

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take you are recommended to seek your own financial advice immediately from an independent financial adviser who specialises in advising on shares or other securities and who is authorised under the Financial Services and Markets Act 2000 or, if you are not resident in the UK, from another appropriately authorised independent financial adviser in your own jurisdiction.

This document comprises a prospectus relating to Schroder European Real Estate Investment Trust plc (the “Company”) prepared in accordance with the Prospectus Rules. This document has been approved by the FCA and has been filed with the FCA in accordance with Rule 3.2 of the Prospectus Rules. This document does not constitute a prospectus in terms of the South African Companies Act and will not be filed with the South African Companies and Intellectual Property Commission in terms of the South African Companies Act.

This document is not an invitation to the public to subscribe for Ordinary Shares in South Africa and is issued in compliance with the JSE Listings Requirements, for the purpose of providing information to the public with regard to the Company. This document does not constitute, envisage or represent an offer to the public in South Africa, as envisaged in the South African Companies Act. Only persons who are invited to participate in the Initial Placing and who fall within any of the categories envisaged in section 96(1)(a) of the South African Companies Act or who subscribe for a minimum amount of R1,000,000 (one million Rand) per single addressee acting as principal, as contemplated in section 96(1)(b) of the South African Companies Act, are entitled to participate in the Initial Placing in South Africa.

Subject to the conditions of the Initial Placing and Offer being fulfilled, which conditions include, *inter alia*, the Minimum Gross Proceeds being raised, applications will be made to the UK Listing Authority and the London Stock Exchange for all of the Ordinary Shares of the Company to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities as a primary listing. In addition, subject to the conditions of the Initial Placing and Offer being fulfilled, application will be made to the JSE for all of the Ordinary Shares of the Company to be admitted to trading on the JSE’s main board for listed securities (conditional approval has already been obtained).

It is expected that First Admission will become effective and that dealings for normal settlement in the Ordinary Shares will commence on 9 December 2015 and any Subsequent Admission will become effective and that dealings for normal settlement in such Ordinary Shares will commence between 10 December 2015 and 10 November 2016. All dealings in Ordinary Shares prior to the commencement of unconditional dealings will be at the sole risk of the parties concerned. Save for the application in respect of the inward foreign listing on the JSE’s main board, the Ordinary Shares are not dealt in on any other recognised investment exchange and no other such applications have been made or are currently expected.

The Company and each of the Directors, whose names appear on page 26 of this document, collectively and individually accept full responsibility for the accuracy of the information contained in this document. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Ordinary Shares are only suitable for investors: (i) who understand and are willing to assume the potential risks of capital loss and that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in the Ordinary 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.

As at the date of this document, the issued share capital of the Company is 10 Ordinary Shares with a nominal value of £0.10 each and 50,000 Management Shares with a nominal value of £1.00 each. Assuming the Initial Placing and Offer is fully subscribed, the issued share capital of the Company immediately following completion of the Initial Placing and Offer will be 150,000,000 Ordinary Shares of £0.10 each. Assuming the Initial Placing and Offer and the Placing Programme is fully subscribed, the issued share capital of the Company immediately following completion of the Placing Programme will be 250,000,000 Ordinary Shares of £0.10 each.

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

SCHRODER EUROPEAN REAL ESTATE INVESTMENT TRUST PLC

(Incorporated in England and Wales with company no. 09382477 and registered as an investment company under section 833 of the Companies Act 2006)

INITIAL PLACING AND OFFER OF UP TO 150 MILLION ORDINARY SHARES AT 100 PENCE PER ORDINARY SHARE TO RAISE UP TO £150 MILLION AND A PLACING PROGRAMME

ADMISSION TO THE PREMIUM SEGMENT OF THE OFFICIAL LIST OF THE UK LISTING AUTHORITY UNDER CHAPTER 15 OF THE LISTING RULES AND ADMISSION TO TRADING ON THE MAIN MARKET OF THE LONDON STOCK EXCHANGE

ADMISSION TO THE MAIN BOARD OF THE JSE UNDER SECTION 15 OF THE JSE LISTINGS REQUIREMENTS

Investment Manager

Schroder Real Estate Investment Management Limited

Sponsor, Broker and Placing Agent in the UK

Numis Securities Limited

Sponsor and Placing Agent in South Africa

PSG Capital Proprietary Limited

Numis, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and for no-one else in relation to Admission and the Issues and the other arrangements referred to in this document in the UK. Numis will not regard any other person (whether or not a recipient of this document) as its client in relation to Admission and the Issues and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to Admission or the Issues, the contents of this document or any transaction or arrangement referred to herein in the UK. Apart from the responsibilities and liabilities, if any, which may be imposed on Numis by FSMA or the regulatory regime established thereunder, Numis does not make any representation express or implied in relation to, nor accepts any responsibility whatsoever for, the contents of this document or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, Admission or the Issues. Numis accordingly, to the fullest extent permissible by law, disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might have in respect of this document or any other statement.

PSG Capital, which is authorised and regulated in South Africa by the JSE, is acting exclusively for the Company and for no-one else in relation to Admission and the Issues and the other arrangements referred to in this document in South Africa. PSG Capital will not regard any other person (whether or not a recipient of this document) as its client in relation to Admission and the Issues and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to Admission or the Issues, the contents of this document or any transaction or arrangement referred to herein in South Africa. Apart from the responsibilities and liabilities, if any, which may be imposed on PSG Capital by the JSE, PSG Capital does not make any representation express or implied in relation to, nor accepts any responsibility whatsoever for, the contents of this document or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, Admission or the Issues. PSG Capital accordingly, to the fullest extent permissible by law, disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might have in respect of this document or any other statement.

The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)). In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940 (as amended) (the “**US Investment Company Act**”), and the recipient of this document will not be entitled to the benefits of that Act. This document must not be distributed into the United States or to US Persons. Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved of these securities or determined if this document is truthful or complete. Any representation to the contrary is a US criminal offence.

This document does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Ordinary Shares in any jurisdiction where such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the Investment Manager, Numis or PSG Capital. The Ordinary Shares have not been, and will not be, registered under the securities laws, or with any securities regulatory authority of, any member state of the EEA other than the United Kingdom or any province or territory of Australia, Canada or Japan. Subject to certain exceptions, the Ordinary Shares may not, directly or indirectly, be offered, sold, taken up or delivered in, into or from any member state of the EEA (other than the United Kingdom), Australia, Canada or Japan or to or for the account or benefit of any national, resident or citizen or any person resident in any member state of the EEA (other than the United Kingdom), Australia, Canada or Japan. 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 of and observe any such restrictions.

Prospective investors are also notified that the Company believes that it will be classified as a passive foreign investment company (“**PFIC**”) for United States federal income tax purposes but does not expect to provide US holders of Ordinary Shares the information that would be necessary in order for such persons to make qualified electing fund elections with respect to the Ordinary Shares. See further “Risk factors”.

11 November 2015

TABLE OF CONTENTS

Summary	4
Risk Factors	14
Important Notices	21
Expected Timetable.....	24
Issue Statistics	25
Directors, Investment Manager and Advisers	26
Part I The Company.....	28
Part II The Investment Manager, the Investment Rationale and the Investment Strategy.....	33
Part III Directors and Management.....	46
Part IV The Initial Placing and Offer	53
Part V The Placing Programme	57
Part VI Terms and conditions of application under the Initial Placing and Placing Programme	60
Part VII Terms and conditions of application under the Offer for Subscription	69
Part VIII Taxation	76
Part IX Additional Information.....	84
Part X Historical Financial Information	106
Part XI Definitions	112
Appendix Application Form	117

Summary

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

Section A – Introduction and warnings		
Element	Disclosure Requirement	Disclosure
A.1.	Warning	This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or 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 such securities.
A.2.	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable. The Company has not given consent to the use of this document for the subsequent resale or final placement of the Ordinary Shares by financial intermediaries.
Section B – Issuer		
Element	Disclosure Requirement	Disclosure
B.1.	Legal and commercial name	Schroder European Real Estate Investment Trust plc.
B.2.	Domicile and legal form	The Company was incorporated in England and Wales on 9 January 2015 with registered number 09382477 as a private company limited by shares under the Act. The company was re-registered as a public company limited by shares on 30 October 2015. The principal legislation under which the Company operates is the Act.
B.3.	Current operations	Not applicable. The Company has not yet commenced operations.
B.5.	Group description	As at the date of this document, the Company has no subsidiaries.
B.6.	Major shareholders	As at the date of this document, insofar as known to the Company, there are no persons known to have a notifiable interest under English law in the Company’s capital or voting rights.

		The Schroders Group has agreed, conditional on First Admission, to subscribe for 10 per cent. of the Ordinary Shares being issued pursuant to the Initial Placing and Offer, capped at 15,000,000 Ordinary Shares. It is not possible to determine if any other Shareholder will, subsequent to the Initial Placing and Offer, beneficially hold, directly or indirectly, 3 per cent. or more of the total issued Ordinary Shares in the Company. All Shareholders have the same voting rights in respect of the share capital of the Company. The Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
B.7.	Key financial information	Not Applicable. The Company has not yet commenced operations and has no operating history.
B.8.	Key <i>pro forma</i> financial information	Not applicable. No <i>pro forma</i> financial information is included in this document.
B.9.	Profit forecast	Not applicable. No profit forecast or estimate has been made.
B.10.	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The independent accountant's report on the historical financial information contained in this document is not qualified.
B.11.	Insufficiency of working capital	Not applicable. The Company is of the opinion that, taking into account the Minimum Gross Proceeds, the working capital available to it is sufficient for its present requirements, that is for at least 12 months from the date of this document.
B.34.	Investment objective and policy	<i>Investment objective</i> The investment objective of the Company is to provide Shareholders with a regular and attractive level of income return together with the potential for long term income and capital growth through investing in commercial real estate in Continental Europe. <i>Investment policy</i> The Company intends to hold a diversified portfolio of commercial real estate in Continental Europe with good property fundamentals. The Company may invest directly in real estate assets (both listed and unlisted) or through investment in special purpose vehicles, partnerships, trusts or other structures. <i>Diversification</i> The Company intends to invest in a portfolio of institutional grade income-producing properties with low vacancy and creditworthy tenants. In addition, the portfolio will be diversified by location, use, size, lease duration and tenant concentration. Once the proceeds of the Initial Placing and Offer have been fully invested and the Company has implemented its borrowing policy, the value of any individual property at the date of its acquisition will not exceed 20 per cent. of the Company's gross assets. A preference will be given to multi-let properties over single-occupier properties to diversify exposure to underlying tenant risk.

		<i>Asset class and geographic restrictions</i> Initially, the Company's focus will predominantly be on the core cities in France and Germany where the Investment Manager believes there are positive growth prospects and real estate markets which are considered to be well established, mature and liquid. However, the Company will have the ability to invest in any country in Continental Europe, although preference will be given to mature and liquid markets. The Company will invest principally in the office, retail, logistics and light industrial property sectors. It may also invest in other sectors including, but not limited to, leisure, residential, healthcare, hotels and student accommodation. <i>Other restrictions</i> The Company will not undertake the development of new property, however completed newly developed properties may be acquired under forward commitments where such acquisitions do not expose the Company to underlying development risk. The Company may also refurbish or improve existing properties with such refurbishments and improvements typically covering the replacing, improving or reconfiguring of a property that is already in existence and would typically be internal and within the existing envelope of that property. Any more substantial refurbishment or improvement of an existing property exposing the Company to development risk would not exceed 20 per cent. of the Company's gross assets. Pending deployment of the net proceeds of any fundraising, the Company intends to invest cash held in cash deposits and cash equivalents for cash management purposes. No material change will be made to the investment policy without the approval of the Financial Conduct Authority and Shareholders by ordinary resolution.
B.35.	Borrowing limits	The Company intends to use gearing with the objective of improving Shareholder returns. Borrowings will be non-recourse and secured against individual assets or groups of assets and, at the time of borrowing, gross debt (net of cash) shall not exceed 35 per cent. of the Company's gross assets. Where borrowings are secured against a group of assets, such group of assets shall not exceed 25 per cent of the Company's gross assets in order to ensure that investment risk remains suitably spread. The Board will determine the appropriate level and structure of gearing for individual assets or groups of assets on a deal by deal basis and gearing against individual assets or groups of assets may exceed 35 per cent. LTV at the time of borrowing, provided total gearing of the Company does not exceed 35 per cent. LTV overall. Higher gearing will only be considered against individual assets or groups of assets if the Board considers the particular characteristics of those assets would be suitable for higher gearing.
B.36.	Regulatory status	As a public limited company incorporated under the Act that proposes to carry on its business as an investment trust, the Company is not regulated as a collective investment scheme by the Financial Conduct Authority. However, it is subject to the Listing Rules, Prospectus Rules and the Disclosure and Transparency Rules, the rules of the London Stock Exchange, the JSE Listings Requirements (as applicable to secondary listed companies) and the South African Financial Markets Act.

B.37.	Typical investor	The Initial Placing and Offer is designed to be suitable for institutional investors and professionally-advised private investors seeking exposure to the Continental European property market. The Ordinary Shares may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in the Ordinary Shares.
B.38.	Investment of 20 per cent. or more of gross assets in single underlying asset or collective investment undertaking	Not applicable. The Company will not invest 20 per cent. or more of its gross assets in a single underlying asset or in one or more collective investment undertakings which may in turn invest more than 20 per cent. of gross assets in other collective investment undertakings.
B.39.	Investment of 40 per cent. or more of gross assets in another collective investment undertaking	Not applicable. The Company will not invest 40 per cent. or more of its gross assets in another collective investment undertaking.
B.40.	Applicant's service providers	<i>Investment Manager and Company Secretary</i> The Company's investment manager is Schroder Real Estate Investment Management Limited (the "Investment Manager"). The Investment Manager will be responsible for the management of the Company's portfolio of properties in accordance with the Company's investment policy and the terms of the Investment Management Agreement. The Investment Manager has also agreed to provide company secretarial and fund accounting services, although it proposes to delegate such duties to Schroder Investment Management Limited or a third party provider on such terms as are contained in the Investment Management Agreement. For its services, the Investment Manager will be entitled to a fee of 1.1 per cent. of the EPRA NAV of the Company per annum up to an EPRA NAV of £500 million, decreasing to 1.0 per cent. above an EPRA NAV of £500 million. The Investment Manager will also be entitled to a fee for company secretarial services and a fee for fund accounting services. These fees will be based on a fee schedule and the fees payable will depend upon which services are provided by Schroder Investment Management Limited and which are outsourced to a third party provider. <i>Sponsor and Placing Agent in the UK</i> Numis has agreed to act as sponsor to the Issues in the UK. Numis has agreed to use its reasonable endeavours to procure subscribers under the Initial Placing and the Placing Programme in the UK. Numis is entitled to receive a corporate finance fee of £100,000 and a commission of between 1.45 per cent. and 2.05 per cent. of the value of the Ordinary Shares subscribed under the Offer for Subscription and issued to Placees procured by Numis under the Initial Placing and/or Placing Programme, excluding any Ordinary Shares subscribed for by the Schrodgers Group and discretionary accounts managed by any entity within the Schrodgers Group.

		<i>Sponsor and Placing Agent in South Africa</i> PSG Capital has agreed to act as sponsor to the Issues in South Africa. PSG Capital has agreed to use its reasonable endeavours to procure subscribers under the Initial Placing and the Placing Programme in South Africa. PSG Capital is entitled to receive a corporate finance fee of R750,000 and a commission of between 1.45 per cent. and 2.05 per cent. of the value of the Ordinary Shares issued to Placees procured by PSG Capital under the Initial Placing and/or Placing Programme. <i>Registrar in the UK</i> Equiniti Limited has been appointed as the Company's registrar to provide share registration services in the UK. Under the terms of the Registrar Agreement, the Registrar is entitled to customary fees. <i>Transfer Secretaries in South Africa</i> Computershare Investor Services Proprietary Limited has been appointed as the Company's registrar to provide share registration services in South Africa. Under the terms of the Transfer Secretaries Agreement, the Transfer Secretaries are entitled to customary fees. <i>Depository</i> Langham Hall UK Depository LLP has been appointed as the Company's depository for the purposes of the AIFM Directive. Under the terms of the Depository Agreement, the Depository is entitled to be paid a set up fee of approximately £2,000 and an annual fee of approximately £30,000 per annum (exclusive of VAT). Any fees and expenses of any sub-custodian will be payable by the Company in addition to the fees charged by the Depository.
B.41.	Regulatory status of investment manager and depository	The Investment Manager is authorised and regulated by the FCA. The Depository is authorised and regulated by the FCA.
B.42.	Calculation and publication of Net Asset Value	Properties will be valued quarterly by an external valuer in accordance with the RICS Valuation – Professional Standards and their valuation will be reviewed quarterly by the Board. The NAV attributable to the Ordinary Shares will be published quarterly, based on the properties' most recent valuation and calculated under IFRS. The NAV will be prepared by the Investment Manager and published through a Regulatory Information Service as soon as practicable after the end of the relevant quarter, together with details of the Company's portfolio. Consistent with other listed European real estate investment companies, the Directors expect to follow the guidance published by EPRA and to disclose adjusted measures of NAV and earnings per Ordinary Share which are designed by EPRA to better reflect the core long-term operations of the business.
B.43.	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.
B.44.	Collective investment undertakings which have not commenced operations	As at the date of this document, the Company has not yet commenced operations. Financial statements have been prepared for the period from incorporation to 30 September 2015, during which the Company was dormant.
B.45.	Portfolio	The Company has not commenced operations and so has no portfolio as at the date of this document.

B.46.	Net Asset Value	Not applicable. The Company has not commenced operations and so has no Net Asset Value as at the date of this document.									
Section C – Securities											
Element	Disclosure Requirement	Disclosure									
C.1.	Type and class of securities	Ordinary Shares of nominal value £0.10 each. The ISIN of the Ordinary Shares is GB00BY7R8K77. The SEDOL of the Ordinary Shares is BY7R8K7. The ticker for the Ordinary Shares on the LSE is SERE and on the JSE is SCD.									
C.2.	Currency denomination of Ordinary Shares	Sterling.									
C.3.	Details of share capital	Set out below is the issued share capital of the Company as at the date of this document: <table> <tr> <th></th><th>Nominal Value (£)</th><th>Number</th></tr> <tr> <td>Management Shares</td><td>50,000</td><td>50,000</td></tr> <tr> <td>Ordinary Shares</td><td>1</td><td>10</td></tr> </table> The Management Shares are fully paid and will be redeemed in full out of the proceeds of the Initial Placing and Offer. The Ordinary Shares are fully paid up.		Nominal Value (£)	Number	Management Shares	50,000	50,000	Ordinary Shares	1	10
	Nominal Value (£)	Number									
Management Shares	50,000	50,000									
Ordinary Shares	1	10									
C.4.	Rights attaching to the Ordinary Shares	The holders of the Ordinary Shares are entitled to receive, and to participate in, any dividends declared in relation to the Ordinary Shares. The holders of Ordinary Shares shall be entitled to all of the Company's net assets. The Ordinary Shares shall carry the right to receive notice of, attend and vote at general meetings of the Company. The consent of the holders of Ordinary Shares will be required for the variation of any rights attached to the Ordinary Shares.									
C.5.	Restrictions on the free transferability of the securities	There are no restrictions on the free transferability of the Ordinary Shares, subject to applicable securities laws.									
C.6.	Admission	Applications will be made to the UK Listing Authority for all of the Ordinary Shares to be issued pursuant to the Initial Placing and Offer to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities as a primary listing. In addition, application will be made to the JSE for all of the Ordinary Shares to be issued pursuant to the Initial Placing and Offer to be admitted to trading on the JSE's main board for listed securities (conditional approval has already been obtained). It is expected that First Admission will become effective and dealings will commence on 9 December 2015.									

		Applications will be made to the UK Listing Authority for all of the Ordinary Shares to be issued pursuant to the Placing Programme to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. In addition, application will be made to the JSE for all of the Ordinary Shares to be issued pursuant to Placing Programme to be admitted to trading on the JSE's main board for listed securities. It is expected that any Subsequent Admission will become effective and dealings will commence between 10 December 2015 and 10 November 2016.
C.7.	Dividend policy	The Company intends to pay dividends on a quarterly basis with dividends typically declared in July, October/November, January and April/May and paid in August, November, February and May in each year. Once the proceeds of the Initial Placing and Offer are fully invested, the Company will target an annualised Euro dividend yield of 5.5 per cent. based on the Euro equivalent of the Issue Price as at Admission. The Company intends to declare its first dividend in July 2016 in respect of the period to 30 June 2016. The Euro dividend target during the first operating year of the Company to 30 September 2016 is 1.5 – 2.0 per cent. based on the Euro equivalent of the Issue Price as at Admission. The Company will declare dividends in Euro however Shareholders on the UK register will, by default, receive dividend payments in Sterling and Shareholders on the South African register will, by default, receive dividend payments in Rand. The date on which the exchange rate between Euro and the relevant currency is set will be announced at the time the dividend is declared. A further announcement will be made once the exchange rate has been set. Shareholders (other than those on the South African register) may, on completion of a dividend election form, elect to receive dividend payments in Euro. Dividend election forms will be available from the Registrar on request. Investors should note that the target dividend, including its declaration and payment dates, is a target only and not a profit forecast. There may be a number of factors that adversely affect the Company's ability to achieve the target dividend and there can be no assurance that the target will be met or that any growth in the dividend will be achieved. The target dividend should not be seen as an indication of the Company's expected or actual results or returns. Accordingly, investors should not rely on these targets in deciding whether to invest in the Ordinary Shares or assume that the Company will make any distributions at all.
Section D – Risks		
Element	Disclosure Requirement	Disclosure
D.1.	Key information on the key risks that are specific to the Company and its industry	● There can be no guarantee that the investment objective of the Company will be achieved or that the Company's portfolio of investments will generate the rates of return referred to in this document. There is no guarantee that any dividends will be paid in respect of any financial year or period. ● The Company's performance will be affected by the general economic sentiment in the countries in which it invests as well as a number of other factors beyond its control. ● Borrowings may be employed at the level of the Company and at the level of special purpose vehicles ("SPV") for investment purposes, which exposes the Company to risks associated with borrowings.

		● The Company has no employees and is reliant on the performance of third party service providers. ● Delays in deployment of the proceeds of the Issues may have an impact on the Company's results of operations and cash flows. ● The Company is subject to laws and regulations enacted by national and local governments. 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. ● Whilst the proceeds of the Issues will be denominated in currencies other than Euros, the income derived from the assets the Company proposes to invest in will be denominated mainly in Euros. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. ● Dividends declared will be denominated in Euros. However, Shareholders on the UK register will, by default, receive dividend payments in Sterling and Shareholders on the South African register will receive dividend payments in Rand. Accordingly, the value of such dividend received by such Shareholders may be affected favourably or unfavourably by fluctuations in currency rates. ● There is a risk that the Company may incur substantial legal, financial and other advisory expenses arising from unsuccessful transactions which may include expenses incurred in dealing with transaction documentation and legal, accounting and other due diligence. ● The Company may face significant competition from other investors. The existence of such competition may have a material adverse impact on the Company's ability to secure tenants for its properties at satisfactory rental rates and on a timely basis and to acquire properties at satisfactory prices. ● The valuation of the Company's assets will be inherently subjective. There is no assurance that the valuation of the portfolio will reflect the actual sale price even where such sales occur shortly after the relevant valuation date. ● The Company's underlying portfolio will be relatively illiquid when compared with other assets. At times it may be difficult to obtain reasonable price quotes at all. The Company may, therefore, be adversely affected by a decrease in market liquidity for the assets in which it invests. ● Any change in the Company's tax status or in taxation legislation or practice generally could adversely affect the value of the investments held by the Company, or the Company's ability to provide returns to Shareholders, or alter the post-tax returns to Shareholders.
D.3.	Key information on the key risks that are specific to the Ordinary Shares	● The value of the Ordinary Shares and the income derived from those shares (if any) can fluctuate and may go down as well as up. The Ordinary Shares may trade at a discount to NAV. ● It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares. ● If the Directors decide to issue further Ordinary Shares, the proportions of the voting rights held by Shareholders may be diluted. ● Dividend payments on the Ordinary Shares are not guaranteed.

		Changes in tax law may reduce any return for investors in the Company.
Section E – Offer		
Element	Disclosure Requirement	Disclosure
E.1.	Proceeds and expenses of the issue	The net proceeds of the Initial Placing and Offer are dependent on the level of subscriptions received pursuant to the Initial Placing and Offer. Assuming gross proceeds of the Initial Placing and Offer are £150 million, the net proceeds will be approximately £147 million. The costs and expenses are expected to be approximately £3 million, equivalent to 2 per cent. of the gross proceeds of the Initial Placing and Offer, assuming gross proceeds of £150 million are received under the Initial Placing and Offer. If the Minimum Gross Proceeds are raised, the expenses of the Initial Placing and Offer will be approximately £2 million. The net proceeds of the Placing Programme are dependent, <i>inter alia</i>, on the Directors determining to proceed with a placing under the Placing Programme, the level of subscriptions received and the price at which such Ordinary Shares are issued. It is expected that the costs of issuing Ordinary Shares under the Placing Programme will be covered by issuing such Ordinary Shares at a premium to the prevailing Net Asset Value per Ordinary Share.
E.2.a.	Reasons for the issue, use of proceeds and estimated net amount of proceeds	The Board, as advised by the Investment Manager, believes that there are attractive opportunities for the Company to deliver income and value for Shareholders through exposure to the Continental European property market. The aggregate proceeds of the Initial Placing and Offer, after deduction of expenses, are expected to be approximately £147 million on the assumption that gross proceeds of £150 million are raised through the Initial Placing and Offer. The net proceeds of the Placing Programme are dependent, <i>inter alia</i>, on the Directors determining to proceed with a placing under the Placing Programme, the level of subscriptions received and the price at which such Ordinary Shares are issued. It is expected that the costs and expenses of the Placing Programme, including listing fees and placing commissions, will be covered by issuing such Ordinary Shares at a premium to the prevailing Net Asset Value per Ordinary Share. The Directors intend to use the net proceeds of the Initial Placing and Offer and the Placing Programme to acquire investments in accordance with the Company's investment objective and policy.
E.3.	Terms and conditions of the issue	The Ordinary Shares are being made available under the Initial Placing and Offer for Subscription at the Issue Price of 100 pence per Ordinary Share. The Initial Placing in the UK will close at 12.00 noon (GMT) on 2 December 2015 (or such later date as the Company and Numis may agree). If the Initial Placing in the UK is extended, the revised timetable will be notified through a Regulatory Information Service. The Initial Placing in South Africa will close at 2.00 p.m. (SAST) on 2 December 2015 (or such later date as the Company and PSG Capital may agree). If the Initial Placing in South Africa is extended, the revised timetable will be notified through SENS.

