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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately.** LR13.3.1(4)

If you have sold or otherwise transferred all your shares in Standard Life Investments Property Income Trust Limited (the "Company"), please send this document and the accompanying documentation at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward delivery to the purchaser or transferee. LR13.3.1(6)

This document should be read in conjunction with the accompanying Prospectus relating to the Company, which has been prepared in accordance with the Prospectus Rules and Listing Rules of the Financial Conduct Authority made under section 73A of the Financial Services and Markets Act 2000.

The Company and the Directors of the Company, whose names appear on page 6, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. LR 13.4.1(4)

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# **STANDARD LIFE INVESTMENTS PROPERTY INCOME TRUST LIMITED**

*(a non cellular company incorporated with limited liability in Guernsey with registered number 41352)*

LR13.6.1(i)(a)  
PR (Ann I) 5.1.1

## **Recommended proposals in relation to the acquisition of a property portfolio and the issue of New Shares**

**and**

## **Notice of General Meeting**

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Notice of a General Meeting of the Company to be held at 10 a.m. on 11 December 2015 is set out at the end of this document. The accompanying form of proxy for use at that General Meeting should be completed and returned as soon as possible and, to be valid, must arrive at Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than 48 hours before the time of the General Meeting.

Applications will be made to the UK Listing Authority for the New Shares to be admitted to the Official List and to the London Stock Exchange for those New Shares to be admitted to trading on the London Stock Exchange's Main Market. It is expected that Admission will become effective and that dealings in the New Shares will commence on 15 December 2015. LR13.3.1(9) (a)–(h)

Your attention is drawn to the section headed "Action to be taken" on page 12 of this document. The attention of Shareholders is also drawn to the section headed "Risk Factors" set out on pages 4 to 5 of this document.

Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council has reviewed this Circular and neither of them takes any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

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## EXPECTED TIMETABLE

2015

Publication of the Prospectus and the Circular	17 November
Initial Placing and Offer for Subscription opens	17 November
Latest time and date for receipt of forms of proxy	10 a.m. on 9 December
Latest time and date for applications under the Offer	11 a.m. on 9 December
Latest time and date for commitments* under the Initial Placing	3 p.m. on 10 December
General Meeting	10 a.m. on 11 December
Results of the Initial Placing and Offer and General Meeting announced	11 December
Admission and dealings in the New Shares expected to commence	8 a.m. on 15 December <small>LR 13.3.1(9)(a)</small>

\* The agreement to subscribe for New Shares under the Initial Placing is conditional upon Admission.

## RISK FACTORS

The risk factors set out below are those which are considered by the Company and the Directors to be material risk factors in relation to the Proposals, new risk factors to the Group as a result of the Proposals and existing material risk factors to the Group which will be impacted by the Proposals as at the date of this document which the Directors believe Shareholders should consider prior to deciding how to cast their votes at the General Meeting. Additional risks and uncertainties relating to the Proposals that are not currently known to it or that the Directors or the Company do not currently consider to be material may also have a material adverse effect on the Group. Shareholders in any doubt about the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser without delay.

### **Risks relating to the Acquisition and the Initial Placing and Offer for Subscription**

#### ***Risks relating to the conditions to which the Acquisition is subject***

There is no certainty that the Acquisition will become effective as it is subject to the satisfaction of a number of conditions. The completion of the Acquisition is conditional upon, *inter alia*, the Minimum Issue Proceeds of £80 million being raised pursuant to the Initial Placing and Offer, the funds being available to be drawn down under the New Bank Facility and the Resolutions being passed at the General Meeting. In the event that Admission does not occur and the Acquisition does not complete, it is estimated that the costs incurred by the Company would be, in aggregate, approximately £0.8 million. In the event that the Acquisition does not proceed, the Company may also suffer cash drag on its existing cash resources until suitable investments have been sourced by the Investment Manager, which could have a material adverse effect on the financial condition of the Company and its returns to Shareholders.

#### ***Risks relating to the warranties in connection with the Acquisition***

The New Portfolio will be acquired pursuant to the terms of the conditional Acquisition Agreement which contains warranties, indemnities and representations customary to agreements of this nature. The liability of the Vendors in relation to these warranties, indemnities and representations has been capped to £1. Warranty and indemnity insurance has therefore been put in place on behalf of the Company and the Property Subsidiary. The insurance policy is subject to certain exclusions, an overall liability cap of £16.5 million and warranty claims in relation to matters that are known to the Investment Manager. In the event that a claim arose under the warranties which is not covered by the insurance policy, the Company would not be able to recover the full amount of its loss which could have a material adverse effect on the financial position of the Company.

### **Risks relating to the Company's investments**

#### ***Risks relating to valuations***

The value of property and property-related assets is inherently subjective due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the valuations of the Properties and/or the New Properties will reflect the actual sale price even where such sales occur shortly after the relevant valuation date and completion of the Acquisition.

The Property Portfolio has been valued by the Valuer as at 30 September 2015 and the New Portfolio has been valued by Knight Frank as at 19 October 2015 on the basis of "Market Value" in accordance with the Red Book. In determining Market Value, the Valuer and Knight Frank are required to make certain assumptions. Such assumptions may prove to be inaccurate.

In assessing Market Value, the Valuer and Knight Frank have regard to transactional evidence, market conditions and sentiment existing at the date of the valuation. The commercial real estate market has been shown to be cyclical in terms of values and liquidity. Rapidly changing political, financial and economic circumstances together with the use of debt (leverage) can lead to periods of significant volatility in both prices and levels of transactions. Where transactional evidence is sparse against which property valuations can be benchmarked this can pose extra challenges to valuers and can result in subsequent sale outcomes which vary from the valuation number.

The valuation of the Group's Properties and the New Portfolio are believed to be accurate only as of their valuation date. Whilst there has been no material change in the valuation of the Properties and the New Properties since 30 September 2015 and 19 October 2015 respectively to the date of this document, market volatility following the date of publication of this document may cause material changes in the value of the Properties and the New Properties. Therefore there can be no assurance that these valuations will be reflected in actual transaction prices, even where any such transactions occur shortly after the relevant valuation date or the completion of the Acquisition, or that the estimated yield and annual rental income will prove attainable.

## **Risks relating to the Company**

### ***Risks relating to gearing***

Investors should be aware that whilst the use of borrowings should enhance the net asset value of the Ordinary Shares where the value of the Group's underlying assets is rising it will have the opposite effect where the underlying asset value is falling. In addition, in the event that the rental income of the Property Portfolio or the expected rental income of the New Portfolio falls for whatever reason, including tenant defaults, the use of borrowings will increase the impact of such fall on the net revenue of the Group and accordingly will have an adverse effect on the Group's ability to pay dividends to Shareholders.

In the event that Admission occurs and the Acquisition completes, the Group will have drawn down up to approximately £70.6 million of the New Bank Facility to partly fund the Acquisition. This will be in addition to its existing Bank Facility. The Group may be required to use part of its cash flows to service its debt obligations, thereby reducing the flexibility and cash available to pay dividends to Shareholders over the longer term and increasing the Group's vulnerability to general adverse economic and industry conditions including increases in interest rates.

There is no guarantee that the Group will be able to refinance the existing Bank Facility and the New Bank Facility on their maturity (if Admission occurs and the Acquisition completes, the repayment date for both of these facilities will be 17 June 2017) either at all or on acceptable terms, which may adversely affect the future prospects of the Company and, as a consequence, returns to Shareholders.

