investment Adviser's group will continue to have a relationship with the L1 Capital UK Residential Property Funds from where the investment strategy initially originated and also where the Seed Assets are being sourced from. The Investment Adviser will continue to manage or advise on these existing funds until they reach the prescribed maturity date and / or wind-up date. In particular, the L1 Capital UK Residential Property Funds that the Investment Adviser currently manages have approximately £20 million unutilised capacity in aggregate and such amount is immaterial in comparison to the expected Net Asset Value of the Company.
- 7.2 Circumstances could arise where investment opportunities will be available to the Company that are also suitable for one or more of such clients of the AIFM or the Investment Adviser or such other funds. In such circumstances, the Investment Adviser has agreed in the Investment Advisory Agreement that it will offer the Company a right of first refusal in respect of any acquisition opportunities comprising tenanted residential blocks of apartments in the UK. In addition, the Investment Adviser has also agreed that for so long as its appointment under the Investment Adviser Agreement continues in full force and effect, it will not, and will procure that none of its associates shall, act as the promoter, investment adviser or investment manager of any other London listed real estate investment company investing in the UK PRS sector whose investment objective and investment policy are substantially the same as the Company's.
- 7.3 The Directors have satisfied themselves that the AIFM and the Investment Adviser have procedures in place to address potential conflicts of interest. In accordance with the Investment Adviser Agreement, in the event of a conflict between the Company and the Investment Adviser, the Investment Adviser is obliged to take reasonable steps to ensure that the conflict is resolved fairly.
- 7.4 The AIFM and the Investment Adviser are obliged to notify the Company of any actual or potential conflict of interest which they identify in relation to the performance of their duties and shall discuss with the Company how such conflict of interest is to be managed.
- 7.5 The AIFM, the Investment Adviser and any of their directors, officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an Interested Party) may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and shall not be liable to account for any profit from any such services. For example, an Interested Party may acquire on behalf of a client an investment in which the Company may invest.

8 CORPORATE GOVERNANCE

- 8.1 The Board of the Company has considered the principles and provisions of the AIC Code. The AIC Code addresses the principles and provisions set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as an investment company.
- 8.2 The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to Shareholders. As a recently incorporated company, the Company does not yet comply with the UK Corporate Governance Code or the principles of good governance contained in the AIC Code. However, the Company intends to join the AIC as soon as practicable following Initial Admission, and arrangements have been put in place so that, with effect from Initial Admission, the Company will comply with the AIC Code, except as set out below.
- 8.3 The UK Corporate Governance Code includes provisions relating to: the role of the chief executive; executive directors' remuneration; and the need for an internal audit function. The Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company and the Company does not, therefore, intend to comply with them.
- 8.4 The Company's Audit Committee will be chaired by Malcolm Cooper, consist of all the Directors and will meet at least twice a year. The Board considers that the members of the Audit Committee have the requisite skills and experience to fulfil the responsibilities of the Audit Committee. The Audit Committee will examine the effectiveness of the Company's risk management and internal control systems. It will review the half-yearly and annual reports and also receive information from the AIFM and the Investment Adviser. It will also review the scope, results, cost effectiveness, independence and objectivity of the external auditor.
- 8.5 In accordance with the AIC Code, the Company has established a Management Engagement Committee which will be chaired by Louise Bonham and consist of all the Directors. The Management Engagement Committee will meet at least once a year or more often if required. Its principal duties will be to consider the terms of appointment of the AIFM, the Administrator, the Registrar and the Investment Adviser and it will annually review these appointments and the terms of the AIFM Agreement, the Administration Agreement, the Registrar Agreement and the Investment Adviser Agreement.
- 8.6 The Board will fulfil the responsibilities typically undertaken by a nomination committee and a remuneration committee.

9 DIRECTORS' SHARE DEALINGS

The Board has adopted and implemented a dealing code for Directors and other PDMRs (which includes key personnel of the Investment Adviser) 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.

PART VIII

THE INITIAL ISSUE AND THE PLACING PROGRAMME

1 INTRODUCTION

- 1.1 The number of Ordinary Shares that can be issued pursuant to the Initial Issue shall not exceed 200 million. The actual number of Ordinary Shares to be issued pursuant to the Initial Issue is not known as at the date of this Prospectus and will be determined by the Company and the Joint Bookrunners after taking into account the demand for Ordinary Shares and prevailing market conditions.
- 1.2 The number of Ordinary Shares issued pursuant to the Initial Issue will, once determined, be notified by the Company by an RIS announcement and on its website, on or around 14 July 2021. The Initial Issue is not being underwritten.
- 1.3 Following completion of the Initial Issue, pursuant to the Placing Programme the Directors may, at their sole and absolute discretion, decide to carry out one or more Subsequent Placings after Initial Admission and no later than the Final Closing Date, should the Board determine that market conditions are appropriate. The maximum number of Ordinary Shares that may be issued under the Placing Programme is 350 million (less the number of Ordinary Shares issued pursuant to the Initial Issue).
- 1.4 The Ordinary Shares are only suitable for investors: (i) who understand the potential risk of capital loss; (ii) for whom an investment in the Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment portfolio. It should be remembered that the price of the Shares and the returns from them can go down as well as up and that investors may not receive, on a sale, redemption or cancellation of Shares, the amount that they invested.

2 THE INITIAL ISSUE

- 2.1 The Initial Issue is conditional on among other things:
 - (a) Initial Admission occurring and becoming effective by 8.00 a.m. (London time) on 16 July 2021 (or such later time and date, not being later than 19 August 2021, as the Company, the Investment Adviser and the Joint Bookrunners may agree);
 - (b) each Seed Assets Acquisition Agreement not having been terminated in accordance with its terms prior to Initial Admission;
 - (c) the Sponsor and Placing Agreement becoming unconditional in respect of the Initial Placing and not having been terminated in accordance with its terms on or before the Initial Admission; and
 - (d) the Minimum Gross Proceeds being raised.

If the Minimum Net Proceeds are not raised (and therefore the Minimum Net Proceeds are not raised), the Initial Issue may only proceed where a supplementary prospectus (including a working capital statement based on a revised minimum net proceeds figure) has been prepared in relation to the Company and approved by the FCA.

2.2 Initial Placing

- (a) The Joint Bookrunners have agreed, pursuant to the Sponsor and Placing Agreement, to use their respective reasonable endeavours to procure Placees to subscribe for Shares pursuant to the Initial Issue and the Placing Programme. Details of the Sponsor and Placing Agreement are set out in paragraph 7.2 of Part XI (*Additional Information*) of this Prospectus.
- (b) The terms and conditions which shall apply to any subscription for Ordinary Shares pursuant to the Initial Placing are contained in Part XII (*Terms and Conditions of Placings*) of this Prospectus.
- (c) The results of the Initial Placing are expected to be announced on 14 July 2021.

- (d) The Initial Placing is not being underwritten.

Under the Placing Agreement, the Joint Bookrunners will be entitled at their respective discretion and out of their own resources at any time to rebate to any third-party or investor part or all of their 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 their own resources.

2.3 Offer for Subscription

- (a) The Company is also offering the Ordinary Shares to investors in the United Kingdom, Jersey, Guernsey and the Isle of Man pursuant to the Offer.
- (b) The Terms and Conditions of the Offer for Subscription are set out in Part XIII (*Terms and Conditions of the Offer for Subscription*) of this Prospectus and notes on how to complete the Application Form and the Application Form are set out in Appendix 1 and Appendix 2, respectively, to this Prospectus. The Terms and Conditions of the Offer for Subscription should be read carefully before an application is made. Application Forms must be posted to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL, so as to arrive by no later than 11.00 a.m. on 12 July 2021. Unless extended, the Offer will be closed at that time.
- (c) Applications under the Offer must be for Ordinary Shares with a minimum number of 1,000 Ordinary Shares at the Initial Issue Price and thereafter in multiples of 100 Ordinary Shares, or such lesser amount as the Company may determine (at its discretion).
- (d) Application Forms accompanied by a cheque or banker's draft in Sterling made payable to Link Market Services Ltd RE: The UK Residential REIT plc – OFS CHQ A/C and crossed "A/C Payee Only" for the appropriate sum should be posted so as to be received by the Receiving Agent by no later than 11.00 a.m. on 12 July 2021. If the Offer is extended, the revised timetable will be notified to any investors who have returned Application Forms.
- (e) For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 11.00 a.m. on 12 July 2021. Applicants should send payment to the relevant bank account as detailed on the Application Form. Applicants must ensure that they remit sufficient funds to cover any charges incurred by their bank.

The payment instruction relating to the electronic transfer must also include a unique reference comprising your name and a contact telephone number which should be entered in the reference field on the payment instruction, for example: MJ Smith 01234 567890. The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference nor where a payment has been received but without an accompanying Application Form.

The account name for any electronic payment should be in the name that is given on your Application Form and payments must relate solely to your application. It is recommended that such transfers are actioned within 24 hours of posting your application and be received by no later than 11.00 a.m. on 12 July 2021.

- (f) Applicants choosing to settle via CREST, that is DvP, will need to input their instructions in favour of the Receiving Agent's Participant Account RA06 by no later than 11.00 a.m. on 12 July 2021, for the Receiving Agent to match in CREST, allowing for the delivery and acceptance of Ordinary Shares to be made against payment of the Issue Price per Ordinary Share in Sterling through the CREST system upon the relevant settlement date, following the CREST matching criteria set out in the Application Form.

In addition to completing and returning the Application Form to the Receiving Agent, applicants intending to hold Ordinary Shares in certificated form will also need to complete and return a Tax Residency Self Certification Form. The "Tax Residency Self-Certification Form (Individuals)" form

can be found at Appendix 3 of this Prospectus, further copies of this form and the relevant form for joint holdings or corporate entity holdings can be requested from the Receiving Agent on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot give any financial, legal or tax advice.

It is a condition of any application under the Offer for Subscription that a completed version of the relevant Tax Residency Self-Certification Form is provided with the Application Form before any Application under the Offer for Subscription can be accepted, with the exception of any investors that are paying for their subscription through CREST on a DvP basis, as no Tax Residency Self-Certification Form will be required for DvP CREST investors to accompany the duly completed Application Form.

Application Forms that are returned without the completed Tax Residency Self-Certification Forms (except for DvP CREST investors) will be referred to the Company after the Offer for Subscription closes at 11.00 a.m. on 12 July 2021. It will then be the Company's decision if these Application Forms can be accepted under the Offer for Subscription.

Applications may be rejected in whole or in part at the sole discretion of the Company. If the Offer for Subscription is extended, the revised timetable will be notified via a Regulatory Information Service announcement.

2.4 Intermediaries Offer

- (a) Investors may also subscribe for Ordinary Shares at the Issue Price of 100 pence per Ordinary Share pursuant to the Intermediaries Offer. Only the Intermediaries' retail investor clients in the United Kingdom are eligible to participate in the Intermediaries Offer. Investors may apply to any one of the Intermediaries to be accepted as their client.
- (b) No Ordinary Shares allocated under the Intermediaries Offer will be registered in the name of any person whose registered address is outside the United Kingdom. A minimum application of 1000 Ordinary Shares per Underlying Applicant will apply and thereafter an Underlying Applicant may apply for any higher amount. Allocations to Intermediaries will be determined solely by the Company (following consultation with the Joint Bookrunners).
- (c) An application for Ordinary Shares in the Intermediaries Offer means that the Underlying Applicant agrees to acquire the Ordinary Shares applied for at the Issue Price. Each Underlying Applicant must comply with the appropriate money laundering checks required by the relevant Intermediary and all other laws and regulations applicable to their agreement to subscribe for Ordinary Shares. Where an application is not accepted or there are insufficient Ordinary Shares available to satisfy an application in full, the relevant Intermediary will be obliged to refund the Underlying Applicant as required and all such refunds shall be made without interest. The Company, the Investment Adviser, the AIFM and the Joint Bookrunners accept no responsibility with respect to the obligation of the Intermediaries to refund monies in such circumstances.
- (d) Each Intermediary has agreed, or will on appointment agree, to the Intermediaries Terms and Conditions, which regulate, *inter alia*, the conduct of the Intermediaries Offer on market standard terms and provide for the payment of a commission and/or fee (to the extent permissible by the rules of the FCA) to Intermediaries from the Intermediaries Offer Adviser acting on behalf of the Company if such Intermediary elects to receive a commission and/or fee. Pursuant to the Intermediaries Terms and Conditions, in making an application, each Intermediary will also be required to represent and warrant that they are not located in the United States and are not acting on behalf of anyone located in the United States.
- (e) In addition, the Intermediaries may prepare certain materials for distribution or may otherwise provide information or advice to retail investors in the United Kingdom, subject to the terms of the Intermediaries Terms and Conditions. Any such materials, information or advice are solely the

responsibility of the relevant Intermediary and will not be reviewed or approved by any of the Company, the AIFM, the Investment Adviser, the Joint Bookrunners or the Intermediaries Offer Adviser. Any liability relating to such documents shall be for the relevant Intermediaries only.

- (f) The Intermediaries Terms and Conditions provide for the Intermediaries to have an option (where the payment of such commission and/or fee is not prohibited) to be paid a commission and/or fee by the Intermediaries Offer Adviser (acting on behalf of the Company) where it has elected to receive such commission and/or fee in respect of the Ordinary Shares allocated to and paid for by them pursuant to the Intermediaries Offer.

2.5 Pricing

All the Ordinary Shares issued pursuant to the Initial Issue will be issued at the Initial Issue Price of 100 pence per Ordinary Share.

2.6 Size of Initial Issue, scaling back and allocation

- (a) The number of Ordinary Shares that can be issued pursuant to the Initial Issue shall not exceed 200 million.
- (b) The Directors have discretion (following consultation with the Joint Bookrunners) to determine the basis of allocation within the Initial Issue, including any required scaling back of orders from investors.
- (c) The Company will notify investors of the number of Ordinary Shares to be issued pursuant to the Initial Issue in respect of which their application has been successful. The results of the Initial Issue will be announced by the Company on or around 14 July 2021 by way of a RIS announcement.

2.7 Dilution in connection with the Initial Issue

The Initial Issue will not result in dilution.

2.8 Initial Admission and dealings

- (a) Initial Admission is expected to take place and dealings in Ordinary Shares to be issued pursuant to the Initial Issue are expected to commence on the London Stock Exchange at 8.00 a.m. on 16 July 2021. There will be no conditional dealings in the Ordinary Shares being issued pursuant to the Initial Issue prior to Initial Admission.
- (b) The Company does not guarantee that at any particular time a market in the Ordinary Shares will exist, nor does it guarantee the price at which a market will be made in the Ordinary Shares. Accordingly, the dealing price of the Ordinary Shares may not necessarily reflect changes in the NAV per Ordinary Share.
- (c) Where applicable, definitive share certificates in respect of the Ordinary Shares issued pursuant to the Initial Issue are expected to be despatched, by first class post at the risk of the recipients, to the relevant holders' registered address, within 10 Business Days of Initial Admission. The Ordinary Shares are in registered form and can also be held in uncertificated form from Initial Admission. Prior to the despatch of definitive share certificates in respect of any Ordinary Shares which are held in certificated form, transfers of those Ordinary Shares will be certified against the Register. No temporary documents of title will be issued.

2.9 Use of proceeds

The Company's investment objective is to provide Shareholders with an attractive level of income together with the scope for capital growth by investing in a diversified portfolio of residential real estate assets in the United Kingdom. The Net Issue Proceeds and the net proceeds of any Subsequent Placing will be invested in accordance with the Company's investment policy.

3 THE PLACING PROGRAMME

- 3.1 Pursuant to the Placing Programme, the Directors may, at their sole and absolute discretion, decide to carry out one or more Placings after Initial Admission and no later than the Final Closing Date, should the Board determine that market conditions are appropriate.
- 3.2 The Placing Programme is flexible and may have a number of closing dates (each, an **Interim Closing Date**). The Board expects that any Subsequent Placings pursuant to the Placing Programme will only be carried out after the Net Issue Proceeds are invested or committed (or 80 per cent. of the gross proceeds of any prior Subsequent Placing has been invested or committed) in accordance with the Company's investment policy.
- 3.3 The maximum number of Ordinary Shares that may be issued under the Placing Programme is 350 million (less the number of Ordinary Shares issued pursuant to the Initial Issue).
- 3.4 Each Subsequent Placing under the Placing Programme will be conditional on, among other things:
 - (a) the relevant Admission occurring and becoming effective by 8.00 a.m. (London time) on such date as the Company specifies, not being later than the Final Closing Date;
 - (b) the applicable Placing Programme Price being determined by the Directors;
 - (c) a valid supplementary prospectus being published by the Company if such is required by the UK Prospectus Regulation;
 - (d) the Sponsor and Placing Agreement not having been terminated in accordance with its terms before the relevant Admission; and
 - (e) the Joint Bookrunners confirming to the Placees their allocation of Shares pursuant to such Subsequent Placing.
- 3.5 The actual number of new Ordinary Shares to be issued under the Placing Programme will be determined by the Company (in consultation with the Joint Bookrunners) after taking into account demand for the new Shares.
- 3.6 The Placing Programme will not be underwritten and there will be no minimum subscription for Issue Shares that are made available under the Placing Programme save for any minimum market capitalisation requirements, and any minimum amount necessary in order to satisfy any shares in public hands test, set by the Listing Rules, and save for the Company not becoming a "close company" (as defined in section 439 of the Corporation Tax Act).
- 3.7 The actual number of Ordinary Shares issued pursuant to the Initial Issue and Issue Shares to be issued pursuant to the Placing Programme is not known. The number of Ordinary Shares issued pursuant to the Initial Issue and available Issue Shares to be issued pursuant to the Placing Programme should not be taken as an indication of the number of Shares finally to be issued pursuant to the Initial Issue or the Placing Programme, respectively.
- 3.8 The minimum price at which new Ordinary Shares will be issued pursuant to a Subsequent Placing under the Placing Programme will be set at a premium to the latest published NAV per Ordinary Share at the relevant time, with a view to covering the costs and expenses of the Placing (including, without limitation, any placing commissions). The Placing Programme Price for any Ordinary Shares issued under the Placing Programme shall be disclosed by way of an RIS announcement at the relevant time.
- 3.9 No fractions of Ordinary Shares will be issued pursuant to the Initial Issue or the Placing Programme. If a fractional entitlement to a Share arises on an application, the number of Shares issued will be rounded down to the nearest whole number. Any rounding will be retained for the benefit of the Company.
- 3.10 Further details about any Subsequent Placings (including the issue price for any such Placing or the maximum size of such Subsequent Placing) will be notified by the Company by an RIS announcement and on the Company's website prior to Admission of the relevant Issue Shares.

3.11 The terms and conditions applicable to any subscription for new Issue Shares pursuant to the Placing Programme are contained in Part XII (*Terms and Conditions of Placings*) of this Prospectus.

4 DILUTION IN CONNECTION WITH SUBSEQUENT PLACINGS

4.1 If 350 million Issue Shares were to be issued pursuant to Subsequent Placings (being the maximum number of Shares that the Directors will be authorised to issue under the Placing Programme) and assuming that: (i) 200 million Ordinary Shares had been issued at Initial Admission; (ii) no other Ordinary Shares had been issued since Initial Admission; and (iii) the relevant investor did not participate in any Subsequent Placings, an investor holding 1 per cent. of the Company's issued share capital after the Initial Issue would then hold 0.50 per cent. of the Company's issued share capital following completion of all the Subsequent Placings.

4.2 General

- (a) Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK, the Company (and their agents) may require evidence in connection with any application for Issue Shares, including further identification of the applicant(s), before any Issue Shares are issued.
- (b) In the event that there is any material mistake or material inaccuracy relating to the information in this Prospectus or where any significant new factor relating to the information in this Prospectus has arisen after the publication of this Prospectus and prior to Initial Admission or any Subsequent Admission, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of any such significant new factor, material mistake or material inaccuracy.
- (c) The Directors (in consultation with the Joint Bookrunners) may in their absolute discretion waive the minimum application amounts in respect of any particular application for Ordinary Shares under the Initial Issue.
- (d) Should the Initial Issue be aborted or fail to complete for any reason, monies received will be returned without interest at the risk of the applicant.
- (e) Definitive certificates in respect of Ordinary Shares in certificated form will be despatched within 10 Business Days of Initial Admission.

4.3 Clearing and settlement

- (a) In the case of any Subsequent Placing, payment for the Shares should be made in accordance with settlement instructions to be provided to Placees by (or on behalf of) the Company or the Joint Bookrunners. In the case of the Offer, payment for the Ordinary Shares should be made in accordance with the Terms and Conditions of the Offer in Part XIII (*Terms and Conditions of the Offer for Subscription*) of this Prospectus and in the Application Form. To the extent that any application for Issue Shares is rejected in whole or in part (whether by scaling back or otherwise), monies received will be returned without interest at the risk of the applicant.
- (b) The Issue Shares will be issued in registered form and may be held in either certificated or uncertificated form and settled through CREST from Initial Admission. In the case of any Issue Shares to be issued in uncertificated form pursuant to the Initial Issue or the Placing Programme, these will be transferred to successful applications through the CREST system.

4.4 CREST

- (a) CREST is a paperless settlement procedure operated by Euroclear enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of shares under the CREST system. The Company has applied for the Ordinary Shares issued pursuant to the Initial Issue to be admitted to CREST with effect from Initial Admission and it is expected that the Ordinary Shares will be admitted to CREST with

effect from that time. Accordingly, settlement of transactions in Ordinary Shares following Initial Admission may take place within the CREST system if any Shareholder so wishes. The Company will similarly apply for any new Issue Shares that may be issued pursuant to the Placing Programme to be admitted to CREST with effect from the relevant Subsequent Admission and it is expected that such new Issue Shares will be admitted to CREST with effect from that time. Accordingly, settlement of transactions in new Issue Shares following the relevant Subsequent Admission may take place within the CREST system if any Shareholder so wishes.

- (b) It is expected that the Company will arrange for Euroclear to be instructed via the Receiving Agent as soon as is reasonably practicable on 16 July 2021 to credit the appropriate CREST accounts of the subscribers concerned or their nominees with their respective entitlements to the Ordinary Shares issued pursuant to the Initial Issue. Similarly, where new Issue Shares are issued pursuant to the Placing Programme, the Company will arrange for Euroclear to be instructed via the Registrar from time to time to credit the appropriate CREST accounts of the subscribers concerned or their nominees with their respective entitlements to the new Shares. The names of subscribers or their nominees investing through their CREST accounts will be entered directly on to the Register.
- (c) The transfer of Ordinary Shares into or out of the CREST system at any time following Initial Admission should be arranged directly through CREST. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of the registered holder to CREST for share certificates or an uncertificated holding in definitive registered form.
- (d) CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. An investor applying for new Issue Shares may elect to receive such new Issue Shares in uncertificated form if such investor is a system-member (as defined in the CREST Regulations) in relation to CREST. If a Shareholder or transferee requests Issue Shares to be issued in certificated form and is holding such Issue Shares outside CREST, a share certificate will be despatched either to them or their nominated agent (at his risk) within 21 days of completion of the registration process or transfer, as the case may be, of the Issue Shares. Shareholders holding definitive certificates may elect at a later date to hold such shares through CREST or in uncertificated form provided they surrender their definitive certificates.

4.5 ISAs and SSAS/SIPPs

- (a) Ordinary Shares acquired by a UK resident individual Shareholder pursuant to an offer to the public (i.e. through the Offer for Subscription or the Intermediaries Offer or in the secondary market (but not directly under the Placing)) should be eligible to be held in an ISA, subject to applicable annual subscription limits.
- (b) Subject to the rules of the particular SIPP or SSAS, the Ordinary Shares should be eligible for inclusion provided, broadly, that the pension scheme member (or an associated or connected person) does not occupy or use any residential property held by the Company and the SIPP or SSAS in question does not hold (directly or indirectly) more than 10 per cent. of any of the Ordinary Shares or the Company's voting rights or rights to income or amounts on a distribution or rights to the assets on a winding up.
- (c) Individuals wishing to invest in Ordinary Shares through an ISA, SIPP or SSAS should contact their professional advisers regarding their eligibility.

4.6 Dealings

- (a) Applications will be made to the London Stock Exchange and the FCA for the Ordinary Shares issued pursuant to the Initial Issue and the Issue Shares to be issued pursuant to the Placing Programme to be admitted to trading on the Main Market and to listing on the premium listing segment of the Official List.
- (b) It is expected that Initial Admission will become effective and that unconditional dealing in the Ordinary Shares will commence at 8.00 a.m. on 16 July 2021.