		Applications under the Offer for Subscription must be for shares with a minimum subscription amount of £1,000. Completed Application Forms and the accompanying payment in relation to the Offer for Subscription must be posted to Corporate Actions, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to be received by no later than 11.00 a.m. (GMT) on 30 November 2015. The Initial Placing and Offer in the UK is conditional upon: (a) the Placing Agreement becoming wholly unconditional (save as to First Admission) and not having been terminated in accordance with its terms prior to First Admission; (b) First Admission occurring by 8.00 a.m. (GMT) on 9 December 2015 (or such later date, not being later than 31 December 2015, as the Company and Numis may agree); and (c) the Minimum Gross Proceeds being raised. The Initial Placing in South Africa is conditional upon: (a) the Placing Agreement becoming wholly unconditional (save as to First Admission) and not having been terminated in accordance with its terms prior to First Admission; (b) First Admission occurring by 10.00 a.m. (SAST) on 9 December 2015 (or such later date, not being later than 31 December 2015, as the Company and PSG Capital may agree); (c) the Minimum Gross Proceeds being raised; and (d) the spread requirements of the JSE being fulfilled. Each allotment and issue of Ordinary Shares pursuant to the Placing Programme is conditional, <i>inter alia</i>, on: (a) the Placing Programme Price being determined by the Directors; (b) Admission of the Ordinary Shares issued pursuant to such issue; and (c) a valid supplementary prospectus being published by the Company if such is required pursuant to the Prospectus Rules.
E.4.	Material interests	Not applicable. There are no interests that are material to the Initial Placing and Offer or the Placing Programme and no conflicting interests.
E.5.	Name of person selling securities	Not applicable. No person or entity is offering to sell Ordinary Shares as part of the Initial Placing and Offer or the Placing Programme.
E.6.	Dilution	No dilution will result from the Initial Placing and Offer. If 50 million Ordinary Shares are issued pursuant to the Placing Programme, assuming the Initial Placing and Offer has been subscribed as to 150 million Ordinary Shares, there would be a dilution of approximately 25 per cent. in a Shareholder's voting control of the Company in the event that the Shareholder does not participate in the Placing Programme.
E.7.	Estimated expenses charged to the investor by the issuer	Other than in respect of expenses of, or incidental to, First Admission and the Initial Placing and Offer which the Company intends to pay out of the proceeds of the Initial Placing and Offer, there are no commissions, fees or expenses to be charged to investors by the Company under the Initial Placing and Offer. The costs and expenses of the Placing Programme will depend on subscriptions received but it is expected that these costs will be covered by issuing such Ordinary Shares at a premium to the prevailing Net Asset Value per Ordinary Share.

Risk Factors

Investment in the Company should not be regarded as short-term in nature and involves a high degree of risk. Accordingly, investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company including, in particular, the risks described below.

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

The Directors believe that the risks described below are the material risks relating to the Ordinary Shares at the date of this document. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this document, may also have an adverse effect on the performance of the Company and the value of the Ordinary Shares. Investors should review this document carefully and in its entirety and consult with their professional advisers before making an application to participate in the Issues.

Risks relating to the Company and its investment strategy

The Company may not meet its investment objective

The Company may not achieve its investment objective. Meeting that 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 a dividend income. There is no guarantee that any dividends will be paid in respect of any financial year or period. The ability to pay dividends is dependent on a number of factors including the level of income returns from the Company’s portfolio of investments. There can be no guarantee that the Company’s portfolio of investments will achieve the target rates of return referred to in this document or that it will not sustain any capital losses through its investments.

The Company has no operating history

The Company was incorporated on 9 January 2015. As at the date of this document, the Company has not commenced operations and has no operating history. No meaningful operating or financial data upon which prospective investors may base an evaluation of the likely performance of the Company have been prepared. An investment in the Company is therefore subject to all the risks and uncertainties associated with a new business, including the risk that the Company will not achieve its investment objective and that the value of an investment in the Company could decline substantially as a consequence.

The effects of both normal market fluctuations and the recent global economic crisis may impact the Company’s business, operating results or financial condition

These are factors which are outside the Company’s control and which may affect the volatility of underlying asset values and the liquidity and the value of the Company’s portfolio of investments. Changes in economic conditions in Continental Europe where the Company will predominantly invest (for example, interest rates and rates of inflation, industry conditions, competition, political and diplomatic events, unemployment, consumer spending, consumer sentiment and other factors) could substantially and adversely affect the Company’s prospects.

Borrowing risk

Borrowings may be employed at the level of the Company and at the level of special purpose vehicles (“SPVs”) that may be established by the Company in connection with purchasing or obtaining leverage against any of its assets.

The Company's investment policy restricts borrowings (through bank or other facilities) to up to 35 per cent. of gross assets (calculated at the time of draw down under any facility that the Company has entered into).

Prospective investors should be aware that, whilst the use of borrowings should enhance the Net Asset Value of the Ordinary Shares when the value of the Company's underlying assets is rising, it will, however, have the opposite effect where the underlying asset value is falling. In addition, in the event that the Company's income falls for whatever reason, the use of borrowings will increase the impact of such a fall on the net revenue of the Company and, accordingly, will have an adverse effect on the Company's ability to pay dividends to Shareholders.

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

There is no guarantee that any borrowings of the Company will be refinanced on their maturity either on terms that are acceptable to the Company or at all.

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 its executive function. In particular, the Investment Manager, the Depositary, the Company Secretary, the Registrar and the Transfer Secretaries will be performing services which are integral to the operation of the Company. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company.

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

The Company may experience fluctuations in its operating results

The Company may experience fluctuations in its operating results due to a number of factors, including changes in the values of the investments made by the Company, changes in the amount of interest paid on any borrowings, changes in the Company's operating expenses and the operating expenses of the Investment Manager, the degree to which the Company encounters competition as well as general economic and market conditions. Such variability may lead to volatility in the trading price of the Ordinary Shares and cause the Company's results for a particular period not to be indicative of its performance in a future period.

Delays in deployment of the proceeds of the Issues may have an impact on the Company's results of operations and cash flows

Following any fundraising, the Company intends to deploy the capital raised as quickly as is practicable. However, there can be no assurance as to how long it will take for the Company to invest any or all of the net proceeds of such fundraising and the longer the period the greater the likelihood that the Company's results of operations will be materially adversely affected. Pending deployment of the net proceeds of any fundraising, the Company intends to invest cash held in cash deposits and cash equivalents for cash management purposes. Interim cash management is likely to yield lower returns than the expected returns from investments.

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

The Company and Investment Manager are both subject to laws and regulations enacted by national, regional and local government and institutions. In particular, the Company will be required

to comply with certain statutory requirements under English law applicable to an English company as well as certain regulatory requirements that are applicable to listed closed-ended investment companies, including the Listing Rules for premium-listed equity securities, the Disclosure and Transparency Rules and the JSE Listings Requirements (as applicable to secondary listed companies). Compliance with and the monitoring of applicable regulations may be difficult, time consuming and/or costly. Any changes to such regulations could affect the market value of the Company's portfolio and/or the rental income of the portfolio.

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 the Ordinary Shares.

The Company will not obtain political risk insurance. As such, EU or government action could have a significant impact on the investments of the Company. Changes to the existing legislation or policy or additional legislation or policies may be burdensome for the Company to implement and may as a result have a negative impact on the returns of the Company.

EU and government authorities are actively involved in the application and enforcement of laws and regulations relating to taxation, land use and zoning and planning restrictions, environmental protection, safety and other matters. The institution and enforcement of those laws and regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting, the value of the Company's assets.

Currency risk

The proceeds of the Issues will be denominated in Sterling. However, the assets that the Company proposes to invest in, and the income derived from those assets, will be denominated mainly in Euros. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. Dividends declared will be denominated in Euros. However Shareholders on the UK register will by default, receive dividend payments in Sterling and Shareholders on the South African register will receive dividend payments in Rand. Accordingly, the value of such dividend received by such Shareholders may be affected favourably or unfavourably by fluctuations in currency rates.

Interest rate hedging

The Company may seek to hedge against fluctuations in the cost of borrowing as a result of changes in interest rates. Such hedging transactions may not always achieve the intended effect and can also limit potential gains.

While the Company may enter into such transactions to seek to reduce interest rate risks, unanticipated changes in interest rates may result in a poorer overall performance of the Company. For a variety of reasons, the Company may not obtain a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the intended hedge or expose the Company to risk of loss.

AIFMD

The AIFMD imposes a regime for EU managers of AIFs and in respect of marketing of AIFs in the EU. The AIFMD has been implemented in the UK by the UK AIFMD Rules. The AIFMD requires that EU AIFMs of AIFs are authorised and regulated.

The Board has appointed, conditional on First Admission, the Investment Manager as the AIFM of the Company. The Investment Manager is authorised and regulated by the FCA. If the Investment Manager ceases to act or becomes unable to act as the Company's AIFM, then the Company must appoint another suitably authorised person as its AIFM (an "**external AIFM**") or the Company must be its own AIFM. In order for the Company to be its own AIFM it may be required to be authorised in the United Kingdom to act as an AIFM. The Company is not currently authorised to act as an AIFM and does not intend to apply for such authorisation to the extent that it is not required to do so. In the event that, and for so long as, the Company does not have an external AIFM and is not permitted to act as an AIFM in the United Kingdom then the Company may not be able to operate or, as a minimum, the ability of the Company to operate will be adversely affected to a significant extent.

In addition, the Company is required to appoint a depositary which, conditional on First Admission, will be Langham Hall UK Depositary LLP. In complying with the AIFMD, the Company is likely to have higher management and operating costs than would otherwise be the case.

NMPI Regulations

On 1 January 2014 the Unregulated Collective Investment Schemes and Close Substitutes Instrument 2013 (the “**NMPI Regulations**”) came into force in the UK. The NMPI Regulations extend the application of the UK regime restricting the promotion of unregulated collective investment schemes to other “non-mainstream pooled investments” (“**NMPIs**”). As a result of the NMPI Regulations, FCA-authorised independent financial advisers and other financial advisers will be restricted from promoting NMPIs to retail investors who do not meet certain high net worth tests or who cannot be treated as sophisticated investors. The Company’s shares fall outside the regulations which apply to non-mainstream investment products because the Company intends to qualify as an investment trust.

If the Company ceases to conduct its affairs so as to satisfy the exemption from the application of the NMPI Regulations and the FCA does not otherwise grant a waiver, the ability of the Company to raise further capital from retail investors may be affected. In this regard, it should be noted that, whilst the publication and distribution of a prospectus (including this document) is exempt from the NMPI Regulations, other communications by “approved persons” could be restricted (subject to any exemptions or waivers).

Risks relating to the Investment Manager

The Investment Manager will allocate many of its resources to activities in which the Company is not engaged, which could have a negative impact on the Company’s ability to achieve its investment objective

The Investment Manager is not required to commit all of its resources to the Company’s affairs. Insofar as the Investment Manager devotes resources to its responsibilities to other business interests, its ability to devote resources and attention to the Company’s affairs will be limited. This could adversely affect the Company’s ability to achieve its investment objective, which could have a material adverse effect on the Company’s profitability, Net Asset Value and share price.

The Investment Manager and its 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 its activities on behalf of the Company

The Investment Manager and its affiliates are involved in other financial, investment or professional activities which may on occasion give rise to conflicts of interest with the Company. In particular, the Investment Manager manages funds other than the Company and may provide investment management, investment advisory or other services in relation to those funds or future funds which may have similar investment policies to that of the Company.

The Investment Manager and its affiliates may carry on investment activities for other accounts in which the Company has no interest. The Investment Manager and its affiliates may also provide management services to other clients, including other collective investment vehicles. The Investment Manager and its affiliates may give advice and recommend securities 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.

Risks relating to the Company’s proposed portfolio

The Company’s performance will be affected by the general economic sentiment in the countries in which it invests as well as a number of other factors beyond its control

Rental income and the market value for properties are generally affected by overall conditions in the economy, such as growth in gross domestic product, employment trends, inflation and changes in interest rates. The performance of the Company may be adversely affected by a downturn in the property market in Europe in terms of capital value or a weakening of rental yields. Any future property market recession could materially adversely affect the value of any properties purchased by the Company. Returns from an investment in property depend largely upon the amount of rental income generated from the property and the costs and expenses incurred in the maintenance and management of the property, as well as upon changes in its market value.

Both rental income and property values may also be affected by other factors specific to the real estate market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of the bankruptcy or insolvency of tenants or otherwise, the periodic need to renovate,

repair and re-lease space and the costs thereof, the costs of maintenance and insurance, and increased operating costs. In addition, certain significant expenditures, including operating expenses, must be met by the owner even when the property is vacant.

In the event of a default by a tenant or during any other void period, the Company will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveyor's costs in re-letting, maintenance costs, insurances, rates and marketing costs.

Portfolio concentration

The Company intends to invest in Continental Europe although, initially, the Company's core focus will be on cities in France and Germany. The Board has instructed the Investment Manager that it should initially target a minimum allocation of 60 per cent. of the Company's gross assets to France and Germany and a maximum allocation of 60 per cent. of the Company's gross assets to each of France and Germany. Investors should be aware that the Company's assets may therefore be solely invested in France and Germany and, consequently, any downturn in France or Germany, their economies generally or regulatory changes in either France or Germany could affect the Company's results of operations and financial condition.

Unsuccessful transaction costs

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

The Company may face competition from other investors

The Company may face significant competition from UK or other foreign property companies. Competition in the Continental European property market may lead either to an over-supply of commercial premises through over-development or to prices for existing properties or land for development being driven up through competing bids by potential purchasers. Accordingly, the existence of such competition may have a material adverse impact on the Company's ability to secure tenants for its properties at satisfactory rental rates and on a timely basis and to acquire properties or develop land at satisfactory prices.

The valuation of the Company's assets will be inherently subjective

The Company's portfolio will be valued on each valuation date by a professional valuer. This valuation will be by way of a professional opinion of the open market value of the portfolio. The valuation will be undertaken by such reputable entity as may be appointed by the Company from time to time. This entity will be paid fees in accordance with the industry standards for such services. There is no assurance that the valuation of the portfolio will reflect the actual sale price even where such sales occur shortly after the relevant valuation date.

Property and property-related assets are inherently subjective as regards value due to the individual nature of each property. As a result, valuations are subject to uncertainty.

The Company's underlying portfolio will be relatively illiquid when compared with other assets

The Company intends to invest in residential and commercial properties which may be viewed as a higher risk and illiquid investment. In some circumstances, investments may be very illiquid, partly because they may be subject to legal or contractual restrictions on their resale and partly due to a relatively inactive market. This can make it difficult to acquire or dispose of investments. At times it may be difficult to obtain reasonable price quotes at all. The Company may, therefore, be adversely affected by a decrease in market liquidity for the assets in which it invests.

Investments in property are relatively illiquid and more difficult to realise than equities or bonds.

Risks relating to taxation

Investment trust status

It is the intention of the Directors to conduct the affairs of the Company so as to satisfy the conditions for approval as an investment trust. Any change in the Company's tax status or in taxation legislation generally could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders, lead the Company to lose its exemption from UK corporation tax on chargeable gains or alter the post-tax returns to Shareholders. It is not

possible to guarantee that the Company will remain a non-close company, which is a requirement to maintain status as an investment trust, as the Ordinary Shares are freely transferable. The Company, in the unlikely event that it becomes aware that it is a close company, or otherwise fails to meet the criteria for maintaining investment trust status, will, as soon as reasonably practicable, notify Shareholders of this fact.

Overseas taxation

The Company and its subsidiaries may, as well as being subject to taxation in the jurisdictions in which they are tax resident, also be subject to taxation under the tax rules of other jurisdictions in which they invest, including by way of withholding of tax from interest and other income receipts. Although the Company will endeavour to minimise any such taxes this may affect the level of returns to Shareholders.

Classification for US tax purposes

The Company expects to be treated as a PFIC for US federal income tax purposes because of the composition of its assets and the nature of its income. If so treated, investors that are US persons for the purposes of the US Code may be subject to adverse US federal income tax consequences on a disposition or constructive disposition of their Ordinary Shares and on the receipt of certain distributions. US investors should consult their own advisers concerning the US federal income tax consequences that would apply if the Company is a PFIC and certain US federal income tax elections that may help to minimise adverse US federal income tax consequences. The Company does not expect to provide to US holders of Ordinary Shares the information that would be necessary in order for such persons to make qualified electing fund (“**QEF**”) elections with respect to their Ordinary Shares and, as a result, US holders of Ordinary Shares will not be able to make such elections.

Changes in taxation legislation or practice may adversely affect the Company and the tax treatment for Shareholders investing in the Company

Changes in tax legislation or practice, whether in the United Kingdom or in jurisdictions in which the Company or its subsidiaries invest, could affect the value of the investments held by the Company and its subsidiaries, affect the Company’s ability to provide returns to Shareholders, and affect the tax treatment for Shareholders of their investments in the Company (including rates of tax and availability of reliefs).

Risks relating to the Ordinary Shares

General risks affecting the Ordinary Shares

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

The market price of the Ordinary Shares may fluctuate independently of their underlying net asset value and may trade at a discount or premium at different times, depending on factors such as supply and demand for the Ordinary Shares, market conditions and general investor sentiment. There can be no guarantee that any discount control policy will be successful or capable of being implemented.

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

The price at which the Ordinary Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Company and its investments and some which may affect companies generally. Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares.

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

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

Dilution risk

For the purposes of the Placing Programme, the Directors have been authorised to issue up to 250 million Ordinary Shares less the number of Ordinary Shares issued under the Initial Placing and Offer on a non-pre-emptive basis. Any issue of Ordinary Shares may dilute the voting rights of existing Shareholders.

Important Notices

General

This document should be read in its entirety before making any application for Ordinary Shares. Prospective Shareholders should rely only on the information contained in this document and any supplementary prospectus published by the Company prior to Admission of the Ordinary Shares which they subscribed for. No person has been authorised to give any information or make any representations other than as contained in this document and any supplementary prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, Investment Manager, Company Secretary, Depositary, Numis or PSG Capital or any of their respective affiliates, officers, directors, employees, agents or advisors. Without prejudice to the Company's obligations under the Prospectus Rules, the Listing Rules, the Disclosure and Transparency Rules and the JSE Listings Requirements neither the delivery of this document nor any subscription made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Apart from the liabilities and responsibilities (if any) which may be imposed on Numis by FSMA or the regulatory regime established thereunder, Numis does not make any representations, express or implied, or accept any responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, Admission or the Issues. Numis (together with its affiliates) accordingly disclaims all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which it might otherwise have in respect of this document or any such statement.

Apart from the liabilities and responsibilities (if any) which may be imposed on PSG Capital by the South African Financial Markets Act, the JSE or the regulatory regime established thereunder, PSG Capital does not make any representations, express or implied, or accept any responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, Admission or the Issues. PSG Capital (together with its respective affiliates) accordingly disclaims all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which it might otherwise have in respect of this document or any such statement.

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

All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Memorandum of Association and the Articles which investors should review. A summary of the Articles is contained in paragraph 3 of Part IX of this document under the section headed "Articles of Association".

Data protection

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

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- contacting the prospective investor with information about other products and services provided by the Investment Manager, or its affiliates, which may be of interest to the prospective investor;
- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in the UK or elsewhere; and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

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

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

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

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

Regulatory Information

The contents of this document are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory, investment decisions or any other matter. Prospective investors must inform themselves as to:

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

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, taxation, accounting, regulatory, investment or any other related matters concerning the Company and an investment therein.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and persons into whose possession this document comes should inform themselves about and observe any such restrictions. The Ordinary Shares may not be offered, sold, pledged or otherwise transferred to (i) any US Person or a person acting for the account or benefit of a US Person or (ii) a Benefit Plan Investor.

This document does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for any Ordinary Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; or (ii) 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.

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

Notice to prospective investors in South Africa

This document does not constitute a prospectus in terms of the South African Companies Act and will not be filed with the South African Companies and Intellectual Property Commission in terms of the South African Companies Act.

This document is not an invitation to the public to subscribe for Ordinary Shares in South Africa and is issued in compliance with the JSE Listings Requirements, for the purpose of providing information to the public with regard to the Company. This document does not constitute, envisage or represent an offer to the public in South Africa, as envisaged in the South African Companies Act. Only persons who are invited to participate in the Initial Placing and who fall within any of the categories envisaged in section 96(1)(a) of the South African Companies Act or who subscribe for a minimum amount of R1,000,000 (one million Rand) per single addressee acting as principal, as contemplated in section 96(1)(b) of the South African Companies Act, are entitled to participate in the Initial Placing in South Africa.

Notice to prospective investors in the European Economic Area

The Ordinary Shares have not been, and will not be, registered under the securities laws, or with any securities regulatory authority of, any member state of the EEA other than the United Kingdom and subject to certain exceptions, the Ordinary Shares may not, directly or indirectly, be offered, sold, taken up or delivered in or into any member state of the EEA other than the United Kingdom.

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.

Statement regarding US taxation

TO ENSURE COMPLIANCE WITH UNITED STATES TREASURY DEPARTMENT CIRCULAR 230, EACH PROSPECTIVE INVESTOR IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF US TAX ISSUES HEREIN IS NOT INTENDED TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY A PROSPECTIVE INVESTOR FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH PROSPECTIVE INVESTOR UNDER APPLICABLE TAX LAW; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF TREASURY DEPARTMENT CIRCULAR 230) OF THE OFFER TO SELL ORDINARY SHARES BY THE COMPANY; AND (C) A PROSPECTIVE INVESTOR IN ORDINARY SHARES SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT ADVISOR.

Forward-looking statements

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

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

Nothing in the preceding two paragraphs should be taken as limiting the working capital statement in paragraph 11 of Part IX of this document.

Expected Timetable

Initial Placing and Offer

2015

Initial Placing and Offer for Subscription opens	11 November
Latest time and date for receipt of completed application forms in respect of the Offer for Subscription	11.00 a.m. (GMT) on 30 November
Latest time and date for commitments under the Initial Placing	12.00 noon (GMT) or 2.00 p.m. (SAST) on 2 December
Publication of results of the Initial Placing and the Offer for Subscription	3 December
First Admission and dealings in Ordinary Shares commence	8.00 a.m. (GMT) or 10.00 a.m. (SAST) on 9 December
CREST, CSDP or brokerage accounts credited with uncertificated Ordinary Shares	9 December
Where applicable, definitive share certificates despatched by post in the week commencing*	14 December

Placing Programme

2015

Placing Programme opens	10 December
-------------------------	-------------

2016

Latest date for issuing Ordinary Shares under the Placing Programme	10 November
---	-------------

Any changes to the expected timetable set out above will be notified by the Company through a Regulatory Information Service and a SENS announcement

All references to times in this document are to London times unless specified otherwise

Issue Statistics

Initial Placing and Offer Statistics

Number of Ordinary Shares available under the Initial Placing and Offer	150 million
Issue Price for the Initial Placing and Offer	100 pence per Ordinary Share
Gross proceeds of the Initial Placing and Offer*	£150 million
Estimated net proceeds of the Initial Placing and Offer to be received by the Company*	£147 million
Expected Net Asset Value per Ordinary Share on First Admission*	98 pence per Ordinary Share

* Assuming that the Initial Placing and Offer is subscribed as to £150 million.

Placing Programme Statistics

Maximum number of Ordinary Shares being issued pursuant to the Placing Programme	250 million less the number of Ordinary Shares issued pursuant to the Initial Placing and Offer
Issue Price per Ordinary Share issued under the Placing Programme	Not less than the Net Asset Value per Ordinary Share at the time of issue plus a premium to cover the expenses of such issue

Dealing Codes

The dealing codes for the Ordinary Shares are as follows:

ISIN	GB00BY7R8K77
SEDOL	BY7R8KY
Ticker	SERE
JSE Share Code	SCD

Directors, Investment Manager and Advisers

Directors	Sir Julian Berney Bt. Mark Patterson Jonathan Thompson <i>all of the registered office below</i>
Registered Office	31 Gresham Street London EC2V 7QA United Kingdom Telephone: +44 (0) 20 7658 6000
Investment Manager and AIFM	Schroder Real Estate Investment Management Limited 31 Gresham Street London EC2V 7QA United Kingdom
Company Secretary	Schroder Investment Management Limited 31 Gresham Street London EC2V 7QA United Kingdom
Sponsor, Broker and Placing Agent in the UK	Numis Securities Limited 10 Paternoster Square London EC4M 7LT United Kingdom
Auditor	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
Sponsor and Placing Agent in South Africa	PSG Capital Proprietary Limited 1st Floor Ou Kollege 35 Kerk Street Stellenbosch (PO Box 7403, Stellenbosch, 7599) South Africa and 1st Floor, Building 8 Inanda Greens Business Park 54 Wierda Road West Wierda Valley Sandton, 2196 (PO Box 650957, Benmore, 2010) South Africa
Depository	Langham Hall UK Depository LLP 5 Old Bailey London EC4M 7BA United Kingdom
Legal Adviser to the Company as to English law	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH United Kingdom
Legal Adviser to the Company as to South African law	Cliffe Dekker Hofmeyr Inc 11 Buitengracht Street Cape Town, 8001 (PO Box 695, Cape Town, 8000) South Africa

Legal Adviser to the Sponsor and Placing Agent in the UK as to English law	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ United Kingdom
Reporting Accountant in the UK	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH United Kingdom
Reporting Accountant in South Africa	PricewaterhouseCoopers Inc. 2 Eglin Road Sunninghill Johannesburg South Africa
Registrar and Receiving Agent	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA United Kingdom
Transfer Secretaries in South Africa	Computershare Investor Services Proprietary Limited Ground Floor 70 Marshall Street Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) South Africa

Part I

The Company

Schroder European Real Estate Investment Trust plc is a closed-ended investment company incorporated on 9 January 2015 in England & Wales with an indefinite life and registered as an investment company under Section 833 of the Act. The Company intends to carry on business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010.

Investment objective

The investment objective of the Company is to provide Shareholders with a regular and attractive level of income return together with the potential for long term income and capital growth through investing in commercial real estate in Continental Europe.

Investment policy

The Company intends to hold a diversified portfolio of commercial real estate in Continental Europe with good property fundamentals. The Company may invest directly in real estate assets (both listed and unlisted) or through investment in special purpose vehicles, partnerships, trusts or other structures.

Diversification

The Company intends to invest in a portfolio of institutional grade income-producing properties with low vacancy and creditworthy tenants. In addition, the portfolio will be diversified by location, use, size, lease duration and tenant concentration.

Once the proceeds of the Initial Placing and Offer have been fully invested and the Company has implemented its borrowing policy, the value of any individual property at the date of its acquisition will not exceed 20 per cent. of the Company's gross assets.

A preference will be given to multi-let properties over single-occupier properties to diversify exposure to underlying tenant risk.

Asset class and geographic restrictions

Initially, the Company's focus will predominantly be on the core cities in France and Germany where the Investment Manager believes there are positive growth prospects and real estate markets which are considered to be well established, mature and liquid. However, the Company will have the ability to invest in any country in Continental Europe, although preference will be given to mature and liquid markets.

The Company will invest principally in the office, retail, logistics and light industrial property sectors. It may also invest in other sectors including, but not limited to, leisure, residential, healthcare, hotels and student accommodation.

Other restrictions

The Company will not undertake the development of new property, however completed newly developed properties may be acquired under forward commitments where such acquisitions do not expose the Company to underlying development risk. The Company may also refurbish or improve existing properties with such refurbishments and improvements typically covering the replacing, improving or reconfiguring of a property that is already in existence and would typically be internal and within the existing envelope of that property. Any more substantial refurbishment or improvement of an existing property exposing the Company to development risk would not exceed 20 per cent. of the Company's gross assets.

Pending deployment of the net proceeds of any fundraising, the Company intends to invest cash held in cash deposits and cash equivalents for cash management purposes.

Borrowing policy

The Company intends to use gearing with the objective of improving Shareholder returns. Borrowings will be non-recourse and secured against individual assets or groups of assets and, at the time of borrowing, gross debt (net of cash) shall not exceed 35 per cent. of the Company's gross assets. Where borrowings are secured against a group of assets, such group of assets shall not exceed 25 per cent. of the Company's gross assets in order to ensure that investment risk remains suitably spread.