## PART I

### LETTER FROM THE CHAIRMAN OF THE COMPANY

# STANDARD LIFE INVESTMENTS PROPERTY INCOME TRUST LIMITED

*(a non cellular company incorporated with limited liability in Guernsey with registered number 41352)*

LR 13.6.1(a)

PR Ann I 5.1.1

#### *Directors*

Richard (Dick) Barfield (*Chairman*)  
Sally-Ann (Susie) Farnon  
Huw Evans  
Robert Peto

#### *Registered Office*

Trafalgar Court  
Les Banques  
St. Peter Port  
Guernsey  
GY1 3QL

LR 13.6.1  
(1)(b) PR  
(Ann I) 5.1.4

17 November 2015

Dear Shareholder

### RECOMMENDED PROPOSALS IN RELATION TO THE ACQUISITION OF THE NEW PORTFOLIO AND THE ISSUE OF NEW SHARES

#### **Introduction**

The Company is an authorised closed-ended investment company which was launched in Guernsey in December 2003. The Company invests in UK commercial properties and currently holds 41 properties through the Property Subsidiary.

LR 13.3.1(1),  
(2) & (3)  
LR 13.6.1 (3)

As at 30 September 2015, the Company had Total Assets of £327.4 million. The Company currently has approximately £30 million of cash of which approximately £22 million is available for investment (excluding funds required for investments currently under negotiation and capital expenditure).

The Board announced on 13 November 2015 that the Company had entered into the conditional Acquisition Agreement in relation to the Acquisition of the New Portfolio. The Acquisition is to be effected by the Company and the Property Subsidiary acquiring all of the units in the JPUT which holds indirectly, through its interest as the sole limited partner in the Limited Partnership, the New Portfolio and the entire issued share capital of the General Partner. The consideration will be £165 million adjusted to take account of any accruals and contingencies of the JPUT and the Limited Partnership on the date of completion of the Acquisition.

The JPUT and the Limited Partnership were established in September 2013 with the principal purpose of investing in and holding the New Portfolio. The New Portfolio comprises 22 UK commercial properties and the Acquisition will result in a substantial increase in the size of the Company's Property Portfolio to approximately £460 million. The New Portfolio is complementary to the Company's existing Property Portfolio.

In order to complete the Acquisition, the Board is proposing to raise up to £100 million pursuant to an Initial Placing and Offer for Subscription by issuing New Shares at an Issue Price of 82 pence per New Share representing a 2.84 per cent. premium to the NAV per Share as at 30 September 2015 once the accrued dividend for the period ending 30 September 2015 has been deducted. The Board will also utilise the New Bank Facility, which will enable the Group to borrow up to approximately £70.6 million (in addition to the existing Bank Facility) and its existing available cash reserves of up to approximately £22 million to complete the Acquisition.

The Acquisition is considered to be a significant transaction under the Listing Rules and, as a consequence, it requires Shareholder approval. The Listing Rules also provide that the Company must seek Shareholder approval prior to issuing its Shares on a non pre-emptive basis. The purpose of this document is therefore to provide Shareholders with further details of the Acquisition and the Initial Placing and Offer. This document also provides Shareholders with notice of the General Meeting of the

Company at which you will be asked to consider and, if thought fit, pass the Resolutions to approve the Acquisition and issue of New Shares pursuant to the Initial Placing and Offer on a non pre-emptive basis.

This document also explains the reasons for and benefits of the Proposals, which the Directors believe are in the best interests of Shareholders as a whole, and the Directors recommend to you that you vote in favour of the Resolutions at the General Meeting.

### **Reasons for and benefits of the Acquisition and the Initial Placing and Offer for Subscription**

The Board believes that the Proposals offer significant benefits for all Shareholders as noted below.

- The Acquisition will diversify the sector, tenant and regional exposure of the Company's Property Portfolio. The Company's exposure to its top ten tenants will reduce from 44 per cent. to 31 per cent.
- The Acquisition will enhance the dividend cover and accordingly if the Acquisition completes it is the Board's intention to increase the quarterly dividend by 2.5 per cent. as described in more detail on page 11 of this document.
- The Acquisition would also introduce a number of asset management opportunities which should enhance returns to Shareholders.
- The Initial Placing and Offer would significantly increase the market capitalisation of the Company which should therefore increase liquidity in the Ordinary Shares and increase the attractiveness of the Company to new investors.
- The Initial Placing and Offer would also result in the fixed costs of the Group being spread over a larger asset base and therefore the ongoing charges of the Group would be reduced.

The Company has also published the Prospectus in connection with the Initial Placing and Offer and this document should be read in conjunction with the accompanying Prospectus. The Board also believes that if the Proposals are successful, the Company's existing Shareholders will benefit from investing its existing cash reserves, alongside the New Bank Facility, in the New Portfolio in a more cost effective manner than the acquisition of individual UK commercial real estate properties. For these reasons, and the reasons set out above, the Board is recommending that Shareholders vote in favour of the Resolutions at the General Meeting.

### **The property portfolios**

#### *The Company's existing Property Portfolio*

As at 30 September 2015, the Property Portfolio comprised 42 UK commercial properties with an aggregate market value of approximately £308.8 million (as set out in the valuation report prepared by the Valuer which is incorporated by reference into this document). The Property Portfolio generates a current net annual rent of approximately £19.2 million (being an Income Return of 5.9 per cent.) and is valued with an aggregate estimated net annual rent of approximately £22 million (giving an equivalent yield of 6.7 per cent.). The market value of the Property Portfolio and the current net annual rent is as set out in the valuation report prepared by the Valuer, which is incorporated by reference into this document.

According to the Dun and Bradstreet failure score, 74.8 per cent. of the Company's income is from tenants rated as having a negligible or low risk of failure. The average unexpired lease term to earliest termination of the occupational leases of the Property Portfolio (weighted by current gross annual rent) is approximately 7 years and 1 month and all of the rent review provisions in the occupational leases of the Properties are upwards only or subject to fixed or indexed increases.

The Company announced on 9 November 2015 that it had completed the sale of the Maple Cross Property, which was included in the valuation of the Property Portfolio as at 30 September 2015, for a consideration of £14.75 million.



### *The New Portfolio*

The Company and its Property Subsidiary have entered into the conditional Acquisition Agreement to acquire all of the units in the JPUT and the entire issued share capital of the General Partner. The JPUT holds, indirectly through its interest as the sole limited partner in the Limited Partnership, the New Portfolio. The New Portfolio is diversified by sector, tenant and region and is complementary to the Property Portfolio. The New Portfolio comprises 22 UK commercial properties with an aggregate market value of approximately £165 million as at 19 October 2015. The New Portfolio generates a current net annual rent of approximately £10.8 million (being a net initial yield of 5.9 per cent.) and is valued with an aggregate estimated net annual rent of approximately £11.8 million (giving an equivalent yield of 6.5 per cent.). The market value of the New Portfolio and the current net annual rent is as set out in the valuation report prepared by Knight Frank which is incorporated by reference into this document.

According to the Dun and Broadsheet failure score, 82 per cent. of the New Portfolio's income is from tenants rated as having a negligible or low risk of failure. The average unexpired lease term of the occupational leases of the New Properties (weighted by current gross annual rent) is approximately 4 years and 2 months and all of the rent review provisions in occupational leases of the New Properties are upwards only or have fixed or indexed increases.

### *The Combined Portfolio*

In the event that the Resolutions are approved by Shareholders, Admission occurs and the Acquisition is completed, the Combined Portfolio will comprise 63 properties with an aggregate market value of £460 million (on the basis of the valuations of the Property Portfolio as at 30 September 2015, the New Portfolio as at 19 October 2015 and excluding the Maple Cross Property). The Combined Portfolio would generate a current net annual rent of approximately £29 million (being a net initial yield of 5.97 per cent.).

The average unexpired lease term of the occupational leases of these properties (weighted by current gross annual rent) is approximately 6 years and 2 months, compared to the equivalent figure for an average commercial property portfolio, as represented by the independent IPD IRIS (excluding leases over 35 years), of 7 years and 4 months.

The Directors believe that the Combined Portfolio will be accretive to the level of dividend cover and will provide a number of asset management opportunities which should enhance the income profile and the capital value of the assets.