- (c) The ISIN of the Ordinary Shares is GB00BMXTBJ38, the SEDOL in respect of the Ordinary Shares is BMXTBJ3.
- (d) The Company does not guarantee that at any particular time any market maker(s) will be willing to make a market in any class of the Issue Shares, nor does it guarantee the price at which a market will be made in the Issue Shares. Accordingly, the dealing price of any class of Issue Shares may not necessarily reflect changes in their respective Net Asset Values.

4.7 US Purchase and transfer restrictions

- (a) The Ordinary Shares and Subscription Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Ordinary Shares and Subscription Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act), except pursuant to an exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the Ordinary Shares and/or Subscription Shares in the United States. The Ordinary Shares and Subscription Shares are being offered or sold outside the United States to non-US Persons in offshore transactions in reliance on the exemption from the registration requirements of the US Securities Act provided by Regulation S thereunder. The Company has not been and will not be registered under the US Investment Company Act and investors will not be entitled to the benefits of the US Investment Company Act.
- (b) Accordingly, US investors may not reoffer, resell, pledge or otherwise transfer or deliver, directly or indirectly, any Ordinary Shares and/or Subscription Shares within the United States, or to, or for the account or benefit of, any US Person. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions and may subject the holder to the forced transfer and other provisions set out in the Articles.

4.8 Representations, warranties and undertakings

- (a) By participating in the Initial Issue or any Subsequent Placing (as applicable), each subscriber of the relevant Issue Shares will, unless otherwise expressly agreed with the Company and the Joint Bookrunners, be deemed to have represented, warranted, undertaken, agreed and acknowledged as follows as of the date it subscribes or otherwise acquires such Issue Shares or any beneficial interest therein:
 - (i) either (x), it is not a US Person, is not located within the United States, is acquiring the Issue Shares in an offshore transaction meeting the requirements of Regulation S and is not acquiring the Issue Shares for the account or benefit of a US Person or (y) it is both a “qualified institutional buyer” (as the term is defined in Rule 144A under the US Securities Act) that is also a “qualified purchaser” within the meaning of Section 2(a)(51) of the US Investment Company Act;
 - (ii) if it is located inside the United States or is a US Person, it is a “qualified institutional buyer” (as the term is defined in Rule 144A under the US Securities Act) that is also a “qualified purchaser” within the meaning of Section 2(a)(51) of the US Investment Company Act, and the related rules thereunder and is acquiring the Issue Shares for its own account or for the account of one or more “qualified institutional buyers” that are also “qualified purchasers” for which it is acting as a duly authorised agent or for a discretionary account with respect to which it exercises sole investment discretion and not with a view to any resale, distribution or other disposition of any such securities in violation of any US federal or state securities laws;
 - (iii) it acknowledges that the Issue Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US Persons absent registration or an exemption from registration under the US Securities Act;

- (iv) it acknowledges that the Company has not registered under the US Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the US Investment Company Act;
- (v) unless the Company expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the Issue 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 Part 4 of subtitle B of fiduciary responsibility or prohibited transaction Title I of ERISA; (ii) a “plan” as defined in section 4975 of the US Tax Code, including an individual retirement account, that is subject to section 4975 of the US Tax Code; or (iii) an entity whose underlying assets include the assets of any such “employee benefit plan” or “plans” by reason of ERISA or the US Department of Labor Regulations, 29 C.F.R. 2510.3-101, as and to the extent modified by section 3(42) of ERISA (the **Plan Assets Regulation**), or otherwise (including certain insurance company general accounts) for the purposes of section 4.6 of ERISA or section 4975 of the US Tax Code. In addition, if an investor is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA or section 4975 of the US Tax Code, its purchase, holding, and disposition of the Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- (vi) if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the Issue Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act and under circumstances which: (a) will not require the Company to register under the US Investment Company Act; and (b) will not result in the assets of the Company constituting “plan assets” within the meaning of ERISA or the Plan Assets Regulation;
- (vii) that if any Issue Shares offered and sold are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

“THE UK RESIDENTIAL REIT PLC (THE “**COMPANY**”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**US INVESTMENT COMPANY ACT**”). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “**US SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED, EXERCISED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS EXCEPT IN ACCORDANCE WITH THE US SECURITIES ACT OR AN EXEMPTION THEREFROM AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE US INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS.

UNLESS OTHERWISE EXPRESSLY AGREED WITH THE COMPANY, THESE SECURITIES MAY NOT BE ACQUIRED BY: (I) INVESTORS USING ASSETS OF: (A) AN “EMPLOYEE BENEFIT PLAN” AS DEFINED IN SECTION 3(3) OF ERISA THAT IS SUBJECT TO TITLE I OF ERISA; (B) A “PLAN” AS DEFINED IN SECTION 4975 OF THE US TAX CODE, INCLUDING AN INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE US TAX CODE; OR (C) AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE “PLAN ASSETS” BY REASON OF INVESTMENT BY AN “EMPLOYEE BENEFIT PLAN” OR “PLAN” DESCRIBED IN PRECEDING CLAUSE (A) OR (B) IN SUCH ENTITY PURSUANT TO THE US PLAN ASSETS REGULATIONS; OR (II) A GOVERNMENTAL, CHURCH, NON-US OR OTHER EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-US LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE US TAX CODE, UNLESS ITS PURCHASE, HOLDING, AND DISPOSITION OF THE ISSUE SHARES WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW.”;

- (viii) if it is a person described in sub-paragraph (b) above and, if in the future it decides to offer, resell, pledge or otherwise transfer any of the Issue Shares, it understands and acknowledges that the Issue Shares are “restricted securities” within the meaning of Rule 144 under the US Securities Act and such Issue Shares may be offered, resold, pledged or otherwise transferred only: (i) in an offshore transaction complying with the provisions of Regulation S under the US Securities Act to a person outside the United States and not known by the transferor to be a US Person, by pre-arrangement or otherwise, upon delivery to the Company of an exit certificate executed by the transferor in a form reasonably satisfactory to the Company, or (ii) to the Company or a subsidiary thereof;
 - (ix) it is purchasing the Issue 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 Issue Shares in any manner that would violate the US Securities Act, the US Investment Company Act or any other applicable securities laws;
 - (x) it acknowledges that the Company reserves the right to make inquiries of any holder of the Issue Shares or interests therein at any time as to such person’s status under the US federal securities laws and to require any such person that has not satisfied the Company that the holding of Issue Shares by such person will not violate or require registration under the US securities laws to transfer such Issue Shares or interests in accordance with the Articles;
 - (xi) it acknowledges and understands that the Company is required to comply with the US Foreign Account Tax Compliance Act (**FATCA**) and that the Company will follow FATCA’s extensive reporting and withholding requirements from their effective date. Each subscriber of Issue Shares agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA;
 - (xii) it is entitled to acquire the Issue 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 Issue Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Adviser, the AIFM of the Joint Bookrunners or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with its acceptance of participation in the Initial Issue and/or any Subsequent Placing (as the case may be);
 - (xiii) 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 Issue Shares to or within the United States or to any US Persons, nor will it do any of the foregoing; and
 - (xiv) if it is acquiring any Issue Shares as a fiduciary or agent for one or more accounts, it 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.
- (b) The Company, the Investment Adviser, the AIFM and the Joint Bookrunners 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 must immediately notify the Company and the Joint Bookrunners.

PART IX

THE REIT REGIME

1 THE UK REIT REGIME

- 1.1 The summary of the UK 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 HMRC practice relating to the UK REIT Regime, each of which is subject to change, possibly with retrospective effect. It is not an exhaustive summary of all applicable legislation in relation to the REIT Regime. The UK REIT Regime was introduced by the UK Finance Act 2006 and subsequently re-written into Part 12 of the Corporation Tax Act 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 As a UK REIT, a company will not pay UK corporation tax 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 its Property Rental Businesses will be treated for UK tax purposes as UK property income in the hands of shareholders. Part X of this Prospectus contains further detail on the UK tax treatment of shareholders in a REIT.
- 1.4 An exemption from corporation tax on chargeable gains also applies for REITs on a disposal of shares, where the company disposed of is UK property rich. "UK property rich" broadly means that the company in question derives 75 per cent. or more of its value from interests in UK land. This exemption for disposals of shares in companies that are UK property rich applies on a proportionate basis, by reference to the proportion which the value of the UK property rental business assets of the company disposed of bears to that company's total assets (as at the beginning of the accounting period in which the disposal takes place). As such, a gain on a disposal of shares in a subsidiary whose sole activity is the carrying on of a UK property rental business, with all of its assets held for the purposes of that UK property rental business, should generally be treated as a gain arising from the REIT's Property Rental Business and benefit in full from the exemption. Any such gains would be treated as exempt gains of the Property Rental Business and would therefore be treated as a PID when paid to shareholders and be subject to 20 per cent. withholding tax (subject to certain exceptions).
- 1.5 A company will remain subject to UK corporation tax in the normal way in respect of any income and gains from its businesses not included in the Property Rental Business (the **Residual Business**).
- 1.6 Whilst within the REIT Regime, the Property Rental Business will be treated as a separate business for corporation tax purposes from the Residual Business. As such, a loss incurred by the qualifying Property Rental Business cannot be set off against profits of the Residual Business (and vice versa).
- 1.7 A dividend paid by the Company relating to profits or gains of its Property Rental Business is referred to as a Property Income Dividend or 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 X of this Prospectus contains further detail on the UK tax treatment of shareholders in a REIT.
- 1.8 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. In order to qualify as a REIT, the company must satisfy certain conditions set out in the REIT Regime. A non-exhaustive summary of the material conditions is set out below.

2.1 Company conditions

The 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. The 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. The 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 five or fewer participators (meaning generally shareholders or loan creditors), or of participators who are directors subject to certain exceptions. A close company that is only close because it has a participator which is an "institutional investor" under the REIT Regime will not violate the close company condition. The close company condition is relaxed for the company's first three years.

2.2 Share capital restrictions

The 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

The company must not be party to any loan in respect of which the lender is entitled to interest which exceeds a reasonable commercial return on the consideration lent or where the interest depends to any extent on the results of any of its business or on the value of any of its assets (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)

The 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

The company will be required (to the extent permitted by law) to distribute to shareholders (by way of cash or stock dividend), on or before the filing date for the principal company's tax return for the accounting period in question, at least 90 per cent. of 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 the company's 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

There is an exemption for distributions of profits or gains of the Property Rental Business of one REIT to another REIT. The investing REIT is required to distribute 100 per cent. of the distributions to its shareholders. The investment by one REIT in another REIT will effectively be treated as a 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 will not pay 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. Since 6 April 2019, gains on a disposal by a REIT of shares in a property owning subsidiary which is "UK property rich" (which broadly means it derives 75 per cent. or more of its value from interests in UK land) are treated as exempt gains from the REIT's Property Rental Business, but it should be noted that this exemption applies only on a proportionate basis, with the proportion of the gain that is exempted being the same as the proportion which the value of the UK property rental business assets of the company disposed of bears to that company's total assets (as at the beginning of the accounting period in which the disposal takes place).
- (b) Corporation tax will still apply in the normal way in respect of the Residual Business. The Company will continue to pay all other applicable taxes including VAT, stamp duty land tax, stamp duty, PAYE, rates and national insurance contributions in the normal way.

4.2 Dividends

- (a) When the company pays a dividend out of profits from the Property Rental Business, that dividend must be paid as a PID to the extent necessary to satisfy the 90 per cent. distribution condition and the requirement to distribute UK REIT investment profits. 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 UK tax treatment of certain categories of shareholder while the company is in the REIT Regime are contained in Part X 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 to a REIT 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. HMRC has the power to waive such corporation tax charge if it is satisfied that: (i) the company was in severe financial difficulties at a time in the relevant accounting period; (ii) the ratio is less than 1.25:1 as a result

of circumstances that arose unexpectedly; and (iii) in those circumstances the company could not reasonably have taken action to avoid such a result.

4.4 **The “10 per cent. rule”**

- (a) The company may become subject to an additional tax charge if it makes a distribution to, or in respect of, a person beneficially entitled, directly or indirectly, to 10 per cent. or more of the company’s distributions 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 distribution is made (or attributed) to persons that are companies or are treated as bodies corporate in accordance with the law of an overseas jurisdiction with which the UK has a double taxation agreement, or in accordance with such a double taxation agreement. It does not apply where a nominee has such a 10 per cent. or greater holding unless the persons on whose behalf the nominee holds the shares meets the test in their own right.
- (b) The additional charge will not be imposed on the company where it has taken reasonable steps to prevent paying such an excessive distribution to, or in respect of, a Substantial Shareholder. HMRC guidance describes certain actions that a REIT may take to show it has taken such “reasonable steps”. One of these actions is to include restrictive provisions in the REIT’s articles of association to address this requirement, and the Articles therefore contain provisions designed to avoid the situation where distributions may become payable to a Substantial Shareholder. These provisions are summarised Part XI of this Prospectus.

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 as part of its Residual Business.
- (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 as part of its Residual Business.

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 make 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 a joint venture company and at least 40 per cent. of the assets of the joint venture company available to equity holders in the event of a winding up, that joint venture company (or its subsidiaries) is carrying on a Property Rental Business which satisfies the 75 per cent. profits condition and the 75 per cent. assets condition (the **JV company**) and certain other conditions are satisfied, the principal company may, by giving notice to HMRC, elect for the 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).

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 acquirer which is not a REIT. In these circumstances, the acquired REIT is likely in most cases to fail to meet the requirements for being a REIT and will therefore be treated as leaving the REIT Regime at the end of its accounting period preceding the takeover and ceasing from the end of 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 re-characterised 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 A 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 a company voluntarily leaves the REIT Regime within ten 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 and/or prospective investors 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.

6 REIT PROVISIONS IN THE ARTICLES

- 6.1 The Articles contain provisions designed to enable the Company to demonstrate to HMRC that it has taken "reasonable steps" to avoid paying a dividend (or making any other distribution) to any Substantial Shareholder.
- 6.2 A summary of these provisions is set out in paragraphs 5.32 to 5.62 of Part XI (*Additional Information*) of this Prospectus.

PART X

UK TAXATION

1 INTRODUCTION

- 1.1 The following paragraphs are intended as a general guide only to certain aspects of current UK tax law and HMRC published practice, each of which may change, possibly with retrospective effect. They apply only to certain Shareholders resident for UK tax purposes (and, in the case of individuals, domiciled) in the UK, save where express reference is made to non-UK resident persons. They do not constitute tax advice.
- 1.2 The following paragraphs 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 investments or 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 Ordinary Shares or voting power or entitlement to distributions of the Company; (iii) special classes of Shareholders such as dealers in securities, broker-dealers, insurance companies, trustees of certain trusts and persons entitled to certain tax exemptions; (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); and (vi) Shareholders who hold Ordinary Shares acquired by reason of any office or employment. Shareholders who are in any doubt about their tax position, or who are subject to tax in a jurisdiction other than the United Kingdom, should consult their own appropriate independent professional adviser without delay, particularly concerning their tax liabilities on PIDs, whether they are entitled to claim any repayment of tax, and, if so, the procedure for doing so. Non-UK resident Shareholders should note that they may be subject to UK tax on any chargeable gains arising on a disposal of Ordinary Shares.

2 UK TAXATION OF NON-PID DIVIDENDS

2.1 General

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

2.2 Individual Shareholders

UK tax-resident individual Shareholders who receive a Non-PID Dividend from the Company in respect of the tax year 2021/2022 will be entitled to an annual tax-free allowance of £2,000 (to the extent that this tax-free allowance has not already been utilised in respect of other dividends received by the Shareholder). To the extent that dividend income exceeds the annual tax free dividend allowance, tax will be imposed at the rates of 7.5 per cent. to the extent falling within the basic rate, 32.5 per cent. to the extent falling within the higher rate and 38.1 per cent. to the extent falling within the additional rate.

2.3 Corporate Shareholders

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

3 UK TAXATION OF PIDS

3.1 General

Subject to certain exceptions summarised below, the Company is required to withhold income tax at source at the basic rate of income tax (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.

3.2 UK taxation of individual Shareholders

- (a) Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are individuals as the profits of a single UK property business (as defined in section 264 of the Income Tax (Trading and Other Income) Act 2005). A PID is, together with any PID from any other company to which the REIT Regime applies, treated as profits of a UK property business which is separate from any other UK property business carried on by the relevant Shareholder. This means that any surplus expenses from a Shareholder's other 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.
- (b) UK individuals may be entitled to a £1,000 property income allowance in respect of the tax year 2021/2022. Where the individual's property income falls below the threshold the individual is entitled to full relief from income tax on that amount. However, this allowance does not apply to PIDs.
- (c) Where UK income tax has been withheld at source, individual Shareholders who are resident in the UK for tax purposes may, depending on their circumstances, either be liable to further tax on their PIDs at their applicable marginal rate, or be entitled to claim repayment of some or all of the tax withheld on their PIDs.

3.3 UK taxation of corporate Shareholders

- (a) Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are subject to UK corporation tax as profits of a UK property business (as defined in Part 4 of the Corporation Tax Act 2009). This means that, subject to the availability of any exemptions or reliefs, such Shareholders should be liable to UK corporation tax on the entire amount of their PID. A PID is, together with any PID from any other company to which the REIT Regime applies, treated as profits of a UK property business which is separate from any other UK property business carried on by the relevant Shareholder. This means that any surplus expenses from a Shareholder's different UK property business cannot be off set against a PID as part of a single calculation of the Shareholder's UK property profits.
- (b) Shareholders who are subject to corporation tax will generally be liable to pay corporation tax on PIDs received. If income tax is withheld at source the tax withheld can generally be set against their liability to UK corporation tax in the accounting period in which the PID is received.

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

- (a) Where a Shareholder who is resident outside the UK receives a PID, the PID will generally be subject to withholding by the Company at the basic rate of income tax.
- (b) It is not possible for a Shareholder to make a claim under a relevant double taxation treaty with the UK for a PID to be paid by the Company gross or at a reduced rate. However, the Shareholder may be able to claim repayment of any part of the tax withheld from a PID, depending on the existence and terms of any such double taxation treaty between the UK and the country in which the Shareholder is resident for tax purposes.

3.5 Exceptions to requirement to withhold income tax

- (a) Shareholders should note that, in certain circumstances, the Company may not be obliged to withhold UK income tax at source from a PID. These include where the Company reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the UK, a 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, or certain charities. They also include where the Company reasonably believes that the PID is paid to the scheme administrator of a registered pension scheme, or the sub-scheme administrator of certain pension sub-schemes or the account manager of an ISA, provided the Company reasonably believes that the PID will be applied for the purposes of the relevant scheme or account.
- (b) 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 may require such Shareholders to submit a valid claim form (copies of which may be obtained on request from the Registrar), where applicable. 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.

4 UK TAXATION OF CHARGEABLE GAINS

4.1 General

- (a) A sale or other disposal of Ordinary Shares by a Shareholder may give rise to a chargeable gain or allowable loss for the purposes of UK taxation of chargeable gains, depending on the Shareholder's particular circumstances and subject to any available exemption or relief.
- (b) It should be noted that new legislation introduced in Finance Act 2019 (the **2019 NRCGT Rules**) means that, since 6 April 2019, a non-UK resident person disposing of shares in a company that is "UK property rich" is chargeable to UK capital gains tax (in the case an individual) or UK corporation tax on chargeable gains (in the case of companies or entities treated as companies) in respect of that disposal. Where the shares disposed of are shares in a "collective investment vehicle", or otherwise have a relevant connection with a collective investment vehicle, then unless the non-UK resident investor is an overseas life assurance company or non UK resident collective investment vehicle there is no minimum level of shareholding required in order for the non-resident to fall within the new rules.
- (c) The Company is considered to be "UK property rich" for these purposes and is also a "collective investment vehicle". As such, non-UK resident Shareholders disposing of Ordinary Shares may, depending on their circumstances, be required to pay UK tax on any chargeable gain arising on that disposal (or, if relevant, may realise an allowable loss) under the 2019 NRCGT Rules.
- (d) A non-UK resident that makes (or is treated as making) a disposal of Ordinary Shares will generally be required to provide a tax return to HMRC and account for any tax due in respect of any chargeable gain. Depending on the Shareholder's particular circumstances, exceptions from the requirement to file a tax return in relation to a disposal of Ordinary Shares may apply in certain cases where no tax would be required to be accounted for or where the disposal has already been accounted for on a tax return.
- (e) Non-UK resident Shareholders should seek independent professional advice as to the consequences of the 2019 NRCGT rules for them, in particular with regard to their obligations to file UK tax returns and pay UK tax in relation to disposals of Ordinary Shares. It should be noted that non-UK resident Shareholders may, depending on their circumstances, also be subject to non-UK tax, in their jurisdiction of tax residence, on disposals of Ordinary Shares. Non-UK resident Shareholders should seek independent professional advice as to whether any relief is available under applicable double tax treaties or whether any other exemptions or reliefs are available.
- (f) UK resident individuals are generally entitled to an annual exemption from capital gains tax. This is £12,300 for the tax year 2021/2022. This annual exemption will generally also be available to

non-UK resident individual Shareholders who, as a result of the 2019 NRCGT Rules, come within the charge to UK capital gains tax on disposals of the Ordinary Shares.

5 UK STAMP DUTY AND SDRT

- (a) No UK stamp duty or SDRT should arise on the issue of Ordinary Shares pursuant to the Issue.
- (b) Any conveyance or 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, subject to the availability of certain exemptions and reliefs.
- (c) An unconditional 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 an instrument of transfer is executed pursuant to the agreement and duly stamped 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 generally repayable, generally with interest, and otherwise the SDRT charge is cancelled.
- (d) 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.
- (e) A market value charge to UK stamp duty applies to transfers of listed securities by a person (or its nominee) to a connected company (or its nominee), subject to the availability of relief. A market value charge to SDRT applies to unconditional agreements to transfer listed securities in the same circumstances unless the SDRT charge is cancelled, as outlined above. Ordinary Shares will be listed securities for these purposes if they are admitted to trading on the main market of the London Stock Exchange.

6 ISAS, SIPPS AND SSASS

- (a) Ordinary Shares acquired by a UK resident individual Shareholder pursuant to an offer to the public (i.e. through the Offer for Subscription or the Intermediaries Offer or in the secondary market (but not directly under the Placing)) should be eligible to be held in an ISA, subject to applicable annual subscription limits.
- (b) Subject to the rules of the particular SIPP or SSAS, the Ordinary Shares should be eligible for inclusion provided, broadly, that the pension scheme member (or an associated or connected person) does not occupy or use any residential property held by the Company and the SIPP or SSAS in question does not hold (directly or indirectly) more than 10 per cent. of any of the Ordinary Shares or the Company's voting rights or rights to income or amounts on a distribution or rights to the assets on a winding up.
- (c) Individuals wishing to invest in Ordinary Shares through an ISA, SIPP or SSAS should contact their professional advisers regarding their eligibility.

PART XI

ADDITIONAL INFORMATION

1 THE COMPANY, THE AIFM AND THE INVESTMENT ADVISER

- 1.1 The Company was incorporated in England and Wales on 26 January 2021 as a public limited company under the Companies Act with registered number 13159275. The Company has an indefinite life.
- 1.2 The principal place of business and registered office of the Company is 6th Floor, Bastion House, 140 London Wall, London, EC2Y 5DN its telephone number is +44 (0) 20 3697 5353 and its website address is www.ukresidentialreit.com.com. The Company's Legal Entity Identifier is 21380062ARZH7PJ5D557. Information on the Company's website does not form part of this Prospectus unless that information is incorporated by reference into this Prospectus.
- 1.3 The principal legislation under which the Company operates is the Companies Act. The Company will not be regulated as a collective investment scheme by the FCA. However, from the date of the relevant Admission, the Ordinary Shares will be admitted to the premium segment of the Official List of the FCA and to trading on the premium segment of the Main Market of the London Stock Exchange. The Company will be subject to the Listing Rules, the UK Prospectus Regulation, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, UK MAR and to the rules of the London Stock Exchange.
- 1.4 The Company has not commenced operations since incorporation and, as at the date of 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 end on 31 December of each year with the first accounting period ending on 31 December 2021. The annual report and accounts will be prepared in sterling according to the accounting standards laid out under IFRS.
- 1.6 On 2 June 2021, the Company was granted a certificate under Section 761 of the Companies Act entitling it to commence business and to exercise its borrowing powers.
- 1.7 The Company has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to Section 833 of the Companies Act.
- 1.8 The Company is domiciled in England and Wales and, as at the date of this Prospectus, does not have any employees or any subsidiaries.
- 1.9 The AIFM, Carne Global AIFM Solutions (C.I.) Limited, is a private limited company incorporated under the laws of Jersey. The AIFM is registered pursuant to the FSL to carry on fund services business as a manager of collective investment funds and AIF services business as a manager of AIFs and is regulated by the Jersey Financial Services Commission. The address of the registered office of the AIFM is Channel House, Green Street, St Helier, Jersey JE2 4UH, its telephone number is +44 1534 679510 and its company registration number is 116252.
- 1.10 The Investment Adviser, L1 Capital UK Property Advisors Limited, is a private limited company incorporated in England and Wales on 26 April 2021 with company number 13356153. The address of the registered office of the Investment Adviser is 10 Orange Street Haymarket, London, United Kingdom, WC2H 7DQ and its telephone number is +44 (0)20 3871 2947.