The Board will determine the appropriate level and structure of gearing for individual assets or groups of assets on a deal by deal basis and gearing against individual assets or groups of assets may exceed 35 per cent. LTV at the time of borrowing, provided total gearing of the Company does not exceed 35 per cent. LTV overall. Higher gearing will only be considered against individual assets or groups of assets if the Board considers the particular characteristics of those assets would be suitable for higher gearing.

No material change will be made to the investment policy without the approval of the Financial Conduct Authority and Shareholders by ordinary resolution.

Hedging policy

The Ordinary Share price of the Company will be quoted in Sterling in the UK and in Rand in South Africa but the assets and liabilities of the Company will be denominated in non-Sterling currencies, predominantly the Euro. In addition, the income from assets will be generated predominantly in Euro but dividends, whilst declared in Euro, may be paid in currencies other than Euro. The Company does not currently intend to take any currency hedging in respect of the capital value of its portfolio of investments but may choose to do so if the Board considers this to be appropriate in the future. Further, the Company will actively seek to hedge some or all dividend distributions made in currencies other than Euro where the Board considers that the costs of such currency hedging are appropriate.

The Company does intend to hedge the majority of interest rate exposure associated with the gearing it uses. This will either be done by borrowing on a fixed rate basis or through the use of interest rate swaps or caps. Any hedging will be used solely for efficient portfolio management and risk management rather than investment purposes.

Dividend policy

The Company intends to pay dividends on a quarterly basis with dividends typically declared in July, October/November, January and April/May and paid in August, November, February and May in each year. Once the proceeds of the Initial Placing and Offer are fully invested, the Company will target an annualised Euro dividend yield of 5.5 per cent. based on the Euro equivalent of the Issue Price as at Admission. The Company intends to declare its first dividend in July 2016 in respect of the period to 30 June 2016. The Euro dividend target during the first operating year of the Company to 30 September 2016 is 1.5 – 2.0 per cent. based on the Euro equivalent of the Issue Price as at Admission.

The Company will declare dividends in Euro however Shareholders on the UK register will, by default, receive dividend payments in Sterling and Shareholders on the South African register will, by default, receive dividend payments in Rand. The date on which the exchange rate between Euro and the relevant currency is set will be announced at the time the dividend is declared. A further announcement will be made once the exchange rate has been set. Shareholders (other than those on the South African register) may, on completion of a dividend election form, elect to receive dividend payments in Euro. Dividend election forms will be available from the Registrar on request.

Investors should note that the target dividend, including its declaration and payment dates, is a target only and not a profit forecast. There may be a number of factors that adversely affect the Company's ability to achieve the target dividend and there can be no assurance that the target will be met or that any growth in the dividend will be achieved. The target dividend should not be seen as an indication of the Company's expected or actual results or returns. Accordingly, investors should not rely on these targets in deciding whether to invest in the Ordinary Shares or assume that the Company will make any distributions at all.

In accordance with regulation 19 of the Investment Trust (Approved Company) (Tax) Regulations 2011, the Company will not (except to the extent permitted by those regulations) retain more than 15 per cent. of its income (as calculated for UK tax purposes) in respect of an accounting period.

Share rating management

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

Premium management

Following the Initial Placing and Offer, the Company intends to implement the Placing Programme. The Directors have authority to issue up to 250 million Ordinary Shares (less the number of Ordinary Shares issued pursuant to the Initial Placing and Offer) pursuant to the Placing Programme. Shareholders' pre-emption rights over this unissued share capital have been disapplied so that the Directors will not be obliged to offer any new Ordinary Shares to Shareholders on a *pro rata* basis. No Ordinary Shares will be issued at a price less than the Net Asset Value per existing Ordinary Share at the time of their issue. Further details of the Placing Programme are set out in Part V of this document.

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.

Treasury shares

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

Discount management

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

The Directors have the authority to make market purchases of up to 14.99 per cent. of the Ordinary Shares in issue immediately following the conclusion of the Initial Placing and Offer. The maximum price (exclusive of expenses) which may be paid for an Ordinary Share must not be more than the higher of (i) 5 per cent. above the average of the mid-market values of the Ordinary Shares for the five Business Days before the purchase is made, or (ii) the higher of the price of the last independent trade and the highest current independent bid for the Ordinary Shares. Ordinary Shares will be repurchased only at prices below the prevailing NAV per Ordinary Share, which should have the effect of increasing the NAV per Ordinary Share for remaining Shareholders.

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

Purchases of Ordinary Shares may be made only in accordance with the Act, the Listing Rules and the Disclosure and Transparency Rules.

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

Net Asset Value

Properties will be valued quarterly by an external valuer in accordance with the RICS Valuation – Professional Standards and their valuation will be reviewed quarterly by the Board. The NAV attributable to the Ordinary Shares will be prepared by the Investment Manager and published quarterly, together with details of the Company's portfolio, based on the properties' most recent valuation, calculated under IFRS. The NAV will be published through a Regulatory Information Service as soon as practicable after the end of the relevant quarter.

Consistent with other listed European real estate investment companies, the Directors expect to follow the guidance published by EPRA and to disclose adjusted measures of NAV and earnings per Ordinary Share which are designed by EPRA to better reflect the core long-term operations of the business.

If the Directors consider that any of the above bases of valuation are inappropriate in any particular case, or generally, they may adopt such other valuation procedures as they consider reasonable in the circumstances.

The Directors may temporarily suspend the calculation, and publication, of the Net Asset Value during a period when, in the opinion of the Directors:

- there are political, economic, military or monetary events or any circumstances outside the control, responsibility or power of the Board, and disposal or valuation of investments of the Company or other transactions in the ordinary course of the Company's business is not reasonably practicable without this being materially detrimental to the interests of Shareholders or if, in the opinion of the Board, the Net Asset Value cannot be fairly calculated;
- there is a breakdown of the means of communication normally employed in determining the calculation of the Net Asset Value; or
- it is not reasonably practicable to determine the Net Asset Value on an accurate and timely basis.

Any suspension in the calculation of the Net Asset Value, to the extent required under the Articles or by the Listing Rules, will be notified through a Regulatory Information Service and a SENS announcement as soon as practicable after any such suspension occurs.

Meetings, reports and accounts

The Company will hold its first annual general meeting in 2016 and will then hold an annual general meeting each year thereafter. The annual report and accounts of the Company will be made up to 30 September in each year with copies expected to be sent to Shareholders within the following four months. The first annual report will be prepared to 30 September 2016. The Company will also publish unaudited half-yearly reports to 31 March in each year with copies expected to be sent to Shareholders within the following two months.

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

The Takeover Code

The Takeover Code applies to the Company.

Given the existence of the buyback powers as described in the paragraphs above, 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, are 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 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 2 of Rule 37. However, neither the Company, nor any of the Directors, nor the

Investment Manager 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.

Taxation

Potential investors are referred to Part VIII of this document which contains a general summary of certain UK and South African tax considerations relating to the acquisition, holding and disposal of Ordinary Shares. This summary, which is based on current UK and South African law and the current published practice of HMRC and the South African Revenue Service, does not constitute tax advice. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK and South Africa are strongly advised to consult their own professional advisers.

Subscriptions

The Board may make arrangements to permit investors to subscribe under the Issues in Rand or Euros. The Board shall set such exchange rates and terms and conditions as it shall think fit for the purposes of any such subscription.

Risk factors

The Company's business is dependent on many factors and potential investors should read the whole of this document and in particular the section entitled "Risk Factors" on pages 14 to 20 of this document.

Part II

The Investment Manager, the Investment Rationale and the Investment Strategy

Investment Manager

The Company's investment manager is Schroder Real Estate Investment Management Limited. The Investment Manager will be responsible for the management of the Company's portfolio of properties.

The Investment Manager is part of the Schroders Group, a global asset management company with £309.9 billion under management (as at 30 June 2015). The Schroders Group manages assets on behalf of institutional and retail investors, financial institutions and high net worth individuals in a diverse range of products covering equities, fixed income, property, alternatives and multi-asset. The Schroders Group operates on a global scale with 37 offices across 27 countries.

The Schroders Group property team was established in 1971 and manages real estate investments across the UK and Continental Europe, with assets under management totalling £11.9 billion (€16.1 billion) (as at 30 June 2015). The funds under management span UK and European pooled property funds as well as sector-specialist and geographic focussed funds such as a West End of London office fund, a Nordic property fund and a German focussed separate account mandate. The Investment Manager also has significant experience managing listed property funds, currently managing four listed property companies including Schroder Real Estate Investment Trust Limited ("**SREIT**") which invests in UK property. In addition to direct property investment, the Investment Manager is also a large manager of property multi-manager (fund of funds) mandates and property securities funds.

The Investment Manager has managed property in Continental Europe since 2007. The Investment Manager currently manages £2 billion of mandates in Continental Europe. These funds have assets located in Germany, France, Italy, Spain, Belgium, Sweden, Denmark, Finland and Switzerland. Since 2012 it has undertaken approximately €1.9 billion of transactions across continental Europe.

Across the property funds managed by the Investment Manager, 66 per cent. outperformed their benchmark over 5 years (to 30 June 2015), increasing to 79 per cent. outperformance over 1 year (to 30 June 2015).

The Schroders Group has agreed, conditional on First Admission, to subscribe for 10 per cent. of the Ordinary Shares being issued pursuant to the Initial Placing and Offer, capped at 15,000,000 Ordinary Shares. The Directors believe that this investment strongly aligns the interests of the Investment Manager with Shareholders. Further details are set out in paragraph 5.8 of Part IX of this document.

Investment Management Team

The Investment Manager operates a fully integrated property investment management platform across the UK and Continental Europe. The team is comprised of over 100 staff in seven offices across Europe with expertise in fund management, research, transactions, asset management, financing and other specialist property activities. The senior management team each have over 20 years of property experience, including extensive experience of managing property in Continental Europe and managing listed property funds.

The team in Continental Europe is headed by Tony Smedley who has over 24 years' real estate investment experience and has lived and worked in Continental Europe for 17 years. Tony will be the Company's principal fund manager and is a member of the Investment Manager's Investment Committee. A full biography for Tony is included in Part III of this document.

The main property teams employed by the Investment Manager are based in well-established offices in London, Frankfurt, Paris, Zurich, Luxembourg and the Nordics. The heads of the Continental European investment teams report directly to Tony Smedley and these teams are responsible for sourcing and managing all the assets acquired across Continental Europe. Having teams in the key target markets in which the Company proposes to invest provides, in the Investment Manager's view, a significant competitive advantage, with improved local market knowledge, better access to potential deals, closer implementation of asset business plans and improved ability to manage and mitigate risk.

The German property team is based in Frankfurt. Investment is headed by Sascha Harms who has over 13 years of real estate investment management experience. There are 11 asset managers

based in Germany who work on sourcing and managing properties. The office has transacted over €570 million of property deals over the past 12 months.

The French property team is headed by Thomas Guyot who is based in the Investment Manager's Paris office. Thomas joined the Schroders Group in 2013, having previously been Head of Commercial Property at the French listed property company ICADE. The team now comprises 4 property professionals and between them they have transacted over €235 million investment transactions over the past 12 months.

The Investment Manager operates a single Investment Committee which approves all investment transactions, business plans and material asset management activity. The Investment Committee has a remit extending across all the UK and Continental European funds, so a broad context can be applied and a consistent and disciplined investment approach is implemented across all Schroder property funds. The Investment Committee is chaired by Duncan Owen, Global Head of Real Estate, and includes senior members of the real estate team including Tony Smedley, the fund manager for the Company.

The offices in Continental Europe are also supported by a dedicated property research function and dedicated client reporting, accounting, legal, finance and risk management services in the London and Luxembourg offices.

Initial investment pipeline

The Investment Manager has a broad and consistent pipeline of potential investment transactions and a strong track record of deploying capital in the target markets. Through its established platform, local offices and wide-ranging relationships in the European property market, the Investment Manager has reviewed over 6,300 property introductions since 2012 across the UK and Continental European markets. These transactions had a total value of €197 billion, of which some €92 billion was located in Continental Europe. Over €8.5 billion has been invested by the Investment Manager since 2012.

Such market access has enabled the Investment Manager to identify the following potential transaction pipeline in the target markets where terms are being negotiated with counterparties or are under review:-

Location	Description	Guide Price	Net Initial yield
Brussels	Multi let fully leased retail park, grocery/fashion. New 3/6/9 year leases	€20m	5.6%
Paris Region	Fully let office, c. 5.5 year income with reversionary potential	€38m	5.8%
Paris Region	Fully let logistics property. Strategic location serving Paris, c. 9 year income	€26m	6.8%
Hannover	Fully let logistics asset, c. 10 year solid income stream	€15m	6.7%
Frankfurt	Convenience retail edge city, grocery/fashion, c. 8 year income	€11m	5.6%
Dusseldorf	Office / retail showrooms, mixed use, 3yr income, off market, reversionary	€20m	5.8%
Total		€130m	6.1%

As at the date of this document, the Company has not entered into any legally binding agreements to acquire any of the investments referred to above and, therefore, there can be no guarantee that the Company will purchase all of these properties or any at all.

Notwithstanding the fact that the Company may or may not acquire any of the properties referred to above, the Directors anticipate that the net proceeds of the Initial Placing and Offer will be substantially invested within six months of First Admission.

Investment rationale

Summary

The Investment Manager believes there is an attractive opportunity to invest in income producing, institutional grade commercial property in the growth cities and regions of Continental Europe:

- The strategy will focus on major cities in Continental Europe which are seeing above average economic growth and which have large, liquid and transparent investment markets. Smaller cities in Continental Europe can also be considered.
- Many property markets are starting to recover from a low point in their rental cycles, which provides interesting upside potential in the medium-long term. Rental growth should also be supported by the low level of development over the last 7 years, which has resulted in constrained supply of new accommodation in certain markets.
- The Investment Manager believes that pricing is currently attractive, based on long run trading levels, the ability to acquire assets off relatively low rents and on the significant yield gap relative to government bonds. Investing in a recovery cycle should enable the Company to acquire commercial properties at relatively low capital values.
- Low historical correlation between UK and Continental European property markets results in diversification benefits and facilitates exposure to markets at different points in their cycle.
- There is significant disparity in this recovery across Continental Europe, necessitating a targeted investment strategy using detailed knowledge of local markets through the local offices of the Investment Manager.

The investment philosophy of the Investment Manager is founded on a belief that property markets are inherently cyclical and imperfect, which creates opportunities for long term investors who are focussed on property fundamentals and who operate a disciplined business plan approach to active asset management.

While predicting the timing of a sustained recovery or a turning point is difficult, the view of the Investment Manager is that following a long period of economic dislocation and concerns about a Eurozone break-up, growth in property values is returning to the strongest cities and regions of Continental Europe. In the short-term the increase in capital values is likely to be due mainly to a favourable decline in property yields, but the Investment Manager believes that the key driver over the medium term will be a recovery in rents. The recovery in rents will be led by those cities and regions whose GDP outperforms national averages and where the supply of good quality, institutional grade accommodation is constrained. Within those cities the Investment Manager will focus on those areas where people wish to both live and work and where there are a range of competing uses and which have good public transport.

When combined with an active asset management strategy, the Investment Manager believes that this is an attractive entry point in the target markets.

Prospects

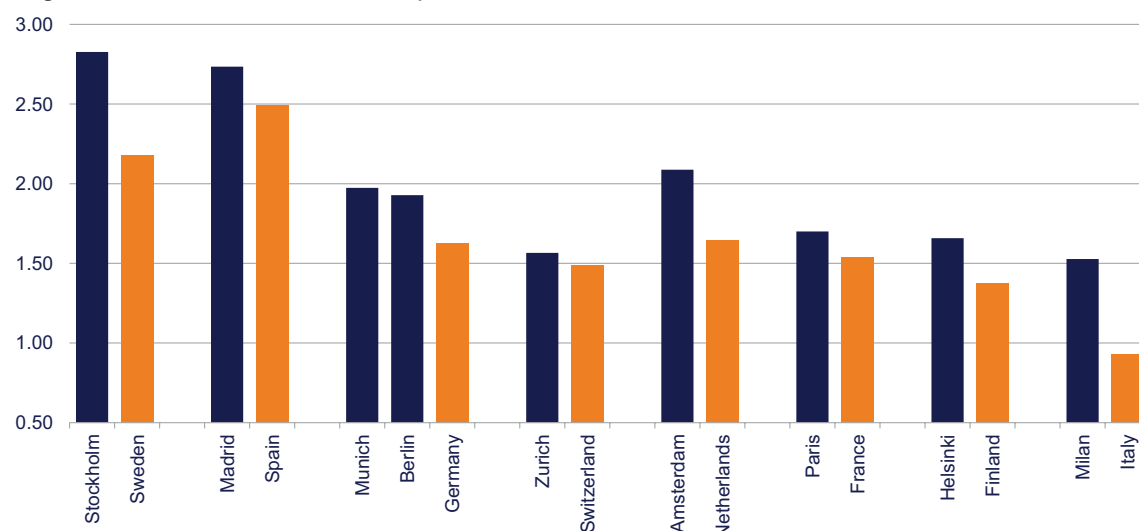
Based on the beliefs of the Investment Manager referred to above and having been so advised by the Investment Manager, the Board is hopeful that by following the investment policy the Company may be able to meet its investment objective although this cannot be guaranteed.

The strategic case for investing in big cities

There are two strategic reasons why the Investment Manager will focus on Continental Europe's major cities. First, Continental Europe's big cities are generally forecast to see superior economic and population growth (see chart 1). Continental Europe's major cities weathered the global financial crisis and the sovereign debt crisis relatively well and forecasts suggest that they will see stronger economic recovery (source: Oxford Economics). To a large extent this is because the most dynamic industries such as professional and business services, IT and media are concentrated in Europe's larger cities. In addition, in some European countries young professionals are increasingly choosing to live in inner city areas, rather than the suburbs.

Chart 1: Big Cities vs Country GDP Growth

Avg. GDP Growth 2015-2019, % pa



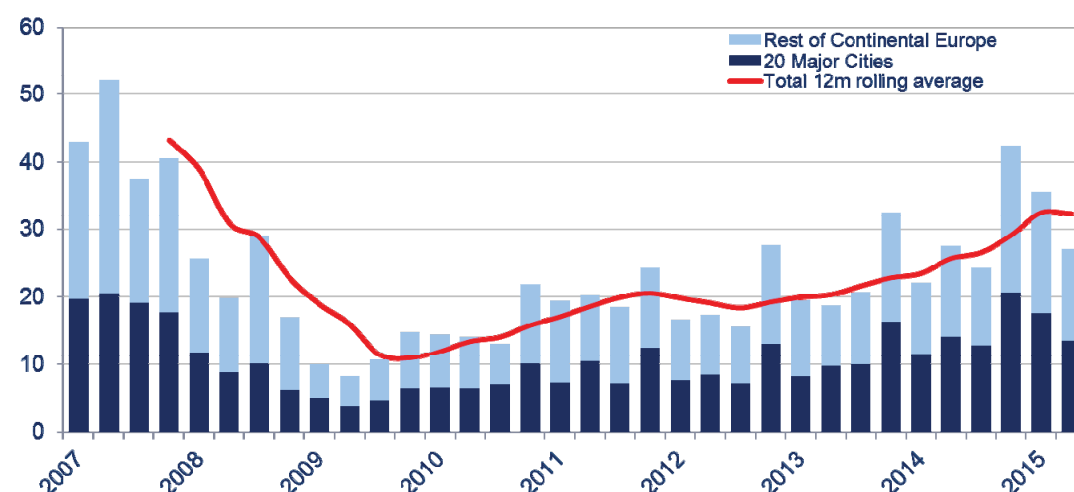
Source: Oxford Economics, Schroders. October 2015.

Forecasts should be regarded as illustrative of trends. Actual figures will differ from forecasts.

The second strategic reason why the Investment Manager will focus on Continental Europe's major cities is that their property markets are relatively transparent, mature and liquid. It is therefore easier to source attractive investment opportunities, invest new capital, access a deeper and more diversified pool of tenants, or sell assets than in smaller cities and towns where liquidity in the rental and capital markets is lower. According to Real Capital Analytics, the 20 biggest cities accounted for half of commercial property investment in Continental Europe over the three years to mid-2015 and while transaction activity fell sharply between mid 2007 – mid 2009, they generally avoided the complete shutdown seen in many smaller property markets (see chart 2). In the Investment Manager's view, the greater liquidity of the big cities is, in part, due to their stronger economic prospects, as well as the fact that they tend to attract a more diverse set of investors, including many foreign investors, with varying aims and objectives.

Chart 2: Commercial real estate investment – 20 Major cities and rest of continental Europe

EUR, bn



Source: Real Capital Analytics, Schroders. October 2015. Please note that transactions activity is to some extent seasonal.

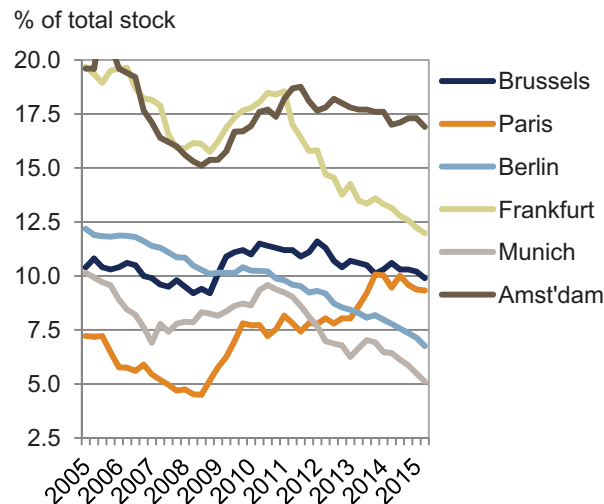
The tactical case for investing in 2016

In addition to the strategic case, there are three tactical reasons why the Investment Manager believes it is the right time to invest in Continental European property markets.

First, Continental Europe's economy is starting to recover. Falling energy and food prices are boosting households' real incomes, the Eurozone's major banks have been re-capitalised, most governments have completed their austerity programmes and implemented structural reforms and exports are increasing, as higher sales to the USA and UK offset weaker demand from China and other emerging markets. The Investment Manager believes that the Eurozone economy should grow steadily by 1.6 per cent. per annum over the five years to end-2020. Moreover, it is worth noting that for the reasons discussed above, Continental Europe's big cities are likely to grow faster than the national headlines suggest.

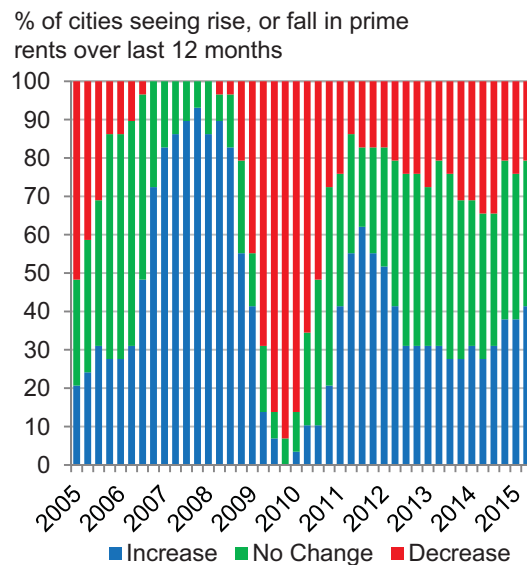
The revival in the economy is now lifting demand for space in Europe's big cities, particularly in the office and industrial sectors. As a result, office vacancy rates have begun to decline and two fifths of cities have seen an increase in prime office rents over the last 12 months.

Chart 3: Office market vacancy rates



Source: PMA, Schroders. September 2015.

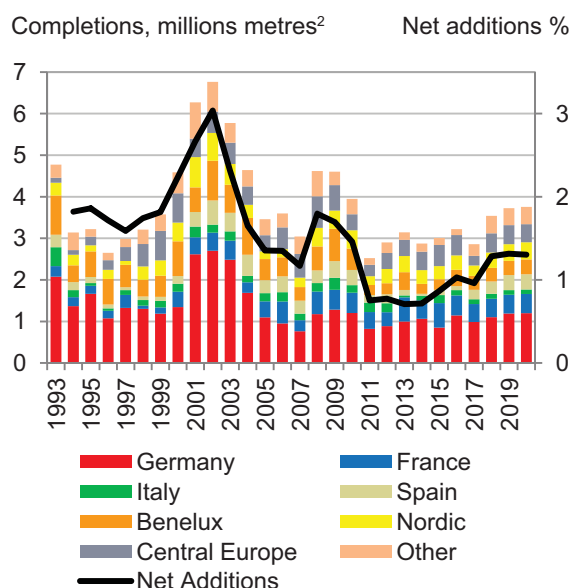
Chart 4: Prime Capital Values



Source: CBRE, Schroders. August 2015.

Secondly, the Investment Manager believes that there is little risk in the next few years that rents will be undermined by a wave of new building. To some extent the lack of development is, in the Investment Manager's view, a cyclical phenomenon and reflects the fact that many property markets in Continental Europe still have vacant space following a prolonged period of economic uncertainty. However, even in those cities where demand has strengthened notably, the Investment Manager has so far seen little new building. In part this is due to a lack of development finance, following the tightening of banks' capital adequacy rules and in part it is because high house prices are encouraging developers to focus on new residential schemes and on converting obsolete offices into apartments. The Investment Manager also believes that in some markets such as Germany and the Netherlands, a high proportion of the office space currently under construction is pre-let, thereby limiting the space available to other occupiers.

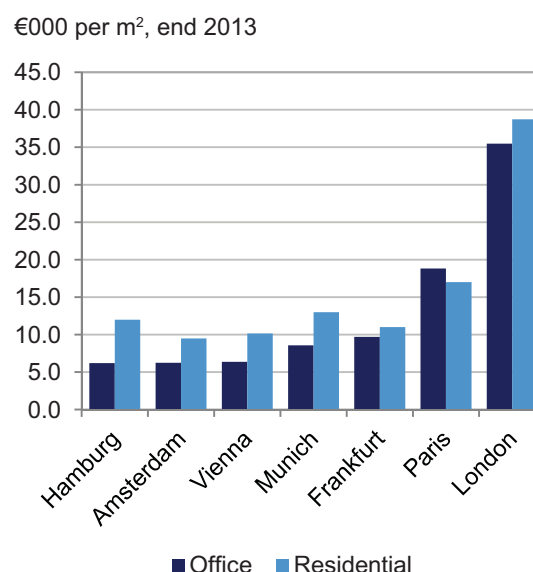
Chart 5: Office Completions & Net Additions



Source: PMA, Schroders. September 2015.

Forecasts should be regarded as illustrative of trends. Actual figures will differ from forecasts.

Chart 6: Prime Capital Values



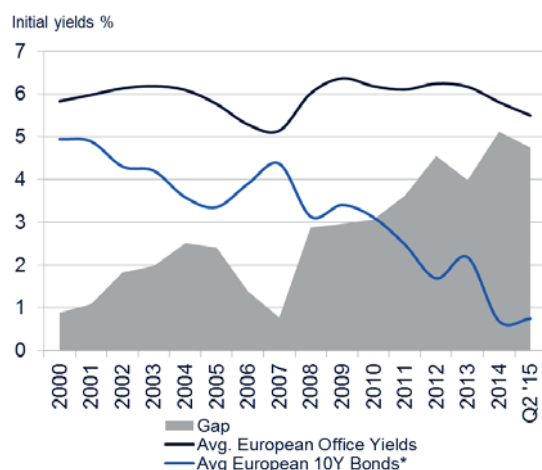
Source: CBRE, Engel&Volkers, Knight Frank, Schroders. March 2014.