## **Details of the terms of the Proposals**

### *The Initial Placing and Offer*

In order to complete this Acquisition, the Company is proposing to issue up to 122 million New Shares under the Initial Placing and Offer (representing approximately 42.3 per cent. of the Company's current issued share capital) to raise approximately £100 million. The Issue Price is 82 pence per New Share representing a premium of 2.84 per cent. to the NAV per Share as at 30 September 2015 once the accrued dividend for the period ending 30 September 2015 has been deducted. The net proceeds of the Initial Placing and Offer will be used to fund the Acquisition together with the New Bank Facility and the Company's existing cash reserves. If the Initial Placing and Offer does not proceed and Admission does not occur, the Acquisition will not proceed and no funds will be drawn down under the New Bank Facility.

The Initial Placing and Offer is conditional on:

- (i) the Placing Agreement becoming wholly unconditional (save as to Admission) and not having been terminated in accordance with its terms prior to Admission;
- (ii) the Admission Condition being satisfied prior to 8.00 a.m. on 15 December 2015 (or such later time and/or date, not being later than 8.00 a.m. on 18 December 2015, as the Board may determine);
- (iii) Shareholder approval being granted in respect of the issue of New Shares, on a non pre-emptive basis, in relation to the Initial Placing and Offer and the Acquisition at the General Meeting; and
- (iv) the gross proceeds of the Initial Placing and Offer being the equivalent of at least the Minimum Issue Proceeds.

The maximum number of New Shares to be issued pursuant to the Initial Placing and Offer will be 122 million. In the event that the number of New Shares applied for under the Initial Placing and Offer at the Issue Price results in the Company receiving net proceeds which are significantly in excess of the size of the Initial Placing and Offer then it would be necessary to scale back such applications. In such event New Shares will be allocated, as far as reasonably possible, so that applications from existing Shareholders are given priority over other applicants, and, where applicable, with a view to ensuring that existing Shareholders are allocated such percentage of New Shares as is as close as possible to their existing percentage holding of Ordinary Shares.

The actual number of New Shares issued under the Initial Placing and Offer will be determined by the Company and the Placing Agent, after taking into account demand for the New Shares, prevailing market conditions and the acquisition costs of the New Portfolio. The final results of the Initial Placing and Offer and any scaling back will be announced via an RIS.

In the event that Admission does not occur, the Acquisition of the New Portfolio will not complete and any monies raised under the Initial Placing and Offer will be returned to investors.

### *The Acquisition*

The Company and the Property Subsidiary have entered into the conditional Acquisition Agreement with the Vendors dated 12 November 2015. Under this Acquisition Agreement the Company and the Property Subsidiary have agreed to purchase the New Portfolio by way of acquiring all of the units in the JPUT (the sole limited partner in the Limited Partnership) and the entire issued share capital in the General Partner (the general partner of the Limited Partnership). The JPUT was established on 11 September 2013 and its principal activity is to invest in the Limited Partnership which holds the New Portfolio. The JPUT has not taken out any debt. Its income is derived solely through its investment in the New Portfolio, by way of it being the sole limited partner of the Limited Partnership, and its expenditure relates only to administration and advisory expenses and property expenses.

Pursuant to the Acquisition Agreement, the aggregate consideration payable for all of the units in the JPUT, shares in the General Partner and the New Portfolio will be £165 million adjusted to take into account any accruals and contingencies of the JPUT and the Limited Partnership on the date of completion of the Acquisition. The Company will use the net proceeds of the Initial Placing and Offer, the New Bank Facility and its existing available cash reserves to fund the Acquisition. The New Properties have been externally valued by Knight Frank with a market value as at 19 October 2015 of approximately £165 million.

The Acquisition Agreement provides that the Acquisition is conditional on: (i) the Company receiving applications or commitments under the Initial Placing and Offer for at least £80 million; and (ii) JFSC consent being granted in relation to the change in investment manager of the JPUT on completion to Standard Life Investments (Jersey) Limited.

The Initial Placing and Offer is subject to the conditions set out on page 8 of this document and the Board will not proceed with the Initial Placing and Offer unless Shareholder approval has been granted in favour of the Resolutions at the General Meeting and all of the conditions precedent in the New Facility Agreement have been satisfied. Therefore if the Minimum Issue Proceeds are not raised under the Initial Placing and Offer, the Acquisition will not complete and no new funds will be able to be drawn down under the New Bank Facility.

The Acquisition Agreement contains warranties, indemnities and representations customary to agreements of this nature. The liability of the Vendors in relation to these warranties, indemnities and representations has been capped to £1. Warranty and indemnity insurance has been taken out on behalf of the Company and the Property Subsidiary. The insurance policy is subject to certain exclusions, an overall cap of £16.5 million and warranty claims in relation to matters that are known to the Investment Manager. Completion of the Acquisition is expected to occur on 15 December 2015 immediately after Admission. The parties are entitled to rescind the Acquisition Agreement in the event that the conditions thereto are not satisfied by 18 December 2015.

The current intention of the Group is to undertake a restructuring, immediately post Acquisition, involving the New Properties and the subsequent liquidation of the JPUT.

## **Gearing and borrowings**

The Company has the power under the Articles to borrow an amount up to 65 per cent. of the Group's gross assets. It is the present intention of the Directors that the Company's LTV will not exceed 45 per cent. and the Investment Manager is currently instructed to target a LTV between 25 per cent. and 35 per cent.

### *The Group's current borrowings*

The Group currently has a fully drawn down debt facility of £84,432,692 with the Bank which is repayable on 16 December 2018. As at 30 September 2015 (the latest practicable date prior to the publication of this document), the Group's LTV was approximately 22 per cent.

Interest on the Bank Facility is payable at a rate equal to the aggregate of three month LIBOR and a margin of 1.65 per cent. per annum (below 40 per cent. LTV), 1.75 per cent. per annum (40 to 60 per cent. LTV inclusive) or 1.95 per cent. (above 60 per cent. LTV). The current applicable margin is 1.65 per cent. per annum.

The Group has two interest rate swap agreements with the Bank for a notional principal amount of £84,432,692 in aggregate which results, based upon current LTV, in the all-in margin in respect of the Group's borrowing being fixed until 16 December 2018 at 3.66 per cent. per annum. If the existing Bank Facility is repaid prior to 16 December 2018 such swaps will require to be broken and the associated termination costs will require to be paid.

### *The Group's proposed additional borrowings on completion of the Acquisition*

The Property Subsidiary and the Company have entered into the New Facility Agreement with the Bank conditional on, *inter alia*, the completion of the Acquisition and the satisfaction of the conditions precedent (which are customary for a facility of this nature). The New Bank Facility is in addition to the existing Bank Facility and consists of the New Term Loan of £40,567,308 and the Revolving Credit Facility of £30,000,000.

The Facility Agreement will therefore be amended, subject to the completion of the Acquisition, pursuant to an amendment and restatement agreement (the New Facility Agreement) in order to effect the new terms of the existing Bank Facility and the New Bank Facility. The New Facility Agreement has a term of 18 months. Therefore, as a result of these new arrangements the repayment date in relation to the current Bank Facility (as well as the New Bank Facility) has been brought forward from 16 December 2018 to 17 June 2017. Interest will continue to be payable in relation to the existing Bank Facility at the all-in rate of 3.26 per cent. per annum pursuant to the swaps that are already in place (further details on the swaps are set out above) and will be payable in relation to the New Bank Facility at a rate equal to the aggregate of the applicable LIBOR rate and a margin of 1.25 per cent. per annum.