2 SHARE CAPITAL

- 2.1 On incorporation, one Ordinary Share was issued (fully paid) for the purposes of incorporation to the subscriber to the Company's memorandum of association (the **Subscriber Share**). On 19 May 2021, 50,000 Redeemable Preference Shares were issued at par to the Investment Adviser, and the Subscriber Share was previously transferred to the Investment Adviser. The Redeemable Preference Shares are paid up as to one quarter of their nominal value.

- 2.2 Set out below is the issued share capital of the Company: (i) as at the date of this Prospectus; and (ii) following Admission and completion of the acquisition of the Seed Assets (assuming the Initial Issue is in respect of 150 million Ordinary Shares and that 50 million Consideration Shares are issued to the Seed Asset Vendors in connection with the acquisition of the Seed Assets):

| | <i>Ordinary Shares*</i> | | <i>Redeemable Preference Shares**</i> | |
|--|------------------------------------|---------------|---------------------------------------|---------------|
| | <i>Aggregate Nominal Value (£)</i> | <i>Number</i> | <i>Aggregate Nominal Value (£)</i> | <i>Number</i> |
| As at the date of this Prospectus | 0.01 | 1 | 50,000 | 50,000 |
| Immediately following Admission | 2,000,000 | 200,000,000 | 0 | 0 |

* All Ordinary Shares will be fully paid at Admission.

** The Redeemable Preference Shares will be redeemed immediately following Initial Admission out of the proceeds of the Initial Issue. The Ordinary Shares are not redeemable.

- 2.3 The effect of the Initial Issue and the issue of the Consideration Shares will be to increase the net assets of the Company. On the assumption that the Gross Issue Proceeds are the target issue of £150 million, the Initial Issue and the acquisition of all the Seed Assets is expected to increase the net assets of the Company by approximately £196 million after taking into account costs of £4 million (being 2 per cent. of the Gross Issue Proceeds).

- 2.4 By resolutions passed on 19 May 2021:

Ordinary resolutions:

- (a) the directors were generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006 (the Companies Act), to exercise all the powers of the Company to issue and allot redeemable preference shares of £1.00 each in the capital of the Company (**Redeemable Preference Shares**), having the rights and being subject to the restrictions set out in the new Articles to be adopted, up to an aggregate nominal value of £50,000, provided that this authority was limited to the allotment of up to 50,000 Redeemable Preference Shares for the purposes of enabling the Company to obtain a trading certificate pursuant to and in accordance with section 761 of the Companies Act such authority to expire on 31 July 2021;
- (b) in addition to the authority set out in (a) above, the Directors were further generally and unconditionally authorised, in accordance with section 551 of the Companies Act, to exercise all the powers of the Company to issue and allot shares in the Company: (i) up to an aggregate nominal value of £3,500,000, provided that this authority was limited to the allotment of Ordinary Shares of £0.01 each pursuant to and in accordance with the Initial Issue and the Placing Programme and (ii) up to an aggregate nominal value of £500,000 in connection with the acquisition of the Seed Assets, such authority to expire on 31 July 2022, save that the Company may, before such expiry, make an offer or agreement which would or might require Ordinary Shares to be allotted after such expiry and the Directors may allot Ordinary Shares in pursuance of such an offer or agreement as if this authority had not expired;
- (c) In addition to the authorities in (a) and (b) above, the Directors were further generally and unconditionally authorised, in accordance with section 551 of the Companies Act, to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for shares in the Company up to an aggregate nominal amount of £800,000, provided that this authority was limited to the allotment of Ordinary Shares representing up to 19.99 per cent. of the Ordinary Shares in issue immediately following expiry of the Placing Programme, such authority to expire, unless previously revoked, varied or renewed by the Company at a general meeting, at the conclusion of the first annual general meeting of the Company to be held in 2022, save that 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 shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for shares (as the case may be) in pursuance of such an offer or agreement as if the authority had not expired;

Special resolutions

- (d) subject to and in accordance with section 570 and section 573 of the Companies Act, the Directors were generally empowered to allot equity securities (within the meaning of section 560 Companies Act) for cash pursuant to the authority conferred by Resolution (b) above, as if section 561(1) of Companies Act did not apply to any such allotment, provided that this authority shall expire on 31 July 2022, save that the Company may, before such expiry, make an offer or agreement which would or might require Ordinary Shares to be allotted after such expiry and the Directors may allot Ordinary Shares in pursuance of such an offer or agreement as if this authority had not expired.
- (e) in addition to the authority set out in resolution (c) above and subject to and in accordance with section 570 and section 573 of the Companies Act, the Directors were further generally empowered to allot equity securities (within the meaning of section 560 Companies Act) for cash pursuant to the authority conferred by Resolution (d) above or by way of a sale of treasury shares, as if section 561(1) of the Companies Act did not apply to any such allotment or sale, provided that this power shall, unless previously revoked, varied or renewed by the Company in general meeting, expire at the earlier of: (A) the conclusion of the first annual general meeting of the Company to be held in 2022; or (B) eighteen months from the date of the passing of this resolution, save that 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 shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for shares (as the case may be) in pursuance of such an offer or agreement as if this authority had not expired.
- (f) the Company was and is hereby generally and unconditionally authorised, for the purposes of section 701 of the Companies Act, to make market purchases (within the meaning of section 693(4) of the Companies Act) 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, other than pursuant to an offer made to the Shareholders, generally is 29,800,000 Ordinary Shares, provided that the number of Ordinary Shares to be acquired between the date of the passing of this resolution and the first annual general meeting of the Company to be held in 2022 shall not exceed 14.99 per cent. of the Ordinary Shares in issue as at Initial Admission;
 - ii. the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is one penny;
 - iii. the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is the higher of:
 - A. 5 per cent. above 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. that stipulated by article 5(6) of the the UK version of the EU Market Abuse Regulation (2014/596) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including by the Market Abuse (Amendment) (EU Exit) Regulations 2019;
 - iv. this authority shall, unless previously revoked, varied or renewed by the Company at a general meeting, expire at the earlier of: (A) the conclusion of the first annual general meeting of the Company to be held in 2022; and (B) eighteen months from the date of the passing of this resolution; and
 - v. provided that the Company may, at any time prior to the expiry of this authority, enter into a contract or contracts under which a purchase of Ordinary Shares under this authority will or may be completed or executed wholly or partly after the expiration of this authority and the Company may purchase Ordinary Shares in pursuance of any such contract or contracts as if this authority had not expired.

- (g) conditional upon Initial Admission occurring and approval of the court, the amount standing to the credit of the share premium account of the Company immediately following Initial Admission was approved to 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 Companies Act) are to be applied;
- (h) subject to Initial Admission occurring and conditional upon the Company having sufficient paid up share capital to maintain its status as a public limited company and to comply with the conditions of section 761 of the Companies Act 2006, the Directors were and are authorised to redeem and cancel the Redeemable Preference Shares for the time being in the issued share capital of the Company;
- (i) the Articles as presented to the Meeting, and for the purposes of identification signed by the Chairman, were and the same are hereby adopted as the articles of association of the Company in substitution for, and to the exclusion of, the then existing articles of association.
- 2.5 The provisions of Section 561(1) of the Companies Act (which, to the extent not disapplied pursuant to Sections 570 and 573 of the Companies Act, confer on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to issues by the Company of equity securities save to the extent disapplied as mentioned in paragraphs 2.4(d) and 2.4(e) above.
- 2.6 The Companies Act abolished the requirement for companies incorporated in England and Wales to have an authorised share capital. Furthermore, the Articles do not contain a provision expressly limiting the number of Ordinary Shares that can be issued by the Company.
- 2.7 In accordance with the authority referred to in paragraph 2.4(b) above, it is expected that the Consideration Shares and the Ordinary Shares to be issued pursuant to the Initial Issue and will be allotted (conditionally upon Initial Admission) pursuant to a resolution of the Board to be passed shortly before Admission in accordance with the Companies Act.
- 2.8 Save as disclosed in this Part XI, no share or loan capital of the Company has since the date of incorporation of the Company been issued or been agreed to be issued, fully or partly paid, either for cash or for a consideration other than cash, and no such issue is now proposed.
- 2.9 The Company has not granted any options over its share or loan capital which remain outstanding and has not agreed, conditionally or unconditionally to grant any such options and no convertible securities, exchangeable securities or securities with warrants have been issued by the Company.
- 2.10 All of the Ordinary Shares will be in registered form and will be eligible for settlement in CREST from Initial Admission. Temporary documents of title will not be issued.
- 2.11 Applicants who have signed and returned Application Forms in respect of the Offer for Subscription may not withdraw their applications for Ordinary Shares subject to their statutory rights of withdrawal in the event of the publication of a supplementary prospectus.

3 INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

- 3.1 The Directors and/or their connected persons intend to subscribe for Ordinary Shares pursuant to the Initial Issue in the amounts set out below:

| <i>Director</i> | <i>Number of Ordinary Shares</i> | <i>% of issued Ordinary Share Capital*</i> |
|------------------|--------------------------------------|--|
| Richard Grainger | 100,000 | 0.05 |
| Malcolm Cooper | 50,000 | 0.025 |
| Philip Cropper | 50,000 | 0.025 |

* Assuming Gross Issue Proceeds of £150 million and that 50 million Consideration Shares are issued.

Save as disclosed in this paragraph 3.1, immediately following Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

- 3.2 No amount has been set aside or accrued by the Company to provide pensions, retirement or other similar benefits.
- 3.3 None of the Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or that has been effected by the Company since its incorporation.
- 3.4 The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively.
- 3.5 Over the five years preceding the date of this Prospectus, the Directors hold or have held the following directorships (apart from their directorships of the Company) or memberships of administrative, management or supervisory bodies and/or partnerships:

| <i>Name</i> | <i>Current</i> | <i>Previous</i> |
|------------------|--------------------------|--|
| Richard Grainger | McKay Securities PLC | A.S.B.M. Limited |
| | Caledonia TLG Ltd | A.S.B.O. Limited |
| | Horatio's Garden | A.S.B.T. Limited |
| | Sandhill Lane LLP | Aurora Hotel Limited |
| | Dunelmia Ltd | Bath Street Wine Cellar Limited |
| | RiverPeak Wealth Limited | Brasserie du Centre Limited |
| | | Caesarea Hotel (Jersey) Limited |
| | | Café de Paris (Jersey) Limited |
| | | Caledonia TLG Midco Limited |
| | | Channel Wines & Spirits (Jersey) Limited |
| | | Cosy Corner (Jersey) Limited |
| | | Craig Street Brewing Company Limited |
| | | Don Inn (Jersey) Limited |
| | | Evenstar Limited |
| | | Exeter Hotel (Jersey) Limited |
| | | Farmers Inn Limited |
| | | Five Oaks Hotel Limited |
| | | Foresters Arms (Jersey) Limited |
| | | Gimbels (Jersey) Limited |
| | | Glo'ster Vaults Limited |
| | | Great Union Hotel (Holdings) Limited |
| | | Great Western Hotel Limited |
| | | HB Financial Solutions Ltd |
| | | Horse & Hound (Jersey) Limited |
| | | La Cave des Vins Limited |
| | | La Rocque Enterprises Limited |
| | | La Rocque Inn (Jersey) Limited |
| | | Lapwing (Trading) Limited |
| | | Le Hocq Hotel Limited |
| | | Mary Ann Products (Jersey) Limited |
| | | MHP Communications Limited |
| | | Mitre Hotel (Jersey) Limited |

| <i>Name</i> | <i>Current</i> | <i>Previous</i> |
|---------------------------------|----------------|--|
| Richard Grainger (continued) | | Nightbridge Limited Old Court House Hotel (St Aubin) 1972 Limited Palmer & Harvey McLane Limited Parade Hotel (Jersey) Limited Peirson (1971) Limited Red Lion Limited Robin Hood (Jersey) Limited S.L. Limited St John's Hotel Limited Stag Hotel (Jersey) Limited Surface Technology International Limited Sussex Hotel Limited The Independent Brewing Company Limited The Post Horn Limited Tinizine Limited Trafalgar Hotel (Jersey) Limited Union Inn (Jersey) Limited Victoria (Valley) Limited Victoria Hotel (Jersey) Limited Wellington Hotel Limited West's Cinemas Limited Citann Limited * Square Limited A.E. Smith & Son Limited John Tregear Limited Victor Hugo Limited Longueville Distributors Limited The Liberation Group Limited The Liberation Pub Company (Jersey) Limited Puffin NewCo Limited Marais Hall Limited Butcombe Brewery (EBT) Limited Butcombe Brewery Limited Butcombe Brewing Company Limited Butcombe Inns Limited Butcombe Pubco Limited Caledonia TLG Bidco Limited The Liberation Group UK Limited The Long Ashton Cider Company Limited Triple Rock Limited M Still Catering Limited The Royal Oak Inn Trading Limited |

| <i>Name</i> | <i>Current</i> | <i>Previous</i> |
|----------------|---|---|
| Malcolm Cooper | Morgan Sindall plc Southern Water Services plc MORhomes plc | CLS Holdings plc Birch Sites Limited British Transco Capital Inc. British Transco Finance, Inc. Lattice Group Limited National Grid Commercial Holdings Limited National Grid Property (Northfleet) Limited National Grid Property Holdings Limited National Grid Twenty Eight Limited National Grid Twenty Seven Limited National Grid William Limited Port Greenwich Limited National Grid Gas Finance plc National Grid Gas Distribution Limited Gas Distribution Property Holdings Limited St William Homes LLP Thamesport Interchange Limited Keyspan Corporation National Grid Generation Ventures LLC National Grid North America Inc. Grid NY LLC GridAmerica Holdings Inc. National Grid Transmission Services Corp National Grid Development Holdings Corp National Grid Technologies Inc National Grid USA National Grid USA Service Company Inc |
| Louise Bonham | CIM Healthcare Properties PLC | C&W Management Services LLP |
| Philip Cropper | N/A | CBRE Indirect Investment Services Limited CBRE Financial Services Limited (dissolved) CBRE Capital Advisors Limited CBRE Loan Services Limited |

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

- (a) do not have any convictions in relation to fraudulent offences;
- (b) other than as disclosed in paragraph 3.7 and 3.8 below, have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company, or any company put into administration, through acting in the capacity as a member of the administrative,

management or supervisory body or as a partner, founder or senior manager of such partnership or company; and

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

3.7 Richard Grainger was appointed non-executive director of Palmer & Harvey McLane Limited (P&H), a privately held distribution business controlled by its management team, in December 2013. While revenues and trading remained robust, due to margin pressures, the business undertook a restructuring process in early 2017 with the support of senior creditors but was ultimately put into administration on 28 November 2017 due to senior creditors being unable to reach a final agreement. PriceWaterhouseCoopers LLP were appointed as administrators, upon which Mr Grainger resigned. It is anticipated that senior creditors will be repaid in full or almost in full following completion of the administration process.

3.8 Mr Grainger was also appointed as a director of HB Financial Solutions Ltd (trading as Harrington Brooks), a leading provider of debt management plans and individual voluntary arrangements, in October 2012. Subsequent to his appointment, the sector went through a period of regulatory upheaval involving the company undertaking a two year process to obtain FCA regulatory approval. The directors and the group's private equity investors ultimately determined that regulatory transition in the sector would require industry consolidation and the business was therefore sold to a competitor through an administration process in April 2018. Deloitte LLP acted as administrator, upon whose appointment Mr Grainger resigned.

3.9 As at the date of this Prospectus, none of the Directors has any conflict of interest or potential conflicts of interest between any duties to the Company and their private interests and any other duties. The Investment Adviser, any of its directors, officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an **Interested Party**) may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and shall not be liable to account for any profit from any such services. For example, an Interested Party may acquire on behalf of a client an investment in which the Company may invest.

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

3.11 There are no family relationships between any of the Directors.

3.12 As at the date of this Prospectus, the Company is controlled by the Investment Adviser as the sole shareholder of the Company. As at the date of this Prospectus and insofar as is known to the Company, the Company anticipates that following Admission and completion of the acquisition of the Seed Assets (assuming the Initial Issue is in respect of 150 million Ordinary Shares and that 50 million Consideration Shares are issued to the Seed Asset Vendors in connection with the acquisition of the Seed Assets), the following persons will be directly or indirectly interested in three per cent. or more of the Company's issued share capital:

| <i>Shareholder</i> | <i>Number of Ordinary Shares to be acquired⁽¹⁾</i> | <i>Percentage of issued share capital immediately following Admission⁽¹⁾</i> |
|-----------------------------------|---|---|
| Seed Asset Vendors ⁽²⁾ | Up to 50 million | Up to 25% |

(1) Assuming a total Initial Issue size of 150 million Ordinary Shares and that 50 million Consideration Shares are issued

(2) Equity Trustees Limited acting as Trustee of L1 Capital UK Residential Property Fund II, L1 Capital UK Residential Property Fund III and L1 Capital UK Residential Property Fund IV

Save as disclosed above, the Company and the Directors are not aware of any other person who directly or indirectly, jointly or severally exercises or could exercise control over the Company.

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

3.14 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

4 DIRECTORS' APPOINTMENT LETTERS

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

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

4.3 Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. Save for the Chairman, the initial fees will be £35,000 for each Director per annum. The Chairman's initial fee will be £70,000 per annum. In addition, the Chair of the Audit Committee will receive an additional fee of £5,000 per annum. Additional fees may be paid to the Directors for work in relation to any further capital raisings from time to time if they require a prospectus to be published.

4.4 The Directors are also entitled to out-of-pocket expenses incurred in the proper performance of their duties.

5 THE ARTICLES

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

Objects/Purposes

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

Voting rights

5.2 Subject to the provisions of the Companies Act, to any special terms as to voting on which any shares may have been issued or may from time to time be held and any suspension or abrogation of voting rights pursuant to the Articles, 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 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.

5.3 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 Companies Act requiring such person to provide information about his interests in the Company's shares and has failed in relation to any such shares to give the Company the required information within 14 days.

Dividends

- 5.4 Subject to the provisions of the Companies Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members (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.
- 5.5 Subject to the provisions of the Companies Act, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividends as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those preferential rights.
- 5.6 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.
- 5.7 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.
- 5.8 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.
- 5.9 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.
- 5.10 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 Companies Act requiring such person to provide information about his interests in the Company's shares and has failed to supply the required information within 14 days. Furthermore such a holder shall not be entitled to elect to receive shares instead of a dividend.

Transfer of shares

- 5.11 Subject to any applicable restrictions in the Articles, 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.

- 5.12 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,
 - (f) 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.

5.13 Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person whom the Company reasonably believes to be interested in the transferor's shares has been duly served with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares, has failed to supply the required information within 14 days and the shares in respect of which such notice has been served represent at least 0.25 per cent. in nominal value of their class, unless the member is not himself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised stock exchange or is in consequence of a *bona fide* sale to an unconnected party.

5.14 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.

5.15 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.

Variation of rights

5.16 Subject to the provisions of the Companies Act, 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 by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the class.

5.17 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.

5.18 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 Companies Act and the Articles.

General meetings

5.19 The Board may convene a general meeting (which is not an annual general meeting) whenever it thinks fit.

5.20 A general meeting shall be convened by such notice as may be required by law from time to time.

5.21 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 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.

5.22 The right of a member to participate in the business of any general meeting shall include without limitation the right to speak, vote, be represented by a proxy or proxies and have access to all documents which are required by the Companies Act or the Articles to be made available at the meeting.

5.23 A Director shall, notwithstanding that 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 he considers that this will assist in the deliberations of the meeting.

5.24 No business shall be transacted at any general meeting unless a quorum is present. Subject to the Articles, 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.

5.25 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 Companies Act, 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.

5.26 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.

5.27 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.

5.28 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

5.29 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 Companies Act, 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.

Issue of shares

5.30 Subject to the provisions of the Companies Act 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 or as the Board may determine.

5.31 Subject to the provisions of the Companies Act and to any relevant authority of the Company required by the Companies Act, any new shares shall be at the disposal of the Board.

Real estate investment trust

Cardinal principle

5.32 It is a cardinal principle that, for so long as the Company is the principal company in a REIT for the purposes of Part 12 of the Corporation Tax Act 2010, as such Part may be modified, supplemented or replaced from time to time, no member of the Group should become liable to pay tax under section 551(3) of the Corporation Tax Act 2010 (as such regulations may be modified, supplemented or replaced from time to time) on or in connection with the making of a Distribution.

5.33 The REIT Articles support such cardinal principle by, among other things, imposing restrictions and obligations on the shareholders of the Company and, indirectly, certain other Persons who may have an interest in the Company, and shall be construed accordingly so as to give effect to such cardinal principle.

Definitions and interpretation

5.34 For the purposes of this section 5.34 to 5.63 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):

Business Days means a day (not being a Saturday or Sunday) on which banks are normally open for business in London;

Distribution means any dividend or other distribution on or in respect of the shares of the Company and references to a Distribution being paid include (without limitation) a distribution not involving a cash payment being made;

Distribution Transfer means a disposal or transfer (however effected) by a Person of his rights to a Distribution from the Company such that he is not beneficially entitled (directly or indirectly) to such a Distribution and no Person who is so entitled subsequent to such disposal or transfer (whether the immediate transferee or not) is (whether as a result of the transfer or not) a Substantial Shareholder;

Distribution Transfer Certificate means a certificate in such form as the Directors may specify from time to time to the effect that the relevant Person has made a Distribution Transfer, which certificate may be required by the Directors to satisfy them that a Substantial Shareholder is not beneficially entitled (directly or indirectly) to a Distribution;

Excess Charge means, in relation to a Distribution which is paid or payable to a Person, all tax or other amounts which the Directors consider may become payable by the Company or any other member of the Group under section 551 of the Corporation Tax Act 2010 (as such regulation may be modified, supplemented or replaced from time to time) and any interest, penalties, fines or surcharge attributable to such tax as a result of such Distribution being paid to or in respect of that Person;

Group means the Company and the other companies in its group for the purposes of section 606 of the Corporation Tax Act (as such section may be modified, supplemented or replaced from time to time);

HMRC means HM Revenue & Customs;

Interest in the Company includes, without limitation, an interest in a Distribution made or to be made by the Company;

Person includes, without limitation, a body of Persons, corporate or unincorporated, wherever domiciled;

Office means the registered office for the time being of the Company;

Relevant Registered Shareholder means a shareholder who holds all or some of the shares in the Company that comprise a Substantial Shareholding (whether or not a Substantial Shareholder);

Reporting Obligation means any obligation from time to time of the Company to provide information or reports to HMRC as a result of or in connection with the Company's status as a REIT;

REIT Articles means the articles set out in these paragraphs 5.35 to 5.63;

Substantial Shareholding means the shares in the Company in relation to which or by virtue of which (in whole or in part) a Person is a Substantial Shareholder; and

Substantial Shareholder means any person whose interest in the Company, whether legal or beneficial, direct or indirect, may (but for the application of section 551(1)(b) of the Corporation Tax Act) cause any member of the Group to be liable to pay tax under section 551(a) and calculated in accordance with section 552 of the Corporation Tax Act (as such regulations may be modified, supplemented or replaced from time to time) on or in connection with the making of a Distribution to or in respect of such Person including, without limitation, at the date of adoption of these Articles, any holder of excessive rights as defined in section 552 of the Corporation Tax Act 2010;

- 5.35 Where under the REIT Articles any certificate or declaration may be or is required to be provided by any Person (including, without limitation, a Distribution Transfer Certificate), such certificate or declaration may be required by the Directors (without limitation):
- (a) to be addressed to the Company, the Directors and/or such other Persons as the Directors may determine (including HMRC);
 - (b) to include such information as the Directors consider is required for the Company to comply with any Reporting Obligation;
 - (c) to contain such legally binding warranties, representations, undertakings and other obligations as the Directors may determine;
 - (d) include an undertaking to notify the Company if the information in the certificate or declaration becomes incorrect, including prior to such change;
 - (e) to be copied or provided to such Persons as the Directors may determine (including HMRC); and
 - (f) to be executed in such form (including as a deed or deed poll) as the Directors may determine.
- 5.36 These REIT Articles shall apply notwithstanding any provisions to the contrary in any other paragraph of the Articles.