Finally, the Investment Manager believes now is the right time to invest because average investment grade property appears to be sensibly priced, given prospects for an increase in rents. Chart 7 below shows the gap between the average net initial yield on offices in 11 major cities and the average yield on French and German 10 year government bonds. Chart 8 then puts that yield gap in context by comparing it with the rate of change in office rents. Clearly when office rents are rising strongly (e.g. 2000, 2007), property investors are comfortable with a small yield premium over 10 year bonds of around 1 per cent. By contrast, when office rents are falling sharply (e.g. 2009), then property investors demand a high yield premium of around 3 per cent. The regression line, which is based on 2000-2010 and deliberately excludes the last five years, gives an indication of rational pricing.

The charts demonstrate two key points. Although government bond yields are an important long-term anchor point for property yields, the two are not highly correlated in the short-term, because property yields are also heavily influenced by investors' rental growth expectations. In addition, even though property yields have fallen significantly over the last 18 months, there is still an exceptionally large gap of 4.5 per cent. with bond yields. At this stage in the rental cycle, with average rents starting to increase, it would normally be around 2 per cent. That suggests that property yields will probably continue to decline in 2016, particularly given that bond yields are likely to be held in check by the ECB's programme of quantitative easing.

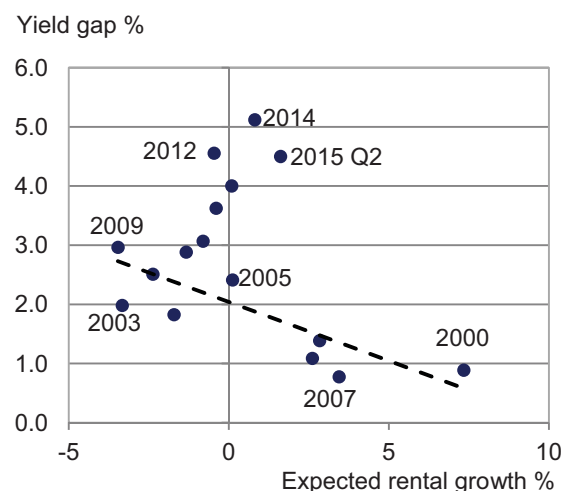
What then happens in 2017-18, assuming that interest rates and government bond yields start to rise, will largely depend upon the economy. History suggests that real estate yields could be stable if rental growth is accelerating. Nevertheless, the Investment Manager is of the view that it is sensible to assume that some of the decline in Continental European yields over the next 12 months will later be reversed. However, it is expected that those parts of the market with good rental growth prospects and those assets which are reversionary, as are being targeted by the Company, will be relatively defensive and offer good long term performance prospects.

Chart 7: Average Office Yield and 10 Year Bonds



Source: Bloomberg, Co-Star / PPR, Schroders. October 2015

Chart 8: Yield Gap vs Office Rental Growth



Source: FT, Co-Star / PPR, Schroders. October 2015

Sectors in which the Company proposes to invest

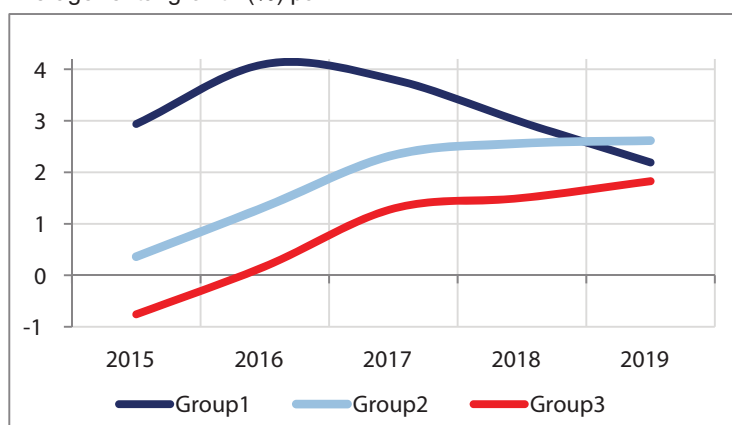
Office

The Investment Manager believes that the timing and strength of the recovery in Continental European office rents will vary from city to city, for two main reasons. First, variations in future economic growth, reflecting differences in the economic base of each city (e.g. international business services hub, government administrative centre) and other institutional factors such as education, labour laws and transport infrastructure, which will affect their competitiveness. Second, variations in the current amount of vacant space which will need to be re-occupied, before demand and supply get back to equilibrium.

The Investment Manager believes that Continental European office markets can currently be split into three broad groups:

Chart 9: Average office rental growth patterns

Average rental growth (%) pa



Source: Schroders, August 2015.

Notes: The rental growth for each group is an unweighted average of the individual cities.

Forecasts should be regarded as illustrative of market trends. Actual figures will differ from forecasts.

- **Group 1:** Barcelona, Berlin, Frankfurt, Hamburg, Madrid, Munich, Stockholm and Stuttgart. These markets are seeing solid employment growth or a strong economic recovery and average grade office rents have started to rise. The Investment Manager believes that these cities will continue to see significant rental growth over the next few years, although there is a risk that the upswing will slacken towards the end of the decade, if there is a big upturn in new building.

- **Group 2:** Amsterdam, Brussels, Cologne, Copenhagen, Dusseldorf, Helsinki, Lisbon, Lyon, Oslo, Milan, Paris and Vienna. At the macro level these office markets are still at early stages of an economic recovery and are suffering tepid occupier demand, or high levels of new building before the financial crisis. However, while the immediate outlook for rental growth in these cities is muted, the Investment Manager believes that certain sub-markets will see rental growth, particularly those locations that have good transport links and where there are competing uses and hence low void rates, with a more widespread uplift in the medium-term.
- **Group 3:** Budapest, Geneva, Lille, Marseille, Prague, Rome, Rotterdam, Warsaw and Zurich. These office markets are likely to be the last in Continental Europe to see a recovery in office rents. In Lille, Marseille, Rome and Rotterdam, the main constraint is weak demand, as occupiers remain focused on cutting costs and rationalising office space. By contrast, Budapest, Geneva, Prague, Warsaw and Zurich have seen quite a lot of office building over the last few years and while most of the new space is let, the transfer of tenants from older buildings has left a surplus of second hand space which will hold back rents in the short-term.

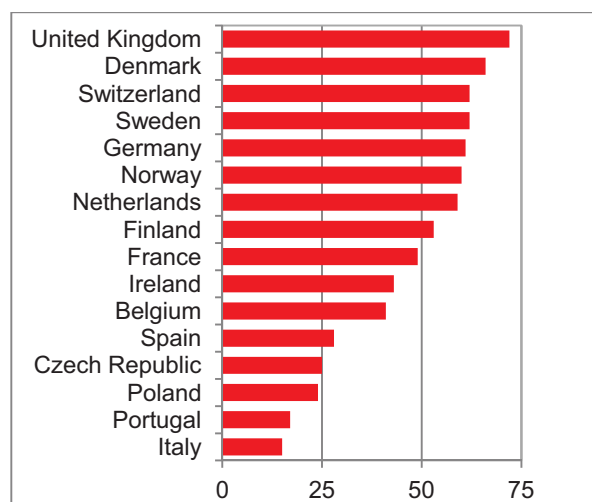
The Investment Manager believes this lack of synchronisation in local office rental cycles creates interesting investment opportunities to rotate across different cities.

Retail

Although retail sales in Continental Europe are now starting to recover, online sales are growing significantly. As a result of the structural challenges posed by on-line sales, the retail real estate sector is polarising and while certain big schemes and city centres with a wide range of amenities continue to thrive, many medium sized and small schemes and towns which have no point of difference are struggling. Accordingly, the Investment Manager will take a very selective approach to retail real estate and will focus on those types which are relatively immune to the internet, or which form a key part of multi-channel retailing:

Chart 10: On-line Shopping in 2014

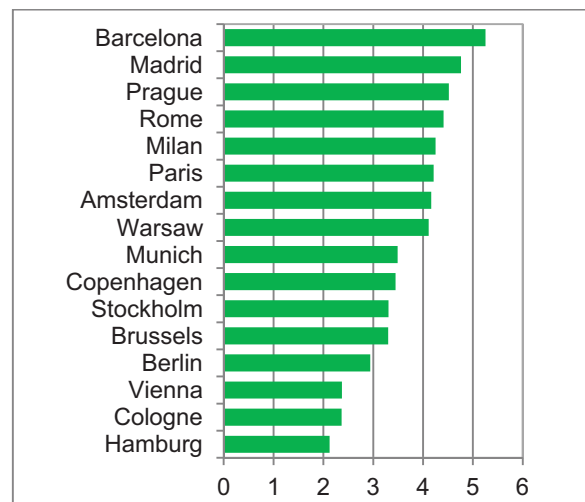
% of people who bought on line last 3 months



Source: Eurostat., Schrodgers. August 2015.

Chart 11: Forecast Change in Prime Shop Rents

End 2015 — End 2019, % per year



Source: PMA, Schrodgers. October 2014. Note. Forecasts should be regarded as illustrative of trends. Actual figures will differ from forecasts.

- **Supermarkets and convenience stores.** While only a small percentage of food is sold on-line, the grocery sector is nevertheless changing as people switch to more frequent “small basket” shopping. As a result, the Investment Manager favours convenience stores and supermarkets in affluent neighbourhoods and would generally avoid hypermarkets (>5,000 m²).
- **Flagship stores and high street unit shops in core city centre locations.** Many large cities in Europe have a wealth of cultural attractions and continue to draw large numbers of shoppers and tourists. The Investment Manager sees a growing demand from retailers for larger “flagship” stores (>750m²) in big city centres, which can carry a full range of goods and which can help to promote their brand by being highly visible. The Investment Manager

believes that retail units in the most dominant high streets in core city centres with high footfall and good public transport will deliver rental growth (chart 11), whereas units in secondary locations and smaller towns will suffer increasing vacancy.

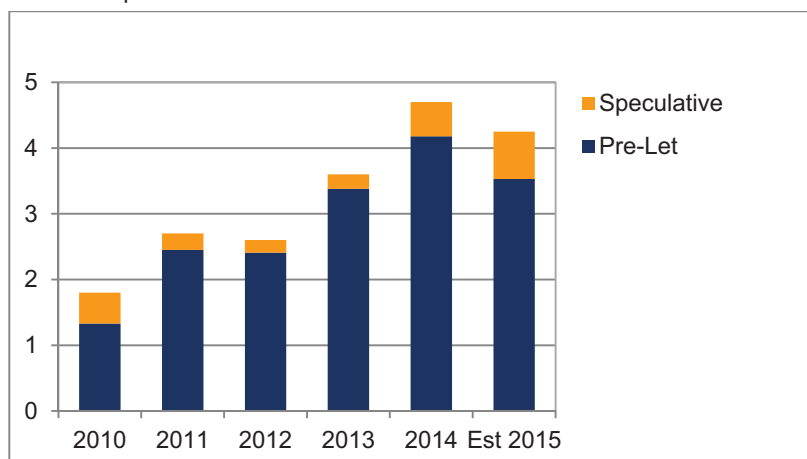
- **Large shopping centres** (>40,000m²). Many large shopping centres which dominate their catchment area are a destination in their own right, often combined with food courts and leisure facilities, which is growing in importance as shoppers are increasingly seeking a shopping “experience”. These centres continue to trade relatively well and although the Company is unlikely to be able to acquire a large shopping centre outright, it could purchase a stake in one in a joint venture.
- **Retail warehouses.** Retail warehouses offer retailers relatively affordable space and consumers easy access by car. The Investment Manager favours high quality retail warehouses let to bulky goods retailers in cities with strong housing markets.

Industrial and logistics

By contrast with retail property, the industrial and logistics sector is benefiting from the growth in on-line sales. Initially, the main impact was on the demand for large distribution warehouses (>20,000 m²), as dedicated on-line retailers such as Amazon and Zalando set up operations. However, over the last couple of years, on-line retailing has also increased demand for medium-sized warehouses (2,500-5000 m²) around big cities, which are being used as sorting facilities for express parcels, fulfilling last mile delivery services and as “dark stores” to meet the growing demand for next day and same day deliveries. As a result, the average vacancy rate has fallen to 9 per cent. from a recent peak of 13 per cent. in 2010 (source PMA).

Chart 12: Logistics Completions

Million square metres



Source: PMA, Schroders. September 2015

However, while the demand for warehouses in Europe is fairly healthy, the downside from an investor’s standpoint is that there is also quite a lot of new building (chart 12), although the majority of this in Continental Europe is developed on a non-speculative basis. The lead-in time for a new warehouse is much shorter than for a new shopping centre, or office building and in many logistics locations (e.g. motorway junctions, old industrial sites), there is little competition from alternative uses such as residential schemes. As a result, the Investment Manager favours modern warehouses or parcel delivery centres in areas which are relatively supply constrained, either close to major ports, or in the suburbs of major cities.

Continental Europe vs UK

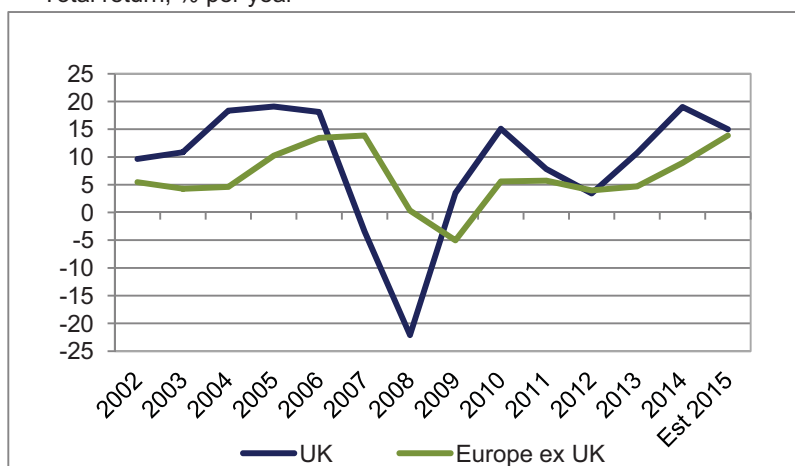
One of the main attractions of Continental European property markets for UK investors is that they typically follow a slightly different cycle to the UK property market, creating a valuable opportunity to diversify risk. Thus, Continental European markets recovered 1-2 years later than the UK in the mid-2000’s, but then proved to be more resilient during the global financial crisis. In a similar vein, Continental European property markets have generally lagged behind the UK in the current recovery. As a result of the low correlation between UK and Continental European markets, total

returns on a pan-European property portfolio (i.e. between 2004 and 2013) would have been significantly less volatile than returns on a pure UK portfolio, at least in local currency terms.

To some extent these leads and lags reflect differences in the timing of economic and development cycles (e.g. a building boom in the late 1990s left many Continental European cities with an over-supply of office space in the 2000s) which in turn create local variations in rental growth. In part they also reflect differences in interest rate movements and investor appetite which drive changes in property yields (e.g. German and Swiss investors tend to regard real estate as a long-term store of value and a defensive asset, whereas UK investors have traditionally regarded it as a cyclical asset).

Chart 13: Real Estate Total Returns

Total return, % per year



Source: Schroders. August 2015.

Notes: Total returns are in local currency. Forecasts should be regarded as illustrative. Actual figures will differ from forecasts.

Looking forward, it is expected that UK and Continental European property markets will continue to perform differently, provided that there is not a new global recession. On the one hand, the UK will probably see faster rental growth in the short-term, given a stronger economy and generally lower levels of vacancy, at least in the office and logistics sectors. On the other hand, the UK market is probably more vulnerable than the Continental European market to an increase in real estate yields and limited fall in capital values at some point in the next few years, given the consensus that the Bank of England will raise interest rates before the ECB.

Typical lease structures

Lease structures also differ between the UK and Continental Europe and tend to vary across the region. Continental European countries tend to have shorter lease lengths than the UK, with rents that are typically index-linked. In France, for example, the typical lease structure is a 9 year lease and it is common for office tenants to have a break option after year 3 and 6 years. German leases are typically of 5 or 10 years' duration.

Unlike the UK where rents tend to change only at a specified rent review date, most Continental European leases contain annual indexation provisions that increase (or in exceptional cases decrease) the rents paid during the term of the lease. In France, for example, most leases are indexed annually to the Construction Cost Index or an equivalent of a Consumer or Retail Price Index. In Germany, property indexation is often applied once the index exceeds an agreed hurdle, at which point commonly 90 per cent. of the total growth is applied. The index is typically a consumer price index or an alternative cost of living index. As a consequence, rental income is hedged against inflation and may change more regularly and there may be more predictability as to how rental income may change.

Shorter leases provide the landlord with greater flexibility to not only re-gear leases or amend an asset's tenancy structure but also offer the potential to obtain vacant possession in the event that alternate uses become more attractive.

Tenants will typically bear the costs of service charge expenses, insurance, local taxes and the costs of internal repairs. Structural repairs are usually the responsibility of the landlord. There are certain jurisdictions where market practice and/or tenant negotiation may prevent the full quantum

of service charge costs (e.g. insurance) to be passed on to tenants. Should this be the case, such non-recoverable property expenses would be reflected in the net income returns associated with that property and also the independent valuation.

Investment strategy and risk management policy

The Investment Manager believes that attractive risk-adjusted returns can be generated from building a portfolio of institutional grade income producing commercial real estate in the growth regions and cities of Continental Europe, diversified by location, use, size, lease duration and tenant concentration. The initial focus will be on office and retail properties in the core cities of the most liquid and transparent markets, in particular, France and Germany.

The Investment Manager intends to target assets which it believes exhibit some or all of the following characteristics:

- well located for its purpose;
- good accessibility;
- flexible accommodation;
- located in an area having supply constraints;
- modern or recently refurbished;
- let to tenants of good creditworthiness on market standard leases;
- freehold or long leasehold;
- low vacancy; and
- opportunity to enhance value through active asset management.

The extent to which the Group's properties exhibit some or all of these characteristics will depend on conditions in the local real estate market and the specific property.

Transaction process

The Investment Manager will be responsible for sourcing and managing the transaction process for new acquisitions. The Investment Manager intends to source potential acquisitions through the property teams based in the Schrodgers Group's offices in the UK and Continental Europe. The teams based in the target markets have an in-depth knowledge of the local markets and a wide network of relationships for identifying and selecting the best investment opportunities. The Investment Manager believes that having local teams is a significant competitive advantage and enables it to implement the strategy in the key cities and regions. Furthermore, the local teams are better able to identify and execute opportunities to enhance value through active asset management, instead of competing for prime assets which are perceived as lower risk and which, as a consequence, attract higher prices due to the weight of capital competing for them. These offices have significant deal flow and, since 2012 have reviewed over €92 billion of potential transactions.

Each transaction is assessed against individual fund criteria and, if considered potentially suitable, a detailed financial and economic analysis and review is undertaken of the property, the location, quality of construction, the existing leases, the rents being paid versus market level, the tenants and the market prospects. This process is informed by a significant database of proprietary information held by the Investment Manager, experienced investment professionals, including people on the ground in the relevant markets and a dedicated European research function that assists in identifying rental and capital growth prospects at country, regional, city, sub-market and sector level.

If, following such analysis, property inspections and negotiations with the owner of the property, a fund manager wishes to proceed with an acquisition, Investment Committee approval is required. The Investment Committee has responsibility for approving all investment recommendations, business plans and material asset management activity across all UK and Continental European property funds managed by the Schrodgers Group. The remit of this committee extends across the UK and Continental Europe so a broad context can be applied and a consistent and disciplined investment approach is implemented across all Schroder property funds. Duncan Owen, Global Head of Real Estate at the Investment Manager chairs the Investment Committee and Tony Smedley, the Fund Manager for the Company is a member of the Investment Committee.

If Investment Committee approval is obtained, the Investment Manager will recommend the investment to the Board for purchase by the Company.

Asset selection and geographical allocation

The Investment Manager believes that currently the main cities of the more established, liquid and transparent Continental European investment markets, in particular in Germany and France, provide the greatest potential for attractive investment returns. Such cities include Paris, Lyon, Brussels, Hamburg, Cologne, Frankfurt, Munich and Berlin; however, this is not an exhaustive list of the locations in which the Company may invest. The Investment Manager intends to target those cities and regions whose growth expectations are expected to exceed that of their domestic economy and/or surrounding areas, provided it is considered to be an institutionally liquid market.

From time to time the Board may impose limits on portfolio composition, including location and sector allocations. The Board has instructed the Investment Manager to target the Company's exposure as follows, for the purposes of investing the proceeds of the Initial Placing and Offer, but may amend these allocations by Board resolution as the relevant markets in Continental Europe develop:

- Geographic allocation:
 - a maximum allocation of 60 per cent. of the Company's gross assets shall be invested in each of France and Germany;
 - a maximum allocation of 40 per cent. of the Company's gross assets shall be invested in any other individual country; and
 - a minimum allocation of 60 per cent. of the Company's gross assets shall be invested in France and Germany combined.
- Sector allocation:
 - a maximum allocation of 75 per cent. of the Company's gross assets shall be invested in each of the office and retail sectors;
 - a maximum allocation of 30 per cent. of the Company's gross assets shall be invested in any other individual sector; and
 - a minimum allocation of 60 per cent. of the Company's gross assets shall be invested in the office and retail sectors combined.

The Investment Manager's focus of investment is those sectors and markets which it believes to be undervalued and which offer the best long-term investment performance potential from properties with good fundamental characteristics. Recent acquisitions by the Investment Manager in Continental Europe, on behalf of various clients, highlight some of the key investment characteristics that guide asset selection by the Investment Manager and are set out in more detail below.

In the office sector, the Investment Manager has targeted modern or recently refurbished properties in well-established and/or easily accessible locations which are leased to creditworthy tenants. The Investment Manager has concentrated on office properties with strong property fundamentals such as divisible floors, suitable sub-market specification and a rent level which is appropriate for the sub-market and proximity to public transport. The Investment Manager also has a preference for office assets located in areas where there are multiple alternative uses such as residential, hotels and retail/leisure. In the long term, the Investment Manager believes that such locations, where people like to work and/or live, have greater resilience. Furthermore, the Investment Manager believes that only those properties which remain attractive to the occupational market over the long term will deliver attractive investment performance.

In retail, the focus has been on assets in densely populated areas, with good access and where the property forms a key part of the local retail offering. Occupiers in sectors such as food stores, pharmacies and convenience retailing have been targeted, offering strong covenants and defensive characteristics. The rental tone of the assets is important in an environment where retailers' margins have been under pressure and the penetration of on-line sales in Continental Europe is having an impact on physical retailing and the amount of space tenants require. The Investment Manager seeks to analyse the trading performance of individual stores to assess affordability and rental growth prospects. Assets that have complementary uses nearby, such as medical practices or leisure, are also preferred as they enhance the draw of consumers to the area and may offer alternative use prospects.

The Investment Manager also has extensive experience of managing properties across Continental Europe in other sectors such as logistics and light industrial. Logistical and light industrial properties need technical specifications appropriate for their target market as well as the ability for this to be changed as logistical processes evolve with the advancement of internet retailing, for example. Location relative to key transport hubs and how these may change are also key drivers. The Investment Manager is also of the view that parcel delivery centres around major conurbations are an interesting sub-sector of the logistics market as distribution companies increasingly focus on the 'last kilometre' delivery strategy.

Active asset management

The Investment Manager will be responsible for recommending and implementing the asset management strategy for each investment held by the Company. The Investment Manager believes that an active asset management strategy is a critical element in delivering investment performance. This is implemented by defining, implementing and regularly reviewing business plans for each asset in the property portfolio. An important part of this is that the properties are managed by asset managers on the ground in the countries where the assets are located who have better access to tenants, advisors and consultants to help generate outperformance.

A business plan is formulated as part of the analysis for each investment and is reviewed by the Investment Committee. The individual asset manager responsible for acquiring the asset is also responsible for implementing the business plan once acquired, resulting in carefully researched and robust assumptions and a focus on long-term performance from purchase through to potential sale.

The Investment Manager aims to implement the following types of active asset management initiatives (where it considers appropriate) in order to improve investment performance:-

- re-negotiate leases to capture market rental growth and/or extend lease duration;
- manage any vacancies to maximise rental performance;
- exploit ancillary development opportunities on or around the properties;
- assess and effect changes of use where this would add value;
- undertake refurbishments to increase rents; and
- change unit size and configuration to maximise the potential income from a property.

The majority of the Company's portfolio will be focussed on investments having a core/core plus risk profile where the main asset management activities are likely to be renegotiating leases, managing vacancies, growing rental income and undertaking light refurbishments. There will be a smaller allocation to more value-add opportunities to enhance returns, where asset management may be more focused on initiatives such as comprehensive refurbishment, ancillary development and/or change of use.

Where properties in the portfolio achieve the objectives set out in the asset level business plans, or where market conditions are favourable or the Company's plans or needs require, the Investment Manager may consider recommending realising value through a sale of the property.

Part III

Directors and Management

Directors

The Directors are responsible for the determination of the Company's investment policy and strategy and have overall responsibility for the Company's activities including the review of investment activity and performance and the control and supervision of the Investment Manager. All of the Directors are non-executive and are independent of the Investment Manager.

The Directors will meet at least four times per annum, and the Audit and Valuation Committee will meet at least twice per annum. The details and biographies of Directors are as follows:

Full name	Age	Capacity/Function	Business Address	Date of Appointment	Nationality
<i>Sir Julian Berney Bt.</i>	63	Independent non-executive Director and chairman	31 Gresham Street, London, EC2V 7QA	6 November 2015	British
<i>Mark Patterson</i>	61	Independent non-executive Director	31 Gresham Street, London, EC2V 7QA	30 October 2015	British
<i>Jonathan Thompson</i>	57	Independent non-executive Director	31 Gresham Street, London, EC2V 7QA	30 October 2015	British

Sir Julian Berney Bt.

Julian Berney has 39 years' real estate experience. During this period he has worked on property investment portfolios in the UK, Scandinavia, and Continental Europe. In recent years he has assisted Cityhold, part of the National Pension Fund of Sweden, to acquire and manage its property investment portfolio in the UK and Continental Europe. Formerly he was a director at BNP Paribas Real Estate Investment Management with responsibilities to its European Fund and with Aberdeen Property Investors to develop its property funds. A large part of his career was at Jones Lang LaSalle where he was an International Director and held a number of senior appointments including Chairman of the Scandinavian businesses, a director of the European Business Team, and a member of the European Capital Markets Board. He is a Fellow of the Royal Institution of Chartered Surveyors.

Mark Patterson

Mark Patterson is an international banker with over 25 years' experience in investment banking and strategic planning. He has recently retired from Standard Chartered Bank where he had been responsible for the development and execution of Standard Chartered's inorganic growth strategy and where he led a number of the Bank's acquisitions and investments as well as its own equity fundraisings. He had previously held senior investment banking positions with Australia and New Zealand Bank and with Deutsche Bank. He graduated from Oxford University, qualified as a solicitor and worked with Slaughter and May prior to his move into banking.

Jonathan Thompson

Jonathan Thompson was appointed chairman to the Argent group of real estate regeneration, development and investment businesses on 1 January 2015 having previously been a non-executive director and chairman of the audit committee. He is a non-executive director at Strutt & Parker where he chairs the remuneration committee, is chairman of the finance & investment committee and non-executive board member of the South West London & St George's Mental Health Trust and is a past member of the board of the British Property Federation. An accountant by background he spent 32 years at KPMG including 12 years as Chairman of KPMG's International Real Estate & Construction business. He is a member of the Institute of Chartered Accountants and a Fellow of the Royal Institute of Chartered Surveyors.