For illustrative purposes and on the assumption that the maximum amount under the New Bank Facility is required to be drawn down, the Group's maximum level of borrowings (the existing Bank Facility plus the New Bank Facility) will be £155 million, and the maximum LTV, once the New Portfolio has been acquired, would be approximately 32 per cent. The structure and terms of the New Facility Agreement provides the Property Subsidiary with the flexibility to make repayments prior to the repayment date of 17 June 2017 and thereby reduce the LTV shortly after the completion of the Acquisition with the proceeds of any disposals of New Properties (or existing Properties). In the event that the Revolving Credit Facility is repaid in its entirety, the Group's maximum LTV (assuming the maximum amount under the New Term Loan is drawn down) would reduce to approximately 28 per cent. The Property Subsidiary will only draw down funds under the New Bank Facility on the completion of the Acquisition once Admission has occurred.

The Property Subsidiary does not currently intend to hedge the New Bank Facility. In the light of the current low interest rate environment it is likely that the Group would refinance all of their debt (the existing Bank Facility as well as the New Bank Facility) in the near term. As part of the refinancing the Group would have to break the existing interest rate swaps and it would, at that time, consider entering into new arrangements to mitigate interest rate risk in respect of any new debt incurred.

## Dividends

### *Dividend policy*

It is the Board's policy that in paying dividends it should target aggregate annual dividends which are fully covered by the Group's net income. Dividends on the Ordinary Shares are expected to be paid in equal instalments quarterly in respect of each financial year in March, May, August and November. All dividends are paid as interim dividends.

LR13.3.1  
(9)(b)+(c)

### *Payment of dividends*

The Company has declared a dividend of 1.161 pence per Share for the quarter ending 30 September 2015 which will be paid on 27 November 2015 to existing Shareholders.

The Company expects that its final interim dividend of 1.161 pence per Share in respect of the period to 31 December 2015 will be split into: (i) a fourth interim dividend for the period between 1 October 2015 and 14 December 2015 (the date immediately prior to Admission and the completion of the Acquisition); and (ii) a fifth interim dividend for the period between 15 December 2015 and 31 December 2015. The Company's existing Shareholders will qualify for the fourth and fifth interim dividends in respect of their existing holdings of Ordinary Shares which together equal the equivalent of 1.161 pence for the quarter per Share. New Shares issued pursuant to the Initial Placing and Offer will only qualify for the fifth interim dividend.

Save as referred to above, New Shares will rank *pari passu* with the Ordinary Shares in respect of dividends.

In the event that Admission occurs and the Acquisition completes, the Board believes that the dividend cover would be enhanced. Accordingly if Admission occurs and the Acquisition completes and in the absence of unforeseen circumstances, it is the Board's intention to increase the quarterly dividend by 2.5 per cent. to 1.19 pence per Share commencing with the quarter ending 31 March 2016. If Admission does not occur and the Acquisition does not proceed, the Board does not intend to increase the dividend in the near term but will continue to keep the Company's dividend policy under review.

## **Costs and expenses of the Proposals and use of proceeds**

The costs and expenses of the Proposals are dependent on subscriptions. However, by way of illustration such costs include the acquisition costs of the JPUT and the New Portfolio, the commission payable to the Placing Agent and the costs in relation to the publication of the Prospectus and this document. These costs are expected to be approximately £3.5 million. The consideration payable for all the units in the JPUT, the shares in the General Partner and the New Portfolio will be £165 million adjusted to take into account any accruals and contingencies of the JPUT and the Limited Partnership on the date of completion of the Acquisition. Accordingly, it is estimated that the total consideration including costs payable by the Company in relation to the Proposals would amount to approximately £171 million.

The New Shares will be issued under the Initial Placing and Offer at a premium of 2.84 per cent. to the NAV per Share as at 30 September 2015 once the accrued dividend for the period ending 30 September 2015 has been deducted. The Minimum Issue Proceeds of £80 million must be raised under the Initial Placing and Offer prior to Admission occurring and the Acquisition completing. In such an event, the proceeds of the Initial Placing and Offer (being at least £80 million) will be used, together with the New Bank Facility of up to £70.6 million and the Company's existing available cash reserves of up to approximately £22 million, to acquire the JPUT, the General Partner and the New Portfolio as well as to fund all of the costs associated with the Proposals.

## **Further information**

Your attention is drawn to the further information set out in the Appendix to this letter.

## **General Meeting**

The Acquisition is a significant transaction in accordance with the Listing Rules and, as a consequence, requires Shareholder approval. The issue of New Shares on a non pre-emptive basis pursuant to the Initial Placing and Offer also requires, pursuant to the Listing Rules, the approval of Shareholders. You will find set out at the end of this document a notice convening a General Meeting of the Company to be held at 10 a.m. on 11 December 2015 at 30 St. Mary Axe, London EC3A 8EP. The notice convening the General Meeting can be found at the end of this document.

An ordinary resolution will be proposed at the General Meeting to approve the Acquisition. This resolution will require the approval of a simple majority of the votes cast in respect of it. A special resolution will also be proposed to approve the allotment, on a non pre-emptive basis, of up to 122 million New Shares (representing approximately 42.3 per cent. of the current issued share capital) in connection with the Initial Placing and Offer for Subscription. This resolution will require the approval of at least 75 per cent. of the votes cast in respect of it.

## **Action to be taken**

You will find enclosed with this document a form of proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed on it and return it to Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received as soon as possible and, in any event, not later than 10 a.m. on 9 December 2015. Completion of a form of proxy will not prevent a Shareholder attending and voting at the General Meeting in person.

## **Recommendation**

The Board considers that the terms of the Acquisition are fair and reasonable and that the Acquisition and the Initial Placing and Offer are in the best interests of Shareholders as a whole. LR 13.3.1(5)

Accordingly the Board unanimously recommends that Shareholders vote in favour of the Resolutions to be put to Shareholders at the General Meeting as they intend to do so in respect of their own beneficial holdings held at the time of the General Meeting.

Yours faithfully

**Dick Barfield**  
*Chairman*

## PART II

### APPENDIX

#### ADDITIONAL INFORMATION

1. The Company is an authorised closed-ended investment company and was incorporated with limited liability in Guernsey under the Companies (Guernsey) Law, 1994 with registered number 41352 on 18 November 2003. The Company operates under the Law and regulations made under the Law and its registered office is PO Box 255, Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL (Telephone number: +44 (0)1481 745 001). The Company's main place of business is in the UK. The Company has been granted an authorisation declaration by the Commission in accordance with section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and Rule 6.02 of the Scheme Rules. The Company is regulated by the Commission. As the Ordinary Shares are admitted to the Official List, the Company is required to comply with the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules.

#### 2. Major Shareholders

- 2.1 As at 13 November 2015 (being the latest practicable date prior to publication of this document), the Company is aware of the following persons who would be interested in 3 per cent. or more of the issued share capital of the Company:

LR13.6.1(1)(c)  
PR (Ann I) 18.1  
PR (Ann I) 18.1

	<i>Number of Ordinary Shares as at the date of this document</i>	<i>Percentage of current issued Ordinary Shares<sup>(1)</sup></i>
Brewin Dolphin, stockbrokers	32,347,177	11.22
Brewin Dolphin, stockbrokers (Non Discretionary)	27,007,104	9.36
Standard Life Investments <sup>(2)</sup>	22,244,001	7.71
Heartwood Group	21,569,357	7.48
Hargreaves Lansdown, stockbrokers (Execution Only)	14,982,809	5.20
BlackRock	11,932,970	4.14
Close Brothers Asset Management	9,756,438	3.38
M&G Investment Management	9,605,533	3.33
Alliance Trust Savings	9,081,400	3.15

Note:

<sup>(1)</sup> The Company does not hold any Shares in treasury.

<sup>(2)</sup> Standard Life Investments Pooled Pensions Property Fund, a client of Standard Life Investments, has indicated that it intends to subscribe for approximately 7.3 million New Shares for an aggregate price of £6 million under the Initial Placing and Offer.