Notification of Substantial Shareholder and other status

- 5.37 Each shareholder and any other relevant Person shall serve notice in writing on the Company at the Office on:
- (a) him becoming a Substantial Shareholder or him being a Substantial Shareholder on the date these REIT Articles comes into effect (together with the percentage of voting rights, share capital or dividends he controls or is beneficially entitled to, details of the identity of the shareholder(s) who hold(s) the relevant Substantial Shareholding and such other information, certificates or declarations as the Directors may require from time to time);
 - (b) him becoming a Relevant Registered Shareholder or being a Relevant Registered Shareholder on the date these REIT Articles comes into effect (together with such details of the relevant Substantial Shareholder and such other information, certificates or declarations as the Directors may require from time to time); and
 - (c) any change to the particulars contained in any such notice, including (without limitation) on the relevant Person ceasing to be a Substantial Shareholder or a Relevant Registered Shareholder.
 - (d) Any such notice shall be delivered by the end of the second Business Day after the day on which the Person becomes a Substantial Shareholder or a Relevant Registered Shareholder (or the date these REIT Articles comes into effect, as the case may be) or the change in relevant particulars or within such shorter or longer period as the Directors may specify from time to time.
- 5.38 The Directors may at any time give notice in writing to any Person requiring him, within such period as may be specified in the notice (being seven days from the date of service of the notice or such shorter or longer period as the Directors may specify in the notice), to deliver to the Company at the Office such information, certificates and declarations as the Directors may require to establish whether or not he is a Substantial Shareholder or a Relevant Registered Shareholder or to comply with any Reporting Obligation. Each such Person shall deliver such information, certificates and declarations within the period specified in such notice.

Distributions in respect of Substantial Shareholdings

- 5.39 In respect of any Distribution, the Directors may, if the Directors determine that the condition set out in paragraph 5.40 is satisfied in relation to any Shares in the Company, withhold payment of such Distribution on or in respect of such Shares. Any Distribution so withheld shall be paid as provided in paragraph 5.41 and until such payment the Persons who would otherwise be entitled to the Distribution shall have no right to the Distribution or its payment.

- 5.40 The condition referred to in paragraph 5.39 is that, in relation to any Shares in the Company and any Distribution to be paid or made on and in respect of such Shares:
- (a) the Directors believe that such shares comprise all or part of a Substantial Shareholding of a Substantial Shareholder; and
 - (b) the Directors are not satisfied that such Substantial Shareholder would not be beneficially entitled to the Distribution if it was paid, and, for the avoidance of doubt, if the shares comprise all or part of a Substantial Shareholding in respect of more than one Substantial Shareholder this condition is not satisfied unless it is satisfied in respect of all such Substantial Shareholders.

5.41 If a Distribution has been withheld on or in respect of any shares in the Company in accordance with paragraph 5.39, it shall be paid as follows:

- (a) if it is established to the satisfaction of the Directors that the shareholder is not a Substantial Shareholder in relation to such shares, in which case the whole amount of the Distribution withheld shall be paid; and
- (b) if the Directors are satisfied that sufficient interests in all or some of the shares concerned have been transferred to a third party so that such transferred shares no longer form part of the Substantial Shareholding, in which case the Distribution attributable to such shares shall be paid (provided the Directors are satisfied that following such transfer such shares concerned do not form part of a Substantial Shareholding); and
- (c) if the Directors are satisfied that as a result of a transfer of interests in shares referred to in paragraph (b) above the remaining shares no longer form part of a Substantial Shareholding, in which case the Distribution attributable to such shares shall be paid.

In this paragraph 5.41, references to the transfer of a share include, without limitation, the disposal (by any means) of beneficial ownership of, control of voting rights in respect of and beneficial entitlement to dividends in respect of that share.

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

5.43 The Directors may withhold payment of a Distribution on or in respect of any shares in the Company if any notice given by the Directors pursuant to paragraph 5.38 in relation to such shares shall not have been complied with to the satisfaction of the Directors within the period specified in such notice. Any Distribution so withheld will be paid when the notice is complied with to the satisfaction of the Directors unless the Directors withhold payment pursuant to paragraph 5.39 and until such payment the Persons who would otherwise be entitled to the Distribution shall have no right to the Distribution or its payment.

5.44 If the Directors decide that payment of a Distribution should be withheld under paragraphs 5.39 or 5.43, they shall within five Business Days give notice in writing of that decision to the Relevant Registered Shareholder.

5.45 If any Distribution shall be paid on a Substantial Shareholding and an Excess Charge becomes payable, the Substantial Shareholder shall pay the amount of such Excess Charge and all costs and expenses incurred by the Company in connection with the recovery of such amount to the Company on demand by the Company. Without prejudice to the right of the Company to claim such amount from the Substantial Shareholder, such recovery may be made out of the proceeds of any disposal pursuant to paragraph 5.54 or out of any subsequent Distribution in respect of the shares to such Person or to the shareholders of all shares in relation to or by virtue of which the Directors believe that Person has an interest in the Company (whether that Person is at that time a Substantial Shareholder or not).

Distribution trust

5.46 If a Distribution is paid on or in respect of a Substantial Shareholding (which, for the avoidance of doubt, shall not include a Distribution paid in circumstances where the Substantial Shareholder is not beneficially entitled to the Distribution), the Distribution and any income arising from it shall be held by

the payee or other recipient to whom the Distribution is transferred by the payee on trust absolutely for the Persons nominated by the relevant Substantial Shareholder under paragraph 5.47 in such proportions as the relevant Substantial Shareholder shall in the nomination direct or, subject to and in default of such nomination being validly made within 12 years after the date the Distribution is made, for the Company or such other Person (including, without limitation, a charity) as may be nominated by the Directors from time to time.

- 5.47 The relevant Substantial Shareholder of shares of the Company in respect of which a Distribution is paid shall be entitled to nominate in writing any two or more Persons (not being Substantial Shareholders) to be the beneficiaries of the trust on which the Distribution is held under paragraph 5.46 and the Substantial Shareholder may in any such nomination state the proportions in which the Distribution is to be held on trust for the nominated Persons, failing which the Distribution shall be held on trust for the nominated Persons in equal proportions. No Person may be nominated under these REIT Articles who is or would, on becoming a beneficiary in accordance with the nomination, become a Substantial Shareholder. If the Substantial Shareholder making the nomination is not by virtue of paragraph 5.46 the trustee of the trust, the nomination shall not take effect until it is delivered to the Person who is the trustee.
- 5.48 Any income arising from a Distribution which is held on trust under paragraph 5.46 shall until the earlier of (i) the making of a valid nomination under paragraph 5.47 and (ii) the expiry of the period of 12 years from the date when the Distribution is paid be accumulated as an accretion to the Distribution. Income shall be treated as arising when payable, so that no apportionment shall take place.
- 5.49 No Person who by virtue of paragraph 5.46 holds a Distribution on trust shall be under any obligation to invest the Distribution or to deposit it in an interest-bearing account.
- 5.50 No Person who by virtue of paragraph 5.46 holds a Distribution on trust shall be liable for any breach of trust unless due to his own wilful fraud or wrongdoing or, in the case of an incorporated Person, the fraud or wilful wrongdoing of its directors, officers or employees.

Obligation to dispose

5.51 If at any time, the Directors believe that:

- (a) in respect of any Distribution declared or announced, the condition set out in paragraph 5.40 is satisfied in respect of any shares in the Company in relation to that Distribution;
- (b) a notice given by the Directors pursuant to paragraph 5.38 in relation to any shares in the Company has not been complied with to the satisfaction of the Directors within the period specified in such notice; or
- (c) any information, certificate or declaration provided by a Person in relation to any shares in the Company for the purposes of the preceding provisions of these REIT Articles was materially inaccurate or misleading,

the Directors may give notice in writing (a Disposal Notice) to any Persons they believe are Relevant Registered Shareholders in respect of the relevant shares requiring such Relevant Registered Shareholders within 21 days of the date of service of the notice (or such longer or shorter time as the Directors consider to be appropriate in the circumstances) to dispose of such number of shares the Directors may in such notice specify or to take such other steps as will cause the condition set out in paragraph 5.40 no longer to be satisfied. The Directors may, if they think fit, withdraw a Disposal Notice.

5.52 If:

- (a) the requirements of a Disposal Notice are not complied with to the satisfaction of the Directors within the period specified in the relevant notice and the relevant Disposal Notice is not withdrawn; or
- (b) a Distribution is paid on a Substantial Shareholding and an Excess Charge becomes payable, the Directors may arrange for the Company to sell all or some of the shares to which the Disposal Notice relates or, as the case may be, that form part of the Substantial Shareholding concerned. For this purpose, the Directors may make such arrangements as they deem appropriate. In

particular, without limitation, they may authorise any officer or employee of the Company to execute any transfer or other document on behalf of the holder or holders of the relevant share and, in the case of a share in uncertificated form, may make such arrangements as they think fit on behalf of the relevant holder or holders to transfer title to the relevant share through a relevant system.

- 5.53 Any sale pursuant to paragraph 5.52 shall be at the price which the Directors consider is the best price reasonably obtainable and the Directors shall not be liable to the holder or holders of the relevant share for any alleged deficiency in the amount of the sale proceeds or any other matter relating to the sale.
- 5.54 The net proceeds of the sale of any share sold pursuant to paragraph 5.52 (less any amount to be retained pursuant to paragraph 5.46 and the expenses of sale) shall be paid over by the Company to the former holder or holders of the relevant share upon surrender of any certificate or other evidence of title relating to it, without interest. The receipt of the Company shall be a good discharge for the purchase money.
- 5.55 The title of any transferee of shares shall not be affected by an irregularity or invalidity of any actions purportedly taken pursuant to this REIT Section.

General

- 5.56 The Directors shall be entitled to presume without enquiry, unless any Director has reason to believe otherwise, that a Person is not a Substantial Shareholder or a Relevant Registered Shareholder.
- 5.57 The Directors shall not be required to give any reasons for any decision or determination (including, without limitation, any decision or determination not to take action in respect of a particular Person) pursuant to these REIT Articles and any such determination or decision shall be final and binding on all Persons unless and until it is revoked or changed by the Directors. Any disposal or transfer made or other thing done by or on behalf of the Board or any Director pursuant to these REIT Articles shall be binding on all Persons and shall not be open to challenge on any ground whatsoever.
- 5.58 Without limiting their liability to the Company, the Directors shall be under no liability to any other Person, and the Company shall be under no liability to any shareholder or any other Person, for identifying or failing to identify any Person as a Substantial Shareholder or a Relevant Registered Shareholder.
- 5.59 The Directors shall not be obliged to serve any notice required under these REIT Articles upon any Person if they do not know either his identity or his address. The absence of service of such a notice in such circumstances or any accidental error in or failure to give any notice to any Person upon whom notice is required to be served under these REIT Articles shall not prevent the implementation of or invalidate any procedure under these REIT Articles.
- 5.60 The provisions of paragraphs 5.51 to 5.55 shall apply to the service upon any Person of any notice required by these REIT Articles. Any notice required by these REIT Articles to be served upon a Person who is not a shareholder or upon a Person who is a shareholder but whose address is not within the United Kingdom and who has failed to supply to the company an address within the United Kingdom pursuant to paragraph 5.59, shall be deemed validly served if such notice is sent through the post in a pre-paid cover addressed to that Person or shareholder at the address if any, at which the Directors believe him to be resident or carrying on business or, in the case of a holder of depository receipts or similar securities, to the address, if any, in the register of holders of the relevant securities. Service shall, in such a case be deemed to be effected on the day of posting and it shall be sufficient proof of service if that notice was properly addressed, stamped and posted.
- 5.61 Any notice required or permitted to be given pursuant to the REIT Articles may relate to more than one share and shall specify the share or shares to which it relates.
- 5.62 The Directors may require from time to time any Person who is or claims to be a Person to whom a Distribution may be paid without deduction of tax under Regulation 7 of the Real Estate Investment Trusts (Assessment and Recovery of Tax) Regulations 2006 (SI 2006/2867) to provide such certificates or declarations as they may require from time to time.

5.63 These REIT Articles may be amended by special resolution from time to time, including (without limitation) to give powers to the Directors to take such steps as they may require in order to ensure that the Company can satisfy section 528(4) of Corporation Tax 2010 (as such section may be modified, supplemented or replaced from time to time), which relates to close company status, which powers may include, without limitation, the ability to arrange for the sale of shares on behalf of shareholders.

Directors' fees

5.64 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 £500,000 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 or otherwise and shall accrue from day to day.

5.65 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

5.66 The Board may authorise any matter proposed to it in accordance with the Articles which would otherwise involve a breach by a Director of his duty to avoid conflicts of interest under the Companies Act, including any matter which relates to a situation in which a Director has or can have an interest which conflicts, or possibly may conflict, with the interest of the Company 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.

5.67 Subject to having, where required, obtained authorisation of the conflict from the Board, a Director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a Director of the Company and in respect of which he has a duty of confidentiality to another person and will not be in breach of the general duties he owes to the Company under the Companies Act because he fails to disclose any such information to the Board or to use or apply any such information in performing his duties as a Director, or because he absents himself from meetings of the Board at which any matter relating to a conflict of interest, or possible conflict, of interest is discussed and/ or makes arrangements not to receive documents or information relating to any matter which gives rise to a conflict of interest or possible conflict of interest and/or makes arrangements for such documents and information to be received and read by a professional adviser.

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

- (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 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.

5.69 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.

5.70 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

5.71 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 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 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 he himself 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 he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (f) any proposal concerning any other body corporate in which he does not to his knowledge have an interest (as the term is used in Part 22 Companies Act) 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 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.

5.72 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

5.73 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

5.74 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.

5.75 At each annual general meeting of the Company, all Directors shall retire and be put forward for re-election.

Notice requiring disclosure of interest in Shares

5.76 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 Shares or at any time during the three years immediately preceding the date on which the notice is issued to have been interested in any Shares, to confirm that fact or (as the case may be) to indicate whether or not this is the case and to give such further information as may be required by the 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.

5.77 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 FCA 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) shall be registered until the default is rectified.

Untraced shareholders

5.78 Subject to the Articles, 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

5.79 There are no limitations in the Articles on the rights of non-United Kingdom shareholders to hold, or to exercise voting rights attached to, the C 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 Companies Act, an address to which notices may be sent in electronic form.

CREST

5.80 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 are consistent with CREST membership and, amongst other things, allow for the holding and transfer of shares in uncertificated form from Initial Admission. The Articles 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 so that they can be applied to transactions with all classes of shares in the Company in uncertificated form.

Indemnity of officers

5.81 Subject to the provisions of the Companies Act, but without prejudice to any indemnity to which 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) Companies Act). 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

5.82 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 Companies Act. 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.

5.83 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 Values

5.84 The Company may temporarily suspend the determination of the Net Asset Values, the Net Asset Value per Ordinary Share, the Net Asset Value per C Share and the IFRS NAVs when the prices of any investments owned by the Company cannot be promptly or accurately ascertained.

C Share Rights

5.85 Definitions and Interpretation

5.86 For the purposes of this section 5.86 to 5.91 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):

AIFM means the alternative investment fund manager of the Company from time to time

Conversion means the conversion of C Shares into Ordinary Shares, in accordance with the provisions of section 5.89

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 Shareholder means a person who is a holder of C Shares

C Share Pool means the pool of assets and liabilities held by the Company which are attributable only to the C Shares, which includes the net issue proceeds of any issue made by the Company of C Shares, all assets acquired using those net issue proceeds and any proceeds relating to those assets, but which is subject to reduction by distributions required to enable the Company to remain a REIT

Calculation Date means the earliest of:

- (a) month end on the date 12 months after the date of admission of the relevant C Shares to the Official List of the FCA and to trading on the Main Market for listed securities of the London Stock Exchange, or if such day is not a Business Day, the first Business Day prior thereto;
- (b) close of business on the date after the day on which the Investment Adviser shall have given notice to the Directors that at least 90 per cent. of the net proceeds attributable to the issuance of the C Shares shall have been invested or committed; and
- (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

Conversion Date means the close of business on such Business Day as may be selected by the Directors falling within 2 months from the Calculation Date

Existing C Shares means the C Shares in issue immediately prior to Conversion

Existing Ordinary Shares means the Ordinary Shares in issue immediately prior to Conversion (not including any Ordinary Shares held in treasury)

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, notwithstanding that less than 90 per cent. of the net proceeds attributable to the issuance of the C Shares shall have been invested or committed, or that less than 12 months has passed since the date of admission of the C Shares to the Official List of the FCA and to trading on the Main Market for listed securities of the London Stock Exchange, or (ii) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue any C Shares with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are proposed to be issued, or (iii) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest

Net Asset Value means the net asset value of the Company, the Ordinary Shares or the C Shares, as the case may be, as at the relevant date, calculated in accordance with the Company's normal accounting policies reflecting the Portfolio Valuation

Pool means a notional pool of assets and liabilities in the books and records of the Company as described in section 5.88 created for and attributable to a class of shares

Net Asset Value per C Share means the Net Asset Value of the C Share Pool as at the Calculation Date (exclusive of any unpaid amounts of the fixed dividend on such Share unpaid as at the Calculation Date) divided by the number of C Shares in issue on the Calculation Date

Net Asset Value per Ordinary Share means, at any date, the Net Asset Value of the Ordinary Share Pool as at the Calculation Date divided by the number of Ordinary Shares in issue (other than Ordinary Shares held in treasury) on the Calculation Date

Ordinary Share Pool means the pool of assets and liabilities held by the Company attributable to the Ordinary Shares and which includes the net issue proceeds of any issue made by the Company of Ordinary Shares, all assets acquired using those net issue proceeds and any proceeds relating to those assets

Ordinary Shares means the ordinary shares in the capital of the Company

Pool means a notional pool of assets and liabilities in the books and records of the Company as described in section 5.88 created for and attributable to a class of shares

Portfolio Valuation means an independent valuation of the Portfolio by a property adviser or any other such adviser to the Company as the Directors may select from time to time, prepared in accordance with RICS "Red Book" guidelines and based upon the Portfolio being held, directly or indirectly, within a corporate vehicle or equivalent entity which is a wholly owned subsidiary of the Company

5.87 **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 new Ordinary Shares in accordance with the provisions of section 5.89.
- (c) Subject to paragraph (d), the C Shares shall carry the right to participate in a fixed, cumulative preferential dividend (payable only out of the C Share Pool) of three per cent. per annum, based on a C Share price of 100 pence,⁹ pro rated up to the Calculation Date.
- (d) Save in connection with the issue of any Ordinary Shares pursuant to paragraph 5.89(g), 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 5.89(l), on a winding up or return of capital (otherwise than on a purchase or redemption by the Company of any C Shares), the holders of the C Shares shall be entitled to receive an amount per C Share equal to the lower of (i) the amount subscribed for the issue of each C Share and (ii) the Net Asset Value per C Share, but shall have no other rights to participate in the capital of the Company.
- (f) C Shares shall rank on a winding up in priority to all other shares of the Company from time to time in issue.
- (g) Prior to the Conversion Date, should the fixed preferential dividend of three per cent. per annum (based on a C Share price of 100 pence), *pro rated* up to the Conversion Date payable to the holders of C Shares have been paid and all relevant income paid out as a Property Income Distribution from the Ordinary Share Pool but there remains relevant income required to be distributed from the C Share Pool to ensure the Company continues to qualify as a REIT, such income shall also be paid as a Property Income Distribution to the holders of Ordinary Shares.
- (h) The holders of C Shares shall have:

⁹ The C Shares will be entitled to a fixed, cumulative preferential dividend of 3 per cent. (based on a C Share price of 100 pence) per annum, pro rated for the period up until the Conversion Date and will be paid out of the C Share Pool. The target dividend is a target only and do not represent 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 this 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 yield are reasonable or achievable.

- (i) the right to receive notice of, and attend, speak and vote at class meetings of C Shareholders in accordance with the provisions of the Articles. Each holder of C Shares who is present in person (or being a corporation, by representative), or by proxy at a class meeting on a show of hands has one vote, and on a poll, every such person who is present in person (or being a corporation, by representative), or by proxy has one vote in respect of each C Share held by him, and
- (ii) no rights to receive notice of, attend, speak or vote at general meetings of the Company.

5.88 **Assets attributable to C Shares and Ordinary 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;
 - (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;
 - (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; and
 - (ix) notwithstanding the foregoing, the Directors shall have discretion to apply any income or assets from the C Share Pool in making a distribution in respect of the Ordinary Shares if that is required in order to meet the minimum distribution test for the Company to remain a REIT.
- (b) The Company shall give appropriate instructions to the AIFM and the Investment Adviser to manage the Company's assets so that section 5.88(a) can be complied with.

5.89 **Conversion of C Shares**

- (a) The Existing C Shares shall be converted into new Ordinary Shares on the relevant Conversion Date in accordance with the following provisions of this paragraph 5.89.
- (b) The Directors shall procure that as soon as reasonably practicable and not later than 2 months after the relevant Calculation Date:
 - (i) the Conversion Ratio as at the relevant Calculation Date and the numbers of new 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 been performed in accordance with these Articles and any agreed upon procedures and are arithmetically accurate, whereupon such calculations shall become final and binding on the Company and all holders of shares and any other securities issued by the Company which are convertible into shares.
- (c) Further, the Directors will procure an independent valuation of the assets of each of the Ordinary Share Pool and the C Share Pool as at the relevant Calculation Date.
- (d) The Directors shall procure that, as soon as practicable following such confirmation and in any event within 2 months of the relevant Calculation Date, a regulatory news service notice be published setting out the Conversion Date, the Conversion Ratio and the numbers of new Ordinary Shares to which such holder of C Shares shall be entitled on Conversion.
- (e) Subject to paragraph 5.89(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 Existing C Shares at the relevant Calculation Date multiplied by the relevant Conversion Ratio (calculated to six decimal places and rounded up to the nearest whole Ordinary Share).
- (f) The new 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 new 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).
- (g) If the Conversion requires more Ordinary Shares to arise on Conversion than the number of Existing 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), issue fully paid up additional Ordinary 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 Ordinary Shares in issue to allow the Company to comply with this paragraph 5.89.
- (h) Forthwith upon Conversion, any 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.
- (i) The Conversion shall be effected by way of conversion and re-designation of the relevant number of C Shares into the relevant number of new 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.
- (j) The new Ordinary Shares into which any C Shares shall convert shall rank *pari passu* with the Existing Ordinary Shares then in issue for any dividends or distributions declared on the Ordinary Shares by reference to a record date falling after the Conversion Date.
- (k) Upon completion of a Conversion, the assets, liabilities, income and expenditure attributable to the C Shares in accordance with paragraph 5.88 shall be allocated to the Ordinary Shares.

- (l) 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 5.87(h)(i) 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).
- (m) For the avoidance of doubt, no act undertaken by the Company in accordance with paragraph 5.89(f) shall amount to the variation, alteration or abrogation of the rights attaching to any class of share in the Company.

5.90 **Acquisition and disposal of C Shares**

C Shares are subject to the following notification obligations set out in the Articles: if the shareholding of any C Shareholder reaches, exceeds or falls below certain thresholds (3, 4, 5, 6, 7, 8, 9, 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent., of the total number of C Shares in issue) as a result of an acquisition or disposal of C Shares, the C Shareholder must notify the Company of the percentage of outstanding C Shares in issue he/she holds (or is deemed to hold through his/her direct or indirect holding of such C Shares).

5.91 **Continuation vote**

The Directors are required to propose an ordinary resolution at the annual general meeting to be held in 2022 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, reorganisation 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.

6 **UK CITY CODE ON TAKEOVERS AND MERGERS**

6.1 **Mandatory bid**

The Takeover Code applies to the Company.

Given the existence of the buyback powers described in this Prospectus, there are certain considerations that Shareholders should be aware of with regard to the Takeover Code.

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

Under Rule 37 of the Takeover Code when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9 of the Takeover Code. A shareholder who is neither a director nor acting in concert with a Director will not normally incur an obligation to make an offer under Rule 9 of the Takeover Code in these circumstances.

However, under note 2 to Rule 37 of the Takeover Code where a shareholder has acquired shares at a time when he had reason to believe that a purchase by the company of its own voting shares would take place, then an obligation to make a mandatory bid under Rule 9 of the Takeover Code may arise.