Investment Manager

The Company's investment manager is Schroder Real Estate Investment Management Limited. The Investment Manager is part of the Schrodgers Group, a global asset management company with

£309.9 billion under management as at 30 June 2015. The Investment Manager was incorporated as a private limited company in 1974 under the laws of England and Wales and is authorised and regulated by the Financial Conduct Authority.

The Investment Manager has been appointed as the Company's AIFM for the purposes of AIFMD with effect from First Admission and will be responsible for the management of the assets of the Company in accordance with the terms of the Investment Management Agreement. Further details of the Investment Manager are set out in Part II of this document.

Investment Management Agreement

The Company and the Investment Manager have entered into an Investment Management Agreement, a summary of which is set out in paragraph 7.3 of Part IX of this document, under which the Investment Manager has been given responsibility for the discretionary management of the Company's assets (including uninvested cash) in accordance with the Company's investment policy, subject to the overall control and supervision of the Directors.

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

Details and biographies of the key personnel of the Investment Manager involved in the provision of services to the Company are as follows:

Full name	Age	Capacity/Function	Business Address	Date of Appointment	Nationality
<i>Duncan Owen</i>	47	Global Head of Real Estate	31 Gresham Street, London, EC2V 7QA	January 2012	British
<i>Tony Smedley</i>	47	Head of Continental Europe Investment Manager,	31 Gresham Street, London, EC2V 7QA	July 2012	British
<i>Jeff O'Dwyer</i>	42	Continental Europe Head of Property Investment, France	31 Gresham Street, London, EC2V 7QA	January 2015	Australian
<i>Thomas Guyot</i>	42	Head of Property Investment, France	8-10 rue Lamennais, 75008 Paris	July 2013	French
<i>Sascha Harms</i>	36	Head of Property Investment, Germany	Taunostor 1, 60310 Frankfurt am Main	June 2007	German
<i>Melinda Knatchbull</i>	39	Chief Operating Officer	31 Gresham Street, London, EC2V 7QA	January 2012	Malaysian
<i>Andrew MacDonald</i>	34	Head of Real Estate Finance	31 Gresham Street, London, EC2V 7QA	January 2012	British

Duncan Owen

Duncan Owen joined the Schroders Group in 2012 and has been the Head of Real Estate at the Investment Manager since November 2013 as well as Chairman of the Investment Committee. He was previously the chief executive officer of Invista Real Estate Investment Management Holdings plc, having led its IPO. Invista REIM managed funds across the UK and Continental Europe and Duncan chaired its Investment Committee. Prior to this he was a main Board Director of Insight Investment, responsible for the real estate team and he was also a founding partner of specialist boutique, Gatehouse Investment Management which Insight acquired. During his career he was also a partner at Jones Lang Wootton and a director at LaSalle Investment Management.

He studied at Insead Business School, is a member of the Royal Institution of Chartered Surveyors and is an FCA-approved person.

Tony Smedley

Tony has over 24 years' real estate experience and the majority of his career has been spent operating in Continental Europe, having lived and worked there for over 17 years. He is presently Head of Continental European Investment at the Investment Manager, responsible for the management, investment and growth of the €2.2 billion real estate funds business and the property teams located in Continental Europe. Prior to joining the Schroders Group, Tony headed the

Continental European business at Invista REIM, launching and investing a number of European funds and growing its assets under management to €12 billion. Tony will be the fund manager responsible for the Company.

Tony was formerly a Partner of the pan-European investment management firm Fountain Capital Partners based in Paris (now LFF Real Estate Partners) with primary responsibility for segregated accounts such as TIAA-CREF (Teachers). Prior to this he was a Director of the Capital Markets group at Jones Lang LaSalle based in Brussels, head of the Belgian and Luxembourg team and a member of the Belux Board. At Jones Lang LaSalle he was responsible for some of the largest real estate transactions in the European market and advised clients such as Deutsche Bank, Lend Lease, Société Foncière Lyonnais, Brixton Estates and Grosvenor. Tony is a member of the Royal Institution of Chartered Surveyors, is an FCA-approved person and is fluent in French.

Jeff O'Dwyer

Jeff has over 20 years of real estate experience across a cross section of disciplines including, acquisition, investment management and fund management with a central focus on office, retail and industrial asset classes. The majority of his career has been spent operating in Continental Europe, having lived and worked there for over 11 years. Jeff recently joined the Investment Manager to focus on pan-European management and acquisition initiatives.

Jeff was formerly a Director of Pacific Real Estate Capital Partners, a European investment advisory business, with responsibility for sourcing, analysing and structuring investment opportunities in Continental Europe. Prior to joining Pacific Real Estate Capital Partners, Jeff was a Director at UBS Global Asset Management where he spent time based in London and Milan and led UBS's European Portfolio Transaction initiatives.

Jeff was previously a member of Lend Lease's European retail fund team and broader European Capital Transactions team. He has also held positions in Australia and New Zealand for a listed retail REIT (St Lukes Group now owned by Westfield) and a boutique fund management company (MTM Funds Management) that itself managed 3 listed REITs.

Jeff has an Honours Degree in Land Economics and is an FCA-approved person.

Thomas Guyot

Thomas is Head of Property Investment – France at the Schroders Group, responsible for overseeing the development and management of the property business in France, Spain and Belgium. He was previously a member of the Executive Committee of ICADE, one of the largest French listed property companies, where he was responsible for the commercial property business unit (€5.8 billion in assets under management). Before ICADE, he spent 6 years with the real estate investment management team at Morgan Stanley. His last position was Chief Executive Officer of Compagnie La Lucette, a €2.0 billion listed REIT controlled by the MSREF funds.

Before working in the real estate industry, Thomas spent 2 years as a consultant with the Boston Consulting Group and 3 years in the Louis Dreyfus Group to help develop its telecom subsidiary.

Sascha Harms

Sascha is the Head of Property Investment in Germany and managing Director of the German property branch of the Schroders Group. He is responsible for sourcing and executing all property transactions within Germany. Additional to his transaction tasks, he is fund manager of a German segregated property fund, leading its outperformance relative to German IPD in each of the last 3 years. He joined the Schroders Group in 2007 after working in Berlin for the Dutch Bouwfonds group and the German listed property company POLIS AG where he was an investment analyst and part of the IPO team when POLIS was successfully listed on the German stock exchange in 2006. He has particular experience in the office, retail and residential sector. Prior to his studies, he started his real estate career in property and asset management roles in Hannover.

Sascha is a member of the Royal Institution of Chartered Surveyors, and is a BaFin approved person.

Melinda Knatchbull

Melinda Knatchbull has over 18 years of experience in the fund management industry, with the last ten years focusing on Real Estate. She is presently the Chief Operating Officer at the Investment Manager responsible for the financial, operational and risk aspects of Schroders' real estate business. Melinda joined Schroders in 2012 from Invista Real Estate where she was instrumental

in the creation and IPO of Invista in 2006, initially as Financial Controller and subsequently the Head of Fund Accounting. She was previously Head of Financial Planning and Analysis at Insight Investment, having qualified as a Chartered Accountant with Ernst and Young.

Melinda holds a degree from Cambridge University and is a fellow of the Institute of Chartered Accountants England and Wales. Melinda is also FCA registered.

Andrew MacDonald

Andrew is Head of Real Estate Finance and has responsibility for managing corporate finance activities across the Schroders Group property funds in the UK and Europe. His role covers originating, structuring and managing debt finance for all the Schroders Group property funds. This also involves overseeing interest rate and foreign exchange hedging. Andrew is also involved with structuring equity and joint venture investments for a number of different Schroders Group funds.

Andrew joined the Schroders Group in January 2012. Previously he worked at Invista from March 2008, focusing on sourcing, underwriting and managing new property transactions for a number of the Invista managed funds across all property sectors. Before joining Invista, Andrew was an Associate in the Commercial Mortgage-Backed Securities team at HSBC where he was involved in originating, structuring and securitising senior and junior debt for commercial property transactions across Europe.

He began his career in the real estate team at Ernst & Young and qualified as a Chartered Surveyor with Knight Frank. Andrew holds a degree from the University of Cambridge and is an FCA-approved person.

Administration of the Company

The Investment Manager has been appointed as the company secretary of the Company and proposes to delegate its duties as such to Schroder Investment Management Limited. The Company Secretary is required to provide the day to day administration of the Company and general secretarial functions required by the Act.

The Investment Manager has also been appointed to provide fund accounting services to the Company, with responsibility for the calculation of the Net Asset Value and maintenance of the Company's accounting records. The Investment Manager also proposes to delegate such duties to Schroder Investment Management Limited.

Fees and expenses

Formation and initial expenses

The formation and initial expenses of the Company are those which are necessary for the incorporation of the Company, First Admission and the Initial Placing and Offer. These expenses include fees and commissions payable under the Placing Agreement, the PSG Capital Mandate, admission fees, printing, legal and accounting fees and any other applicable expenses which will be met by the Company and paid on or around First Admission out of the gross proceeds of the Initial Placing and Offer. The expected formation and initial expenses of the Company are as set out in the table below, assuming a £150 million equity raise:

Expense	Recipient	£
Sponsor, Broker and Placing Agent in the UK	Numis	0.90m
Sponsor and Placing Agent in South Africa	PSG Capital	1.60m
Registrar, Receiving Agent, Custody and Settlement Agents – South Africa and UK	Various	0.02m
Legal Advisor to the Company	Stephenson Harwood LLP and Cliffe Dekker Hofmeyr	0.27m
Auditor, Reporting Accountants and Tax Advisors	PricewaterhouseCoopers LLP and KPMG	0.16m
Listing Fees – LSE and JSE	LSE and JSE	0.13m
Miscellaneous	Various	0.04m
Contingency	Various	0.08m
TOTAL		3.20m

The costs and expenses of the Initial Placing and Offer (including all fees, commissions and expenses payable to Numis and PSG Capital) will be paid by the Company. Such costs and expenses are expected to be approximately £3.2 million, equivalent to approximately 2.1 per cent. of the gross proceeds of the Initial Placing and Offer, assuming gross proceeds of £150 million are received under the Initial Placing and Offer.

Since the incorporation of the Company, other than those amounts reflected above and elsewhere in this document: (i) no amounts have been paid to any promoter, partnership, syndicate or other association; and (ii) no Director, or any partnership, syndicate or any other association of which he is a member, or any of his associates, has been paid to induce him, or qualify him to become a Director, or for the promotion of the Company.

On-going annual expenses

On-going annual expenses will include the following:

(i) Investment Manager and Company Secretary

For its investment management services, the Investment Manager will be entitled to a fee of 1.1 per cent. of the EPRA NAV of the Company per annum where the EPRA NAV of the Company is less than or equal to £500 million and, to the extent that EPRA NAV of the Company is greater than £500 million, the rate to be applied to such excess (and only such excess) shall instead be 1.0 per cent. of the EPRA NAV of the Company exceeding £500 million, in each case, exclusive of VAT (the “**Management Fee**”). The Investment Manager will also be entitled to a fee of £50,000 per annum (exclusive of VAT) for company secretarial services and a fee for fund accounting services (those not outsourced to third parties) based on a fee schedule, although it proposes to delegate such duties to Schroder Investment Management Limited or a third party provider.

(ii) Depositary

Under the terms of the Depositary Agreement, the Depositary is entitled to be paid an annual fee of £30,000 per annum (exclusive of VAT).

(iii) Directors

Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. Save for the Chairman of the Board, the fees are £30,000 for each Director per annum. The Chairman's fee is £35,000 per annum.

All of the Directors are also 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 performance of their duties. 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.

No fees have been paid to any third party in lieu of directors' fees.

(iv) JSE Sponsor

Under the terms of the PSG Capital Mandate, PSG Capital is entitled to a fee of 180,000 Rand per annum (no VAT applicable).

(v) Annual Listing Fees

The London Stock Exchange is entitled to an annual listing fee based on the market capitalisation of the Company. Based on a market capitalisation of £150 million, this fee will be £6,760 per annum.

In terms of the JSE Listings Requirements, the JSE is entitled to an annual fee calculated on the market capitalisation of the Company. Based on a market capitalisation of £150 million this fee will be 275,000 Rand per annum (no VAT applicable).

(v) Other operational expenses

Other on-going operational expenses (excluding fees paid to service providers as detailed above) of the Company will be borne by the Company including valuation fees, insurance costs, printing, audit, finance costs, due diligence and legal fees. All reasonable out of pocket expenses of the Investment Manager, the Company Secretary, the Registrar, the Depositary and its sub-custodian(s) (if any) and the Directors relating to the Company will be borne by the Company.

Conflicts of interest

The Investment Manager will treat all of the Company's investors fairly and will not allow any investor to obtain preferential treatment, unless such treatment is disclosed in this Prospectus. The Investment Manager and its officers and employees may from time to time act for other clients or manage other funds, which may have similar investment objectives and policies to that of the Company. Circumstances may arise where investment opportunities will be available to the Company which are also suitable for one or more of such clients of the Investment Manager or such other funds. The Directors have satisfied themselves that the Investment Manager has procedures in place to address potential conflicts of interest and that, where a conflict arises, the Investment Manager will allocate the opportunity on a fair basis.

Corporate governance

The Directors are committed to maintaining high standards of corporate governance. Insofar as the Directors believe it to be appropriate and relevant to the Company, it is their intention that the Company should comply with best practice standards for the business carried on by the Company.

As the Ordinary Shares will have a premium listing on the Official List from Admission, the Company will have to comply with Listing Rule 9.8.6(5)R which requires the Company to apply the provisions of the UK Code on Corporate Governance (the "**Code**") to the extent that they are considered relevant to the Company. South African investors should note that the Company is not required to comply with the King Code of Corporate Governance for South Africa due to the fact that it will apply the provisions of the Code.

The Code is available for download from the Financial Reporting Council's website www.frc.org.uk.

The Board has considered the principles and recommendations of the Code. The Company intends to comply with the provisions of the Code which are relevant to the Company as an investment company with effect from First Admission, save in respect of the appointment of a Senior

Independent Director, where departure from the Code is considered appropriate given the Company's position as an investment trust.

However, the chairman of the Audit and Valuation Committee (described in the paragraph below) will effectively act as the Senior Independent Director, who will lead the evaluation of the performance of the Chairman and will be available to Directors and/or Shareholders if they have concerns which cannot be resolved through discussion with the Chairman.

South African investors should note that the Company will not have an appointed chief executive or financial director for the aforementioned reason.

The Company's Audit and Valuation Committee, which will be chaired by Jonathan Thompson and be comprised of the entire Board, will meet at least twice a year. The Board considers that the members of the Audit and Valuation Committee have the requisite skills and experience to fulfil the responsibilities of the Audit and Valuation Committee. The Audit and Valuation Committee will examine the effectiveness of the Company's control systems. It will review the half-yearly and annual reports and also receive information from the Investment Manager. It will also review the scope, results, cost effectiveness, independence and objectivity of the external auditor and be responsible for monitoring the Company's valuation policies and methods.

The Company has established a Management Engagement Committee which will be chaired by Mark Patterson and be comprised of the entire Board. 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 Investment Manager and it will annually review that appointment and the terms of the Investment Management Agreement.

The Company has also established a Nomination Committee which will be chaired by Sir Julian Berney Bt. and be comprised of the entire Board. The Nomination Committee will meet at least once a year or more often if required. Its principal duties will be to advise the Board on succession planning bearing in mind the balance of skills, knowledge and experience existing on the Board and will make recommendations to the Board in this regard. The Nomination Committee advises the Board on its balance of relevant skills, experience, gender, race, ages and length of service of the Directors serving on the Board. All appointments to the Board will be made in a formal and transparent manner.

The composition of the aforementioned committees will comply with the principles and recommendations of the Code.

The Board will, on an annual basis, consider and satisfy itself on the competence, qualifications and experience of the company secretary. The Board is satisfied that an arm's length relationship exists between itself and the company secretary. The company secretary is Schroder Investment Management Limited and is accordingly not a Director.

Part IV

The Initial Placing and Offer

Introduction

The Company is proposing to raise up to £150 million, before expenses, through the Initial Placing and Offer for Subscription of up to 150 million Ordinary Shares at a price of 100 pence per Ordinary Share. The Initial Placing and Offer is not being underwritten.

The aggregate proceeds of the Initial Placing and Offer, after deduction of expenses, are expected to be approximately £147 million on the assumption that gross proceeds of £150 million are raised through the Initial Placing and Offer.

The actual number of Ordinary Shares to be issued pursuant to the Initial Placing and Offer is not known as at the date of this document but will be notified by the Company through a Regulatory Information Service, SENS announcement and the Company's website, prior to First Admission.

The target issue size should not be taken as an indication of the number of Ordinary Shares to be issued.

In accordance with the requirements of the Listing Rules, following the Initial Placing and Offer for Subscription, at least 25 per cent. of the issued Ordinary Shares will be held in public hands (within the meaning of the Listing Rules). In accordance with the JSE Listings Requirements, following the Initial Placing and Offer for Subscription, at least 20 per cent. of the issued Ordinary Shares will be held by public Shareholders (within the meaning of the JSE Listings Requirements), to ensure that the Company maintains reasonable liquidity.

No debentures have been or are being created or issued pursuant to the Initial Placing and Offer for Subscription.

The Initial Placing

Numis and PSG Capital have agreed to use their reasonable endeavours to procure subscribers pursuant to the Initial Placing for the Ordinary Shares on the terms and subject to the conditions set out in the Placing Agreement and the PSG Capital Mandate respectively. Details of the Placing Agreement and the PSG Capital Mandate are set out in paragraphs 7.1 and 7.2 of Part IX of this document.

The terms and conditions which shall apply to any commitment for Ordinary Shares procured by Numis and PSG Capital are set out in Part VI of this document. The Initial Placing will close at 12.00 noon (GMT) or 2.00 p.m. (SAST) on 2 December 2015 (or such later date, not being later than 31 December 2015, as the Company, Numis and PSG Capital may agree). If the Initial Placing is extended, the revised timetable will be notified through a Regulatory Information Service and a SENS announcement.

Each Placee agrees to be bound by the Articles once the Ordinary Shares, which the Placee has agreed to subscribe for pursuant to the Initial Placing, have been acquired by the Placee. The contract to subscribe for Ordinary Shares under the Initial Placing and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales in respect of Placees on the UK register and the laws of South Africa in respect of Placees on the South African register. For the exclusive benefit of Numis, the Company, the Investment Manager and the Registrar, each Placee on the UK register 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. For the exclusive benefit of PSG Capital, the Company and the Investment Manager, each Placee on the South African register irrevocably submits to the jurisdiction of the courts of South Africa and waives any objection to proceedings in any such court. This does not prevent an action being taken against the Placee in any other jurisdiction.

The Offer for Subscription

The Directors are also proposing to offer Ordinary Shares under the Offer for Subscription. The Offer for Subscription is being made in the UK only. The public generally (unless they are located or resident outside the UK) may apply for Ordinary Shares through the Offer for Subscription.

Applicants under the Offer must specify a fixed number of Ordinary Shares for which they wish to apply at the Issue Price being 100 pence per Ordinary Share. The aggregate subscription price is payable in full on application. Individual applications must be for a minimum of £1,000 and applications in excess of that amount should be made in multiples of £100, although the Board may accept applications below the minimum amounts stated above in their absolute discretion. Multiple subscriptions under the Offer for Subscription by individual investors will not be accepted.

The procedure for, and the terms and conditions of, application under the Offer for Subscription are set out in Part VII of this document and an Application Form for use under the Offer for Subscription is set out at the end of this document.

Completed Application Forms and the accompanying payment in full in relation to the Offer for Subscription must be posted to Corporate Actions, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to be received by no later than 11.00 a.m. (GMT) on 30 November 2015.

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

Conditions

The Initial Placing and Offer is conditional, *inter alia*, on:

- (i) the Placing Agreement becoming wholly unconditional and the PSG Capital Mandate becoming wholly unconditional (save as to First Admission) and not having been terminated in accordance with their respective terms prior to First Admission;
- (ii) First Admission occurring by 8.00 a.m. (GMT) or 10.00 a.m. (SAST) on 9 December 2015 (or such later date, not being later than 31 December 2015, as the Company, Numis and PSG Capital may agree); and
- (iii) the Minimum Gross Proceeds being raised.

In the event that the Company, in consultation with the Investment Manager, Numis and PSG Capital, wishes to waive condition (iii) referred to above, the Company will be required to publish a supplementary prospectus.

If the Initial Placing and Offer does not proceed, application monies received will be returned to applicants without interest at the applicants' risk.

There will be no priority given to applications under the Initial Placing or applications under the Offer for Subscription pursuant to the Initial Placing and Offer.

Scaling back

In the event that commitments under the Initial Placing and valid applications under the Offer for Subscription exceed 150 million Ordinary Shares, such commitments and applications under the Initial Placing and Offer for Subscription will be scaled back at the Company's discretion (in consultation with Numis, PSG Capital and the Investment Manager).

The Placing Agreement and PSG Capital Mandate

The Placing Agreement contains provisions entitling Numis to terminate the Initial Placing and Offer (and the arrangements associated with them) at any time prior to First Admission in certain circumstances. If this right is exercised, the Initial Placing and Offer and these arrangements will lapse and any monies received in respect of the Initial Placing and Offer will be returned to applicants without interest at the applicant's risk.

The Placing Agreement provides for Numis to be paid commission by the Company in respect of the Ordinary Shares placed by Numis and to be allotted pursuant to the Initial Placing and Offer. Any commissions received by Numis may be retained, and any Ordinary Shares subscribed for by Numis may be retained or dealt in by it for its own benefit.

The PSG Capital Mandate provides for PSG Capital to be paid commission by the Company in respect of the Ordinary Shares placed by PSG Capital and to be allotted pursuant to the Initial Placing. Any commissions received by PSG Capital may be retained for its own benefit.

Further details of the terms of the Placing Agreement and the PSG Capital Mandate are set out in paragraphs 7.1 and 7.2 of Part IX of this document.

General

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

Admission, clearing and settlement

Application will be made to the UK Listing Authority for all of the Ordinary Shares to be issued pursuant to the Initial Placing and Offer to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

Application will be made to the JSE for all of the Ordinary Shares to be issued pursuant to the Initial Placing and Offer to be admitted to trading on the JSE's main board for listed securities (conditional approval has already been obtained).

It is expected that First Admission will become effective and dealings will commence on 9 December 2015.

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

Where applicable, definitive share certificates in respect of the Ordinary Shares are expected to be despatched, by post at the risk of the recipients, to the relevant holders, in the week beginning 14 December 2015. 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.

The ISIN number of the Ordinary Shares is GB00BY7R8K77, the SEDOL code is BY7R8K7 and the JSE share code is SCD.

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

CREST and Strate

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

Strate is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument in South Africa. The Articles permit the holding of Ordinary Shares under the Strate system. The Company has applied for the Ordinary Shares to be admitted to Strate with effect from First Admission. Accordingly, settlement of transactions in the Ordinary Shares following First Admission will only take place in South Africa within the Strate system (Ordinary Shares may only be traded on the JSE in uncertificated form).

Use of proceeds

The Directors intend to use the net proceeds of the Initial Placing and Offer to acquire investments in accordance with the Company's investment objective and policy. The Initial Placing and Offer is being made in order to provide investors with the opportunity to invest in a diversified portfolio of properties throughout Continental Europe.

Profile of typical investor

The Initial Placing and Offer is designed to be suitable for institutional investors and professionally-advised private investors seeking exposure to the Continental European property market. The Ordinary Shares may also be suitable for investors who are financially sophisticated, non-advised

private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in the Ordinary Shares.

Overseas Persons

No action has been taken to permit the distribution of this document in any jurisdiction outside the United Kingdom or South Africa where such action is required to be taken. This document may not therefore be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Accordingly, no person receiving a copy of this document in any territory other than the United Kingdom, may treat the same as constituting an offer or invitation to him to acquire, subscribe for or purchase Ordinary Shares nor should he in any event acquire, subscribe for or purchase Ordinary Shares unless such an invitation, acquisition, subscription or purchase complies with any registration or other legal requirements in the relevant territory. Any person outside the United Kingdom wishing to acquire, subscribe for or purchase Ordinary Shares should satisfy himself that, in doing so, he complies with the laws of any relevant territory, and that he obtains any requisite governmental or other consents and observes any other applicable formalities.

This document is not an invitation to the public to subscribe for Ordinary Shares in South Africa and is issued in compliance with the JSE Listings Requirements, for the purpose of providing information to the public in South Africa with regard to the Company. This document does not constitute, envisage or represent an offer to the public in South Africa, as envisaged in the South African Companies Act. Only persons who are invited to participate in the Initial Placing and who fall within any of the categories envisaged in section 96(1)(a) of the South African Companies Act or who subscribe for a minimum amount of R1,000,000 (one million Rand) per single addressee acting as principal, as contemplated in section 96(1)(b) of the South African Companies Act, are entitled to participate in the Initial Placing in South Africa.

Persons (including, without limitation, custodians, nominees and trustees) receiving this document must not distribute or send it to any US Person or in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. In particular, investors should note that the Company has not, and will not be, registered under the US Investment Company Act and the offer, issue and sale of the Ordinary Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States. The Ordinary Shares may not be offered, sold, pledged or otherwise transferred to (i) any US Person or a person acting for the account or benefit of a US Person or (ii) a Benefit Plan Investor.

The Articles contain provisions designed to restrict the holding of Ordinary Shares by persons, including US Persons, where in the opinion of the Directors such a holding could cause or be likely to cause the Company to fall within certain onerous legislative requirements.

Investors should additionally consider the provisions set out under the heading "Important Notices" on page 21 of this document.

Part V

The Placing Programme

Details of the Placing Programme

Following the Initial Placing and Offer, the Directors intend to implement the Placing Programme. Following First Admission, the Directors will be authorised to issue up to 250 million Ordinary Shares (less the number of Ordinary Shares issued pursuant to the Initial Placing and Offer) pursuant to the Placing Programme without having to first offer those Ordinary Shares to existing Shareholders. The Placing Programme is being implemented to enable the Company to raise additional capital in the period from 10 December 2015 to 10 November 2016 as and when it identifies properties that are suitable for acquisition and the Directors intend to apply the net proceeds of the Placing Programme in making investments in accordance with the Company's investment objective and policy. This should, in turn, enable the Investment Manager to act opportunistically, by making a series of accretive property acquisitions whilst also mitigating the risk of cash drag on Shareholders' funds.

The Placing Programme is not being underwritten. The actual number of Ordinary Shares to be issued pursuant to each issue under the Placing Programme is not known as at the date of this document but will be notified by the Company through a Regulatory Information Service, a SENS announcement and the Company's website, prior to each Admission. Ordinary Shares will be issued under the Placing Programme from 10 December 2015 until 10 November 2016. The issue of Ordinary Shares pursuant to the Placing Programme is at the discretion of the Directors.

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

Conditions

The Placing Programme is conditional, *inter alia*, on the following:

- i. the Placing Programme Price being determined by the Directors as described below;
- ii. Admission of the Ordinary Shares issued pursuant to such issue; and
- iii. a valid supplementary prospectus being published by the Company if such is required by the Prospectus Rules.

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

Placing Programme Price

The Placing Programme Price will be determined by the Company and will be at a premium to the Net Asset Value per Ordinary Share.