- 2.2 Save as described above, the Company is not aware of any person who is as at 13 November 2015 (being the latest practicable date prior to publication of this document) or, following Admission, will be interested directly or indirectly in 3 per cent. or more of any class of issued share capital of the Company or of any person or persons who, following Admission, will or could, directly or indirectly, jointly or severally, exercise control over the Company.



### 3. Significant Changes

Since 30 June 2015 (being the end of the last financial period of the Company for which financial information has, been published), there has been no significant change in the financial or trading position of the Group save for the purchase and sale of the following properties.

LR13.6.1(1)(d)  
PR (Ann I) 20.9

<i>Property</i>	<i>Value range</i>	<i>Purchase/ Sale</i>
Halford and Lancaster Motors, Hamme Strasse, Valley Road, Bradford	£4m – £6m	Purchase
Persimmon House, Crossways Business Park, Dartford	£2m – £4m	Purchase
Silbury House, 300 Silbury Boulevard, Milton Keynes	£4m – £6m	Purchase
The IT Centre, York Science Park, York	£4m – £6m	Purchase
Endeavour House, Langford Business Park, Kidlington, OX5 1GE	£4m – £6m	Purchase
Unit 2 Brunel Way, Segensworth, Fareham	£2m – £4m	Purchase
Monkton Business Park, Newcastle	£2m – £4m	Purchase
Yodel, Portrack Lane, Stockton, TS18 2SA	£0 – £2m	Sale
Ravens Park, Units 2001 & 2002, Coal Road, Seacroft, Leeds LS14 2LA	£2m – £4m	Sale
Windsor Court & Crown Farm, Crown Farm, Mansfield, Nottinghamshire	£2m – £4m	Sale
140 West George Street, Glasgow	£4m – £6m	Sale

The current intention of the Group is to undertake a restructuring, immediately post Acquisition, involving the New Properties and the subsequent liquidation of the JPUT.

Since 30 June 2015, there has been no significant change in the financial or trading position of the JPUT, the General Partner, the Limited Partnership or the New Portfolio.

### 4. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by a member of the Group within two years immediately preceding the publication of this document, or will be entered into by a member of the Group following Admission, and/or are, or may be, material or contain provision under which the Company or the Property Subsidiary has an obligation or entitlement which is material to the Group as at the date of this document:

LR13.6.1(1)(e)  
PR (Ann I) 22

- 4.1 A placing agreement dated 17 November 2015 between (1) the Company, (2) the Investment Manager, (3) Winterflood Securities and (4) the Sponsor whereby Winterflood Securities conditionally agrees to use its reasonable endeavours to procure placees in the Initial Placing and Placing Programme of up to 122 million New Shares. In consideration for its services Winterflood Securities will be paid commission of an amount equal to 1 per cent. of the gross proceeds of the Issues less the amount of the proceeds attributable to New Shares subscribed for by members of the Standard Life Group under the Initial Placing and Offer.

The Placing Agreement is conditional on, *inter alia*, Admission. The Placing Agreement contains certain warranties and indemnities given by the Company and the Investment Manager without time limit (in respect of any claim against the Company) in favour of Winterflood Securities and the Sponsor. Winterflood Securities and the Sponsor may only claim against the Investment Manager under the warranties or indemnities if they have given written notice of such claims within two years of the date of the agreement. Such indemnities and warranties are customary in an agreement of this kind. The Placing Agreement may be terminated in certain circumstances prior to Admission including by reason of *force majeure*.

- 4.2 An investment management agreement between (1) the Company, (2) the Investment Manager and (3) the Property Subsidiary which become effective from 1 January 2015 and whereby the Investment Manager is appointed to act as AIFM and investment manager of the Group, to manage the assets of the Group in accordance with the investment policy of the Company and to implement the borrowing policy from time to time approved by the Directors. Under the terms of the Investment Management Agreement, subject to the overall supervision of the Directors, the Investment Manager has complete discretion to buy, sell, retain, exchange or otherwise deal in property assets for the account of the Group. The Investment Manager is entitled to delegate the performance of its duties under the Investment Management Agreement to Standard Life Investments Limited. The Investment Manager shall be entitled to receive a fee from the Company at the annual rate of 0.75 per cent. of Total Assets up to £200 million, 0.70 per cent. of

Total Assets between £200 million and £300 million and 0.65 per cent. of Total Assets in excess of £300 million. The fee is payable quarterly in arrears. The Investment Management Agreement contains an unlimited indemnity in favour of the Investment Manager against claims by third parties except to the extent that the claim is due to the negligence, wilful default or fraud of the Investment Manager or any party to whom the Investment Manager has delegated any of its functions. The Investment Management Agreement may be terminated by any party giving to the others not less than 12 months' notice or otherwise in circumstances, *inter alia*, where one of the parties has a receiver appointed over its assets or if an order is made or an effective resolution passed for the winding up of one of the parties. In the event of the termination of the Investment Management Agreement for whatsoever reason, the Company shall be obliged to use its reasonable endeavours to change its name to a name not including the words "Standard Life" or any letters or words colourably or confusingly similar thereto.

The Investment Manager maintains a professional indemnity insurance policy. The policy provides cover against claims up to £125 million arising from professional negligence.

In the event that Admission occurs and the Acquisition completes, it is currently intended that the General Partner will become a party to Investment Management Agreement.

In the event that the conditions to the Initial Placing and Offer are not satisfied, Admission does not occur and the Acquisition does not proceed, the Investment Manager has agreed to contribute up to a maximum amount of £200,000 to the abort costs incurred by the Company. In the event the Acquisition completes the Investment Manager has agreed to rebate its fees to the sum of £400,000.

- 4.3 A depositary agreement between the Company and the Depositary whereby the Depositary is appointed to undertake certain functions required by the AIFMD including the safekeeping of assets and cash-flow monitoring. The depositary arrangements include a depositary service agreement together with a separate service level agreement. A property procedures agreement is also agreed which details the key obligations of the parties in respect of property assets of the Company. The Depositary Agreement does not currently contain provisions for the contractual discharge of the Depositary's liability. The Depositary may however discharge its liability in accordance with Article 21(13) and 21(14) of the AIFMD. If the Depositary does discharge its liability, the Company will notify investors by amending the investor disclosure document available on the Company's website. The Depositary Agreement provides for a notice period of not less than 90 days (although immediate termination is possible in certain prescribed circumstances). However, the Depositary cannot retire prior to a successor depositary having been appointed. The Depositary is paid a fee on a quarterly basis for its services of 0.0145 per cent. per annum of the net asset value of the Company subject to a minimum of £25,000 per annum.
- 4.4. The Facility Agreement dated 19 December 2011 between the Bank and the Company whereby the Bank has agreed to make available a term loan facility of £84,432,692. Interest is payable by the Property Subsidiary at a rate equal to the aggregate of LIBOR plus 1.65 per cent. per annum (below 40 per cent LTV), 1.75 per cent. per annum (40 to 60 per cent. LTV inclusive) or 1.95 per cent. (above 60 per cent. LTV). The current applicable margin is 165 basis points per annum. The existing Bank Facility is repayable on 16 December 2018. The Facility Agreement contains standard events of default and covenants for a bank facility of this nature. An Event of Default (as defined in the Facility Agreement) will be triggered if, *inter alia*, (i) the amount of the loan facility exceeds 65 per cent. at any time prior to 22 December 2016 or 60 per cent. at any time thereafter of the value of the properties in the Property Portfolio and the cash held by the Group; or (ii) if the net rental income in respect of all leases should fall below 1.5 times the amount of interest payable under the Facility Agreement over the period the net rental income is calculated. The Bank Facility is secured by fixed and floating charges over the assets of the Company and the Property Subsidiary. On completion of the Acquisition the Facility Agreement will be amended and restated and its terms will be replaced by the New Facility Agreement.
- 4.5 The New Facility Agreement dated 12 November 2015 between the Bank as lender and in various other capacities, the Company and the Property Subsidiary whereby the Bank has agreed to make available to the Property Subsidiary, in addition to its existing term loan facility of £84,432,692, an additional term loan facility of £40,567,308 and an additional revolving credit facility of £30,000,000. The Facility Agreement (as described in paragraph 4.4 above) will therefore be amended, subject to the completion of the Acquisition pursuant to an amendment



and restatement agreement (the New Facility Agreement) in order to effect the terms of the existing Bank Facility and the New Bank Facility as described, in summary, in this paragraph 4.5. This New Bank Facility (together with the Bank Facility) has a term of 18 months and is repayable on 17 June 2017.