The buyback powers could have implications under Rule 9 of the Takeover Code for Shareholders with significant shareholdings. The buyback powers should enable the Company to anticipate the possibility of such a situation arising. Prior to the Board implementing any share buyback the Board will seek to identify any Shareholders who they are aware may be deemed to be acting in concert under note 1 of Rule 37 of the Takeover Code and will seek an appropriate waiver in accordance with note 3 of Rule 37. However, neither the Company, nor any of the Directors, nor the Investment Adviser will incur any liability to any Shareholder(s) if they fail to identify the possibility of a mandatory offer arising or, if having identified such a possibility, they fail to notify the relevant Shareholder(s) or if the relevant Shareholder(s) fail(s) to take appropriate action.

If an offer is made for the shares or any class of shares in the capital of a company and if, within 4 months after the date of such offer, the offer is approved by shareholders comprising 90 per cent. in value of the shares affected (excluding any shares held as treasury shares) then the offeror may, within 2 months after the expiration of those 4 months, send an acquisition notice to any dissenting shareholders informing them that it wishes to acquire their shares (an **Acquisition Notice**). Where an Acquisition Notice is given, the offeror is then entitled and bound to acquire those shares on the terms on which the original offer, approved by the shareholders comprising 90 per cent. in value of the shares affected, was made.

7 MATERIAL CONTRACTS OF THE COMPANY

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

7.1 Seed Assets Acquisition Agreements

Seed Assets 1 Acquisition Agreement

A sale and purchase agreement dated 2 June 2021 and made between the Company, Equity Trustees Limited (as trustee of the L1 Capital UK Residential Property Fund), certain individual sellers and L1 UK Property Investments Pty Ltd relating to the acquisition of all the units in Sub-Trust 1A (which is the beneficial owner of certain of the properties comprising the Seed Assets, as more particularly identified in Part V (*Seed Assets and Pipeline Assets*) of this Prospectus) and the entire issued share capital of the nominee companies which hold legal title to such properties.

The purchase consideration of £44.69 million (subject to certain closing adjustments) will be paid wholly in cash.

Completion of the Seed Assets 1 Acquisition Agreement is conditional upon Initial Admission and the satisfaction of certain other conditions precedent as specified in the agreement.

Under the Seed Assets 1 Acquisition Agreement, the Seed Asset Vendors have given certain representations and warranties in relation to Sub-Trust 1A and the properties beneficially owned by Sub-Trust 1A. Such representations and warranties are subject to certain financial limitations, caps and time limits for claims.

The Seed Assets 1 Acquisition Agreement is governed by the law applying in Victoria, Australia.

Seed Assets 2 Acquisition Agreement

A sale and purchase agreement 2 June 2021 and made between the Company, Equity Trustees Limited (as trustee of the L1 Capital UK Residential Property Fund II) certain individual sellers and L1 UK Property Investments Pty Ltd relating to the acquisition of all the units in Sub-Trust 2A (which is the beneficial owner of certain of the properties comprising the Seed Assets, as more particularly identified in Part V (*Seed Assets and Pipeline Assets*) of this Prospectus) and the entire issued share capital of the nominee companies which hold legal title to such properties.

The purchase consideration of £28.13 million (subject to certain closing adjustments), will be paid as to £14.13 million in cash and as to £14 million through the issue of 14 million Consideration Shares, all of which will be issued to Equity Trustees Limited (as trustee of the L1 Capital UK Residential Property Fund II) The portion of the purchase consideration payable in Consideration Shares may be reduced if Equity Trustees Limited's (as trustee of the L1 Capital UK Residential Property Fund II) interests in the Ordinary Shares following Initial Admission would exceed 29.9 per cent. of the Company's total issued share capital when aggregated with L1 Capital funds and members of the L1 Capital management team.

Completion of the Seed Assets 2 Acquisition Agreement is conditional upon Initial Admission and the satisfaction of certain other conditions precedent as specified in the agreement, including Equity Trustees Limited (as trustee of the L1 Capital UK Residential Property Fund II) and L1 UK Property Investments Pty Ltd entering into a lock-up and orderly markets dealing deed in respect of the Consideration Shares.

Pursuant to the lock-up and orderly markets dealing deed, Equity Trustees Limited (as trustee of the L1 Capital UK Residential Property Fund II) and L1 UK Property Investments Pty Ltd (as the investment manager of the L1 Capital UK Residential Property Fund II) will agree not to dispose of any of the Consideration Shares (i) for a period of 12 months from Initial Admission, subject to certain customary exceptions, including the prior written consent of the Company and the Joint Bookrunners; and (ii) thereafter for a further 24 month period, only after consulting with the Joint Bookrunners in connection with the proposed disposal, in particular with regard to its proposed size, terms and timing and (acting reasonably) having taken into account any representations made by the Joint Bookrunners with a view to minimising the disruption that the proposed disposal might cause to the maintenance of an orderly market in the Ordinary Shares.

Under the Seed Assets 2 Acquisition Agreement, the Seed Asset Vendors have given certain representations and warranties in relation to Sub-Trust 2A and the properties beneficially owned by Sub-Trust 2A. Such representations and warranties are subject to certain financial limitations, caps and time limits for claims. The Company has also given certain representations and warranties in relation to itself in connection with the issue of the Consideration Shares.

The Seed Assets 2 Acquisition Agreement is governed by the law applying in Victoria, Australia. The lock-up and orderly markets dealing deed to be entered into in accordance with the Seed Assets 2 Acquisition Agreement will be governed by English law.

7.2 Sponsor and Placing Agreement

The Sponsor and Placing Agreement dated 3 June 2021 between the Company, the Investment Adviser, the Directors and the Joint Bookrunners whereby each of the Joint Bookrunners has undertaken, as agent for the Company, to use its respective reasonable endeavours to procure subscribers for (i) Ordinary Shares under the Initial Placing; and (ii) Issue Shares to be issued pursuant to any Subsequent Placings, each at the applicable Issue Price.

The Sponsor and Placing Agreement is subject to, *inter alia*, the Consideration Shares and the Ordinary Shares to be issued pursuant to the Initial Issue being admitted to the premium segment of the Official List and to trading on the premium segment of the London Stock Exchange's Main Market by 16 July 2021 (or such later date and time as the Company, the Investment Adviser and the Sponsor may agree but not later than 8.00 a.m. on 19 August 2021). Conditional upon completion of the Initial Issue (or as applicable, a Subsequent Placing), each Joint Bookrunner will be paid a commission by the Company in consideration for its services in relation to the relevant Placing.

Under the Sponsor and Placing Agreement, which may be terminated by the Company or the Joint Bookrunners in certain circumstances prior to Initial Admission and thereafter at any time prior to the Final Closing Date, the Company, the Directors and the Investment Adviser have given certain warranties to the

Joint Bookrunners and the Company and the Investment Adviser have also given certain indemnities. These warranties and indemnities are customary for an agreement of this nature.

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

The Sponsor and Placing Agreement is governed by English law.

7.3 AIFM Agreement

The AIFM Agreement dated 3 June 2021 between the Company and the AIFM, pursuant to which the AIFM is appointed to act as alternative investment fund manager of the Company with responsibility for portfolio management and risk management functions, subject to the overall policies and communicated directions of the Board.

The AIFM is entitled to receive from the Company in respect of its services provided under the AIFM Agreement, a fee of £95,000.

The AIFM Agreement may be terminated on three months' written notice. The AIFM Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency or in the event of a material and continuing breach.

The Company has given an indemnity in favour of the AIFM in respect of the AIFM's potential losses in carrying on its responsibilities under the AIFM Agreement, except as shall arise from the fraud, wilful default or gross negligence of the AIFM.

The AIFM Agreement is governed by Jersey law.

7.4 Investment Adviser Agreement

The Investment Adviser Agreement dated 3 June 2021 between the Company, the AIFM and the Investment Adviser, pursuant to which the Investment Adviser is appointed to provide certain services to the Company and the AIFM in relation to the Company and its Portfolio.

In consideration for its services, the Investment Adviser is entitled to an investment advisory fee as described in Part VII of this Prospectus.

The Investment Adviser Agreement may be terminated on 12 months' written notice, which can be served at any time after the fifth anniversary of Admission.

The Company or the AIFM (with the prior written consent of the Company) shall have the right to terminate the Investment Adviser Agreement by notice in writing to the Investment Adviser if the Investment Adviser shall commit any material breach of the Investment Adviser Agreement and shall have failed (within 30 business days after having been required by the Company or the AIFM to do so) to remedy such breach to the reasonable satisfaction of the Company; if the Investment Adviser is subject to administration or insolvency proceedings; or if the Investment Adviser ceases to hold any necessary regulatory permissions to perform its obligations under the Investment Adviser Agreement.

The Investment Adviser shall the right to terminate the Investment Adviser Agreement by notice in writing to the Company (with a copy of such notice also given to the AIFM) if the Company shall commit any material breach of the Investment Adviser Agreement and shall have failed (within 30 business days after having been required by the Investment Adviser to do so) to remedy such breach to the reasonable satisfaction of the Investment Adviser; or if the Company is subject to administration or insolvency proceedings.

Neither the Investment Adviser nor any of its officers or employees shall be liable for any loss to the Company or the AIFM arising from any errors of fact or judgment or any action taken or omitted to be taken by it,

except to the extent that such loss is due to the gross negligence, wilful default or fraud of the Investment Adviser or any of its officers or employees.

The Company shall indemnify the Investment Adviser and its officers and employees against all claims by third parties which may be made against the Investment or any of its officers or employees in connection with the provision of the Investment Adviser's services under the Investment Adviser Agreement, except to the extent that the relevant loss is due to the gross negligence, wilful default or fraud of the Investment Adviser or its officers or employees.

The Investment Adviser shall indemnify the Company against all direct liability or loss suffered or incurred by them due to gross negligence, wilful default or fraud on the part of the Investment Adviser or its officers and employees.

The Investment Adviser Agreement is governed by English law.

7.5 Administration Agreement

The Administration Agreement dated 2 June 2021 between the Company and the Administrator, pursuant to which the Administrator is appointed to perform certain administration and company secretarial services to the Company and its subsidiaries.

The Administration Agreement is for an initial period of one year from the date of Admission, following which it may be terminated on not less than six months' prior written notice by either party, or immediately in the case of certain specified circumstances, including material and continuing breach or insolvency.

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

Under the terms of the Administration Agreement, the Administrator is entitled to receive an administration fee for the provision of certain administration services to the Company calculated at an annual rate of (i) 3 basis points of NAV up to £200 million, plus (ii) 2 basis points of NAV above £200 million and up to £500 million, plus (iii) 1.5 basis points of NAV in excess of £500 million subject to a minimum annual fee.

The Administrator is also entitled to a company secretarial fee for the provision of certain company secretarial services to the Company.

The Administrator is entitled to additional fees for any services provided in connection with the Issue, for providing company secretarial and administration services to any SPVs and for any providing any additional services to the Company which are outside the scope of the administration and company secretarial services covered by the administration and company secretarial fees referred to above.

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

7.6 Registrar Agreement

The Registrar Agreement between the Company and the Registrar dated 3 June 2021, pursuant to which the Registrar has been appointed as registrar to the Company.

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

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

Under the terms of the Registrar Agreement, the Registrar is entitled to customary fees. The Registrar Agreement is governed by English law.

7.7 Receiving Agent Agreement

The Receiving Agent Agreement between the Company and the Receiving Agent dated 3 June 2021, pursuant to which the Receiving Agent has agreed to provide receiving agent duties and services to the Company in respect of the Initial Issue.

The Receiving Agent Agreement contains certain customary undertakings and indemnities by the Company in favour of the Receiving Agent.

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

The Receiving Agent Agreement is governed by English law.

8 RELATED PARTY TRANSACTIONS

Save for the entry into the Directors' appointment letters, the Seed Assets, Acquisition Agreements, the AIFM Agreement, the Investment Adviser Agreement and the Investment Adviser Lock-in Agreement, the Company has not entered into any transactions which, following Initial Admission, would be considered to be a related party transaction at any time during the period from incorporation to the date of this Prospectus.

9 LITIGATION

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.

10 WORKING CAPITAL

The Company is of the opinion that, taking into account the Minimum Net Proceeds, the working capital available to the Company is sufficient for the Company's present requirements, that is for at least 12 months from the date of this Prospectus.

If the Minimum Net Proceeds are not raised, the Issue may only proceed where a supplementary prospectus (including a working capital statement based on a revised minimum net proceeds figure) has been prepared in relation to the Company and approved by the FCA.

11 NO SIGNIFICANT CHANGE

There has been no significant change in the financial position of the Company since 26 January 2021, being the date of the Company's incorporation.

12 CAPITALISATION AND INDEBTEDNESS

As at the date of this Prospectus, the Company has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness and there have been no material changes to the Company's capitalisation from the date of incorporation to the date of this Prospectus.

13 INVESTMENT RESTRICTIONS

The Company will at all times invest and manage its assets with the objective of spreading risk and in accordance with its published investment policy as set out in Part II of this Prospectus.

The Company will not invest in other investment funds.

In the event of a material breach of the Company's investment policy or the investment restrictions set out therein, Shareholders will be informed of the actions to be taken by the Company and/or the AIFM via an RIS announcement.

The Company must not conduct any trading activity which is significant in the context of its group as a whole.

14 GENERAL

- 14.1 No Director has any interest in the promotion of, or in any property acquired or proposed to be acquired by, the Company.
- 14.2 The Consideration Shares and the Ordinary Shares being issued in connection with the Initial Issue are being issued at 100 pence per Ordinary Share of which 99 pence per Ordinary Share constitutes share premium.
- 14.3 No application is being made for the Consideration Shares or the Ordinary Shares to be issued pursuant to the Initial Issue and the Placing Programme to be dealt with in or on any stock exchange or investment exchange other than the premium segment of the Main Market of the London Stock Exchange.
- 14.4 Panmure Gordon is acting as sponsor and joint bookrunner in relation to the Initial Issue and the Placing Programme and has given and not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which they appear.
- 14.5 RBC is acting as joint bookrunner in relation to the Initial Issue and the Placing Programme and has given and not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which they appear.
- 14.6 The Investment Adviser has given and not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which such references appear. The Investment Adviser accepts responsibility for the information and opinions contained in the section entitled "Risk Factors", Part I (Investment Highlights), Part III (Investment Proposition), Part IV (Market Report), Part V (Seed Assets and Pipeline Assets), Part VII (Directors, Management and Administration) and Part XI (Additional Information) of this Prospectus and any other information or opinion related to or attributed to it or any Affiliate of the Investment Adviser. The information attributed to the Investment Adviser in this Prospectus is, to the best of the Investment Adviser's knowledge, in accordance with the facts and this Prospectus contains no omission likely to affect its import.
- 14.7 Knight Frank has given and not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which such references appear. Knight Frank accepts responsibility for the information and opinions contained in Part VI (*Valuation Report on Seed Assets*) of this Prospectus and any other information or opinion related to or attributed to it or any Affiliate of Knight Frank. The information attributed to Knight Frank in this Prospectus is, to the best of the Knight Frank's knowledge, in accordance with the facts and this Prospectus contains no omission likely to affect its import.
- 14.8 Solid Solutions has given and not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which such references appear.
- 14.9 Where third party information has been referenced in this Prospectus, the source of that third party information has been disclosed. All information in this Prospectus that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 14.10 Shareholders are obliged to comply, from Initial Admission, with the shareholding notification and disclosure requirements set out in Chapter 5 of the Disclosure Guidance and Transparency Rules. A Shareholder is required pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules to notify the Company if, as a result of an acquisition or disposal of shares or financial instruments, the Shareholder's percentage of voting rights of the Company reaches, exceeds or falls below, three per cent. of the Company's voting rights or any one per cent. threshold above that.

15 AUDITOR

The auditor following Initial Admission will be Mazars LLP of Tower Bridge House, St Katharine's Way, London E1W 1DD. Mazars LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

16 INTERMEDIARIES

As at the date of this Prospectus, the financial intermediaries that are allowed to use this Prospectus are:

- (a) AJ Bell Youinvest;
- (b) Equiniti Financial Services Ltd;
- (c) Hargreaves Lansdown Asset Management; and
- (d) Interactive Investor Services Limited.

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

17 DOCUMENTS AVAILABLE FOR INSPECTION

17.1 The following documents will be available for inspection at the Company's website (www.ukresidentialreit.com.com) from the date of this Prospectus until the Final Closing Date:

- (a) this Prospectus; and
- (b) the Articles.

17.2 A copy of this Prospectus has been submitted to the National Storage Mechanism and is available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

Dated 3 June 2021

PART XII

TERMS AND CONDITIONS OF THE PLACINGS

1 INTRODUCTION

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

2 AGREEMENT TO SUBSCRIBE FOR ISSUE SHARES AND CONDITIONS

- 2.1 A Placee agrees to become a member of the Company and agrees to subscribe for those Issue Shares allocated to it by the Joint Bookrunners at the applicable Issue Price, conditional on:
 - (a) the Sponsor and Placing Agreement becoming unconditional in respect of the Initial Placing or the relevant Subsequent Placing, as the case may be, (save for any condition relating to the relevant Admission) and not having been terminated on or before the date of Admission of the relevant Issue Shares being issued;
 - (b) each Seed Assets Acquisition Agreement not having been terminated in accordance with its terms prior to Initial Admission;
 - (c) in the case of the Initial Issue, the Minimum Gross Proceeds being raised;
 - (d) Admission of the relevant Issue Shares being issued occurring and becoming effective, in the case of Initial Admission by no later than 8.00 a.m. (London time) on 16 July 2021 (or such later date as the Company, the Investment Adviser and the Joint Bookrunners may agree and, in any event, no later than 19 August 2021), and in the case of any Subsequent Admission by no later than such dates as may be agreed between the Company, the Investment Adviser and the Joint Bookrunners in relation to each Subsequent Placing, not being later than the Final Closing Date;
 - (e) in the case of any Subsequent Placing, a valid supplementary prospectus being published by the Company if such is required; and
 - (f) in the case of any Subsequent Placing, the applicable Placing Programme Price being determined by the Directors.
- 2.2 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 ISSUE SHARES

- 3.1 Each Placee must pay the applicable Issue Price for the Issue Shares issued to the Placee in the manner and by the time directed by the Joint Bookrunners. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for Issue Shares may, at the discretion of the Joint Bookrunners, 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 applicable Issue Price for the Issue Shares allocated to it in accordance with paragraph 3.1 of these terms and conditions and the relevant Joint Bookrunner elects to accept that Placee's application, the relevant Joint Bookrunner may sell all or any of the Issue Shares allocated to the Placee on such Placee's behalf and retain from the proceeds, for the relevant Joint 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 Issue Shares on such Placee's behalf.

4 REPRESENTATIONS AND WARRANTIES

- 4.1 By agreeing to subscribe for Issue Shares, each Placee which enters into a commitment to subscribe for Issue Shares will (for itself and any person(s) procured by it to subscribe for Issue Shares and any nominee(s) for any such person(s)) be deemed to represent, warrant, undertake, agree and acknowledge to each of the Company, the Investment Adviser, the AIFM the Registrar and the Joint Bookrunners that:
- (a) in agreeing to subscribe for Issue Shares under the Initial Placing and/or under a Subsequent Placing, it is relying solely on this document and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Initial Placing and/or any Subsequent Placing. It agrees that none of the Company, the Investment Adviser, the Joint Bookrunners or the Registrar, nor any of their respective officers, agents, or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
 - (b) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Issue Shares under the Initial Placing and/or under a Subsequent Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Investment Adviser, the Joint Bookrunners or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Initial Placing or the relevant Subsequent Placing;
 - (c) it has carefully read and understands this document in its entirety and acknowledges that it is acquiring Issue Shares on the terms and subject to the conditions set out in Part XII (*Terms and Conditions of Placings*) of this Prospectus and the Articles as in force at the date of the relevant Admission of the relevant Issue Shares;
 - (d) it makes the representations, warranties, undertakings, agreements and acknowledgements set out in this Prospectus, including (unless otherwise expressly agreed with the Company and the Joint Bookrunners) those set out in the paragraph entitled "*Representations, Warranties and Undertakings*" in Part VIII (*The Initial Issue and the Placing Programme*) of this Prospectus;
 - (e) either (i) it is not a US Person, is not located within the United States, is acquiring the Issue Shares in an offshore transaction meeting the requirements of Regulation S and is not acquiring the Issue Shares for the account or benefit of a US Person or (ii) it is a "qualified institutional buyer" (as the term is defined in Rule 144A under the US Securities Act) that is also a "qualified purchaser" within the meaning of Section 2(a)(51) of the US Investment Company Act, and the related rules thereunder and is acquiring the Issue Shares for its own account or for the account of one or more "qualified institutional buyers" that are also "qualified purchasers" for which it is acting as a duly authorised agent or for a discretionary account with respect to which it exercises sole investment discretion and not with a view to any resale, distribution or other disposition of any such securities in violation of any US federal or state securities laws;
 - (f) the content of this document is exclusively the responsibility of the Company and its Directors (and in respect of certain sections of this document, the Investment Adviser and Knight Frank) and apart from the liabilities and responsibilities (if any) which may be imposed on the Joint Bookrunners by FSMA or the regulatory regime established thereunder, neither the Joint

Bookrunners 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 document, any such supplementary 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 Initial Placing or any Subsequent Placing based on any information, representation or statement contained in this document, such supplementary prospectus or otherwise;

- (g) it acknowledges that no person is authorised in connection with the Initial Placing or any Subsequent Placing to give any information or make any representation other than as contained in this document and any supplementary prospectus issued by the Company prior to Admission of the relevant Issue Shares and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Investment Adviser, the AIFM or the Joint Bookrunners;
- (h) 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);
- (i) if it is within the United Kingdom, it is a person who falls within Articles 49(2)(a) to (d) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or it is a person to whom the Issue Shares may otherwise lawfully be offered under such Order and/or is a person who is a “professional client” or an “eligible counterparty” within the meaning of Chapter 3 of the FCA’s Conduct of Business Sourcebook or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, it is a person to whom the Issue Shares may be lawfully offered under that other jurisdiction’s laws and regulations;
- (j) if it is a resident in an EEA Member State: (a) it is a qualified investor within the meaning of Article 2(e) of the EU Prospectus Regulation; and (b) if that EEA Member State has implemented the EU AIFM Directive, that it is a person to whom the Issue Shares may lawfully be marketed under the EU AIFM Directive or under the applicable implementing legislation (if any) of that EEA Member State;
- (k) in the case of any Issue Shares acquired by a Placee as a financial intermediary within the EEA as that term is used in the EU Prospectus Regulation or within the United Kingdom as that term is used in the UK Prospectus Regulation: (a) the Issue Shares acquired by it in the Initial Placing or any Subsequent Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any EEA Member State or the United Kingdom other than qualified investors (as that term is defined in the EU Prospectus Regulation or the UK Prospectus Regulation (as applicable)) and where marketing is permitted under EU AIFM Directive, or in circumstances in which the prior consent of the Joint Bookrunners has been given to the offer or resale; or (b) where Issue Shares have been acquired by it on behalf of persons in any EEA Member State or the United Kingdom other than qualified investors and where marketing is permitted under the UK AIFMD Laws, the offer of those Issue Shares to it is not treated under the EU Prospectus Regulation or the UK Prospectus Regulation (as applicable) as having been made to such persons;
- (l) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Ordinary Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person and acknowledges and agrees that no document is being issued by the Joint Bookrunners in connection with the Initial Issue and/or the Placing Programme in their capacity as authorised persons under section 21 of FSMA and it may not therefore be subject to the controls which would apply if they were made or approved as a financial promotion by an authorised person;
- (m) it is aware of and acknowledges that it is required to comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Ordinary Shares, from or otherwise involving, the United Kingdom;