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

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

Admission, clearing and settlement

Applications will be made to the UK Listing Authority for all of the Ordinary Shares to be issued pursuant to the Placing Programme to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that such Admissions will become effective and dealings will commence between 10 December 2015 and 10 November 2016.

Application will be made to the JSE for all of the Ordinary Shares to be issued pursuant to the Placing Programme to be admitted to trading on the JSE's main board for listed securities. It is expected that such Admissions will become effective and dealings will commence between 10 December 2015 and 10 November 2016.

General

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

Profile of typical investor

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

Use of proceeds

The Directors intend to use the net proceeds of the Placing Programme to acquire investments in accordance with the Company's investment objective and policy.

Overseas Persons

No action has been taken to permit the distribution of this document in any jurisdiction outside the United Kingdom or South Africa where such action is required to be taken. This document may not therefore be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Accordingly, no person receiving a copy of this document in any territory other than the United Kingdom, may treat the same as constituting an offer or invitation to him to acquire, subscribe for or purchase Ordinary Shares nor should he in any event acquire, subscribe for or purchase Ordinary Shares unless such an invitation, acquisition, subscription or purchase complies with any registration or other legal requirements in the relevant territory. Any person outside the United Kingdom wishing to acquire, subscribe for or purchase Ordinary Shares should satisfy himself that, in doing so, he complies with the laws of any relevant territory, and that he obtains any requisite governmental or other consents and observes any other applicable formalities.

This document is not an invitation to the public to subscribe for Ordinary Shares in South Africa and is issued in compliance with the JSE Listings Requirements, for the purpose of providing information to the public in South Africa with regard to the Company. This document does not constitute, envisage or represent an offer to the public in South Africa, as envisaged in the South African Companies Act. Only persons who are invited to participate in the Initial Placing and who fall within any of the categories envisaged in section 96(1)(a) of the South African Companies Act or who subscribe for a minimum amount of R1,000,000 (one million Rand) per single addressee acting as principal, as contemplated in section 96(1)(b) of the South African Companies Act, are entitled to participate in the Initial Placing in South Africa.

Persons (including, without limitation, custodians, nominees and trustees) receiving this document must not distribute or send it to any US Person or in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. In particular, investors should note that the Company has not, and will not be, registered under the US Investment Company Act and the offer, issue and sale of the Ordinary Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States. The Ordinary Shares may not be offered, sold, pledged or otherwise transferred to (i) any US Person or a person acting for the account or benefit of a US Person or (ii) a Benefit Plan Investor.

The Articles contain provisions designed to restrict the holding of Ordinary Shares by persons, including US Persons, where in the opinion of the Directors such a holding could cause or be likely to cause the Company to fall within certain onerous legislative requirements.

Investors should additionally consider the provisions set out under the heading “Important Notices” on page 21 of this document.

Part VI

Terms and conditions of application under the Initial Placing and Placing Programme

1 Introduction

Ordinary Shares are available under the Initial Placing and/or Placing Programme at a price of 100 pence per Ordinary Share in the case of the Initial Placing and at the applicable Placing Programme Price in the case of an issue under the Placing Programme. The Ordinary Shares will, when issued and fully paid, include the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

Each Placee which confirms its agreement to Numis or PSG Capital to subscribe for Ordinary Shares under the Initial Placing and/or the Placing Programme will be bound by these terms and conditions and will be deemed to have accepted them.

The Company and/or Numis and/or PSG Capital may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it/they (in its/their absolute discretion) see(s) fit.

2 Agreement to subscribe for Ordinary Shares and conditions

- 2.1 A Placee agrees to become a member of the Company and agrees to subscribe for those Ordinary Shares allocated to it by Numis or PSG Capital at the relevant Issue Price, conditional on: (i) the Placing Agreement becoming unconditional in all respects (save as to Admission) and not having been terminated on or before the date of First Admission or any Subsequent Admission, as applicable; (ii) First Admission or any Subsequent Admission, as applicable; (iii) in the case of the Initial Placing, the Minimum Gross Proceeds being raised; (iv) in the case of any issue under the Placing Programme, a valid supplementary prospectus being published by the Company if such is required; and (v) Numis or PSG Capital confirming to the Placees their allocation of Ordinary Shares.
- 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 Ordinary Shares

- 3.1 Each Placee must pay the relevant Issue Price for the Ordinary Shares issued to the Placee in the manner and by the time directed by Numis or PSG Capital. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for Ordinary Shares may, at the discretion of Numis or PSG Capital, as applicable, either be rejected or accepted and, in the latter case, paragraph 3.2 of these terms and conditions shall apply.
- 3.2 Each Placee is deemed to agree that if it does not comply with its obligation to pay the relevant Issue Price for the Ordinary Shares allocated to it in accordance with paragraph 3.1 of these terms and conditions and Numis or PSG Capital, as applicable elects to accept that Placee's application, Numis or PSG Capital may sell all or any of the Ordinary Shares allocated to the Placee on such Placee's behalf and retain from the proceeds, for Numis' or PSG Capital's own account and profit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will, however, remain liable for any shortfall below the aggregate amount owed by such Placee and it may be required to bear any tax or other charges (together with any interest or penalties) which may arise upon the sale of such Ordinary Shares on such Placee's behalf. Numis or PSG Capital, as applicable, shall be entitled to determine in its discretion any foreign exchange rate to be applied in determining any shortfall and such determination shall be binding on each relevant Placee.
- 3.3 Placees may be permitted to subscribe for Ordinary Shares in Rand or Euros at such exchange rate(s) as may be determined by the Board and communicated to them by Numis or PSG Capital (as applicable).

4 Representations and warranties

- 4.1 By agreeing to subscribe for Ordinary Shares, each Placee which enters into a commitment to subscribe for Ordinary Shares will (for itself and any person(s) procured by it to subscribe for Ordinary Shares and any nominee(s) for any such person(s)) be deemed to represent and warrant to each of the Company, the Investment Manager, the Registrar, the Transfer Secretaries, Numis and PSG Capital that:
- (a) in agreeing to subscribe for Ordinary Shares under the Initial Placing and/or any issue under the Placing Programme, it is relying solely on this document and any supplementary prospectus issued by the Company prior to Admission of the relevant Ordinary Shares 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 the relevant issue under the Placing Programme. It agrees that none of the Company, the Investment Manager, Numis, PSG Capital, the Registrar or the Transfer Secretaries, nor any of their respective officers, agents, employees or advisors, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
 - (b) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Ordinary Shares under the Initial Placing and/or any issue under the Placing Programme (including specifically the laws of South Africa), it warrants that it has complied with all such laws, obtained all governmental, regulatory 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 Manager, Numis, PSG Capital, the Registrar or the Transfer Secretaries 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 and/or the relevant issue under the Placing Programme;
 - (c) it has carefully read and understands this document in its entirety and acknowledges that it is acquiring Ordinary Shares on the terms and subject to the conditions set out in this Part VI and the Articles as in force at the date of Admission of the relevant Ordinary Shares;
 - (d) it has not relied on Numis, PSG Capital or any person affiliated with Numis or PSG Capital in connection with any investigation of the accuracy of any information contained in this document;
 - (e) the content of this document and any supplementary prospectus issued by the Company prior to Admission of the relevant Ordinary Shares is exclusively the responsibility of the Company and its Directors and neither Numis nor PSG Capital nor any person acting on their respective behalf nor any of their respective affiliates or advisors 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 and/or any issue under the Placing Programme based on any information, representation or statement contained in this document or otherwise;
 - (f) it acknowledges that no person is authorised in connection with the Initial Placing and/or any issue under the Placing Programme 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 Ordinary Shares and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Investment Manager, Numis or PSG Capital;
 - (g) it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services);

- (h) if it is within the United Kingdom, it is a person who falls within Articles 49(2)(a) to (d) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or it is a person to whom the Ordinary Shares may otherwise lawfully be offered under such Order or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, it is a person to whom the Ordinary Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- (i) if it is within South Africa, it is a person who falls within any of the categories envisaged in section 96(1)(a) of the South African Companies Act or it is a person who subscribes for a minimum amount of R1,000,000 (one million Rand) per single addressee acting as principal, as contemplated in section 96(1)(b) of the South African Companies Act;
- (j) if it is a resident in the EEA (other than the United Kingdom), (a) it is a qualified investor within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive and (b) if that relevant Member State has implemented the AIFMD, that it is a person to whom the Ordinary Shares may lawfully be marketed under the AIFMD or under the applicable implementing legislation (if any) of that relevant Member State;
- (k) in the case of any Ordinary Shares acquired by a Placee as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive (i) the Ordinary Shares acquired by it in the Initial Placing and/or any issue under the Placing Programme have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive 2010/73/EU, or in circumstances in which the prior consent of Numis has been given to the offer or resale; or (ii) where Ordinary Shares have been acquired by it on behalf of persons in any relevant Member State other than qualified investors, the offer of those Ordinary Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- (l) it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Ordinary Shares and it is not acting on a non-discretionary basis for any such person;
- (m) if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom and South Africa) on the date of such Placee's agreement to subscribe for Ordinary Shares under the Initial Placing and/or the relevant issue under the Placing Programme and will not be any such person on the date any such agreement to subscribe under the Initial Placing or the relevant issue under the Placing Programme is accepted;
- (n) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other offering materials concerning the Initial Placing and/or the Placing Programme or the Ordinary Shares to any persons within the United States or to any US Persons, nor will it do any of the foregoing;
- (o) it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading "United States Purchase and Transfer Restrictions" in paragraph 4.4, below;
- (p) it acknowledges that neither Numis nor PSG Capital nor any of their affiliates, nor any person acting on 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 and/or any issue under the Placing Programme or providing any advice in relation to the Initial Placing and/or Placing Programme and participation in the Initial Placing and/or any issue under the Placing Programme is on the basis that it is not and will not be a client of Numis or PSG Capital and that Numis or PSG Capital does not have any duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Initial Placing and/or any issue under the Placing Programme 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 and/or any issue under the Placing Programme;

- (q) it acknowledges that where it is subscribing for Ordinary Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account; (i) to subscribe for the Ordinary Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this document; and (iii) to receive on behalf of each such account any documentation relating to the Initial Placing and/or any issue under the Placing Programme in the form provided by the Company and/or Numis or PSG Capital. It agrees that the provision of this paragraph shall survive any resale of the Ordinary Shares by or on behalf of any such account;
- (r) it irrevocably appoints any director of the Company and any director of Numis or PSG Capital to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Ordinary Shares for which it has given a commitment under the Initial Placing and/or any issue under the Placing Programme, in the event of its own failure to do so;
- (s) it accepts that if the Initial Placing and/or any issue under the Placing Programme does not proceed or the conditions to the Placing Agreement or the PSG Capital Mandate are not satisfied or the Ordinary Shares for which valid applications are received and accepted are not admitted to the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities or to the JSE's main board for listed securities, as may be applicable, for any reason whatsoever then neither of Numis, nor PSG Capital, nor the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners, representatives or advisors, shall have any liability whatsoever to it or any other person;
- (t) in connection with its participation in the Initial Placing and/or any issue under Placing Programme it has observed all relevant legislation and regulations;
- (u) it acknowledges that Numis and the Company are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to it;
- (v) it acknowledges that PSG Capital and the Company are entitled to exercise any of their rights under the PSG Capital Mandate or any other right in their absolute discretion without any liability whatsoever to it;
- (w) the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that Numis, PSG Capital and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the Ordinary Shares are no longer accurate, it shall promptly notify Numis and the Company (if in the UK or elsewhere other than South Africa) or PSG Capital and the Company (if in South Africa);
- (x) where it or any person acting on behalf of it is dealing with Numis, any money held in an account with Numis 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 Numis to segregate such money, as that money will be held by Numis under a banking relationship and not as trustee;
- (y) any of its clients, whether or not identified to Numis, will remain its sole responsibility and will not become clients of Numis for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- (z) it accepts that the allocation of Ordinary Shares shall be determined by the Company in its absolute discretion (in consultation with Numis, PSG Capital and the Investment Manager) and that the Company may scale down any commitments for this purpose on such basis as it may determine; and
- (aa) time shall be of the essence as regards its obligations to settle payment for the Ordinary Shares and to comply with its other obligations under the Initial Placing and/or any issue under the Placing Programme.

4.2 **Money Laundering**

Each Placee in the UK or elsewhere (other than South Africa) 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 Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) (the “**Money Laundering Directive**”); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive; and
- (b) due to anti-money laundering requirements, Numis 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, Numis and the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Numis 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.

Each Placee in South Africa 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 Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) (the “**Money Laundering Directive**”); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive; and
- (b) due to anti-money laundering requirements, PSG Capital 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, PSG Capital and the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify PSG Capital 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.

4.3 **The Data Protection Act**

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

- (a) process its personal data (including sensitive personal data) as required by or in connection with its holding of Ordinary Shares, including processing personal data in connection with credit and money laundering checks on it;
- (b) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;

- (c) provide personal data to such third parties as the Registrar, the Transfer Secretaries or the Company Secretary may consider necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares or as the DP Act may require, including to third parties outside the EEA;
- (d) without limitation, provide such personal data to the Company or the Investment Manager and its respective associates for processing, notwithstanding that any such party may be outside the EEA; and
- (e) process its personal data for the Registrar's, the Transfer Secretaries or the Company Secretary's internal administration.

By becoming registered as a holder of Ordinary Shares a person becomes a data subject (as defined in the DP Act) and is deemed to have consented to the processing by the Company, its Registrar or Transfer Secretaries of any personal data relating to them in the manner described above. In providing the Registrar, Transfer Secretaries and the Company Secretary with information, it hereby represents and warrants to the Registrar, the Transfer Secretaries and the Company Secretary that it has obtained the consent of any data subject to the Registrar, the Transfer Secretaries and the Company Secretary and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out above in this paragraph 4.3).

4.4 *United States purchase and transfer restrictions*

By participating in the Initial Placing and/or any issue under the Placing Programme, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for Ordinary Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, the Investment Manager, the Registrar, the Transfer Secretaries, Numis and PSG Capital that:

- (a) it is not a US Person and it is acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S and it is not acquiring the Ordinary Shares for the account or benefit of a US Person;
- (b) it acknowledges that the Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons absent registration or an exemption from registration under the Securities Act;
- (c) 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;
- (d) unless the Company expressly consents otherwise in writing, no portion of the assets used to purchase, and no portion of the assets used to hold, the Ordinary Shares or any beneficial interest therein constitutes or will constitute the assets of (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a "plan" as defined in Section 4975 of the US Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the US Code. In addition, if a Placee is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Code, its purchase, holding, and disposition of the Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- (e) if any Ordinary Shares offered and sold pursuant to Regulation S are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect, unless otherwise determined by the Company in accordance with applicable law:

“SCHRODER EUROPEAN REAL ESTATE INVESTMENT TRUST PLC (THE “COMPANY”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED. IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.”;

- (f) if in the future the Placee decides to offer, sell, transfer, assign or otherwise dispose of its Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the Securities Act and under circumstances which will not require the Company to register under the US Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- (g) it is purchasing the Ordinary Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Ordinary Shares in any manner that would violate the Securities Act, the US Investment Company Act or any other applicable securities laws;
- (h) it acknowledges that the Company reserves the right to make inquiries of any holder of the Ordinary Shares or interests therein at any time as to such person's status under US federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under US securities laws to transfer such Ordinary Shares or interests in accordance with the Articles;
- (i) it acknowledges and understands that the Company is required to comply with FATCA and agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA;
- (j) it is entitled to acquire the Ordinary Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Ordinary Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Manager, the Registrar, the Transfer Secretaries, Numis, PSG Capital or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Initial Placing and/or any issue under the Placing Programme or its acceptance of participation in the Initial Placing and/or any issue under the Placing Programme;
- (k) it has received, carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the Ordinary Shares to within the United States or to any US Persons, nor will it do any of the foregoing; and
- (l) if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, the Placee has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

The Company, the Investment Manager, the Registrar, the Transfer Secretaries, Numis, PSG Capital 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 Placee are no longer accurate or have not been complied with, the Placee will immediately notify the Company and Numis (if in the UK or elsewhere other than South Africa) or the Company and PSG Capital (if in South Africa).

5 Supply and disclosure of information

If Numis (in relation to Placees to be entered on the UK register), PSG Capital (in relation to Placees to be entered on the South African register), the Registrar, the Transfer Secretaries or the Company or any of their agents request any information about a Placee's agreement to subscribe for Ordinary Shares under the Initial Placing and/or any issue under the Placing Programme, such Placee must promptly disclose it to them.

6 Non United Kingdom investors

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 any issue under the Placing Programme constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Ordinary Shares pursuant to the Initial Placing and/or any issue under the Placing Programme unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Ordinary Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements.

None of the Ordinary Shares have been or will be registered under the laws of the United States, Canada, Australia or Japan. Accordingly, the Ordinary Shares may not be offered, sold, issued or delivered, directly or indirectly, within any of United States, Canada, Australia, or Japan unless an exemption from any registration requirement is available.

Notice to prospective investors in South Africa

This document does not constitute a prospectus in terms of the South African Companies Act and will not be filed with the South African Companies and Intellectual Property Commission in terms of the South African Companies Act.

This document is not an invitation to the public to subscribe for Ordinary Shares in South Africa and is issued in compliance with the JSE Listings Requirements, for the purpose of providing information to the public with regard to the Company. This document does not constitute, envisage or represent an offer to the public in South Africa, as envisaged in the South African Companies Act. Only persons who are invited to participate in the Initial Placing and/or any issue under the Placing Programme and who fall within any of the categories envisaged in section 96(1)(a) of the South African Companies Act or who subscribe for a minimum amount of R1,000,000 (one million Rand) per single addressee acting as principal, as contemplated in section 96(1)(b) of the South African Companies Act, are entitled to participate in the Initial Placing and/or any issue under the Placing Programme in South Africa.

7 Miscellaneous

The rights and remedies of the Company, the Investment Manager, Numis, PSG Capital, the Registrar and the Transfer Secretaries 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.

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 and/or any issue under the Placing Programme will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

Each Placee agrees to be bound by the Articles once the Ordinary Shares, which the Placee has agreed to subscribe for pursuant to the Initial Placing and/or any issue under the Placing Programme, have been acquired by the Placee. The contract to subscribe for Ordinary Shares under the Initial Placing and/or any issue under the Placing Programme 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, if the Placee is in the UK or elsewhere other than South Africa, and the laws of South Africa, if the Placee is in South Africa. For the exclusive benefit of the Company, the Investment Manager, Numis, PSG Capital, the Registrar and the Transfer Secretaries, each Placee irrevocably submits to the jurisdiction of the

courts of England and Wales, if the Placee is in the UK or elsewhere other than South Africa, and the laws of South Africa, if the Placee is in South Africa, 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.

In the case of a joint agreement to subscribe for Ordinary Shares under the Initial Placing and/or the Placing Programme, 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.

Numis, PSG Capital and the Company expressly reserve the right to modify the Initial Placing and/or any issue under the Placing Programme (including, without limitation, the timetable and settlement) at any time before allocations are determined. The Initial Placing and/or each issue under the Placing Programme is subject to the satisfaction of the conditions contained in the Placing Agreement and the PSG Capital Mandate, as applicable and the Placing Agreement and/or the PSG Capital Mandate not having been terminated in accordance with their respective terms. Further details of the terms of the Placing Agreement and the PSG Capital Mandate are contained in Part IX of this document.

Part VII

Terms and conditions of application under the Offer for Subscription

1 Introduction

Ordinary Shares are available under the Offer for Subscription at a price of 100 pence per Ordinary Share. The Ordinary Shares will, when issued and fully paid, include the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

Applications to acquire Ordinary Shares must be made on the Application Form attached as Appendix 1 to this Prospectus or otherwise published by the Company.

The Offer for Subscription is being made in the UK only and South African investors are not entitled to participate.

2 Effect of application

2.1 *Offer for Subscription to acquire shares*

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 the total number of Ordinary Shares specified in Box 1 on your Application Form, or any smaller number for which such application is accepted, at the Issue Price on the terms, and subject to the conditions, set out in the Prospectus, including these terms and conditions of application and the Articles;
- (b) agree that, in consideration for the Company agreeing that it will not offer any Ordinary Shares to any person other than by means of the procedures referred to in this Prospectus, your application may not be revoked, subject to your statutory right of withdrawal in the event of publication of a supplementary prospectus by the Company, and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to or, in the case of delivery by hand, on receipt by the Receiving Agent of your Application Form;
- (c) undertake to pay the subscription 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 a share certificate for the Ordinary Shares applied for in certificated form or be entitled to commence dealing in Ordinary Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such Ordinary Shares unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent, the Company and Numis against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) avoid the agreement to allot the Ordinary Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by a cheque drawn on a branch of a UK clearing bank to the bank account name from which they were first received, at your risk, of any proceeds of the remittance which accompanied your Application Form, without interest);
- (d) agree that, where on your Application Form a request is made for Ordinary Shares to be deposited into a CREST account (i) the Receiving Agent may in its absolute discretion amend the form so that such Ordinary Shares may be issued in certificated form registered in the name(s) of the holder(s) specified in your Application Form (and recognise that the Receiving Agent will so amend the form if there is any delay in satisfying the identity of the applicant or the owner of the CREST account or in receiving your remittance in cleared funds) and (ii) the Receiving Agent, the Company or Numis may authorise your financial adviser or whoever he or she may direct to send a document of title for or credit your CREST account in respect of, the number of Ordinary Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post, at your risk, to your address set out on your Application Form;

- (e) agree, in respect of applications for Ordinary Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph (d) of this paragraph 2.1 to issue Ordinary Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled (and any monies returnable to you) may be retained by the Receiving Agent:
- (i) pending clearance of your remittance;
 - (ii) pending investigation of any suspected breach of the warranties contained in paragraphs 2.5 (a), (b), (f), (h), (m), (o) or (p) below or any other suspected breach of these terms and conditions of application; or
 - (iii) pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purpose of the Money Laundering Regulations and any other regulations applicable thereto, and any interest accruing on such retained monies shall accrue to and for the benefit of the Company;
- (f) 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;
- (g) agree that if evidence of identity satisfactory to the Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Receiving Agent) following a request therefor, the Receiving Agent or the Company may terminate the agreement with you to allot Ordinary Shares and, in such case, the Ordinary Shares which would otherwise have been allotted to you may be re-allotted or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned by a cheque drawn on a branch of a UK clearing bank to the bank account name on which the payment accompanying the application was first drawn without interest and at your risk;
- (h) agree that you are not applying on behalf of a person engaged in money laundering;
- (i) 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;
 - (j) undertake to pay interest at the rate described in paragraph 2.2 below if the remittance accompanying your Application Form is not honoured on first presentation;
 - (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 5 on your Application Form, but subject to paragraph 2.1(d) above, to deliver the number of Ordinary Shares for which your application is accepted into CREST, and/or to return any monies returnable by a cheque drawn on a branch of a UK clearing bank to the bank account name from which such monies were first received without interest and at your risk;
 - (l) confirm that you have read and complied with paragraph 2.7 below;
 - (m) agree that all subscription cheques and payments will be processed through a bank account (the “**Acceptance Account**”) in the name of Equiniti Limited re Schroder European Real Estate Investment Trust plc Offer for Subscription A/C opened by the Receiving Agent;
 - (n) agree that your Application Form is addressed to the Company and the Receiving Agent; and
 - (o) agree that any application may be rejected in whole or in part at the sole discretion of the Company.

2.2 ***Acceptance of your offer***

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

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

Payment must be made by cheque or bankers' draft or, if made by an FCA-regulated entity, by electronic interbank transfer (CHAPS). Payment by cheque or bankers' draft must be in pounds 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 either of those companies. Such cheques or bankers' drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds (the account name should be the same as that shown on the Application Form), must be made payable to "Equiniti Limited re Schroder European Real Estate Investment Trust plc Offer for Subscription A/C" and crossed "A/C Payee only". 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 or endorsing the cheque/banker's draft to such effect.

Payment by electronic interbank transfer (CHAPS) must be accompanied by a personalised payment reference number which may be obtained by contacting the Receiving Agent directly at offer@equiniti.com. On receipt of your instruction Equiniti Limited will arrange to provide a CHAPS Instruction Form which will confirm the offer bank account details to credit the relevant subscription funds. The CHAPS Instruction Form should be completed and signed as directed and returned together with the application form. Payment by CHAPS may only be made by and on behalf of an FCA-regulated entity.

The Receiving Agent will present all cheques and bankers' drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful applicants' payment. The Receiving Agent may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Receiving Agent to be the interest on the amount of the payment from the date on which all payments in cleared funds are due to be received until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Receiving Agent plus 4 per cent. per annum. The right is also reserved to reject in whole or in part, or to scale down or limit, any application.

- 2.3 Completed Application Forms accompanied by a cheque or bankers' draft for the full amount due or in the case of FCA-regulated entities only, CHAPS instruction forms indicating that a CHAPS payment for the full amount has been made must be delivered to the Receiving Agent by post or by hand (during normal business hours) to Corporate Actions, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, so as to be received by no later than 11.00 a.m. on 30 November 2015 at which time and date the Offer for Subscription will close. The Directors may, with the prior approval of the Investment Manager and Numis, alter such date by shortening or lengthening the offer period under the Offer for Subscription. The Company will notify investors of any such change through the publication of a notice through a Regulatory Information Service.

2.4 **Conditions**

The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:

- (a) the Placing Agreement becoming wholly unconditional (save as to First Admission) and not being terminated in accordance with its terms prior to First Admission;
- (b) First Admission occurring by 8.00 a.m. (GMT) on 9 December 2015 (or such later date, not being later than 31 December 2015 as the Company and Numis may agree); and
- (c) the Minimum Gross Proceeds being raised.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

2.5 **Return of Application Monies**

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

2.6 **Warranties**

By completing an Application Form, you:

- (a) undertake and warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions of application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- (b) warrant, if the laws of any territory or jurisdiction outside the UK are applicable to your application, that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company or the Receiving Agent or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside of the UK in connection with the Offer for Subscription in respect of your application;
- (c) confirm that in making an application you are not relying on any information or representations in relation to the Company other than those contained in this Prospectus and any supplementary prospectus issued by the Company prior to First 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 or any part hereof shall have any liability for any such other information or representation;
- (d) 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;
- (e) acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus issued by the Company prior to First Admission and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, Numis, the Investment Manager or the Receiving Agent;
- (f) warrant that you are not under the age of 18 on the date of your application;

- (g) agree that all documents and monies sent by post to, by or on behalf of the Company or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint holders, the address of the first-named holder) as set out in your Application Form;
- (h) confirm that you have reviewed the restrictions contained in paragraph 2.7 below and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or complied with the provisions therein;
- (i) 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;
- (j) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription and any non-contractual obligations arising under or in connection therewith shall be governed by and construed in accordance with the laws of England and Wales and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (k) irrevocably authorise the Company, Numis or the Receiving Agent or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed by or issued to you into your name and authorise any representatives of the Company and/or Numis and/or the Receiving Agent to execute any documents required therefor and to enter your name on the Register;
- (l) agree to provide the Company with any information which it, Numis or the Receiving Agent may request in connection with your application or to comply with any other relevant legislation (as the same may be amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations;
- (m) warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, Numis, the Investment Manager or the Receiving Agent acting in breach of the regulatory or legal requirements of any territory in connection with the Offer for Subscription or your application;
- (n) agree that Numis and the Receiving Agent are acting for the Company in connection with the Offer for Subscription and for no-one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or be responsible to you for the protections afforded to their customers;
- (o) warrant that the information contained in the Application Form is true and accurate; and
- (p) agree that if you request that Ordinary Shares are issued to you on a date other than First Admission and such Ordinary Shares are not issued on such date that the Company and its agents and Directors will have no liability to you arising from the issue of such Ordinary Shares on a different date.