Interest is payable by the Property Subsidiary on the Bank Facility, under the terms of the existing Facility Agreement, at a rate equal to the aggregate of LIBOR and, based upon the current LTV, a margin of 1.65 per cent. per annum. However, the Property Subsidiary has entered into two interest rate swap agreements in respect of the existing Bank Facility and, as a result, the all in margin in respect of the existing Bank Facility has been fixed at 3.66 per cent. This interest rate is fixed until December 2018. If the existing Bank Facility is repaid prior to then (including on 17 June 2017) such swaps will require to be broken and hedge termination costs will also require to be paid.

Interest is payable by the Property Subsidiary on the New Bank Facility at a rate equal to the aggregate of the applicable LIBOR rate and a margin of 1.25 per cent. per annum. The Revolving Credit Facility can be repaid at any time.

The New Facility Agreement contains standard events of default and covenants for a bank facility of this nature. An Event of Default (as defined in the New Facility Agreement) will be triggered if, *inter alia*, (i) the amount of the loan facility exceeds 65 per cent. of the value of certain of the properties and certain of the cash held by the Group (being in each case, those subject to fixed charges in favour of the Bank) at any time prior to 22 December 2016 or 60 per cent. at any time thereafter; (ii) the amount of the loan facility exceeds 40 per cent. of the value of the properties in the Company's property portfolio, certain of the cash held by the Group and the value of the properties in the New Portfolio; or (iii) if the net rental income in respect of all leases of all or any part of the Property Portfolio should fall below 1.5 times the amount of interest payable under the New Facility Agreement over the period the net rental income is calculated. The New Bank Facility will be secured by fixed and floating charges over the Company's existing Property Portfolio. The New Portfolio will not initially be subject to fixed and floating charges but the Group retains discretion to choose to secure all of part of this portfolio should it deem it necessary in the future.

The New Facility Agreement also contains a number of conditions precedent (which are customary of a facility of this nature) including that the Company raises sufficient funds to complete the Acquisition. Therefore if the Minimum Issue Proceeds are not raised under the Initial Placing and Offer, the Company will not be able to draw down any funds under the New Bank Facility.

- 4.6. The Company is a party to the conditional legally binding Acquisition Agreement with the Vendors dated 12 November 2015 under which the Company and the Property Subsidiary have agreed to acquire the 22 New Properties comprised in the New Portfolio by way of acquiring all of the (i) units in the JPUT, consisting 138,812,000 units in aggregate; and (ii) the entire issued share capital of the General Partner, consisting of two ordinary shares of £1 each in aggregate. The consideration paid for the units and the shares is based on an agreed value for the New Properties of £165 million adjusted to take into account any accruals and contingencies of the JPUT and the Limited Partnership as at the date of completion of the Acquisition. The Acquisition Agreement contains standard form completion statement mechanics to enable the parties to agree the net asset value of the JPUT and the adjustment to the fixed value of the New Properties within agreed timescales post completion. The Acquisition Agreement provides that the completion of the Acquisition is conditional upon: (i) the Company having received applications and/or commitments under the Initial Placing and Offer for at least £80 million; and (ii) JFSC consent being granted in relation to the change in investment manager of the JPUT to Standard Life Investments (Jersey) Limited on completion of the Acquisition. The Vendors are entitled to rescind the Acquisition Agreement in the event that the conditions are not satisfied prior to the long stop date of 15 December 2015 (such date subject to the extension by the Vendors in their absolute discretion up to a date of 18 December 2015). This Acquisition Agreement contains standard form warranties and indemnities customary to agreements of this nature with all liabilities (other than in respect of title to the units and shares) under such warranties and indemnities being covered, subject to agreed limitations, by a third party warranty and indemnity insurance policy paid for by the Vendors. This insurance policy is subject to an overall cap of

£16.5 million and warranty claims in relation to matters that are known to the Investment Manager.

In the event that the Acquisition does not complete the Company has agreed to contribute up to £75,000 in relation to any abort costs incurred by the Vendors in excess of £75,000.

## 5. Service contracts

None of the Directors have service contracts with the Company. Dick Barfield has entered into a letter of appointment with the Company dated 1 December 2003. Susie Farnon entered into a letter of appointment with the Company dated 23 June 2010. Huw Evans entered into a letter of appointment with the Company dated 11 April 2013. Robert Peto entered into a letter of appointment with the Company on 28 May 2014. The letters of appointment provide that the Directors' appointments and re-appointments are subject to the Memorandum and Articles from time to time. The Company has the right to terminate each appointment without compensation if the relevant Director is required to vacate office in accordance with the Articles and/or the Law and, subject thereto, the letters of appointment do not contain any contractual provisions regarding the compensation which would be payable upon early termination by the Company. None of the Directors receive any pension benefits from the Company, nor do they participate in any bonus or incentive schemes. Accordingly, there are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits to the Directors.

LR13.6.1(2) (a)  
PR (Ann I) 16.2

The fees payable to the Directors pursuant to their letters of appointment in respect of the financial year ended 31 December 2014 by the Company were £13,107 to Paul Orchard-Lisle, the former Chairman (retired on 28 May 2014), £29,500 per annum to Susie Farnon, Chairman of the Audit Committee, £31,223 per annum to Dick Barfield, the Chairman, £26,500 to Shelagh Mason (retired on 31 December 2014), £26,500 per annum to Huw Evans and £16,736 to Robert Peto (appointed on 28 May 2014). These fees include (with the exception of Paul Orchard-Lisle) a one-off fee of £2,500 in respect of the extra work arising from the fundraising that was undertaken by the Company in 2014 and the conversion of the Company to REIT status.

The fees for each Director have increased. With effect from 1 January 2015 the Chairman is entitled to receive fees of £33,000 per annum, the chairman of the audit committee is entitled to receive fees of £28,500 per annum and the other Directors are entitled to receive fees of £26,000 per annum. The fees are reviewed annually and may be increased in line with usual market rates. The Company also pays insurance premiums in respect of directors' and officers' insurance taken out on behalf of the Directors. In accordance with the recommendations of the AIC Code and the Code, the Board has agreed that all Directors should retire annually and if appropriate seek re-election.

## 6. Director's interests in shares

6.1 As at the date of this document, other than as disclosed in paragraph 6.2 below, there are no interests of any Director, including any connected persons of any Director, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director whether or not held through another party, in the share capital of the Company or any options in respect of such capital.

LR13.6.1(2)(b)  
PR (Ann I) 17.2  
PR (Ann I) 17.2

6.2 The Directors do not have any options over any Ordinary Shares. As at the date of this document, the Directors have the following numbers of Ordinary Shares all of which are beneficially held:

PR (Ann I) 17.2

	<i>Number of Ordinary Shares as at the date of this document</i>	<i>Percentage of current issued Ordinary Shares<sup>(1)</sup></i>
Dick Barfield	70,128	0.02
Sally-Ann Farnon	30,000	0.01
Huw Evans	30,000	0.01
Robert Peto	13,717 <sup>(2)</sup>	0.005

Note:

<sup>(1)</sup> The Company does not hold any shares in treasury.