- (n) it is aware of the provisions regarding insider dealing in the United Kingdom under the Criminal Justice Act 1993 and the UK MAR and confirms that it has and will continue to comply with any obligations imposed by such statutes;
- (o) no action has been taken or will be taken in any jurisdiction other than the United Kingdom that would permit a public offering of the Ordinary Shares or possession of this document (and any supplementary prospectus issued by the Company prior to the relevant Admission), in any country or jurisdiction where action for that purpose is required;
- (p) if it is acting as a “distributor” (for the purposes of the relevant MiFID II Product Governance Requirements):
 - (i) it acknowledges that the Target Market Assessment undertaken by the Investment Adviser and the Joint Bookrunners does not constitute: (a) an assessment of suitability or appropriateness for the purposes of the UK MiFID Laws and EU MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares and each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels;
 - (ii) notwithstanding any Target Market Assessment undertaken by the Investment Adviser and the Joint Bookrunners, it confirms that it has satisfied itself as to the appropriate knowledge, experience, financial situation, risk tolerance and objectives and needs of the investors to whom it plans to distribute the Ordinary Shares and that it has considered the compatibility of the risk/reward profile of such Issue Shares with the end target market; and
 - (iii) it acknowledges that the price of the Ordinary Shares and/or may decline and investors could lose all or part of their investment; the Ordinary Shares no guaranteed income and no capital protection; and an investment in the Ordinary Shares and/or is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom;
- (q) that, save in the event of fraud on the part of the Joint Bookrunners, neither the Joint Bookrunners, their 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 such Placee or any of its clients for any matter arising out of the Joint Bookrunners’ roles as placing agent or otherwise in connection with the Initial Issue and/or the Placing Programme and that where any such responsibility or liability nevertheless arises as a matter of law such Placee and, if relevant, its clients, will immediately waive any claim against any of such persons which such investor or any of its clients may have in respect thereof;
- (r) that it is aware of, has complied with and will at all times comply with its obligations in connection with money laundering under the Proceeds of Crime Act 2002;
- (s) in the event that a supplementary prospectus is required to be produced pursuant to Article 23 of the UK Prospectus Regulation (as amended) and in the event that it chooses to exercise any right of withdrawal pursuant to Article 23 of the UK Prospectus Regulation (as amended), such Placee will immediately re-subscribe for the Issue Shares previously comprising its Placing commitment;
- (t) the commitment to subscribe for Issue Shares on the terms set out in these terms and conditions will continue notwithstanding any amendment that may in the future be made to the terms of the Placing Programme and that it will have no right to be consulted or require that its consent be obtained with respect to the Company’s conduct of the Placing Programme;
- (u) 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 Issue Shares and it is not acting on a non-discretionary basis for any such person;
- (v) if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Initial Placing or any Subsequent Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to

subscribe for Issue Shares pursuant to the Initial Placing or any Subsequent Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or material could lawfully be provided to it or such person and Issue 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;

- (w) 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 Issue Shares under the Initial Placing or under any Subsequent Placing and will not be any such person on the date any such agreement to subscribe under the Initial Placing or any Subsequent Placing is accepted;
- (x) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other offering materials concerning the Initial Placing or any Subsequent Placing or the Issue Shares to any persons within the United States (subject to certain limited exceptions), nor will it do any of the foregoing;
- (y) it acknowledges that neither the Joint Bookrunners nor any of their respective Affiliates, nor any person acting on its or their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Initial Placing or any Subsequent Placing or providing any advice in relation to the Initial Placing or any Subsequent Placing and participation in the Initial Placing or any Subsequent Placing is on the basis that it is not and will not be a client of the Joint Bookrunners and that the Joint Bookrunners do not have any duties or responsibilities to it for providing the protections afforded to their clients or for providing advice in relation to the Initial Placing or any Subsequent Placing nor in respect of any representations, warranties, undertakings or indemnities otherwise required to be given by it in connection with its application under the Initial Placing or any Subsequent Placing;
- (z) it acknowledges that where it is subscribing for Issue Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account:
 - (i) to subscribe for the Issue Shares for each such account;
 - (ii) to make on each such account's behalf the representations, warranties and agreements set out in this document; and
 - (iii) to receive on behalf of each such account any documentation relating to the Initial Placing or the relevant Subsequent Placing in the form provided by the Company and/or the Joint Bookrunners,

and it agrees that the provisions of this paragraph shall survive any resale of the Issue Shares by or on behalf of any such account;

- (aa) it irrevocably appoints any director of the Company and any director of the Joint Bookrunners 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 Issue Shares for which it has given a commitment under the Initial Placing or any Subsequent Placing, in the event of its own failure to do so;
- (bb) it accepts that if the Initial Placing or the relevant Subsequent Placing does not proceed or the conditions to the Sponsor and Placing Agreement are not satisfied or the Issue Shares for which valid applications are received and accepted are not admitted to trading on the Main Market and to listing on the premium listing segment of the Official List for any reason whatsoever then none of the Joint Bookrunners, the Company, the Investment Adviser, the AIFM 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;
- (cc) in connection with its participation in the Initial Placing or any Subsequent Placing it has observed all relevant legislation and regulations;
- (dd) it acknowledges that the Joint Bookrunners and the Company are entitled to exercise any of their rights under the Sponsor and Placing Agreement or any other right in their absolute discretion without any liability whatsoever to it;

- (ee) the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that the Joint Bookrunners 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 Issue Shares are no longer accurate, it shall promptly notify the Joint Bookrunners and the Company;
- (ff) where it or any person acting on behalf of it is dealing with a Joint Bookrunner, any money held in an account with that Joint 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 that Joint Bookrunner to segregate such money, as that money will be held by that Joint Bookrunner under a banking relationship and not as trustee;
- (gg) any of its clients, whether or not identified to the Joint Bookrunners, will remain its sole responsibility and will not become clients of the Joint Bookrunners for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- (hh) it accepts that the allocation of Issue Shares shall be determined by the Company in its absolute discretion (in consultation with the Joint Bookrunners) and that the Company may scale down any commitments for this purpose on such basis as it may (in consultation with the Joint Bookrunners) determine;
- (ii) time shall be of the essence as regards its obligations to settle payment for the Issue Shares and to comply with its other obligations under the Initial Placing or the relevant Subsequent Placing;
- (jj) its commitment to acquire Issue Shares will be agreed orally with a Joint Bookrunner as agent for the Company and that a Contract Note or Placing Confirmation will be issued by the relevant Joint Bookrunner as soon as possible thereafter. That oral confirmation will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and the relevant Joint Bookrunner to subscribe for the number of Issue Shares allocated to it at the Initial Issue Price or the Placing Programme Price on the terms and conditions set out in this Part XII (*Terms and Conditions of Placings*) and, as applicable, in the Contract Note or Placing Confirmation. Except with the consent of the relevant Joint Bookrunner, such oral commitment will not be capable of variation or revocation after the time at which it is made;
- (kk) its allocation of Issue Shares under the Initial Placing and any Subsequent Placing will be evidenced by the Contract Note or Placing Confirmation, as applicable, confirming:
 - (i) the number of Issue Shares that such Placee has agreed to subscribe for;
 - (ii) the aggregate amount that such Placee will be required to pay for such Issue Shares; and
 - (iii) settlement instructions to pay the relevant Joint Bookrunner as agent for the Company. The terms of this Part XII (*Terms and Conditions of Placings*) will be deemed to be incorporated into that Contract Note or Placing Confirmation; and
- (ll) for the avoidance of doubt, nothing in these terms and conditions is intended to exclude the liability of any person for fraud or fraudulent misrepresentation made by that person.

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

5 MONEY LAUNDERING

5.1 Each Placee acknowledges and agrees that:

- (a) 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 UK Money Laundering Regulations 2017 in force in the United Kingdom; or
 - (ii) 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 UK Money Laundering Regulations 2017 (which may include the provisions of the EU Money Laundering Directive); and

- (b) due to anti-money laundering requirements, the Joint Bookrunners 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 Joint Bookrunners and the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify the Joint Bookrunners and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it.

6 DATA PROTECTION

- 6.1 Each Placee acknowledges that it has been informed that, pursuant to applicable data protection legislation (including the UK GDPR and the EU GDPR) and regulatory requirements in the United Kingdom and/or the EEA, as appropriate (**DP Legislation**) the Company, the Administrator and/or the Registrar hold their personal data. Personal data will be retained on record for a period exceeding six years after which it is no longer used (subject always to any limitations on retention periods set out in the DP Legislation). The Registrar and the Administrator will process such personal data at all times in compliance with DP Legislation and shall only process such information for the purposes set out in the Company's privacy notice (the **Purposes**) which is available for consultation on the Company's website www.ukresidentialreit.com (the **Privacy Notice**).
- 6.2 Where necessary to fulfil the Purposes, the Company will disclose personal data to:
- (a) third parties located either within, or outside of the EEA, for the Registrar and the Administrator to perform their respective functions, or when it is within its legitimate interests, and in particular in connection with the holding of Ordinary Shares; or
- (b) its Affiliates, the Registrar, the Administrator or the Investment Adviser and their respective associates, some of which are located outside of the UK and EEA.
- 6.3 Any sharing of personal data between parties will be carried out in compliance with DP Legislation and as set out in the Company's Privacy Notice.
- 6.4 In providing the Registrar with personal data, the Placee hereby represents and warrants to the Company, the Registrar and the Administrator that: (1) it complies in all material aspects with its data controller obligations under DP Legislation, and in particular, it has notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of the Company's Privacy Notice to such relevant data subjects; and (2) where consent is legally competent and/or required under DP Legislation, the Placee has obtained the consent of any data subject to the Company, the Administrator and the Registrar and their respective Affiliates and group companies, holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes).
- 6.5 Each Placee acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the Placee is a natural person he or she (as the case may be) represents and warrants that (as applicable) he or she has read and understood the terms of the Company's Privacy Notice.
- 6.6 Each Placee acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the Placee is not a natural person it represents and warrants:
- (a) it has brought the Company's Privacy Notice to the attention of any underlying data subjects on whose behalf or account the Placee may act or whose personal data will be disclosed to the Company and the Administrator as a result of the Placee agreeing to subscribe for Ordinary Shares under the Initial Placing or any Subsequent Placing; and
- (b) the Placee has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company.

- 6.7 Where the Placee acts for or on account of an underlying data subject or otherwise discloses the personal data of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising in relation to the Initial Placing or any Subsequent Placing:
- (a) comply with all applicable data protection legislation;
 - (b) take appropriate technical and organisational measures against unauthorised or unlawful processing of the personal data and against accidental loss or destruction of, or damage to the personal data;
 - (c) if required, agree with the Company and the Registrar, the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and
 - (d) immediately on demand, fully indemnify the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar in connection with any failure by the Placee to comply with the provisions set out above.

7 SUPPLY AND DISCLOSURE OF INFORMATION

If the Joint Bookrunners, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for Issue Shares under the Initial Placing or any Subsequent Placing, such Placee must promptly disclose it to them.

8 NON UNITED KINGDOM INVESTORS

- 8.1 If the Placee is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Initial Placing and/or the Placing Programme constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Issue Shares pursuant to the Initial Placing or any Subsequent Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Issue 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.
- 8.2 None of the Issue Shares has been or will be registered under the laws of the United States, Canada, Australia, the Republic of South Africa or Japan. Accordingly, the Issue Shares may not be offered, sold, issued or delivered, directly or indirectly, within any of the United States, Canada, Australia, the Republic of South Africa or Japan or to any national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan unless an exemption from any registration or prospectus requirement is available.

9 MISCELLANEOUS

- 9.1 The rights and remedies of the Company, the Investment Adviser, the AIFM, the Joint Bookrunners 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.
- 9.2 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 Initial Placing or any Subsequent Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.
- 9.3 Each Placee agrees to be bound by the Articles once the Issue Shares, which the Placee has agreed to subscribe for pursuant to the Initial Placing or any Subsequent Placing, have been acquired by the Placee. The contract to subscribe for Issue Shares under the Initial Placing or any Subsequent Placing and the appointments and authorities mentioned in this document and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or

claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Company, the Investment Adviser, the AIFM, the Joint Bookrunners 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.

- 9.4 In the case of a joint agreement to subscribe for Issue Shares under the Initial Placing or any Subsequent Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.
- 9.5 The Joint Bookrunners and the Company expressly reserve the right to modify the Initial Placing or any Subsequent Placing (including, without limitation, the timetable and settlement) at any time before allocations are determined. The Joint Bookrunners and the Company expressly reserve the right to require any Placee to agree to such further (or modified) terms and/or conditions and/or give such additional (or modified) warranties and/or representations as they (in their absolute discretion) see fit and/or may require any such Placee to execute a separate placing letter and/or other documentation. The Initial Placing and any Subsequent Placing are subject to the satisfaction of the conditions contained in the Sponsor and Placing Agreement and the Sponsor and Placing Agreement not having been terminated. Further details of the terms of the Sponsor and Placing Agreement are contained paragraph 7.2 of Part XI (Additional Information) of this Prospectus.

PART XIII

TERMS AND CONDITIONS OF THE OFFER FOR SUBSCRIPTION

If you apply for Ordinary Shares under the Offer, you will be agreeing with the Company, the Registrar and the Receiving Agent to the terms and conditions of application set out below. Potential investors should note the section entitled "*Notes on how to complete the Application Form for the Offer*" in Appendix 1 to this Prospectus.

1 OFFER TO SUBSCRIBE FOR ORDINARY SHARES

- 1.1 Your application must be made on the Application Form attached at Appendix 2 to this Prospectus or as may be otherwise published by the Company. By completing and delivering an Application Form, you, as the applicant, and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:
- (a) offer to subscribe for such number of Ordinary Shares at 100 pence per Ordinary Share as may be specified in Box 1 on your Application Form (being a minimum of 1,000 Ordinary Shares, or such smaller number for which such application is accepted, and in multiples of 100 Ordinary Shares) on the terms, and subject to the conditions, set out in this Prospectus, including these Terms and Conditions of the Offer for Subscription, and the Articles (as amended from time to time);
 - (b) agree that in respect of any Ordinary Shares for which you wish to subscribe under the Offer you will submit payment in Sterling;
 - (c) agree that, in consideration of the Company agreeing that it will not, prior to the date of Initial Admission, offer for subscription any Ordinary Shares to any person other than by means of the procedures referred to in this Prospectus, your application may not be revoked (subject to any legal right to withdraw your application which arises as a result of any supplementary prospectus being published by the Company subsequent to the date of this Prospectus and prior to Initial Admission) and that this section shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to the Receiving Agent of your Application Form;
 - (d) undertake to pay the amount specified in Box 1 on your Application Form in full on application and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured, you will not be entitled to receive the share certificates for the Ordinary Shares applied for in certificated form or be entitled to commence dealing in the Ordinary Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such Ordinary Shares unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Receiving Agent (which acceptance shall not constitute an acceptance of your application under the Offer and shall be in its absolute discretion and on the basis that you indemnify the Company, the Registrar, the Receiving Agent, the Joint Bookrunners and their respective Affiliates against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) void the agreement to allot the Ordinary Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by way of a cheque, in your favour, at your risk, for an amount equal to the proceeds of the remittance which accompanied your Application Form, without interest);
 - (e) agree that where on your Application Form a request is made for Ordinary Shares to be deposited into a CREST account, the Receiving Agent may in its absolute discretion amend the Application Form so that such Ordinary Shares may be issued in certificated form registered in the name(s) of the applicant(s) specified in your Application Form (and recognise that the Receiving Agent will so amend the form if there is any delay in satisfying the identity of the applicant or the owner of the CREST account or in receiving your remittance in cleared funds as approved by both the Company and the Joint Bookrunners);

- (f) agree, in respect of applications for Ordinary Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 1.1(e) above to issue Ordinary Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled or pursuant to paragraph 1.1(e) above (and any monies returnable to you) may be retained by the Receiving Agent:
- (i) pending clearance of your remittance;
 - (ii) pending investigation of any suspected breach of the warranties contained in paragraph 5 of this Part XIII (*Terms and Conditions of the Offer for Subscription*) of this Prospectus or any other suspected breach of these Terms and Conditions of the Offer for Subscription; or
 - (iii) pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purpose of any anti-money laundering requirements,
- (g) agree, on the request of the Receiving Agent, to disclose promptly in writing to it such information as the Receiving Agent may request in connection with your application and authorise the Receiving Agent to disclose any information relating to your application which it may consider appropriate;
- (h) agree that, if evidence of identity satisfactory to the Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Receiving Agent and/or the Company) following a request therefor, the Company may terminate the agreement with you to allot Ordinary Shares and, in such case, the Ordinary Shares which would otherwise have been allotted to you may be re-allotted or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned in the same method that the payment was received by the Receiving Agent, on which the payment accompanying the application was first drawn without interest and at your risk;
- (i) agree that you are not applying on behalf of a person engaged in money laundering, drug trafficking or terrorism, or any sanctioned individual or entity;
- (j) undertake to ensure that, in the case of an Application Form signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is enclosed with your Application Form together with full identity documents for the person so signing;
- (k) authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of Ordinary Shares for which your application is accepted or if you have completed Section 2B on your Application Form, but subject to paragraph 1.1(e) above, to deliver the number of Ordinary Shares for which your application is accepted into CREST, and/or to return any monies returnable by cheque in your favour without interest and at your risk;
- (l) confirm that you have read and complied with paragraph 7 of this Part XIII (*Terms and Conditions of the Offer for Subscription*) of this Prospectus;
- (m) agree that all subscription cheques and bankers draft payments will be processed through a bank account in the name of Link Market Services Ltd RE: The UK Residential REIT plc – OFS CHQ A/C opened with the Receiving Agent;
- (n) agree that all subscription payments made by Electronic Bank Transfer will be processed through a bank account in the name of Link Market Services Ltd RE: The UK Residential REIT plc – OFS CHAPS A/C opened with the Receiving Agent;
- (o) agree that your Application Form is addressed to the Receiving Agent on behalf of the Company; and
- (p) any Applications for shares required to be in CREST, the Application Form must be completed and signed by the named CREST holder, rather than any underlying beneficial investor and payment must be made in CREST on a DvP method in CREST.

1.2 Any application may be rejected in whole or in part at the sole discretion of the Company.

2 ACCEPTANCE OF YOUR OFFER

- 2.1 The Receiving Agent may, on behalf of the Company, accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected) for Ordinary Shares either:
- (a) by informing the Joint Bookrunners and the Company so they may notify the FCA of the basis of allocation (in which case the acceptance will be on that basis); or
 - (b) by notifying acceptance to the Company.
- 2.2 The basis of allocation will be determined by the Directors (following consultation with the Joint Bookrunners). The right is reserved notwithstanding the basis as so determined to reject in whole or in part and/or scale back any application on such basis as they may determine. The right is reserved to treat as valid any application not complying fully with these Terms and Conditions of the Offer for Subscription or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed with the Company in some other manner to apply in accordance with these Terms and Conditions of the Offer for Subscription. The Company and Receiving Agent reserve the right (but shall not be obliged) to accept Application Forms and accompanying remittances which are received otherwise than in accordance with these Terms and Conditions of the Offer for Subscription.
- 2.3 The Receiving Agent will present all cheques and bankers' drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful applicants' payments. The right is also reserved to reject in whole or in part, or to scale down or limit, any application.
- 2.4 The Company reserves the right in its absolute discretion (but shall not be obliged) to accept applications for less than the minimum subscription.

3 CONDITIONS

- 3.1 The contracts created by the acceptance of applications (in whole or in part) under the Offer will be conditional on, among other things:
- (a) Initial Admission becoming effective by not later than 8.00 a.m. (London time) on 16 July 2021 (or such later time and/or date, not being later than 8.00 a.m. on 19 August 2021, as the Company, the Investment Adviser and the Joint Bookrunners may agree); and
 - (b) the Sponsor and Placing Agreement becoming otherwise unconditional in all respects, and not being terminated in accordance with its terms before Initial Admission becomes effective.
- 3.2 You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other rights you may have.

4 RETURN OF APPLICATION MONIES

Where application monies have been banked and/or received, if any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest and after the deduction of any applicable bank charges by returning your cheque, or by crossed cheque in your favour, by 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 non-interest bearing account.

5 WARRANTIES

- 5.1 By completing an Application Form, you:
- (a) warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions of the Offer for Subscription

- and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- (b) make the representations, warranties, undertakings, agreements and acknowledgements set out in this Prospectus, including (unless otherwise expressly agreed with the Company) those set out in the paragraph entitled “Representations, Warranties and Undertakings” in Part VIII (*The Initial Issue and the Placing Programme*) of this Prospectus;
 - (c) represent, warrant, undertake, agree and acknowledge that either (i) you are not a US Person, are not located within the United States, are acquiring the Issue Shares in an offshore transaction meeting the requirements of Regulation S and are not acquiring the Issue Shares for the account or benefit of a US Person or, or (ii) you are a qualified institutional buyer as defined in Rule 144A under the US Securities Act who has delivered or will deliver to the Company a duly executed US investor letter in form and substance acceptable to the Company and are acquiring the Ordinary Shares pursuant to an exemption from the registration requirements of the US Securities Act;
 - (d) warrant, if the laws of any territory or jurisdiction other than the United Kingdom are applicable to your application, that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company, the Receiving Agent, the Joint Bookrunners, or any of their respective Affiliates, 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 in respect of your application;
 - (e) warrant that you are entitled to acquire the Ordinary Shares under the applicable laws of all relevant jurisdictions, you have fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and you have paid or will pay all issue, transfer or other taxes due in connection with your acceptance in any jurisdiction of the Ordinary Shares and that you have not taken any action, or omitted to take any action, which may result in the Company or the Joint Bookrunners, or their respective directors, officers, agents, employees and advisers, being in breach of the laws of any jurisdiction in connection with the Initial Issue or your acceptance of participation in the Initial Issue;
 - (f) you have received, carefully read and understand this Prospectus and, unless otherwise expressly agreed with the Company, you have not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other offering materials or publicity relating to the Ordinary Shares into or within Australia, Canada, Japan or the Republic of South Africa, nor will you do any of the foregoing;
 - (g) warrant that you do not have a registered address in, and are 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;
 - (h) confirm that in making an application you are not relying on any information or representations in relation to the Company and the Ordinary Shares other than those contained in this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus and prior to Initial Admission (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for this Prospectus, any such supplementary prospectus or any part thereof shall have any liability for any such other information or representation and any information relating to the exchange of tax information;
 - (i) agree that, having had the opportunity to read this Prospectus, you shall be deemed to have had notice of all information and representations contained herein;
 - (j) 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 any supplementary prospectus published by the Company subsequent to the day of this Prospectus and prior to Initial Admission and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Receiving Agent, the Joint Bookrunners or any of their respective Affiliates;
 - (k) warrant that you are not under the age of 18 on the date of your application;

- (l) agree that all documents and monies sent by post to, by or on behalf of the Company, or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint applicants, the address of the first-named applicant) as set out in your Application Form;
- (m) confirm that you have reviewed the restrictions contained in paragraph 7 of this Part XIII (*Terms and Conditions of the Offer for Subscription*) of this Prospectus and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions therein;
- (n) agree that, in respect of those Ordinary Shares for which your Application Form has been received and processed and not rejected, acceptance of your Application Form shall be constituted by the Company instructing the Registrar to enter your name on the Register;
- (o) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer and any non-contractual obligations arising in connection therewith shall be governed by and construed in accordance with the laws of England and Wales and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (p) irrevocably authorise the Company, the Receiving Agent, the Joint Bookrunners or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed by or issued to you into your name and authorise any representatives of the Company, the Receiving Agent and the Joint Bookrunners to execute any documents required thereafter and to enter your name on the Register;
- (q) warrant that you are: (i) highly knowledgeable and experienced in business and financial matters as to be capable of evaluating the merits and risks of an investment in the Ordinary Shares; (ii) fully understand the risks associated with such investment; and (iii) are able to bear the economic risk of your investment in the Company and are currently able to afford the complete loss of such investment;
- (r) acknowledge that the KID relating to the Ordinary Shares to be issued pursuant to the Offer in connection with the Ordinary Shares pursuant to the UK PRIIPs Laws can be provided to you in paper form or by means of a website, but that where you are applying under the Offer directly and not through an adviser or other intermediary, unless requested in writing otherwise, the lodging of an Application Form represents your consent to being provided the KID via the website at <http://www.ukresidentialreit.com> or on such other website as has been notified to you. Where your application is made on an advised basis or through another intermediary, the terms of your engagement should address the means by which such KID will be provided to you;
- (s) acknowledge and agree that the procedures for calculating the risks, costs and potential returns as set out in the KID relating to the Ordinary Shares are prescribed by the UK PRIIPs Laws and the information contained in the KID may not reflect the expected returns for the Company, and that anticipated performance returns cannot be guaranteed;
- (t) agree to provide the Company and Receiving Agent with any information which they may request in connection with your application or to comply with any other relevant legislation (as the same may be amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with anti-money laundering requirements;
- (u) agree that each of the Receiving Agent and the Joint Bookrunners are acting for the Company in connection with the Offer and for no-one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of Ordinary Shares or concerning the suitability of Ordinary Shares for you or be responsible to you for providing the protections afforded to their customers; and
- (v) warrant that the information contained in your Application Form is true and accurate.