2.7 **Money Laundering**

You agree that, in order to ensure compliance with the Money Laundering Regulations, the Receiving Agent may at its absolute discretion require verification of identity of you as the applicant lodging an Application Form and further may request from you and you will assist in providing identification of:

- (a) the owner(s) and/or controller(s) (the “**payor**”) of any bank account not in the name of the holder(s) on which is drawn a payment by way of banker’s draft or cheque; or

- (b) where it appears to the Receiving Agent that a holder or the payor is acting on behalf of some other person or persons, such person or persons.

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

Without prejudice to the generality of this paragraph 2.7, verification of the identity of holders and payors will be required if the value of the Ordinary Shares applied for, whether in one or more applications considered to be connected, exceeds €15,000 (approximately £10,500). If, in such circumstances, you use a building society cheque or banker's draft you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the cheque or banker's draft and adds its stamp. If, in such circumstances, the person whose account is being debited is not a holder you will be required to provide for both the holder and payor an original or copy of that person's passport or driving licence certified by a solicitor and an original or certified copy of two of the following documents, no more than 3 months old, a gas, electricity, water or telephone (not mobile) bill, a recent bank statement or a council tax bill, in their name and showing their current address (which originals will be returned by post at the addressee's risk) together with a signed declaration as to the relationship between the payor and you, the applicant.

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

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

If the amount being subscribed exceeds €15,000 (approximately £10,500) you should endeavour to have the declaration contained in Box 7 of the Application Form signed by an appropriate firm as described in that box.

2.8 *Non United Kingdom investors*

If you receive a copy of this Prospectus or an Application Form in any territory other than the UK you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the UK and wish to make an application for Ordinary Shares under the Offer for Subscription, to satisfy yourself as to full observance of the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

None of the Ordinary Shares have been or will be registered under the laws of Canada, Japan, Australia or under the Securities Act or with any securities regulatory authority of any state or other political subdivision of the United States, Canada, Japan or Australia. Accordingly, unless an exemption under such act or laws is applicable, the Ordinary Shares may not be offered, sold or delivered, directly or indirectly, within Canada, Japan, Australia or the United States (as the case may be). If you subscribe for Ordinary Shares you will, unless the Company and the Registrar agree otherwise in writing, be deemed to represent and warrant to the Company that you are not a US Person or a resident of Canada, Japan, Australia or a corporation, partnership or other entity organised under the laws of the US or Canada (or any political subdivision of either) or Japan or Australia and that you are not subscribing for such Ordinary Shares for the account of any US Person or resident of Canada, Japan or Australia and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Ordinary Shares in or into the United States, Canada, Japan or Australia or to any US Person or resident in Canada, Japan or Australia. No application will be accepted if it shows the applicant or a payor having an address in the United States, Canada, Japan, or Australia.

2.9 **The Data Protection Act**

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

- (a) process its personal data (including sensitive personal data) as required by or in connection with its holding of Ordinary Shares, including processing personal data in connection with credit and money laundering checks on it;
- (b) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;
- (c) provide personal data to such third parties as the Registrar or the Company Secretary may consider necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares or as the DP Act may require, including to third parties outside the EEA;
- (d) without limitation, provide such personal data to the Company or the Investment Manager and its respective associates for processing, notwithstanding that any such party may be outside the EEA; and
- (e) process its personal data for the Registrar’s or the Company Secretary’s internal administration.

By becoming registered as a holder of Ordinary Shares a person becomes a data subject (as defined in the DP Act) and is deemed to have consented to the processing by the Company or its Registrar of any personal data relating to them in the manner described above. In providing the Registrar and the Company Secretary with information, it hereby represents and warrants to the Registrar and the Company Secretary that it has obtained the consent of any data subject to the Registrar and the Company Secretary and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out above in this paragraph 2.9).

2.10 **Miscellaneous**

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

The rights and remedies of the Company, Numis and the Receiving Agent under these terms and conditions of application are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.

The Company reserves the right to extend the closing time and/or date of the Offer for Subscription from 11.00 a.m. (GMT) on 30 November 2015. In that event, the new closing time and/or date will be notified through a Regulatory Information Service.

The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to First Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned as indicated without interest at the risk of the applicant.

You agree that Numis and the Receiving Agent are acting for the Company in connection with the Offer for Subscription and no-one else and that none of Numis and the Receiving Agent will treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or otherwise in relation to the Offer for Subscription or for providing the protections afforded to their customers.

Save where the context requires otherwise, terms used in these terms and conditions of application bear the same meaning as where used elsewhere in this Prospectus.

Part VIII

Taxation

UK Taxation

1 General

The following comments do not constitute tax advice and are intended only as a guide to current UK law and HMRC's published practice as at the date of this document (both of which are subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the UK tax treatment of Shareholders and (except insofar as express reference is made to the treatment of non-UK residents) are intended to apply only to Shareholders who for UK tax purposes are resident in and, in the case of individuals, domiciled in the UK and to whom "split year" treatment does not apply. The comments apply only to Shareholders who are the absolute beneficial owners of their Ordinary Shares and the dividends payable on them and who hold their Ordinary Shares as investments (and not as securities to be realised in the course of a trade).

The comments below may not apply to certain categories of Shareholder such as dealers in securities, insurance companies and collective investment schemes, Shareholders who are exempt from taxation and Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of any office or employment. Such persons may be subject to special rules.

Prospective investors are strongly advised to consult their own professional advisers on the tax implications of acquiring, holding and disposing of shares specific to the prospective investor's own tax status and circumstances.

2 The Company

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies the conditions necessary for it to be approved by HMRC as an investment trust. However, neither the Investment Manager nor the Directors can guarantee that this approval will be granted or maintained. In respect of each accounting period for which the Company is and continues to be approved by HMRC as an investment trust, the Company is subject to UK corporation tax on its income in the normal way but is not subject to tax on any gains.

Approved investment trusts are able to elect to take advantage of modified UK tax treatment in respect of their "qualifying interest income" (QII) for each relevant accounting period (referred to here as the "streaming" regime). Under such treatment, the approved investment trust company can designate as an "interest distribution" all or part of the amount it distributes to Shareholders as dividends, up to the maximum amount of QII received in a particular accounting period. The modified tax framework allows an investment trust with income from interest bearing and certain economically similar assets to receive a tax deduction for any interest distributions made, effectively removing any corporation tax liability that would otherwise arise on interest and similar income.

Where an investment trust makes an interest distribution, this income will be treated as the receipt of a payment of interest in the hands of the investor.

It is expected that the majority of the Company's income will be dividend income, rather than QII.

In principle, the Company will be liable to UK corporation tax on its dividend income. However, there are broad-ranging exemptions from this charge which would be expected to be applicable in respect of most dividends it receives.

3 Shareholders

Taxation of dividends – individuals

(A) Dividend income

The analysis below is based on current legislation. It was announced as part of Summer Budget 2015 that the dividend tax credit will be abolished with effect from April 2016 and replaced with a new dividend tax allowances of £5,000 per annum. The draft legislation has yet to be published, and it is not yet currently clear whether the proposed changes will apply to dividends paid by the Company.

The following statements in this section (A) summarise the expected UK tax treatment for individual Shareholders who receive dividends in respect of their Ordinary Shares which are not subject to the streaming regime.

The Company is not required to withhold UK tax when paying a dividend on the Ordinary Shares.

A UK resident individual Shareholder who receives a dividend from the Company on the Ordinary Shares will be entitled to a tax credit equal to one-ninth of the dividend received. The dividend received plus the related tax credit (the “**gross dividend**”) will form part of the Shareholder’s total income for UK income tax purposes and will, generally, fall to be taxed as the top slice of that income. The tax credit (which equates to 10 per cent. of the gross dividend) will be set off against the tax chargeable on the gross dividend.

Basic rate taxpayers

A UK resident individual Shareholder who is liable to income tax only at the basic rate will be subject to tax on the gross dividend at the rate of 10 per cent. The tax credit will, therefore, satisfy in full such a Shareholder’s liability to income tax in respect of the dividend.

Higher rate taxpayers

A UK resident individual Shareholder for whom the gross dividend falls between the thresholds for the higher and additional rates of income tax will, to that extent, be subject to tax on the gross dividend at a rate of 32.5 per cent. The tax credit will, therefore, satisfy in full such a Shareholder’s liability to income tax in respect of the dividend. After taking account of the tax credit, the Shareholder will be taxed at an effective rate of income tax of 25 per cent. of the cash dividend received.

Additional rate taxpayers

A UK resident individual Shareholder for whom the gross dividend falls above the threshold for the additional rate of income tax will, to that extent, be subject to tax on the gross dividend at a rate of 37.5 per cent. The tax credit will, therefore, satisfy in full such a Shareholder’s liability to income tax in respect of the dividend. After taking account of the tax credit, the Shareholder will be taxed at an effective rate of income tax of approximately 30.56 per cent. of the cash dividend received.

No payment of tax credit

A UK resident individual Shareholder who is not liable to income tax in respect of the gross dividend will not be entitled to claim repayment of the tax credit.

(B) “Interest distributions”

The following statements in this section (B) summarise the expected UK tax treatment for individual Shareholders who receive dividends in respect of their Ordinary Shares which are designated as interest distributions and thus subject to the streaming regime.

If the Directors were to elect for the streaming regime to apply, a UK resident individual Shareholder receiving a dividend designated by the Company as an interest distribution would be treated for tax purposes as receiving a payment of interest. Such distributions would generally be paid to the individual Shareholder after the deduction at source of 20 per cent. income tax. Such a Shareholder would be subject to UK income tax at the rates of 20 per cent., 40 per cent. or 45 per cent., depending on the level of the Shareholder’s income. As such, a basic rate taxpayer will be treated as receiving yearly interest with no further tax to pay. Higher and additional rate taxpayers will have a further liability to income tax to account for.

An individual Shareholder who is not UK tax resident should generally be entitled to receive dividends designated as interest distributions without deduction of UK tax, provided the Company has received the necessary declarations of non-residence.

Taxation of dividends – companies

(A) Dividend income

The following statements in this section (A) summarise the expected UK tax treatment for Shareholders within the charge to UK corporation tax who receive dividends in respect of their Ordinary Shares which are not subject to the streaming regime.

The Company is not required to withhold UK tax when paying a dividend on the Ordinary Shares.

Shareholders within the charge to UK corporation tax which are “small companies” (for the purposes of UK taxation of dividends) will not generally be subject to UK corporation tax on dividends paid by the Company on the Ordinary Shares.

Other Shareholders within the charge to UK corporation tax will not be subject to corporation tax on dividends paid by the Company on the Ordinary Shares so long as the dividends fall within an exempt class and certain conditions are met. Although it is likely that dividends paid by the Company on the Ordinary Shares would qualify for exemption from corporation tax, it should be noted that the exemption is not comprehensive and is subject to anti-avoidance rules. Shareholders should therefore consult their own professional advisers where necessary.

(B) “Interest distributions”

The following statements in this section (B) summarise the expected UK tax treatment for Shareholders within the charge to UK corporation tax who receive dividends in respect of their Ordinary Shares which are designated as interest distributions and thus subject to the streaming regime.

The Company will not generally be required to withhold UK tax when paying a dividend on the Ordinary Shares where the recipient of the dividend is a company (whether or not the company is resident in the UK for tax purposes).

If the Directors were to elect for the streaming regime to apply, a Shareholder within the charge to UK corporation tax receiving a dividend designated by the Company as an interest distribution would be treated for tax purposes as receiving interest under a creditor loan relationship. Accordingly, such a Shareholder would be subject to corporation tax in respect of the distribution.

Taxation of disposals

A disposal of Ordinary Shares by a Shareholder who is resident in the UK for tax purposes may, depending on the Shareholder’s circumstances, and subject to any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of UK taxation of chargeable gains.

UK resident individuals are, for each tax year, entitled to an annual exemption from capital gains tax for a specified amount of gains realised in that tax year. The current annual exempt amount (for tax year 2015/16) is £11,100.

For Shareholders within the charge to corporation tax, indexation allowance may reduce the amount of any chargeable gain arising on a disposal of Ordinary Shares (but cannot give rise to or increase the amount of an allowable capital loss).

Shareholders that are not resident in the UK for tax purposes (and not only temporarily non-resident) will not generally be subject to UK taxation of chargeable gains on a disposal of their Ordinary Shares, provided that their Ordinary Shares are not and have not been acquired, held or used in or for the purposes of any trade, profession or vocation carried on by the Shareholder in the UK through a branch, agency or permanent establishment. It should however be noted that, in certain circumstances, an individual Shareholder who is only temporarily non-UK resident may, on re-establishing UK tax residence, be subject to capital gains tax in respect of disposals which occurred in the period of temporary non-residence.

ISAs

Ordinary Shares acquired pursuant to the Offer for Subscription or in the secondary market (but not Ordinary Shares acquired directly under the Initial Placing or the Placing Programme) should qualify for inclusion in an ISA, subject to applicable subscription limits. Investments held in ISAs will not be subject to UK capital gains or income tax. Individuals wishing to invest in Ordinary Shares through an ISA should contact their professional advisers.

Inheritance tax

The Ordinary Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax even if the holder is not domiciled or deemed to be domiciled in the UK. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit.

Special rules also apply to close companies and to trustees of settlements who hold Ordinary Shares, potentially bringing them within the charge to inheritance tax. Shareholders should consult an appropriate tax adviser if they intend to make a gift or transfer of Ordinary Shares at less than market value or intend to hold any Ordinary Shares through trust arrangements.

Stamp Duty and Stamp Duty Reserve Tax

The following comments in relation to UK stamp duty and SDRT apply to Shareholders wherever they are resident or domiciled. They are intended only as a general guide and (except to the extent stated) do not relate to persons such as market makers, brokers, dealers, intermediaries or persons connected with depository arrangements or clearance services, to whom special rules may apply.

The Offer for Subscription, the Initial Placing and the Placing Programme

The issue of Ordinary Shares pursuant to the Offer for Subscription, the Initial Placing and the Placing Programme will not give rise to stamp duty or SDRT.

Subsequent transfers of Ordinary Shares

Stamp duty at the rate of 0.5 per cent. (rounded up to the nearest £5) of the amount or value of the consideration given will generally be payable in respect of an instrument transferring Ordinary Shares. An exemption from stamp duty is available for instruments transferring shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected by it does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

A charge to SDRT will also arise in respect of an unconditional agreement to transfer Ordinary Shares (at the rate of 0.5 per cent. of the amount or value of the consideration for the Ordinary Shares). However, if an instrument of transfer is executed in pursuance of the agreement within six years of the date on which the agreement became unconditional, the SDRT charge will generally be cancelled and any SDRT which has already been paid can generally be reclaimed.

The liability to pay stamp duty or SDRT is normally satisfied by the purchaser or transferee.

Ordinary Shares held through CREST

Paperless transfers of Ordinary Shares within CREST are generally subject 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 system. Deposits of Shares into CREST will generally not be subject to SDRT or stamp duty, unless the transfer into CREST is itself for consideration in money or money's worth, in which case a liability to SDRT will arise, usually at the rate of 0.5 per cent. of the amount or value of the consideration.

Ordinary Shares held through clearance services or depository receipt arrangements

Special rules apply where Ordinary Shares are issued or transferred to, or to a nominee or agent for, either a person whose business is or includes issuing depository receipts within Section 67 or Section 93 of the Finance Act 1986 or a person providing a clearance service within Section 70 or Section 96 of the Finance Act 1986, under which SDRT or stamp duty may be charged at a rate of 1.5 per cent.

Following litigation, HMRC have confirmed that they will no longer seek to apply the 1.5 per cent. SDRT charge on an issue of shares into a clearance service or depository receipt arrangement on the basis that the charge is not compatible with EU law. HMRC's view is that the 1.5 per cent. SDRT or stamp duty charge will continue to apply to transfers of shares into a clearance service or depository receipt arrangement unless they are an integral part of an issue of share capital. This view is currently being challenged in further litigation.

Ordinary Shares registered on the South African register

No UK stamp duty will be payable on the transfer on sale of Ordinary Shares registered on the South African register, provided the instrument of transfer is executed outside the UK.

An agreement to transfer Ordinary Shares registered on the South African register may give rise to a charge to SDRT, normally (and subject to the higher rate applicable on an agreement to transfer to a provider of clearance services or the issuer of depository receipts as described above) at the rate of 0.5 per cent. of the amount or value of consideration given for the Ordinary Shares. Any

such liability to SDRT at the rate of 0.5 per cent. (excluding any liability at the higher rate applicable to an agreement to transfer to a provider of clearance services or the issuer of depositary receipts as described above) will be cancelled and any SDRT already paid will be repaid, generally with interest, if an instrument of transfer is executed and (if executed in the United Kingdom) duly stamped in pursuance of the agreement within six years of the date on which the liability to SDRT arises.

Notwithstanding the above, it is understood that the 1.5 per cent. SDRT rate does not apply in respect of Ordinary Shares entering the Strate system and HMRC guidance confirms that no charge to SDRT will arise on transfers of Ordinary Shares held within the Strate system.

Information reporting

The UK has entered into international agreements with a number of jurisdictions which provide for the exchange of information in order to combat tax evasion and improve tax compliance. These include, but are not limited to, an Inter-governmental Agreement with the US in relation to FATCA and International Tax Compliance Agreements with Guernsey, Jersey, the Isle of Man and Gibraltar and with effect from 1 January 2016, will include agreements which, under OECD proposals, can be referred to as the Common Reporting Standard. In connection with such international agreements the Company may, among other things, be required to collect and report to HMRC certain information regarding Shareholders and other account holders of the Company and HMRC may pass this information on to tax authorities in other jurisdictions in accordance with the relevant international agreements.

Base erosion and profit shifting

The OECD's Action Plan on Base Erosion and Profit Shifting ("BEPS") was published in 2013 and addressed the need to tackle perceived flaws in international tax rules. It sets forth 15 actions to counter BEPS in a comprehensive and coordinated way. These actions will result in fundamental changes to the international tax standards and are based on three core principles: coherence, substance, and transparency. At this time, it is unclear precisely how international tax structuring will be affected by BEPS.

The application to / impact on collective investment vehicles is not yet clear, but key issues for the Company are expected to be:

- Action 2 which seeks to eliminate cross border tax advantages arising from the mismatch of the tax treatments for certain hybrid instruments and entities.
- Action 4 which seeks to provide a consistent approach to tax relief for financing costs and may restrict interest deductions.
- Action 6 which seeks to curb treaty "abuse" by potentially restricting who is able to claim double tax treaty benefits.
- Action 7 which seeks to address situations where multi-nationals fragment their operations to meet exemptions from permanent establishment rules, and so shift taxable profits to lower tax jurisdictions.

South African Taxation

4 General

The comments below are based on the current South African Income Tax law as contained in the Income Tax Act no 58 of 1962 ("the Act") and international tax principles. These principles are subject to change occasioned by future legislative amendments and court decisions. The comments do not constitute tax advice and are intended only as a guide to certain South African tax treatment of Shareholder's who for South African tax purposes are resident in and, in the case of individuals, domiciled in South Africa.

The comments apply only to Shareholders who are the absolute beneficial owners of the ordinary shares and dividends payable to them.

These comments are limited to Shareholders who hold the Ordinary Shares as investments (and not as securities to be realised in the course of a trade).

These comments do not apply to certain categories of Shareholders' such as:

- (a) Dealers in securities;

- (b) Insurance companies;
- (c) Collective investment schemes;
- (d) Exempt Shareholders'; and
- (e) Shareholders' who have acquired shares through employment.

Prospective investors who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than South Africa are strongly advised to consult their own professional advisers.

5 Shareholders

(A) Dividends which are not designated as “interest distributions”

The following statements in this section (A) summarise the expected South African tax treatment for individual and company Shareholders who receive foreign dividends in respect of their Ordinary Shares which are not subject to the streaming regime.

A foreign dividend will be received by the individual and company shareholders in foreign currency.

In order to determine the amount to be included in the individual's gross income, the dividend should be translated into Rands by electing the spot rate on the date on which that amount was so received or accrued or the average exchange rate for the applicable year of assessment.

The foreign dividend received by a company should be translated into Rands by using the spot rate on the date on which that amount was so received or accrued.

Individual shareholders

Where an individual receives a foreign dividend which relates to a listed share (i.e. a share listed on the JSE), the foreign dividend is exempt from normal tax. However, this exemption will not apply to distributions of an asset *in specie*.

Company shareholder

Where a company receives a foreign dividend which relates to a listed share (i.e. a share listed on the JSE), the foreign dividend is exempt from normal tax. This exemption will also apply to distributions of an asset *in specie*.

Imposition of South African Dividend Withholding Tax

South Africa dividend withholding tax (“DWT”) is a tax at the Shareholder level. A dividend (which includes a foreign dividend from a listed company) is subject to DWT in terms of the Act at a rate of 15 per cent. of the amount declared. It is important to note whilst that the DWT falls upon the shareholder, the duty to withhold the tax is imposed at the corporate level (i.e. it is the company declaring the dividend that is responsible for withholding the DWT).

A regulated intermediary (i.e. the institution acting on behalf of the Company in respect of the shares listed on the JSE) that pays a dividend that was declared by the Company must withhold DWT from that payment unless the beneficial owner of that share is exempt in terms of section 64F of the Act and the various declaration requirements are met.

Individuals will not be exempt from DWT and therefore the regulated intermediary will have an obligation to withhold DWT from dividends paid to these investors. Special rebate provisions would apply if UK withholding tax was levied on the dividend distributed. However, since there is no UK withholding tax imposed upon dividend distributions made by the Company, there is no corresponding tax rebate.

South African resident companies are exempt from DWT, which includes a foreign dividend declared in respect of a listed share (i.e. listed on the JSE) and provided the foreign dividend does not consist of a distribution of an asset *in specie*. In order to apply the exemption, the beneficial owners (the South African tax resident company) will need to inform the distributing company of their exempt status by submitting Declaration and Undertaking (Exemption from Tax) forms to the Company stating that they are exempt from DWT.

Table A

Dividend distributions				
Nature of Shareholder	SA Tax		UK Tax	Effective tax rate
	<i>Dividend taxed as income</i>	<i>DWT</i>	<i>Withholding tax</i>	
Company	Exempt	Exempt	0%	0%
Individual	Exempt	15%	0%	15%

(B) “Interest distributions”

The following statements in this section (B) summarise the expected South African tax treatment for an individual and company Shareholders who receive dividends in respect of their Ordinary Shares which are designated as interest distributions and thus subject to the streaming regime. The interest distribution will not constitute a foreign dividend for South African tax purposes, for the reason that such distribution will be deductible in the hands of the Company when determining its UK tax liability.

An interest distribution will be treated as gross income, as it is an amount received or accrued to the SA individual or company shareholders. This will be included in their taxable income and taxed at their marginal tax rates for individuals and at 28 per cent. for companies. The amount will be received in foreign currency and as stated above, there are certain rules to translate the foreign currency amount received into Rands for South African tax purposes for both individuals and companies.

There is no UK withholding tax on this amount distributed and therefore no corresponding tax credit for the shareholders.

Table B

Dividends designated as interest distributions			
Nature of Shareholder	SA Tax	UK Tax	Effective tax rate
Company	28%	0%	28%
Individual	41% (assume maximum rate of tax)	0%	41%

Taxation of disposals

South African taxpayers are subject to tax on their world-wide income including gains and losses on the sale of any assets.

Capital gains can be taxed up to the following effective tax rates:

Individuals – up to a maximum of 13.6 per cent.

Companies – approx. 18.6 per cent.

In South Africa, capital gains tax (“CGT”) is levied on a portion of the net capital gain made on the disposal or deemed disposal of an asset. A capital gain or loss is calculated as the difference between the proceeds realised on the disposal of an asset (e.g. shares in the Company) and what is termed the “base cost” of that asset.

One must determine the base cost of the asset concerned. The expenditure must be “actually incurred” in order for it to be considered as part of the base cost of the asset acquired. It follows that the base cost of the listed share (ordinary shares subscribed for in the Company) will be the expenditure that is actually incurred by the South African investor to acquire the listed share.

For South African resident investors (regardless of the percentage of their holding in the Company), the capital gains derived by South African resident company will be subject to South African CGT at an effective rate of approximately 18.6 per cent.; and for individual investors, the statutory tax rate is currently 0 per cent. to 41 per cent. and CGT is calculated at 33.3 per cent. of their net capital gain for the year (i.e. the maximum effective tax rate is 13.6 per cent.).

South African residents can disregard any capital gains or losses made on the disposal of equity shares in a foreign company, provided the following requirements are met:

- The person disposing the shares held at least 10 per cent. of the equity shares and voting rights for at least 18 months prior to the sale; and
- The shares are disposed to a non-resident of South Africa (not being a controlled foreign company) for an amount that is equal to or exceeds the market value of the interest and to a person whom is not considered to be connected to the company/individual disposing of the shares.

If the above requirements are met, there will be no South African tax consequences on such a disposal for the company or individual South African resident.

The UK should not have taxing rights on disposal of shares in the Company under the DTA between South Africa and the UK unless the shares are attributable to a permanent establishment in the UK, of the South African tax resident.

Securities transfer tax implications

There must be levied and paid securities transfer tax (“**STT**”) in respect of every transfer (which includes the transfer, sale, assignment or cession, or disposal in any other manner of a security or the cancellation or redemption of that security) of any security issued, by amongst other, a company incorporated, established or formed outside South Africa and listed on an exchange, at the rate of 0.25 per cent. of the taxable amount of that security. The concept of “security” is as any share or depository receipt in a company.

Insofar as the listed shares in the Company can be said to constitute a share for purposes of the STT Act, then a disposal of such listed shares by the South African investors may result in a STT charge, subject to certain exemptions.

In the case of a listed security, a member or participant may recover the amount of the tax payable by that member or participant in respect of the transfer of that security from the person to whom that security is transferred; or that cancels or redeems that security.