<sup>(2)</sup> Robert Peto's wife also holds 13,717 Ordinary Shares. In aggregate therefore their shareholding is 27,434 Ordinary Shares which represents 0.009 per cent. of the Company's current issued share capital.

- 6.3 Dick Barfield and Huw Evans have confirmed that they intend to subscribe for 8,000 New Shares and 30,000 New Shares respectively. Robert Peto has confirmed that he and/or his wife intend to subscribe for, in aggregate, up to 30,000 New Shares.

## 7. Related party transactions

Save as disclosed below, the Company was not a party to, nor had any interest in, any related party transaction (as defined in the Standards adopted according to the Regulation (EC) No 1606/2002) at any time during the two financial periods to 31 December 2014:

LR13.6.1(2)(c)  
PR (Ann I) 19

- (a) the Company is party to the Investment Management Agreement; and
- (b) Standard Life Assurance Limited decreased its shareholding in the Company over the period from 31 December 2013 and to 16 April 2014 by approximately 5 million Shares on behalf of its heritage with profits fund.

## 8. Litigation statement

There are no governmental, legal or arbitration proceedings (including, in so far as the Company or the Property Subsidiary is aware, any governmental, legal or arbitration proceedings which are pending or threatened) during the period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the Company and/or the Group's financial position or profitability.

There are no governmental, legal or arbitration proceedings (including, in so far as the Company or the Property Subsidiary is aware, any governmental, legal or arbitration proceedings which are pending or threatened) during the period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the JPUT's, the General Partner's, the Limited Partnership's and the New Portfolio's financial position or profitability.

## 9. Dealings in New Shares

It is expected that the New Shares will be issued and admitted to listing on the UKLA's Official List and to trading on the main market of the London Stock Exchange, and dealings in such shares will commence, on 15 December 2015. A total number of up to 122 million New Shares are being issued. Fractions of New Shares will not be issued. The New Shares will be issued in registered form and will be capable of being held in certificated or uncertificated form. Pending the issue of definitive certificates in respect of the New Shares, transfers will be certified against the register.

LR13.3.1(9)(a),(d),  
(e),(f),(g) & (h)

## 10. Third party information

The information in this document sourced from Dun and Bradstreet on page 8 of this document has been accurately reproduced in this document and, as far as the Company is aware and is able to ascertain from information published by Dun and Bradstreet, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Ann I 23.2

## 11. Incorporation by reference

The following sections of the Prospectus are incorporated by reference into this document:

- (b) the section entitled "Market outlook" on page 40 of Part I of the Prospectus;
- (c) the section entitled "Key personnel" on page 48 of Part I of the Prospectus;
- (d) Part IV of the Prospectus setting out "Details of the Property Portfolio, the New Portfolio and the Combined Portfolio";
- (e) Part V of the Prospectus which sets out the valuation report in respect of the Property Portfolio;
- (f) Part VI of the Prospectus which sets out the valuation report in respect of the New Portfolio;
- (g) Part VII of the Prospectus which sets out the financial information on the Company; and
- (h) Part VIII of the Prospectus which sets out the unaudited pro forma financial information relating to the Company.

## **12. Documents available for inspection**

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW and the registered office of the Company until close of business on 16 November 2016: LR 13.6.1(1)(f)  
LR13.8.10 (2)(a)(b)

- (i) the Memorandum and Articles of the Company;
- (ii) the material contracts referred to in paragraph 4 of Part III of this document;
- (iii) the letters of appointment referred to in paragraph 5 of Part III of this document;
- (iv) the Company's reports and accounts for the three financial periods to 31 December 2014 and the unaudited half yearly accounts for the period to 30 June 2014 and 30 June 2015;
- (v) the Prospectus; and
- (vi) this document.

## DEFINITIONS

The meaning of the following terms shall apply throughout this document unless the context otherwise requires:

<b>Acquisition</b>	the acquisition of all of the units in the JPUT, the two ordinary shares in the General Partner and the New Portfolio by the Group
<b>Acquisition Agreement</b>	the conditional sale and purchase agreement relating to all of the units in the JPUT and the entire issued share capital of the General Partner dated 12 November 2015
<b>Admission</b>	admission of the New Shares, issued pursuant to the Initial Placing and Offer, to the Official List and to trading on the London Stock Exchange
<b>Admission Condition</b>	(i) the UKLA having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New Shares arising under the Issues, as the case may be, to the Official List with a premium listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject ("listing conditions")) will become effective as soon as a dealing notice has been issued by the Financial Conduct Authority and any listing conditions having been satisfied and (ii) the London Stock Exchange having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the New Shares will be admitted to trading
<b>AIC Code</b>	the AIC Code of Corporate Governance
<b>AIFM</b>	Alternative Investment Fund Manager pursuant to the UK SI 2013/1773 Alternative Fund Managers' Regulations 2013
<b>AIFMD</b>	the EU Directive on Alternative Investment Fund Managers
<b>Articles</b>	the articles of incorporation of the Company
<b>Bank</b>	The Royal Bank of Scotland plc, a company incorporated in Scotland with registered number SC090312
<b>Bank Facility</b>	the £84,432,692 term loan facility provided to the Company by the Bank pursuant to the Facility Agreement
<b>Board or Directors</b>	the directors of the Company
<b>Circular</b>	this document published by the Company in connection with the Proposals
<b>Code</b>	the UK Corporate Governance Code as published by the Financial Reporting Council
<b>Combined Portfolio</b>	the Property Portfolio and the New Portfolio
<b>Commission</b>	the Guernsey Financial Services Commission
<b>Company</b>	Standard Life Investments Property Income Trust Limited, a company incorporated in Guernsey with registered number 41352

<b>Depository</b>	Citibank International plc
<b>Depository Agreement</b>	the depository agreement between the Company and the Depository
<b>Disclosure and Transparency Rules</b>	the disclosure and transparency rules made by the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 as amended from time to time
<b>Facility Agreement</b>	the facility agreement in relation to the Bank Facility between, among others, the Bank in various capacities, and the Company and the Property Subsidiary, originally dated 22 December 2011, as amended by first and second amendment agreements both dated 19 December 2014
<b>General Meeting</b>	the general meeting of the Company to be held at 10 a.m. on 11 December 2015 at 30 St. Mary Axe, London EC3A 8EP at which the Resolutions will be proposed
<b>General Partner</b>	Aviva Investors UK Real Estate Recovery II (General Partner) Limited
<b>Group</b>	the Company and the Property Subsidiary and any other direct or indirect subsidiary (as that term is defined in the Law) of the Company from time to time. For the avoidance of doubt (assuming the conditions to the Initial Placing and Offer and the Acquisition are satisfied and Admission occurs), from Admission and the completion of the Acquisition the JPUT, the Limited Partnership and the General Partner shall be part of the Group
<b>Income Return</b>	is the current net annual rent receivable for a property expressed as a percentage of the market value of such property (without making any deduction in respect of any acquisition costs for such property)
<b>Initial Placing</b>	the placing of New Shares at the Issue Price by the Placing Agent as described in this document
<b>Investment Management Agreement</b>	the investment management agreement between the Group and the Investment Manager which came into effect from 1 January 2015
<b>Investment Manager</b>	Standard Life Investments (Corporate Funds) Limited, a company incorporated in Scotland with registered number SC111488
<b>IPD IRIS</b>	the IPD Rental Information Service
<b>Issue Price</b>	82.0 pence per New Share (being a premium of 2.84 per cent. to the NAV per Share as at 30 September 2015 once the accrued dividend for the period ending 30 September 2015 has been deducted)
<b>JFSC</b>	Jersey Financial Services Commission
<b>JPUT</b>	Aviva Investors UK Real Estate Recovery II Unit Trust, a Jersey property unit trust which ultimately holds the New Portfolio