6 MONEY LAUNDERING

- 6.1 You agree that, in order to ensure compliance with the UK Money Laundering Regulations 2017 (where applicable), the Receiving Agent or the Administrator may respectively at their absolute discretion require verification of identity from any person lodging an Application Form.
- 6.2 The Receiving Agent may undertake electronic searches for the purposes of verifying your identity. To do so the Receiving Agent may verify the details against your identity, but may also request further proof of your identity. The Receiving Agent reserves the right to withhold any entitlement (including any refund cheque) until such verification of identity is completed to its satisfaction.
- 6.3 Payments being made by cheque or banker's draft must be made in Sterling drawn on a United Kingdom branch of a bank or building society. Cheques, which must be drawn on your personal account where you have sole or joint title to the funds, should be made payable to Link Market Services Ltd RE: The UK Residential REIT plc – OFS CHQ A/C. Third-party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has inserted the full name of the account holder and have added the building society or bank branch stamp by stamping or endorsing the cheque/banker's draft by following the instructions in paragraph 6.7 below.
- 6.4 The name on the bank account must be the same as that shown on the Application Form.
- 6.5 Where you appear to the Receiving Agent to be acting on behalf of some other person, certifications of identity of any persons on whose behalf you appear to be acting may be required.
- 6.6 Failure to provide the necessary evidence of identity may result in application(s) being rejected or in delays in the despatch of documents.
- 6.7 In all circumstances, verification of the identity of applicants will be required. If you use a building society cheque, banker's draft or money order, you should ensure that the bank or building society enters the name, address and account number of the person whose account is being debited on the reverse of the cheque, banker's draft or money order and adds its stamp.

7 OVERSEAS PERSONS

The attention of potential investors who are not resident in, or who are not citizens of, the United Kingdom is drawn to this paragraph 7:

- 7.1 The offer of Ordinary Shares under the Offer to persons who are resident in, or citizens of, countries other than the United Kingdom (**Overseas Persons**) may be affected by the law of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to subscribe for Ordinary Shares under the Offer. It is the responsibility of all Overseas Persons receiving this Prospectus and/or wishing to subscribe to the Ordinary Shares under the Offer, to satisfy themselves as to full observance of the laws of any relevant territory or jurisdiction in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities required to be observed and paying any issue, transfer or other taxes due in such territory.
- 7.2 No person receiving a copy of this Prospectus in any territory other than the United Kingdom may treat the same as constituting an offer or invitation to him, unless in the relevant territory such an offer can lawfully be made to him without compliance with any further registration or other legal requirements.
- 7.3 Unless otherwise expressly agreed with the Company, persons (including, without limitation, custodians, nominees and trustees) receiving this Prospectus should not distribute or send it in or into the United States, Australia, Canada, Japan or the Republic of South Africa, their respective territories or possessions or any other jurisdiction, or to any other person, where to do so would or might contravene local securities laws or regulations.
- 7.4 The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary Shares pursuant to the Offer if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

8 MISCELLANEOUS

- 8.1 The rights and remedies of the Company, the Receiving Agent and the Joint Bookrunners under these Terms and Conditions of the Offer for Subscription are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 8.2 The Company reserves the right to shorten or extend the closing time and/or date of the Offer from 11.00 a.m. (London time) on 12 July 2021 (provided that if the closing time is extended this Prospectus remains valid at the closing time as extended) by giving notice to the London Stock Exchange. The Company will notify investors via an RIS and any other manner, having regard to the requirements of the London Stock Exchange.
- 8.3 The Company may terminate the Offer, in its absolute discretion, at any time prior to Initial Admission. If such right is exercised, the Offer will lapse and any monies will be returned to you as indicated at your own risk and without interest.
- 8.4 The dates and times referred to in these Terms and Conditions of the Offer for Subscription may be altered by the Company, including but not limited to so as to be consistent with the Sponsor and Placing Agreement (as the same may be altered from time to time in accordance with its terms).
- 8.5 Save where the context requires otherwise, terms used in these Terms and Conditions of the Offer for Subscription bear the same meaning as used elsewhere in this Prospectus.

PART XIV

DEFINITIONS

The following definitions apply in this Prospectus unless the context otherwise requires:

| | |
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| Acquisition Costs | the costs and expenses incurred by the Company in respect of acquiring the Seed Assets (comprising professional advisers' fees, SDLT and SDRT) as more fully described in Part VII of this Prospectus |
| Acquisition Notice | has the meaning given in paragraph 6.1 of Part XI (<i>Additional Information</i>) of this Prospectus |
| Administration Agreement | the administration agreement between the Company and the Administrator, a summary of which is set out in paragraph 7.5 of Part XI (<i>Additional Information</i>) of this Prospectus |
| Administrator or Company Secretary | Apex and/or such other person or persons from time to time appointed as administrator and/or company secretary by the Company |
| Admission | the Initial Admission or any Subsequent Admission, as the context requires |
| Affiliate | an affiliate of, or person affiliated with, a specified person including a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified |
| AIC | the Association of Investment Companies |
| AIC Code | the AIC's Code of Corporate Governance for investment companies (February 2019), as amended from time to time |
| AIF | an alternative investment fund, within the meaning of the EU AIFM Directive or the UK AIFMD Laws (as applicable) |
| AIFM | Carne and/or such other person or persons from time to time appointed by the Company as its alternative investment fund manager, within the meaning of the UK AIFMD Laws (as applicable) |
| Apex | Apex Fund and Corporate Services (UK) Limited |
| Application Form | the application form for the Offer set out as Appendix 2 to this Prospectus |
| Articles | the articles of association of the Company, as amended from time to time |
| Audit Committee | the committee of this name established by the Board and having the duties described in the section entitled " <i>Committees: Audit Committee</i> " in Part VII (<i>Directors, Management and Administration</i>) of this Prospectus |
| Auditors | the auditors of the Company from time to time |
| Borrowing Policy | the borrowing policy of the Company as described in Part II (<i>The Company</i>) of this Prospectus |

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| Business Day | a day on which the London Stock Exchange and banks in Guernsey generally are open for the transaction of normal business |
| Carne | Carne Global AIFM Solutions (C.I.) Limited |
| C Share | an ordinary share of £0.01 value in the capital of the Company issued as a “C Share” having such rights and being subject to such restrictions as are contained in the Articles and which, if issued, will convert into Ordinary Shares in accordance with the terms of the Articles |
| certificated or in certificated form | not in uncertificated form |
| CFTC | the United States Commodity Futures Trading Commission |
| Chairman | the chairman of the Board of the Company |
| Commodity Exchange Act | the United States Commodity Exchange Act of 1936 or any substantially equivalent successor legislation |
| Common Reporting Standard or CRS | the global standard for the automatic exchange of financial information between tax authorities developed by the Organisation for Economic Co-operation and Development |
| Companies Act | the Companies Act 2006, as amended |
| Company | The UK Residential REIT plc, an investment company incorporated in England and Wales under the Companies Act on 26 January 2021 with registered number 13159275 |
| Consideration Shares | the fully paid Ordinary Shares to be issued at the Initial Issue Price in partial satisfaction of the consideration to be paid in connection with the acquisition of certain Seed Assets in accordance with the relevant acquisition agreements |
| Contract Note | has the meaning given to it in paragraph 1.4 of Part XII (Terms and Conditions of the Placings) of this Prospectus |
| Corporation Tax Act | the Corporation Tax Act 2010, as amended |
| Covid-19 | a novel coronavirus disease, which originally surfaced in Wuhan, China in late 2019 |
| CREST | the facilities and procedures for the time being of the relevant system of which Euroclear has been approved as operator pursuant to the CREST Regulations, in accordance with which Shares may be held in uncertificated form |
| CREST Regulations | the Uncertificated Securities Regulations 2001 (SI No. 2001/3755), as amended from time to time |
| Directors or Board | the board of directors of the Company, as constituted from time to time |
| Disclosure Guidance and Transparency Rules | the disclosure guidance and transparency rules made by the FCA pursuant to FSMA |
| DP Legislation | the applicable data protection legislation (including the UK GDPR and the EU GDPR) and regulatory requirements in the United Kingdom and/or the EEA, as appropriate |

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| DvP | delivery versus payment |
| EEA | the European Economic Area |
| EEA Member State | each member state of the EEA |
| EPC | Energy Performance Certificate |
| equity securities | shares or a right to subscribe for or convert securities into shares |
| ESG | Environmental, Social and Governance |
| ERISA | the US Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations thereunder |
| EU | the European Union |
| EU AIFM Delegated Regulation | the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision |
| EU AIFM Directive | Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010, and the EU AIFM Delegated Regulation |
| EU GDPR | the General Data Protection Regulation (EU) 2016/679 |
| EU Market Abuse Regulation | Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing the Directive of the European Parliament and of the Council of 28 January 2003 and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC |
| EU MiFID II | Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID) and Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (MiFIR), and together with MiFID, MiFID II) |
| EU Money Laundering Directive | Directive (2018/843/EU) 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) |
| EU PRIIPs Regulation | Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) and its implementing and delegated acts |
| EU Prospectus Regulation | Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC |

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| EU UCITS Directive | Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended |
| Euroclear | Euroclear UK & Ireland Limited with registered number 02878738, the operator of CREST |
| FATCA | sections 1471 to 1474 of the US Tax Code, known as the US Foreign Account Tax Compliance Act of 2010 (together with any regulations, rules and other guidance implementing such US Tax Code sections and any applicable intergovernmental agreement or information exchange agreement and related statutes, regulations, rules and other guidance thereunder) |
| Final Closing Date | the earliest of (i) 2 June 2022; (ii) the date on which all of the Shares available for issue under the Placing Programme have been issued; and (iii) such other date as may be agreed between the Joint Bookrunners and the Company (such agreed date to be announced by way of an RIS announcement) |
| Financial Conduct Authority or FCA | the Financial Conduct Authority |
| FSMA | the Financial Services and Markets Act 2000, as amended |
| Governance Code | the UK Corporate Governance Code as published by the Financial Reporting Council |
| Gross Asset Value | the total value of the assets of the Group as determined by the Directors in their absolute discretion in accordance with the accounting policies adopted by the Directors |
| Gross Issue Proceeds | the aggregate value of the Ordinary Shares issued under the Initial Issue at the Initial Issue Price |
| Group | the Company and its subsidiaries (as defined in the Companies Act) |
| HMRC | HM Revenue and Customs |
| IFRS | International Financial Reporting Standards |
| Initial Admission | the admission of the Ordinary Shares to be issued pursuant to the Initial Issue and the Consideration Shares to the Official List and to trading on the Main Market |
| Initial Issue | the Initial Placing, the Offer and the Intermediaries Offer |
| Initial Issue Price | 100 pence per Ordinary Share |
| Initial Placing | the first Placing conducted in connection with the Initial Issue |
| Interim Closing Date | has the meaning given in Part VIII (<i>The Initial Issue and the Placing Programme</i>) of this Prospectus |
| Intermediaries Offer | the offer in the UK of Ordinary Shares by Intermediaries to retail investors as described in Part VIII (<i>The Initial Issue and the Placing Programme</i>) of this Prospectus |
| Intermediaries Offer Adviser | Solid Solutions |

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| Intermediaries Offer Application Form | the application form on which an applicant may apply for Ordinary Shares to be issued pursuant to the Intermediaries Offer |
| Intermediaries Terms and Conditions | the terms and conditions of the Intermediaries Offer |
| Intermediary | a financial intermediary that is appointed by the Intermediaries Offer Adviser to offer Ordinary Shares to retail investors under the Offer for Subscription, and references to “Intermediaries” shall be construed accordingly |
| Investment Adviser | L1 Capital UK Property Advisors Limited, a company incorporated in England and Wales with company number 13356153 |
| Investment Adviser Agreement | the investment advisory agreement between the Company, the AIFM and the Investment Adviser (as amended from time to time), a summary of which is set out in paragraph 7.3 of Part XI (<i>Additional Information</i>) of this Prospectus |
| Investment Committee | the investment committee comprising members of L1 Capital UK Property Advisors Limited and two Directors |
| ISA | an individual savings account |
| ISIN | International Securities Identification Number |
| Issue Shares | the Ordinary Shares to be issued pursuant to the Initial Issue or a Subsequent Placing |
| Joint Bookrunners | Panmure Gordon and RBC in their capacity as bookrunners for the Initial Issue and Placing Programme |
| Knight Frank | Knight Frank LLP |
| L1 or L1 Capital | L1 Capital Pty Ltd and its group companies |
| L1 Capital UK Residential Property Fund | the investment fund of such name, managed by L1 Capital, which owns certain of the properties comprising the Seed Assets |
| L1 Capital UK Residential Property Fund II | the investment fund of such name, managed by L1 Capital, which owns certain of the properties comprising the Seed Assets |
| L1 Capital UK Residential Property Fund III | the investment fund of such name, managed by L1 Capital, which owns certain of the properties comprising the Seed Assets |
| L1 Capital UK Residential Property Fund IV | the investment fund of such name, managed by L1 Capital, which owns certain of the properties comprising the Seed Assets |
| L1 Capital UK Residential Property Funds | L1 Capital UK Residential Property Fund, L1 Capital UK Residential Property Fund II, L1 Capital UK Residential Property Fund III and L1 Capital UK Residential Property Fund IV or any of them as the context may require |
| Listing Rules | the listing rules made by the FCA pursuant to Part VI of FSMA |
| London Stock Exchange or LSE | London Stock Exchange plc |
| Main Market | the London Stock Exchange’s main market for listed securities |

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| MiFID II Product Governance Requirements | has the definition given in the section entitled “ <i>Information to Distributors</i> ” in the Part entitled “ <i>Important Information</i> ” of this Prospectus |
| Minimum Gross Proceeds | £75 million, being the minimum Gross Issue Proceeds to be received under the Initial Issue |
| Minimum Net Proceeds | the Minimum Gross Proceeds less the fees, commissions and expenses of the Initial Issue (which are capped at 2 per cent. of the Gross Issue Proceeds) |
| NAV Calculation Date | 30 June and 31 December in each year or such other date as the Directors may, in their discretion, determine |
| Net Asset Value or NAV | the value, as at any date, of the assets of the Company after deduction of all its liabilities, before deducting dividends that have been declared but not paid as at the relevant reporting date, determined in accordance with the accounting policies adopted by the Company from time to time |
| Net Asset Value per Share or NAV per Share | the Net Asset Value per Ordinary Share |
| Net Issue Proceeds | the Gross Issue Proceeds less the fees, commissions and expenses of the Initial Issue (which are capped at 2 per cent. of the Gross Issue Proceeds) |
| NMPI | non-mainstream pooled investments |
| Non-Qualified Holder | any person: (i) whose ownership of shares may cause the Company’s assets to be deemed “plan assets” for the purpose of ERISA or purposes of the US Tax Code; (ii) whose ownership of shares may cause the Company to be required to register as an “investment company” under the US Investment Company Act; (iii) whose ownership of shares may cause the Company to register under the US Exchange Act, the US Securities Act or any similar legislation; (iv) whose ownership of shares may cause the Company not being considered a “foreign private issuer” as such term is defined in rule 3b4(c) under the US Exchange Act; (v) whose ownership of shares may result in the Company losing or forfeiting or not being able to claim the benefit of any exemption under the United States Commodity Exchange Act or any substantially equivalent successor legislation or the rules of the CFTC or the National Futures Association or analogous legislation or regulation becoming subject to any unduly onerous filing, reporting or registration requirement; (vi) whose ownership of shares may cause the Company to be a “controlled foreign corporation” for the purposes of the US Tax Code, or may cause the Company to suffer any pecuniary disadvantage (which will include any excise tax, penalties or liabilities under ERISA or the US Tax Code including as a result of the Company’s failure to comply with FATCA as a result of a Non-Qualified Holder failing to provide information as requested by the Company in accordance with the Articles); or (vii) whose ownership of shares may cause the Company (including for such purposes, its subsidiaries) to lose the benefit of, or suffer pecuniary disadvantage as a result of not being able to take advantage of, any applicable withholding tax treaty or similar arrangement; |

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| Offer or Offer for Subscription | the offer for subscription of Ordinary Shares at the Initial Issue Price pursuant to this Prospectus, including by an Intermediary under the Intermediaries Offer |
| Official List | the list maintained by the FCA pursuant to Part VI of FSMA |
| ordinary resolution | a resolution of the Shareholders (or a class thereof) of the Company passed as an ordinary resolution in accordance with the Companies Act: (i) at a meeting, by a simple majority of the votes of Shareholders entitled to vote and voting in person or by attorney or by proxy; or (ii) in writing, by a simple majority of the total voting rights of Shareholders entitled to vote at the date of circulation of the resolution |
| Ordinary Share or Share | an ordinary share of £0.01 in the capital of the Company, having such rights and being subject to such restrictions as are contained in the Articles |
| Overseas Persons | has the meaning given to it in Part XII (<i>Terms and Conditions of Placings</i>) of this Prospectus |
| PDMR | person discharging managerial responsibilities |
| Panmure Gordon or the Sponsor | Panmure Gordon (UK) Limited |
| Placee | a person subscribing for Ordinary Shares pursuant to the Initial Placing or any Subsequent Placing |
| Placing | a conditional placing of Ordinary Shares by the Joint Bookrunners on behalf of the Company in connection with the Initial Issue or the Placing Programme pursuant to the terms of the Sponsor and Placing Agreement |
| Placing Confirmation | has the meaning given to it in paragraph 1.4 of Part XII (<i>Terms and Conditions of Placings</i>) of this Prospectus |
| Placing Programme | the proposed programme of placings of Ordinary Shares to be carried out by the Joint Bookrunners on behalf of the Company pursuant to the Sponsor and Placing Agreement, commencing immediately following Initial Admission and closing on the Final Closing Date |
| Placing Programme Price | the price at which Ordinary Shares will be issued pursuant to the Placing Programme to Placees from time to time |
| Pipeline Assets | has the meaning given in paragraph 5.1 of Part V (<i>Seed Assets and Pipeline Assets</i>) |
| Portfolio | at any time, the portfolio of residential real estate assets in which the Company is directly or indirectly invested |
| PRA | the Prudential Regulation Authority |
| Property Rental Business | the qualifying property rental business in the UK and elsewhere of UK resident companies within a REIT and non-UK resident companies within a REIT with a UK qualifying property rental business |
| PRS | Private Rental Sector |

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| Prospectus | this document |
| Prospectus Regulation Rules | the prospectus rules made by the FCA under section 73(A) of FSMA |
| PRS Properties | Private rented sector properties |
| Purposes | has the meaning given to it in paragraph 6.1 of Part XII (<i>Terms and Conditions of Placings</i>) of this Prospectus |
| QIBs | persons who are “qualified institutional buyers” as defined in Rule 144A |
| RBC | RBC Europe Limited (trading as RBC Capital Markets) |
| Receiving Agent | Link Group (the trading name of Link Market Services Limited) or such other person or persons from time to time appointed by the Company |
| Receiving Agent Agreement | the agreement between the Company and the Receiving Agent, a summary of which is set out in paragraph 7.7 of Part XI (<i>Additional Information</i>) of this Prospectus |
| Red Book | The latest edition of “RICS Valuation – Global Standards” published by RCIS from time to time |
| Register | the register of Shareholders |
| Registrar | Link Group (the trading name of Link Market Services Limited) or such other person or persons from time to time appointed by the Company |
| Registrar Agreement | the agreement between the Company and the Registrar, a summary of which is set out in paragraph 7.6 of Part XI (<i>Additional Information</i>) of this Prospectus |
| Regulation S | Regulation S under the US Securities Act |
| Regulatory Information Service or RIS | a regulatory information service |
| REIT | a UK Real Estate Investment Trust under Part 12 of the Corporation Tax Act |
| RICS | The Royal Institute of Chartered Surveyors |
| Risk Factors | the risk factors pertaining to the Company set out on pages 11 to 25 of this Prospectus |
| Rule 144A | Rule 144A under the US Securities Act |
| SDRT | UK Stamp Duty Reserve Tax |
| SEC | the US Securities and Exchange Commission |
| SEDOL | the Stock Exchange Daily Official List |
| Seed Assets 1 | the units in Sub-Trust 1A and the entire issued share capital of the nominee companies which respectively beneficially and legally own certain of the properties comprising the Seed Assets (as more particularly identified in Part V (<i>Seed Asset and Pipeline Assets</i>) of <i>this Prospectus</i>) which are to be acquired pursuant to the Seed |

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| | Assets 1 Acquisition Agreement, as more particularly described in Part V of this Prospectus |
| Seed Assets 1 Acquisition Agreement | the sale and purchase agreement dated 2 June 2021 and made between the Company, Equity Trustees Limited (as trustee of the L1 Capital UK Residential Property Fund), certain individual sellers and L1 UK Property Investments Pty Ltd relating to the acquisition of Seed Assets 1, a summary of which is set out in paragraph 7.1 of Part XI (<i>Additional Information</i>) of this Prospectus |
| Seed Assets 2 | the units in Sub-Trust 2A and the entire issued share capital of the nominee companies which respectively beneficially and legally own certain of the properties comprising the Seed Assets (as more particularly identified in Part V (<i>Seed Asset and Pipeline Assets</i>) of <i>this Prospectus</i>) which are to be acquired pursuant to the Seed Assets 2 Acquisition Agreement, as more particularly described in Part V of this Prospectus |
| Seed Assets 2 Acquisition Agreement | the sale and purchase agreement dated 2 June 2021 and made between the Company, Equity Trustees Limited (as trustee of the L1 Capital UK Residential Property Fund II), certain individual sellers and L1 UK Property Investments Pty Ltd relating to the acquisition of the Seed Assets 2, a summary of which is set out in paragraph 7.1 of Part XI (<i>Additional Information</i>) of this Prospectus |
| Seed Assets Acquisition Agreements | the acquisition agreements entered into or to be entered into by the Company and the relevant Seed Assets Vendors relating to the acquisition of the Seed Assets by the Company or its wholly-owned subsidiaries (including the Seed Assets 1 Acquisition Agreement and the Seed Assets 2 Acquisition Agreement) or any one or more of them as the context may require |
| Seed Assets Vendors | the vendors of the Seed Assets, being Equity Trustees Limited (acting as trustee of the relevant L1 Capital UK Residential Property Funds) and certain individual sellers or any of them as the context may require |
| Seed Assets | the properties to be acquired by the Company (or its wholly-owned subsidiaries) as more particularly described in this Prospectus and as identified in Knight Frank's independent valuation report set out in Part VI (<i>Valuation Report on Seed Assets</i>) of this Prospectus or any of them as the context may require, and including, where the context so requires, Seed Assets 1 and Seed Assets 2 |
| Shareholder | a holder of Shares, from time to time |
| SIPP | a self-invested personal pension |
| Solid Solutions | Solid Solutions Associates (UK) Limited |
| special resolution | a resolution of the Shareholders (or a class thereof) of the Company passed as a special resolution in accordance with the Companies Act: (i) at a meeting, by a majority of not less than 75 per cent. of the votes of the Shareholders entitled to vote and voting in person or by attorney or by proxy; or (ii) in writing, by Shareholders representing a majority of not less than 75 per cent. of the total voting rights of Shareholders entitled to vote at the date of circulation of the resolution |

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| Sponsor and Placing Agreement | the conditional agreement between the Company, the Investment Adviser, the Directors and the Joint Bookrunners, a summary of which is set out in paragraph 7.2 of Part XI (<i>Additional Information</i>) of this Prospectus |
| SPV | special purpose vehicle |
| SSAS | a small self-administered scheme |
| Sterling or £ | the lawful currency of the United Kingdom |
| Sub-Trust 1A | L1 UK Property Trust 1A ABN 53 547 465 342, a registered managed investment scheme in the form of an Australian unit trust, through which L1 Capital UK Residential Property Fund owns certain of the Seed Assets |
| Sub-Trust 2A | L1 UK Property Trust 2A ARSN 632 369 861, a registered managed investment scheme in the form of an Australian unit trust, through which L1 Capital UK Residential Property Fund II owns certain of the Seed Assets |
| Subsequent Admission Date | the date of Admission of Ordinary Shares issued under any Subsequent Placing |
| Subsequent Placing | any Placing that is conducted under the Placing Programme |
| Takeover Code | the City Code on Takeovers and Mergers, as amended from time to time |
| Target Market Assessment | has the definition given in the section entitled “ <i>Information to Distributors</i> ” in the Part entitled “ <i>Important Information</i> ” of this Prospectus |
| Terms and Conditions of the Offer for Subscription | the terms and conditions of application in respect of the Offer, as set out in Part XIII (<i>Terms and Conditions of the Offer for Subscription</i>) of this Prospectus |
| UK or United Kingdom | the United Kingdom of Great Britain and Northern Ireland |
| UK AIFMD Laws | (i) the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) and any other implementing measure which operated to transpose EU AIFM Directive in to UK law before 31 January 2020 (as amended from time to time including by the Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2019 (SI 2019/328)); and (ii) the UK versions of the EU AIFM Delegated Regulation and any other delegated regulations in respect of the EU AIFM Directive, each being part of UK law by virtue of the European Union (Withdrawal) Act 2018, as further amended and supplemented from time to time including by the Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2019 (SI 2019/328), the Technical Standards (Alternative Investment Funds Management Directive) (EU Exit) Instrument 2019 (FCA 2019/37) and the Exiting the European Union: Specialist Sourcebooks (Amendments) Instrument 2019 (FCA 2019/25) |
| UK GDPR | the UK version of the EU GDPR (2016/679) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including by the Data |

Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019

UK MAR

the UK version of the EU Market Abuse Regulation (2014/596) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including by the Market Abuse (Amendment) (EU Exit) Regulations 2019

UK MiFID Laws

(i) the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (SI 2017/701), The Data Reporting Services Regulations 2017 (SI 2017/699) and the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2017 (SI 2017/488), and any other implementing measure which operated to transpose EU MiFID II in to UK law before 31 January 2020 (as amended **UK Corporate** and supplemented from time to time including by: (1) Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018; (2) The Financial Regulators' Powers (Technical Standards etc.) and Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2019 (SI 2019/576); (3) The Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019; and (4) The Financial Services (Electronic Money, Payment Services and Miscellaneous Amendments) (EU Exit) Regulations 2019; and

(ii) the UK version of Regulation (EU) No 600/2014 of the European Parliament, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including by: (a) Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018; (b) The Financial Regulators' Powers (Technical Standards etc.) and Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2019 (SI 2019/576); (c) The Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019; and (d) The Financial Services (Electronic Money, Payment Services and Miscellaneous Amendments) (EU Exit) Regulations 2019

UK Money Laundering Regulations 2017

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692) as amended and supplemented from time to time including by the Money Laundering and Transfer of Funds (Information) (Amendment) (EU Exit) Regulations 2019

UK PRIIPs Laws

the UK version of the EU PRIIPs Regulation which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including by the Packaged Retail and Insurance-based Investment Products (Amendment)(EU Exit) Regulations 2019 (February 2019); and the Cross-Border Distribution of Funds, Proxy Advisors, Prospectus and Gibraltar (Amendment) (EU Exit) Regulations 2019

UK Prospectus Amendment Regulations 2019

the Prospectus (Amendment etc.) (EU Exit) Regulations 2019/1234

UK Prospectus Regulation

the UK version of the EU Prospectus Regulation which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (as amended and supplemented from time to time (including but, not limited to, by the UK Prospectus Amendment Regulations 2019 and The Financial Services and Markets Act 2000 (Prospectus) Regulations 2019))

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| uncertificated or in uncertificated form | a unit of a Guernsey security title to which is recorded on the register of securities as being held in uncertificated form in CREST and title to which may be transferred by means of CREST, or any other Uncertificated System |
| Uncertificated System | the CREST UK system and any relevant system or other computer based system and its related facilities and procedures by means of which title to units of a security (including shares) can be endowed and transferred without a written certificate of instrument, as determined from time to time by the directors |
| Underlying Applicant | a subscriber for Ordinary Shares pursuant to the Intermediaries Offer |
| US or United States | the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia |
| US Exchange Act | the US Securities Exchange Act of 1934, as amended |
| US Investment Company Act | the US Investment Company Act of 1940, as amended |
| US Person | a US Person within the meaning of Regulation S |
| US Securities Act | the US Securities Act of 1933, as amended |
| US Tax Code | the US Internal Revenue Code of 1986, as amended |

APPENDIX 1

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Applications should be returned to the Receiving Agent, Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL, so as to be received by the Receiving Agent by no later than 11.00 a.m. (London time) on 12 July 2021.