<b>Knight Frank</b>	Knight Frank LLP, a limited liability partnership with registered number OC305934
<b>Law</b>	the Companies (Guernsey) Law, 2008
<b>LIBOR</b>	London Inter-bank Offered Rate
<b>Limited Partnership</b>	Aviva Investors UK Real Estate Recovery II Limited Partnership
<b>Listing Rules</b>	the listing rules made by the Financial Conduct Authority under the Financial Services and Markets Act 2000 as amended from time to time
<b>LTV</b>	loan to value ratio (calculated as borrowings less all cash as a proportion of the Group's property portfolio)
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Maple Cross Property</b>	the property situated at Hertford Place, Maple Cross, Rickmansworth
<b>Memorandum</b>	the memorandum of incorporation of the Company
<b>Minimum Issue Proceeds</b>	the minimum gross proceeds of the Initial Placing and Offer being £80 million
<b>NAV</b>	the net asset value of an Ordinary Share on the relevant date calculated in accordance with the Company's normal accounting policies
<b>New Bank Facility</b>	the new term loan of up to £40,567,308 and the new revolving credit facility of up to £30,000,000 from the Bank
<b>New Facility Agreement</b>	the amended and restated facility agreement between the Bank, the Company and the Property Subsidiary
<b>New Portfolio</b>	the 22 properties indirectly held by the JPUT through its interest in the Limited Partnership
<b>New Properties</b>	the properties comprised in the New Portfolio
<b>New Shares</b>	the new Ordinary Shares to be issued pursuant to the Proposals
<b>New Term Loan</b>	the new term loan agreed with the Bank for up to £40,567,308
<b>Offer or Offer for Subscription</b>	the offer for subscription of New Shares at the Issue Price
<b>Official List</b>	the Official List of the UK Listing Authority
<b>Ordinary Shares or Shares</b>	ordinary shares of 1 pence each in the capital of the Company
<b>Placing Agent or Winterflood Securities</b>	Winterflood Securities Limited, acting through its division, Winterflood Investment Trusts
<b>Placing Agreement</b>	the placing agreement between the Company, the Investment Manager, the Placing Agent and the Sponsor
<b>Properties</b>	the properties comprised in the Property Portfolio (each a "Property")
<b>Property Portfolio</b>	the direct and indirect property assets of the Group

<b>Property Subsidiary</b>	Standard Life Investments Property Holdings Limited, a company incorporated in Guernsey with registered number 41351
<b>Proposals</b>	the Acquisition and the Initial Placing and Offer for Subscription
<b>Prospectus</b>	the prospectus relating to the Company to be published in relation to the Proposals
<b>Prospectus Rules</b>	the prospectus rules made by the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 as amended from time to time
<b>Red Book</b>	RICS Appraisal and Valuation Standards, 6th Edition
<b>Regulatory Information Service or RIS</b>	a regulatory information service that is on the list of regulatory information services maintained by the Financial Conduct Authority
<b>REIT</b>	a real estate investment trust established in the UK
<b>Resolutions</b>	the ordinary resolution to approve the Acquisition and the special resolution to approve the allotment of New Shares, pursuant to the Initial Placing and Offer, on a non pre-emptive basis to be proposed at the General Meeting, notice of which is set out at the end of this document
<b>Revolving Credit Facility</b>	the revolving credit facility agreed with the Bank for up to £30,000,000
<b>Scheme Rules</b>	the Authorised Closed-Ended Investment Schemes Rules 2008 (as amended)
<b>Shareholders</b>	holders of the Ordinary Shares
<b>Sponsor</b>	Dickson Minto W.S.
<b>Standard Life Group</b>	Standard Life plc and its subsidiary undertakings from time to time including the Investment Manager
<b>Total Assets</b>	the aggregate value of the assets of the Group less current liabilities of the Group (which shall exclude any proportion of the principal amounts borrowed for investment or amounts borrowed for working capital treated as current liabilities and any liability of an intra-group nature)
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland
<b>UKLA or UK Listing Authority</b>	the Financial Conduct Authority, acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
<b>Valuer</b>	Jones Lang LaSalle Limited, a company incorporated in England and Wales with registered number 01188567
<b>Vendors</b>	the vendors of the units in the JPUT, the shares in the General Partner and the New Portfolio as set out in the Acquisition Agreement



# STANDARD LIFE INVESTMENTS PROPERTY INCOME TRUST LIMITED

*(a non cellular company incorporated with limited liability in Guernsey with registered number 41352)*

## NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Standard Life Investments Property Income Trust Limited (the "Company") will be held at 30 St. Mary Axe, London EC3A 8EP on 11 December 2015 at 10 a.m. for the purpose of considering and, if thought fit, passing the following resolutions. Resolution 1 will be proposed as an ordinary resolution and resolution 2 will be proposed as a special resolution.

### Ordinary Resolution

1. THAT the Acquisition (as defined in the circular which was published by the Company on 17 November 2015 (the "Circular")) be and is hereby approved.

### Special Resolution

2. THAT, subject to the passing of the ordinary resolution 1 in the notice convening the meeting at which this resolution is to be proposed and in addition to all existing authority, the Board of Directors of the Company be and is hereby generally empowered, to allot ordinary shares of 1p each in the capital of the Company carrying the rights, privileges and subject to the restrictions attached to the Ordinary Shares or to grant rights to subscribe for, or to convert securities into ordinary shares ("equity securities") for cash as if the pre-emption rights in relating to the issue of equity securities as set out in the Listing Rules made by the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (as amended) did not apply to any such allotment of grant of rights to subscribe for or to convert into equity securities provided that this power:
  - (i) shall be limited to the allotment of up to 122,000,000 equity securities for cash (representing approximately 42.3 per cent. of the issued share capital of the Company, as at 17 November 2015) in connection with the Acquisition of the New Portfolio and the Initial Placing and Offer for Subscription (each term as defined in the Circular); and
  - (ii) expires on the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

*By Order of the Board*

**Northern Trust International Fund  
Administration Services (Guernsey) Limited**  
*Secretary*

*Registered Office*  
Trafalgar Court  
Les Banques  
St. Peter Port  
Guernsey  
GY1 3QL

Dated: 17 November 2015

*Notes:*

1. A member who is entitled to attend, speak and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him or her. More than one proxy may be appointed provided each party is appointed to exercise the rights attached to different shares. A proxy need not be a member of the Company.
2. A form of proxy is enclosed for use at the meeting. The form of proxy should be completed and sent, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, so as to reach Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 10 a.m. on 9 December 2015 (or, in the case of any adjournment, not less than 48 hours prior to the time of the adjourned meeting).
3. Completing and returning a form of proxy will not prevent a member from attending in person at the meeting and voting should he or she so wish. If a member attends the meeting, any proxy appointed will be automatically terminated.
4. If you submit more than one valid proxy form, the proxy appointment received last before the latest time for the receipt of proxies will take precedence. If the Company is unable to determine which proxy appointment was last validly received, none of them shall be treated as valid in respect of the same.
5. To have the right to attend, speak and vote at the meeting (and also for the purposes of calculating how many votes a member may cast on a poll) a member must first have his or her name entered on the register of members not later than close of business on 9 December 2015 or in the case of an adjourned meeting 48 hours prior to the holding of the adjourned meeting. Changes to entries in the register after that time shall be disregarded in determining the rights of any member to attend and vote at such meeting.
6. As at 5.00 p.m. on 17 November 2015, the Company's issued share capital comprised 288,387,160 Ordinary Shares with a total of 288,387,160 voting rights. The Company does not hold any Ordinary Shares in treasury.
7. Any person holding 3 per cent. of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such other party complies with their respective disclosure obligations under the Disclosure and Transparency Rules.
8. Defined terms used but not defined in this notice shall have the same meaning given to them in the Circular of the Company dated 17 November 2015.