HELP DESK: If you have a query concerning completion of this Application Form please call the Receiving Agent on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9:00 a.m. until 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. The helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

1 APPLICATION

Fill in (in figures) in Box 1 the total consideration payable in respect of the Ordinary Shares you wish to subscribe for, which is calculated by the number of Ordinary Shares multiplied by the Initial Issue Price of 100 pence per Ordinary Share (i.e. £1.00 per 1 Ordinary Share). The amount of Ordinary Shares being subscribed for must be a minimum of £1,000, and thereafter in multiples of £100.

2A. HOLDER DETAILS

Fill in (in block capitals) in Box 2A the full name and address of each holder. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference and the address given for the first named will be entered as the registered address for the holding on the share register and used for all future correspondence. A maximum of four joint holders is permitted. All holders named must sign the Application Form at Section 3.

2B. CREST

Any Applications for shares required to be in CREST, the Application Form must be completed and signed by the named CREST holder, rather than any underlying beneficial investor and payment must be made in CREST on a DvP method in CREST and Section 2B should be fully completed with the CREST Participant ID and CREST Member Account ID of the valid CREST account. If you are not a CREST Participant or CREST Sponsored Member, you should leave Section 2B blank and you will automatically receive a share certificate for your Ordinary Shares in your full name as given in section 2A on your completed Application Form.

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 SETTLEMENT

4.1 Cheque/Banker's draft

Payments by cheque or banker's draft must be made in Sterling drawn on a branch in the United Kingdom of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or bankers' drafts to be cleared through the facilities provided for members of any of these companies. Such cheques or 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 a sole or joint title to the funds, should be made payable to Link Market Services Ltd RE: The UK Residential REIT plc – OFS CHQ A/C. Third-party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping and endorsing the cheque/banker's draft to such effect. The account name should be the same as that shown on the application.

4.2 **Electronic bank transfers**

For applicants sending subscription monies by electronic bank transfer (CHAPS) payment must be made for value by 11.00 a.m. on 12 July 2021. Applicants should send payment to the relevant bank account as detailed on the Application Form. Applicants must ensure that they remit sufficient funds to cover any charges incurred by their bank.

The payment instruction relating to the electronic transfer must also include a unique reference comprising your name and a contact telephone number which should be entered in the reference field on the payment instruction, for example: MJ Smith 01234 567890. The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference nor where a payment has been received but without an accompanying Application Form.

The account name for any electronic payment should be in the name that is given on your Application Form and payments must relate solely to your application. It is recommended that such transfers are actioned within 24 hours of posting your application and be received by no later than 11.00 a.m. on 12 July 2021.

4.3 **CREST settlement**

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

Applicants choosing to pay for their investments to have their shares registered in CREST, must settle via CREST on a DvP method and will need to input their instructions in favour of the Receiving Agent's Participant Account RA06 by no later than 11.00 a.m. on 12 July 2021, for the Receiving Agent to match in CREST, allowing for the delivery and acceptance of Ordinary Shares to be made against payment of the Issue Price per Ordinary Share in Sterling through the CREST system on the Settlement Date, following the CREST matching criteria set out in the Application Form in Appendix 2.

If you do not provide any CREST details or if you provide insufficient CREST details for the Receiving Agent to match to your input CREST account instruction, the Receiving Agent will deliver your Ordinary Shares in certificated form provided payment has been made in terms satisfactory to the Company.

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

The person named for registration purposes in your Application Form must be of the registered named CREST holder, rather than any underlying beneficial investor. Neither the Receiving Agent nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement.

By returning the Application Form to the Receiving Agent you agree that you will do all things necessary to ensure that you or your settlement agent/custodian's CREST account allows for the delivery and acceptance of Ordinary Shares to be made prior to 8.00 a.m. on 16 July 2021 against payment of the Initial Issue Price per Ordinary Share.

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

| | |
|-----------------------|-------------------------------|
| Trade Date: | 14 July 2021 |
| Settlement Date: | 16 July 2021 |
| Company: | The UK Residential REIT plc |
| Security Description: | Ordinary Shares of £0.01 each |
| SEDOL: | BMXTBJ3 |
| ISIN: | GB00BMXTBJ38 |
| CREST message type: | DEL |

Should you wish to settle by DvP, you will need to input your CREST DEL instructions in favour of the Receiving Agent's Participant Account RA06 by no later than 11.00 a.m. on 15 July 2021. You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

Applicants wishing to settle by DvP will still need to complete and submit a valid Application Form to the Receiving Agent by 11.00 a.m. on 12 July 2021. You should tick the relevant payment method box in Section 4.

The Receiving Agent will not take any action until a valid DEL message has been alleged to the Participant Account RA06 by the applicant. No acknowledgement of receipt or input will be provided.

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

5 CONTACT DETAILS

To ensure the efficient and timely processing of your Application Form, please provide contact details of a person who may be contacted by the Receiving Agent with any enquiries concerning your application. Ordinarily this contact person should be the person signing in Section 3 on behalf of the first named holder.

INSTRUCTIONS FOR DELIVERY OF COMPLETED APPLICATION FORMS – Completed Application Forms should be returned, by post to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL, so as to be received no later than 11.00 a.m. (London time) on 12 July 2021, together in each case with payment in full in respect of the application (unless paying by CHAPS or via DvP in CREST). 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 returned.

6 ANTI-MONEY LAUNDERING

Anti-money laundering checks are required by law to be performed on certain financial transactions. The checks are undertaken to make sure investors are genuinely who they say they are and that any application monies have not been acquired illegally or that the Receiving Agent is not being used as part of criminal activity, most commonly the placement, layering and integration of illegally obtained money.

Whilst the Receiving Agent may carry out checks on any application, they are usually only performed when dealing with application values above a certain threshold, commonly referred to as the anti-money laundering threshold which is €15,000 (or the Sterling equivalent).

The Receiving Agent will make enquiries to credit reference agencies to meet its anti-money laundering obligations and the applicant may be required to provide an original or certified copy of their passport, driving licence and recent bank statements to support such enquiries.

Anti-money laundering checks do not mean the investor is suspected of anything illegal and there is nothing to worry about. The checks made at credit reference agencies leave an 'enquiry footprint' – an indelible record so that the investor can see who has checked them out. The enquiry footprint does not have any impact on their credit score or on their ability to get credit. Anti-money laundering checks appear as an enquiry/soft search on the applicant's credit report. The report may contain a note saying "Identity Check to comply with Anti Money Laundering Regulations".

The Receiving Agent reserves the right to request any further additional information it deems necessary to confirm the identity, address, source of funds and wealth of all parties, and further it reserves the right to decline an application for any individual or business where it considers that the information available is unsuitable or unreliable.

If at any time the Company has reasonable grounds for suspecting that the funds contributed to the Company may represent the proceeds of crime, it reserves the right to refuse to issue Ordinary Shares or pay income or dividends on Ordinary Shares to the applicant or investor until sufficient information has been supplied to satisfy the Receiving Agent's anti-money laundering requirements.

To the extent that the applicant or, where relevant, the beneficial owner has been identified as a politically exposed person or an associate of a politically exposed person, the Receiving Agent may request additional information. These requirements apply both at the time of investment and on an ongoing basis.

APPENDIX 2

APPLICATION FORM FOR THE OFFER FOR SUBSCRIPTION

Please send this completed form by post to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL, so as to be received by the Receiving Agent by no later than 11.00 a.m. (London time) on 12 July 2021.

The Directors may, with the prior approval of the Joint Bookrunners, alter such date and thereby shorten or lengthen the Offer period. In the event that the Offer period is altered, the Company will notify investors of such change through a Regulatory Information Service.

Important: Before completing this form, you should read the prospectus dated 3 June 2021 (the **Prospectus**) and the Terms and Conditions of Application set out in Part XIII (*Terms and Conditions of the Offer for Subscription*) of the Prospectus and the accompanying notes on how to complete this form.

To: Link Group on behalf of The UK Residential REIT plc

Box 1

Total consideration amount:

£

(being for a minimum of £1,000 and thereafter in multiples of £100)

2. 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 of the Offer for Subscription set out in Part XIII (*Terms and Conditions of the Offer for Subscription*) of the Prospectus and subject to the articles of association of the Company in force from time to time.

2A DETAILS OF HOLDER(S) IN WHOSE NAME(S) ORDINARY SHARES WILL BE ISSUED

(BLOCK CAPITALS)

| | | |
|--|-----------------------|----------------------|
| 1: | Mr, Mrs, Ms or Title: | Forenames (in full): |
| Surname/Company name: | | |
| Date of birth (for individual investors only): | | |
| Address (in full): | | |
| Postcode | Designation (if any) | |

| | | |
|----|-----------------------|----------------------|
| 2: | Mr, Mrs, Ms or Title: | Forenames (in full): |
|----|-----------------------|----------------------|

| |
|-----------------------|
| Surname/Company name: |
|-----------------------|

| |
|--|
| Date of birth (for individual investors only): |
|--|

| |
|--------------------|
| Address (in full): |
|--------------------|

| | |
|----------|-----------------------|
| Postcode | Designation (if any): |
|----------|-----------------------|

| | | |
|----|-----------------------|----------------------|
| 3: | Mr, Mrs, Ms or Title: | Forenames (in full): |
|----|-----------------------|----------------------|

| |
|-----------------------|
| Surname/Company name: |
|-----------------------|

| |
|--|
| Date of birth (for individual investors only): |
|--|

| |
|--------------------|
| Address (in full): |
|--------------------|

| | |
|----------|-----------------------|
| Postcode | Designation (if any): |
|----------|-----------------------|

| | | |
|----|-----------------------|----------------------|
| 4: | Mr, Mrs, Ms or Title: | Forenames (in full): |
|----|-----------------------|----------------------|

| |
|-----------------------|
| Surname/Company name: |
|-----------------------|

| |
|--|
| Date of birth (for individual investors only): |
|--|

| |
|--------------------|
| Address (in full): |
|--------------------|

| | |
|----------|-----------------------|
| Postcode | Designation (if any): |
|----------|-----------------------|

2B. CREST ACCOUNT DETAILS INTO WHICH ORDINARY SHARES ARE TO BE DEPOSITED (IF APPLICABLE)

Only complete this Section if Ordinary Shares allotted are to be deposited in a CREST account on a DvP basis and the below CREST account details, must be that of the named holder(s) given in Section 2A.

(BLOCK CAPITALS)

CREST Participant ID:

| | | | | |
|--|--|--|--|--|
| | | | | |
|--|--|--|--|--|

CREST Member Account ID:

| | | | | | | | |
|--|--|--|--|--|--|--|--|
| | | | | | | | |
|--|--|--|--|--|--|--|--|

3. SIGNATURE(S): ALL HOLDERS MUST SIGN

By completing the signature/execution boxes below you are deemed to have read the Prospectus and agreed to the Terms and Conditions in Part XIII (*Terms and Conditions of the Offer for Subscription*) of the Prospectus and to have given the warranties, representations and undertakings set out therein.

| | |
|-----------------------------|-------|
| First Applicant Signature: | Date: |
| Second Applicant Signature: | Date: |
| Third Applicant Signature: | Date: |
| Fourth Applicant Signature: | Date: |

Execution by a Company

| | | |
|--|--------------------------|-------|
| Executed by (Name of Company): | | Date: |
| Name of Director: | Signature: | Date: |
| Name of Director/Secretary: | Signature: | Date: |
| If you are affixing a company seal, please mark a cross: <input style="width: 30px; height: 20px; vertical-align: middle;" type="checkbox"/> | Affix Company Seal here: | |

4. SETTLEMENT

Please tick the relevant box confirming your method of 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 (being the Initial Issue Price of 100 pence per Ordinary Share multiplied by the number of Ordinary Shares you wish to subscribe for) made payable to Link Market Services Ltd RE: The UK Residential REIT plc – OFS CHQ A/C. Cheques and bankers' drafts must be in Sterling and drawn on an account at a branch of a clearing bank in the United Kingdom, the Channel Islands or the Isle of Man and must bear a United Kingdom bank sort code number in the top right hand corner.

(b) Electronic Bank Transfer

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 11.00 a.m. on 12 July 2021 directly into the bank account detailed below. The payment instruction must also include a unique reference comprising your name and a contact telephone number which should be entered in the reference field on the payment instruction, for example, MJ SMITH 01234 567 8910.

Bank: Lloyds Bank plc
Sort Code: 30-80-12
Account No: 21789568
Account name: Link Market Services Ltd RE: The UK Residential REIT plc – OFS CHAPS A/C
IBAN: GB65LOYD30801221789568
SWIFT: LOYDGB21F09

Electronic payments must be made from a UK bank account and from a personal account in the name of the individual applicant where they have sole or joint title to the funds. The account name should be the same as that inserted in section 2A of the Application Form and payments must relate solely to your Application. It is recommended that such transfers are actioned within 24 hours of posting your application.

Evidence of the source of funds may also be required. Typically, this would be a copy of the remitting bank account statement clearly identifying the applicant's name, the value of the debit (equal to the application value) and the crediting account details or application reference. If further documentation to confirm the source of funds is required, the Receiving Agent will request the relevant information.

Any delay in providing monies may affect acceptance of the application. If the Receiving Agent is unable to match your application with a bank payment, there is a risk that your application could be delayed or will not be treated as a valid application and may be rejected by the Company.

You should check with your bank regarding any limits imposed on the level and timing of transfers allowed from your account (for example, some banks apply a maximum transaction or daily limit, and you may need to make the transfer as more than one payment).

The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference or where a payment has been received but without an Application Form.

(c) CREST Settlement

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

Trade Date: 14 July 2021
Settlement Date: 16 July 2021
Company: The UK Residential REIT plc
Security Description: Ordinary Shares of £0.01 each
SEDOL: BMXTBJ3
ISIN: GB00BMXTBJ38
CREST message type: DEL

You will need to input your CREST DEL instructions in favour of the Receiving Agent's Participant Account RA06 by no later than 11.00 a.m. on 12 July 2021. You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

Applicants wishing to settle by DvP will still need to complete and submit a valid Application Form in the CREST holders name to be received by the Receiving Agent by no later than 11.00 a.m. on 12 July 2021.

The Receiving Agent will not take any action until a valid DEL message has been alleged to the Participant Account RA06 by the applicant. No acknowledgement of receipt or input will be provided.

In the event of late/non settlement, the Company reserves the right to deliver Ordinary Shares outside of CREST in certificated form provided that payment has been made in terms satisfactory to the Company and all other conditions of the Offer for Subscription have been satisfied.

5. CONTACT DETAILS

To ensure the efficient and timely processing of this application please enter below the contact details of a person the Receiving Agent may contact with all enquiries concerning this application. Ordinarily this contact person should be the person signing in Section 3 on behalf of the first named holder. Any delay in obtaining that additional information may result in your application being rejected or revoked.

| | |
|------------------|-----------------|
| Contact name: | E-mail address: |
| Contact address: | |
| | Postcode: |
| Telephone No.: | |

APPENDIX 3

TAX RESIDENCY SELF CERTIFICATION FORM (INDIVIDUALS)

| <i>Tax Residency Self-Certification Form (Individuals)</i> <i>A separate form is required for each holder</i> | |
|--|---|
| Company that shares are held in: * | The UK Residential REIT plc |
| Investor code – please leave this field blank for Link to complete | |
| Name: * | |
| Registered Address: * <i>If your address has changed, then you will need to notify us separately. See the questions and answers.</i> | |
| Tax Residence Address <i>Only if different to your registered address above.</i> | |
| Date of Birth * <i>(DD/MM/YYYY)</i> | |
| Country/Countries of Residence for Tax Purposes | |
| Country of residence for tax purposes | Tax Identification Number <i>In the UK this would be your NI number</i> |
| 1 * | 1 * |
| 2 | 2 |
| 3 | 3 |
| 4 | 4 |
| US Citizen Please mark the box ONLY if you are a US Citizen (see Definitions) <input type="checkbox"/> | |
| Declarations and Signature I acknowledge that the information contained in this form and information regarding my shares may be reported to the local tax authority and exchanged with tax authorities of another country or countries in which I may be tax resident where those countries have entered into Agreements to exchange Financial Account information. I undertake to advise the Company within 30 days of any change in circumstances which causes the information contained herein to become incorrect and to provide the Company with a suitably updated Declaration within 30 days of such change in circumstances. I certify that I am the shareholder (or I am authorised to sign for the shareholder**). If this relates to a joint holding, I also acknowledge that as a joint holder I may be reported to the relevant tax authority if all the other holders do not provide a Tax Residency Self-Certification. | |

I declare that all statements made in this declaration are, to the best of my knowledge and belief, correct and complete.

| | |
|---|--|
| Signature: * | |
| Print Name: * | |
| Date: * | |
| Daytime telephone number/ email address*** | |

** Mandatory field*

*** If signing under a power of attorney, please also attach a certified copy of the power of attorney.*

****We will only contact you if there is a question around the completion of the self- certification form.*

INTRODUCTION

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

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

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

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

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

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

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

JOINT HOLDERS (IF RELEVANT)

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

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

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

DEFINITIONS

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

"Account Holder"

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

"Country/Countries of residence for tax purposes"

You are required to list the country or countries in which you are resident for tax purposes, together with the tax reference number which has been allocated to you, often referred to as a **tax identification number (TIN)**. Special circumstances (such as studying abroad, working overseas, or extended travel) may cause you to be resident elsewhere or resident in more than one country at the same time (dual residency). The country/countries in which you might be obliged to submit a tax return are likely to be your country/countries of tax residence. If you are a US citizen or hold a US passport or green card, you will also be considered tax resident in the US even if you live outside the US.

“Tax Identification Number or TIN”

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

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

“US Citizen”

- All US citizens. An individual is a citizen if that person was born in the United States or if the individual has been naturalized as a US citizen.
- You can also be a US citizen, even if born outside the United States if one or both of your parents are US citizens.

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

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

QUESTIONS & ANSWERS

Why are you writing to me and asking for a “Tax Residency Self Certification”?

The governments of more than 90 countries around the world have agreed to exchange tax related information. These governments have passed similar sets of laws to enable the Automatic Exchange of Information (“AEOI”). The full list of countries involved can be seen at: www.oecd.org/tax/transparency/AEOI-commitments.pdf

Additionally, the United States has over 100 similar agreements with many countries referred to as the ‘Foreign Account Tax Compliance Act’.

The legislation can vary slightly from jurisdiction to jurisdiction, but at a high level, it requires Financial Institutions to:

- Identify existing Holders that may be resident (for tax purposes) in other participating jurisdictions. Then contact any such Holders and request that they complete a “Tax Residency Self Certification” form.
- Obtain a “Tax Residency Self Certification” form for all new Holders.
- Identify holders who move from one jurisdiction to another and request that they complete a “Tax Residency Self Certification” form.
- Identify Holders who have payments sent to a different jurisdiction.
- Submit a return to the Financial Institution’s “local” tax authority on an annual basis. As an example for a company incorporated in the UK, then the local tax authority would be HM Revenue & Customs (HMRC).
- Follow up on any non-responders at least annually for at least 3 years.

The “local” tax authority will pass information onto the tax authority in the relevant jurisdiction. As an example the tax authority in the US is the Inland Revenue Service (“IRS”), so HMRC will exchange information with IRS.

Where can I find out more information about the legislation?

The legislation is quite complex and you may wish to speak to your tax adviser.

The web site of your local tax authority will contain more information e.g. HMRC for the UK; the IRS for the US; Jersey Income Tax Department for Jersey, etc.

Additionally, the web site of The Organisation for Economic Co-operation and Development (OECD) gives further information.

What happens if I do not complete the form?

In the annual report that the Financial Institution sends to their local tax authority you will be shown as 'Undocumented'.

The local tax authority will collate the responses from all of its financial institutions and pass that information onto the relevant local tax authority for the jurisdictions identified.

Link Group is not able to comment on what action the tax authority for the jurisdiction will take.

What if I am a Tax Resident in 2 or more countries?

The self-certification form allows for up to 4 tax residencies to be recorded.

I do not pay tax or I do not know which country I am tax resident in

Please refer to your local tax authority or tax adviser.

I do not have a tax identification number

Please refer to your local tax authority or tax adviser.

Note that different countries call their tax identification numbers using alternative terminology. As an example in the UK it would be a National Insurance number.

I have already completed a W8 or W9 form. Do I still need to complete a "Tax Residency Self Certification"?

Yes. The US legislation governing W8/W9 forms overlaps with US FATCA legislation.

What is classed as my Tax Residence Address?

Please refer to your local tax authority or tax adviser.

In addition, you may wish to consider: Where you are a citizen with a passport; Your residential home address in a country and unrestricted right of entry back into that country once you depart.

Joint Holders

When there are multiple holders on an account, then every joint holder must complete a Tax Residency Self Certification and every joint holder will receive a letter in their own right. The letter will be sent to the registered address recorded for the holding.

Joint holders are treated as separate holders for these tax purposes. If any one of the joint holders is reportable, the value of the whole shareholding will be reported for all of the joint shareholder(s).

If we do not receive a validly completed self-certification for each joint shareholder, the whole shareholding will be treated as "undocumented" and all shareholders (including those who have completed the self-certification form) will be reported to the relevant tax authorities.

I have given a different address for tax purposes; will the registered address of my shareholding be altered?

No. The details on the Self Certification form are for tax purposes only. If you want to alter any of the registered details relating to your investment, then you need to call Link Group on 0371 664 0321; calls to the Helpline are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The Helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales.