Part IX

Additional Information

1 The Company and the Investment Manager

- 1.1 The Company was incorporated in England and Wales on 9 January 2015 with registered number 09382477 as a private company limited by shares under the Act. The Company was re-registered as a public company limited by shares on 30 October 2015. The Company is registered as an investment company under section 833 of the Act. Since its incorporation the Company has not commenced operations (other than entry into of the material contracts referred to in paragraph 7 of this Part IX), has not declared any dividend. Financial statements have been prepared from the period from incorporation to 30 September 2015, during which the Company was dormant. The Company is domiciled in England and Wales and currently has no employees.
- 1.2 The principal activity of the Company is to invest in property in Continental Europe with a view to achieving the Company's investment objective.
- 1.3 As at the date of this document, the Company has no subsidiaries.
- 1.4 The Company operates under the Act and is not regulated as a collective investment scheme by the FCA. Its registered office and principal place of business is 31 Gresham Street, London EC2V 7QA. The Company's telephone number is +44 (0) 20 7658 6000. As at the date of this document, the Company does not own or lease any property.
- 1.5 As a Company with its shares admitted to the premium segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities as a primary listing and to the JSE's main board for listed securities as a secondary listing, the Company will be subject to the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules, to the rules of the London Stock Exchange and to the JSE Listings Requirements (to the extent applicable to secondary listed companies).
- 1.6 There is no government protection or investment encouragement law affecting the Company.
- 1.7 The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. In summary, the key conditions that must be met for approval by HMRC for any given accounting period as an investment trust are that:
 - all or substantially all of the business of the Company is investing its funds in shares, land or other assets with the aim of spreading investment risk and giving members the benefit of the results of the management of its funds;
 - the Company is not a close company at any time during the accounting period for which approval is sought;
 - the Company is resident in the UK throughout that accounting period;
 - the Company's ordinary share capital is admitted to trading on a regulated market throughout the accounting period; and
 - the Company must not retain in respect of the accounting period an amount greater than the higher of: (a) 15 per cent. of its income for the period; and (b) the amount of any income which the Company is required to retain in respect of the period by virtue of a restriction imposed by law. However, where the Company has relevant accumulated losses brought forward from previous accounting periods of an amount equal to or greater than the higher of the amounts mentioned in (a) and (b) above, it may retain an amount equal to the amount of such losses.
- 1.8 The Investment Manager is a limited liability company registered in England and Wales with number 01188240. The Investment Manager is authorised and regulated by the FCA. The address of the registered office of the Investment Manager is 31 Gresham Street, London, EC2V 7QA and its telephone number is +44 20 7658 6000. The Investment Manager, as the Company's AIFM, will cover potential professional liability risks resulting from its activities as AIFM by holding professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered, in accordance with the AIFM Rules.

2 Share Capital

2.1 On incorporation, the issued share capital of the Company was £1.00 represented by one ordinary share with a nominal value of £1.00, held by the subscriber to the Company's memorandum of association. On 29 October 2015, this ordinary share was subdivided into 10 Ordinary Shares with a nominal value of £0.10 each.

2.2 Set out below is the issued share capital of the Company as at the date of this document:

	Nominal Value (£)	Number
Management Shares	50,000	50,000
Ordinary Shares	1	10

The Ordinary Shares are fully paid up. To enable the Company to re-register as a public company limited by shares, on 29 October 2015, 50,000 Management Shares were allotted to Leadenhall Securities Corporation Limited, a wholly-owned subsidiary of Schroders plc, against its irrevocable undertaking to pay £1 in cash for each such share on or before the date of First Admission (unless First Admission does not become effective by 1 July 2016, in which case it undertook to pay up or procure payment of, the nominal value of all such shares in cash on or before 1 July 2016). The Management Shares are fully paid and will be redeemed in full out of the proceeds of the Initial Placing and Offer.

2.3 Set out below is the issued share capital of the Company as it will be following completion of the Initial Placing and Offer (assuming that the Initial Placing and Offer is subscribed as to £150 million Ordinary Shares):

	Nominal Value (£)	Number
Ordinary Shares	15,000,000	150,000,000

Set out below is the issued share capital of the Company as it will be following completion of the Placing Programme (assuming that the Initial Placing and Offer is subscribed as to 150 million Ordinary Shares and the Placing Programme is subscribed as to 100 million Ordinary Shares):

	Nominal Value (£)	Number
Ordinary Shares	25,000,000	250,000,000

All Ordinary Shares will be fully paid. The Company will not have any treasury shares before or immediately after the Initial Placing and Offer. All Ordinary Shares shall rank *pari passu* with each other and in respect of dividends and other distributions made.

2.4 By special resolutions passed on 6 November 2015:

(A) the Directors were generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal amount of £25,000,000 in connection with the Initial Placing and Offer and the Placing Programme, such authority will expire on the date falling 18 months after the date on which the resolution was passed, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of shares in pursuance of such an offer or agreement as if such authority had not expired;

(B) the Directors were generally empowered (pursuant to section 570 of the Act) to allot Ordinary Shares for cash pursuant to the authority referred to in paragraph 2.4(A) above as if section 561 of the Act did not apply to any such allotment, such authority will expire on the date falling 18 months after the date on which the resolution was passed, 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 equity securities in pursuance of such offer or agreement as if the power had not expired;

- (C) the Company was authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares, provided that the maximum number of Ordinary Shares authorised to be purchased is 14.99 per cent. of the issued Ordinary Shares immediately following First Admission. The minimum price which may be paid for an Ordinary Share is £0.10. The maximum price which may be paid for an Ordinary Share must not be more than the higher of (i) 5 per cent. above the average of the mid-market values of the Ordinary Shares for the five Business Days before the purchase is made or (ii) the higher of the price of the last independent trade and the highest current independent bid for the Ordinary Shares. Such authority will expire on the date falling 18 months after the date on which the resolution was passed save that the Company may contract to purchase its Ordinary Shares under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority and may purchase its Ordinary Shares in pursuance of such contract; and
 - (D) the Company resolved that, conditional upon First Admission and the approval of the Court, the amount standing to the credit of the share premium account of the Company immediately following completion of the Initial Placing and Offer be cancelled.
- 2.5 In accordance with the authority referred to in paragraph 2.4(A) above, it is expected that the Ordinary Shares in respect of the Initial Placing and Offer will be allotted pursuant to a resolution of the Board to be passed shortly before, and conditional upon, First Admission.
 - 2.6 The provisions of section 561 of the Act (which, to the extent not disapplied pursuant to section 570 or section 573 of the Act, confer on Shareholders rights of pre-emption in respect of the allotment or sale of equity securities for cash) shall apply to any unissued share capital of the Company, except to the extent disapplied by the resolution referred to in paragraph 2.4(B) above.
 - 2.7 Save as disclosed in this paragraph 2, since the date of its incorporation: (i) there has been no alteration in the share capital of the Company; (ii) no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued for cash or any other consideration; and (iii) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital and no share or loan capital of the Company is under option or agreed, conditionally or unconditionally, to be put under option.
 - 2.8 The Ordinary Shares, expected to be issued on 9 December 2015 in the case of the Initial Placing and Offer and in the period from 10 December 2015 to 10 November 2016 in the case of the Placing Programme, will be in registered form. Temporary documents of title will not be issued.

3 Articles of Association

A summary of the main provisions of the Articles are set out below.

3.1 Objects

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

3.2 Variation of rights

Subject to the provisions of the Act and every other statute for the time being in force concerning companies and affecting the Company (the "**Statutes**"), if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class may be varied either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class (but not otherwise) and may be so varied either whilst the Company is a going concern or during or in contemplation of a winding-up. At every such separate general meeting the necessary quorum shall be at least two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question (but at any adjourned meeting any holder

of shares of the class present in person or by proxy shall be a quorum), any holder of shares of the class present in person or by proxy may demand a poll and every such holder shall on a poll have one vote for every share of the class held by him. Where the rights of some only of the shares of any class are to be varied, the foregoing provisions apply as if each group of shares of the class differently treated formed a separate class whose rights are to be varied.

3.3 *Alteration of share capital*

The Company may by ordinary resolution:

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

3.4 *Issue of shares*

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

3.5 *Dividends*

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

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

All dividends unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and so that the Company shall not thereby be constituted a trustee in respect thereof. If any dividend shall have remained unclaimed for at least twelve years after the same became payable the Board may forfeit the same, and after such forfeiture no member or other person shall have any right to or claim in respect of such dividend.

3.6 *Voting rights*

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

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

3.7 **Transfer of shares**

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

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

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

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

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

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

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

3.8 **Distribution of assets on a winding-up**

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

or any part of the assets in trustees upon such trusts for the benefit of the shareholders as he may with the like sanction determine, but no shareholder shall be compelled to accept any shares or other securities upon which there is a liability.

3.9 *Restrictions on rights: failure to respond to a section 793 notice*

If a shareholder, or any other person appearing to be interested in shares held by that shareholder, fails to provide the information requested in a notice given to him under section 793 of the Act by the Company in relation his interest in shares (the “**default shares**”) within 28 days of the notice (or, where the default shares represent at least 0.25 per cent. of their class, 14 days of the notice), sanctions shall apply unless the Directors determine otherwise. The sanctions available are the suspension of the right to attend or vote (whether in person or by representative or proxy) at any general meeting or any separate meeting of the holders of any class or on any poll and, where the default shares represent at least 0.25 per cent. of their class (excluding treasury shares), the withholding of any dividend payable in respect of those shares and the restriction of the transfer of those shares (subject to certain exceptions).

3.10 *Untraced shareholders*

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

3.11 *Appointment of Directors*

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

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

3.12 *Powers of Directors*

The business of the Company shall be managed by the Directors who, subject to the provisions of the Articles and to any directions given by special resolution to take, or refrain from taking, specified action, may exercise all the powers of the Company.

Any Director may appoint any other Director, or any other person approved by resolution of the Directors and willing to act and permitted by law to do so, to be an alternate Director.

3.13 *Borrowings*

The Board on behalf of the Company may exercise all the powers of the Company to borrow money, to indemnify, to guarantee and to mortgage or charge its undertaking property and uncalled capital and (subject to the provisions of the Statutes regarding authority to allot debentures convertible into shares) to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

3.14 *Voting at board meetings*

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

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

3.15 *Restrictions on voting*

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

3.16 *Directors' interests*

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

3.17 *Indemnity*

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

3.18 *General meetings*

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

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

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

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

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

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

3.19 C Shares and Deferred Shares

The rights and restrictions attaching to the C Shares and the Deferred Shares arising on their conversion are summarised below.

(I) The following definitions apply for the purposes of this paragraph 3.19 only:

Calculation Date means the earliest of the:

- (i) close of business on the date to be determined by the Directors occurring not more than 10 Business Days after the day on which the Investment Manager shall have given notice to the Directors that at least 90 per cent. of the Net Proceeds (or such other percentage as the Directors and Investment Manager shall agree) shall have been invested; or
- (ii) close of business on the date falling nine calendar months after the allotment of the C Shares or if such a date is not a Business Day the next following Business Day; or
- (iii) close of business on the day on which the Directors resolve that Force Majeure Circumstances have arisen or are imminent;

Conversion means conversion of the C Shares into Ordinary Shares and Deferred Shares in accordance with paragraph (VIII) below;

Conversion Date means the close of business on such Business Day as may be selected by the Directors falling not more than 10 Business Days after the Calculation Date;

Conversion Ratio is the ratio of the net asset value per C Share to the net asset value per Ordinary Share, which is calculated as:

$$\begin{aligned}\text{Conversion Ratio} &= \frac{A}{B} \\ A &= \frac{C - D}{E} \\ B &= \frac{F - C - G + D}{H}\end{aligned}$$

Where:

C is the aggregate of:

- (a) the value of the investments of the Company attributable to the C Shares calculated by reference to the Directors' belief as to an appropriate current value for those investments on the Calculation Date after taking into account any price publication services reasonably available to the Directors; and
- (b) the amount which, in the Directors' opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company attributable to the C Shares (excluding the investments valued under (a) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature);

D is the amount (to the extent not otherwise deducted from the assets attributable to the C Shares) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company attributable to the C Shares on the Calculation Date;

E is the number of C Shares in issue on the Calculation Date;

F is the aggregate of:

- (a) the value of all the investments of the Company calculated by reference to the Directors' belief as to an appropriate current value for those investments on the Calculation Date after taking into account any price publication services reasonably available to the Directors; and

- (b) the amount which, in the Directors' opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company (excluding the investments valued under (a) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature);

G is the amount (to the extent not otherwise deducted in the calculation of F) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company on the Calculation Date; and

H is the number of Ordinary Shares in issue on the Calculation Date (excluding any Ordinary Shares held in treasury),

provided that the Directors shall make such adjustments to the value or amount of A and B as the Auditors shall report to be appropriate having regard among other things, to the assets of the Company immediately prior to the date on which the Company first receives the Net Proceeds relating to the C Shares and/or to the reasons for the issue of the C Shares;

Deferred Shares means deferred shares of 1 penny each in the capital of the Company arising on Conversion;

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

Force Majeure Circumstances means (i) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable; (ii) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue the 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; and

Net Proceeds means the net cash proceeds of the issue of the C Shares (after deduction of those commissions and expenses relating thereto and payable by the Company).

References to the Auditors confirming any matter should be construed to mean confirmation of their opinion as to such matter whether qualified or not.

References to ordinary shareholders, C shareholders and deferred shareholders should be construed as references to holders for the time being of Ordinary Shares, C Shares and Deferred Shares respectively.

- (II) The holders of the Ordinary Shares, the C Shares and the Deferred Shares shall, subject to the provisions of the Articles, have the following rights to be paid dividends:
 - (a) the Deferred Shares (to the extent that any are in issue and extant) shall entitle the holders thereof to a cumulative annual dividend at a fixed rate of one per cent. of the nominal amount thereof, the first such dividend (adjusted *pro rata temporis*) (the "**Deferred Dividend**") being payable on the date six months after the Conversion Date on which such Deferred Shares were created in accordance with paragraph (VIII) (the "**Relevant Conversion Date**") and on each anniversary of such date payable to the holders thereof on the register of members on that date as holders of Deferred Shares but shall confer no other right, save as provided herein, on the holders thereof to share in the profits of the Company. The Deferred Dividend shall not accrue or become payable in any way until the date six months after the Conversion Date and shall then only be payable to those holders of Deferred Shares registered in the register of members of the Company as holders of Deferred Shares on that date. It should be noted that given the proposed repurchase of the Deferred Shares as described below, it is not expected that any dividends will accrue or be paid on such shares;

- (b) the C Shareholders shall be entitled to receive in that capacity such dividends as the Directors may resolve to pay out of net assets attributable to the C Shares and from income received and accrued which is attributable to the C Shares;
 - (c) the Existing Ordinary Shares shall confer the right to dividends declared in accordance with the Articles;
 - (d) the Ordinary Shares into which C Shares shall convert shall rank *pari passu* with the Existing Ordinary Shares for dividends and other distributions made or declared by reference to a record date falling after the Calculation Date; and
 - (e) no dividend or other distribution shall be made or paid by the Company on any of its shares (other than any Deferred Shares for the time being in issue) between the Calculation Date and the Conversion Date relating to such C Shares (both dates inclusive) and no such dividend shall be declared with a record date falling between the Calculation Date and the Conversion Date (both dates inclusive).
- (III) The holders of the Ordinary Shares, the C Shares and the Deferred Shares shall, subject to the provisions of the Articles, have the following rights as to capital:
- (a) the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares) at a time when any C Shares are for the time being in issue and prior to the Conversion Date be applied amongst the holders of the Existing Ordinary Shares *pro rata* according to the nominal capital paid up on their holdings of Existing Ordinary Shares, after having deducted therefrom an amount equivalent to (C-D) using the methods of calculation of C and D given in the definition of Conversion Ratio, which amount shall be applied amongst the C shareholders *pro rata* according to the nominal capital paid up on their holdings of C Shares. For the purposes of this paragraph (III)(a) the Calculation Date shall be such date as the liquidator may determine; and
 - (b) the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares) at a time when no C Shares are for the time being in issue be applied as follows:
 - (i) first, if there are Deferred Shares in issue, in paying to the deferred shareholders one pence in aggregate in respect of every one million Deferred Shares (or part thereof) of which they are respectively the holders; and
 - (ii) secondly, the surplus shall be divided amongst the ordinary shareholders *pro rata* according to the nominal capital paid up on their holdings of Ordinary Shares.
- (IV) As regards voting:
- (a) the C Shares shall carry the right to receive notice of and to attend and vote at any general meeting of the Company. The voting rights of holders of C Shares will be the same as that applying to holders of Existing Ordinary Shares as set out in the Articles as if the C Shares and Existing Ordinary Shares were a single class; and
 - (b) the Deferred Shares shall not carry any right to receive notice of nor to attend or vote at any general meeting of the Company.
- (V) The following shall apply to the Deferred Shares:
- (a) the C Shares shall be issued on such terms that the Deferred Shares arising upon Conversion (but not the Ordinary Shares arising on Conversion) may be repurchased by the Company in accordance with the terms set out herein;
 - (b) immediately upon Conversion, the Company shall repurchase all of the Deferred Shares which arise as a result of Conversion for an aggregate consideration of one pence for every 1,000,000 Deferred Shares and the notice referred to in paragraph (VIII)(b) below shall be deemed to constitute notice to each C Shareholder (and any person or persons having rights to acquire or acquiring C Shares on or after the Calculation Date) that the Deferred Shares shall be repurchased immediately upon Conversion for an aggregate consideration of one pence for each holding of

1,000,000 Deferred Shares. On repurchase, each Deferred Share shall be treated as cancelled in accordance with section 706 of the Act without further resolution or consent; and

- (c) the Company shall not be obliged to: (i) issue share certificates to the deferred shareholders in respect of the Deferred Shares; or (ii) account to any deferred shareholder for the repurchase moneys in respect of such Deferred Shares.
- (VI) Without prejudice to the generality of the Articles, for so long as any C Shares are for the time being in issue it shall be a special right attaching to the Existing Ordinary Shares as a class and to the C Shares as a separate class that without the sanction or consent of such holders given in accordance with the Company's Articles:
- (a) no alteration shall be made to the Articles of the Company;
 - (b) no allotment or issue will be made of any security convertible into or carrying a right to subscribe for any share capital of the Company other than the allotment or issue of further C Shares; and
 - (c) no resolution of the Company shall be passed to wind-up the Company.

For the avoidance of doubt but subject to the rights or privileges attached to any other class of shares, the previous sanction of a special resolution of the holders of Existing Ordinary Shares and C Shares, as described above, shall not be required in respect of:

- (i) the issue of further Ordinary Shares ranking *pari passu* in all respects with the Existing Ordinary Shares (otherwise than in respect of any dividend or other distribution declared, paid or made on the Existing Ordinary Shares by the issue of such further Ordinary Shares); or
 - (ii) the sale of any shares held as treasury shares (as such term is defined in section 724 of the Act) in accordance with sections 727 and 731 of the Act or the purchase or redemption of any shares by the Company (whether or not such shares are to be held in treasury).
- (VII) For so long as any C Shares are for the time being in issue, until Conversion of such C Shares and without prejudice to its obligations under applicable laws the Company shall:
- (a) procure that the Company's records, and bank and custody accounts shall be operated so that the assets attributable to the C Shares can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall, without prejudice to any obligations pursuant to applicable laws, procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares;
 - (b) allocate to the assets attributable to the C Shares such proportion of the income, expenses and liabilities of the Company incurred or accrued between the date on which the Company first receives the Net Proceeds and the Calculation Date relating to such C Shares (both dates inclusive) as the Directors fairly consider to be attributable to the C Shares; and
 - (c) give appropriate instructions to the Investment Manager to manage the Company's assets so that such undertakings can be complied with by the Company.
- (VIII) The C Shares for the time being in issue shall be sub-divided and converted into Ordinary Shares and Deferred Shares on the Conversion Date in accordance with the following provisions of this paragraph (VIII):
- (a) the Directors shall procure that within 10 Business Days of the Calculation Date:
 - (i) the Conversion Ratio as at the Calculation Date and the numbers of Ordinary Shares and Deferred Shares to which each C Shareholder shall be entitled on Conversion shall be calculated; and
 - (ii) the Auditors shall be requested to confirm that such calculations as have been made by the Company have, in their opinion, been performed in accordance with the Articles and are arithmetically accurate whereupon such calculations shall become final and binding on the Company and all holders of

the Company's shares and any other securities issued by the Company which are convertible into the Company's shares, subject to the proviso immediately after the definition of H in paragraph (I) above.

- (b) The Directors shall procure that, as soon as practicable following such confirmation and in any event within 10 Business Days of the Calculation Date, a notice is sent to each C shareholder advising such C shareholder of the Conversion Date, the Conversion Ratio and the numbers of Ordinary Shares and Deferred Shares to which such C shareholder will be entitled on Conversion.
- (c) On conversion each C Share shall automatically subdivide into 10 conversion shares of 1p each and such conversion shares of 1p each shall automatically convert into such number of Ordinary Shares and Deferred Shares as shall be necessary to ensure that, upon such Conversion being completed:
 - (i) the aggregate number of Ordinary Shares into which the same number of conversion shares of 1p each are converted equals the number of C Shares in issue on the Calculation Date multiplied by the Conversion Ratio (rounded down to the nearest whole Ordinary Share); and
 - (ii) each conversion share of 1p which does not so convert into an Ordinary Share shall convert into one Deferred Share.
- (d) The Ordinary Shares and Deferred Shares arising upon Conversion shall be divided amongst the former C shareholders *pro rata* according to their respective former holdings of C Shares (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to Ordinary Shares and Deferred 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).
- (e) Forthwith upon Conversion, the share certificates relating to the C Shares shall be cancelled and the Company shall issue to each former C Shareholder new certificates in respect of the Ordinary Shares which have arisen upon Conversion to which he or she is entitled. Share certificates in respect of the Deferred Shares will not be issued.
- (f) The Directors may make such adjustments to the terms and timing of Conversion as they in their discretion consider are fair and reasonable having regard to the interests of all Shareholders.

4 City Code on Takeovers and Mergers

4.1 Mandatory bid

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

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

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

4.2 Compulsory Acquisition

Under sections 974 to 991 of the Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to holders of outstanding shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company,

which would hold the consideration on trust for the holders of outstanding shares. The consideration offered to the holders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

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

5 Interests of Directors, major Shareholders and related party transactions

- 5.1 The Directors intend to subscribe for Ordinary Shares pursuant to the Initial Placing and Offer in the amount set out below:

Name	Number of Ordinary Shares	Per cent. of issued Ordinary Share capital*
Sir Julian Berney Bt.	10,000	Less than 0.01
Mark Patterson	10,000	Less than 0.01
Jonathan Thompson	10,000	Less than 0.01

**Assuming that the Initial Placing and Offer is subscribed as to 150 million Ordinary Shares. Includes direct and indirect beneficial holdings.*

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

As the Company has not concluded any transactions, no Directors had any interests in any transactions effected by the Company during the immediately preceding, or any earlier, financial year.

- 5.2 No Director has a service contract with the Company, nor are any such contracts proposed, each Director having been appointed pursuant to a letter of appointment entered into with the Company. The Directors' appointments can be terminated in accordance with the Articles and without compensation. The 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, among 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.

No person has any right (contractual or otherwise) relating to the appointment of any particular director or number of directors.

- 5.3 The Directors' current level of remuneration is £30,000 per annum for each Director other than the Chairman, who receives £35,000 per annum. The remuneration payable to Directors will not be varied as a result of the Initial Placing and Offer or any other transaction effected by the Company.

Until otherwise determined by the Company by Ordinary Resolution, there shall be paid to the Directors (other than alternate directors) such fees for their services in the office of director as the Directors may determine, not exceeding £500,000 per annum or such larger amount as the Company may by Ordinary Resolution decide, divided between the Directors as they may determine. Such remuneration shall be deemed to accrue from day to day.

If any Director, being willing and having been called upon to do so, shall render or perform extra or special services of any kind, including services on any Committee of the Board, or shall travel or reside abroad for any business or purposes of the Company, he shall be entitled to receive such sum as the Board may think fit for expenses, and also such remuneration as the Board may think fit, either as a fixed sum or as a percentage of profits or otherwise, and such remuneration may, as the Board shall determine, be either in addition to or in substitution for any other remuneration he may be entitled to receive.

There are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits.

- 5.4 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.
- 5.5 Over the five years preceding the date of this document, the Directors hold or have held the following directorships (apart from their directorships of the Company) or memberships of the following administrative, management or supervisory bodies and/or partnerships:

Name	Current	Previous
Sir Julian Berney Bt.	Consulting South East Ltd	Cityhold Property AB Stockwood Asset Managers
Mark Patterson	Article 25 Thai Children's Trust	CWB Capital Partners (Investments) Ltd CWB Capital Partners Ltd CWB Capital Partners (Nominees) Ltd
Jonathan Thompson	Argent (Kings Cross) Limited Argent (Paradise) Limited Argent (Piccadilly Gardens) Limited Argent (Property Development) Services LLP Argent (Stevenson Square) Limited Argent Brindleyplace Investment Limited Argent Estates Ltd Argent Group Developments PLC Argent Group Limited Argent Investments LLP Argent Kings Cross GP Limited Argent Kings Cross Nominee Limited Argent Piccadilly Place (No. 1) Limited Argent Piccadilly Place (No. 2) Limited Argent Projects No. 2 Partnership Argent Projects No.3 Partnership Argent Projects No4 GP limited Argent Projects No4 Nominee Limited Brindleyplace PLC Eleven Brindleyplace Estate Management Limited Five Piccadilly Place Estate Management Limited Investment Property Forum South West London & St. George's NHS Mental Health Trust Stevenson Square Estate Management Limited Strutt & Parker LLP	British Property Federation KPMG LLP

- 5.6 The Directors in the five years before the date of this document:
- do not have any convictions in relation to fraudulent offences or an offence involving dishonesty;

- have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and
 - 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.
- 5.7 As at the date of this document, insofar as known to the Company, there are no parties known to have a notifiable interest (being 3 per cent.) under English law in the Company's capital or voting rights or a controlling interest (being 35 per cent.) in terms of the JSE Listings Requirements. The Schrodgers Group has agreed, conditional on First Admission, to subscribe for 10 per cent. of the Ordinary Shares being issued pursuant to the Initial Placing and Offer, capped at 15,000,000 Ordinary Shares.
- 5.8 All Shareholders have the same voting rights in respect of the share capital of the Company.
- 5.9 The Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
- 5.10 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.
- 5.11 The Company has not entered into any related party transaction at any time since incorporation.
- 5.12 None of the Directors has any conflict of interest or potential conflicts of interest between any duties to the Company and his private interests and any other duties. The Investment Manager, 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.
- 5.13 None of the Directors has any beneficial interest, direct or indirect, in the promotion of the Company or in any property to be acquired by the Company out of the proceeds of the Initial Placing and Offer.
- 5.14 The Company has not, in the three years preceding the date of this document, paid (or agreed to pay) any amounts (whether in cash or in securities or otherwise) or given any benefits to any Director or to any company in which he is beneficially interested, directly or indirectly, or of which he is a director (**"Associate Company"**) or to any partnership, syndicate or other association of which he is a member (**"Associate Entity"**), to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the Associate Company or the Associate Entity in connection with the promotion or formation of the Company.

6 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 I of this document.

In order to comply with the current Listing Rules, the Company will not invest more than 10 per cent. of its Gross Assets in other listed closed-ended investment funds, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other listed closed-ended investment funds. Further, the Company will not itself invest more than 15 per cent. of its Gross Assets in other listed closed-ended investment funds.

In the event of a breach of the investment policy set out in Part I of this document and the investment restrictions set out therein, the Investment Manager shall inform the Board upon

becoming aware of the same and, if the Board considers the breach to be material, notification will be made to a Regulatory Information Service and SENS.

The Company will not conduct any trading activity which is significant in the context of its group as a whole.

If the Company invests in other companies or closed-ended investment funds, which in turn invest in a portfolio of investments, the Company will ensure that the policies and objectives of the investee conform to the principal objectives of the Company.

7 Material contracts

Save as described below, the Company has not (i) entered into any material contracts (other than contracts in the ordinary course of business) since its incorporation; or (ii) entered into any contracts that contain provisions under which the Company has any obligation or entitlement that is material to the Company as at the date of this document.

7.1 Placing Agreement

A Placing Agreement dated 11 November 2015 between the Company, the Investment Manager, the Directors and Numis whereby Numis has undertaken, as agent for the Company, to use its reasonable endeavours to procure subscribers on the UK register under the Initial Placing and the Placing Programme for Ordinary Shares at the relevant Issue Price.

The Placing Agreement is subject to, *inter alia*, the Ordinary Shares to be issued pursuant to the Initial Placing and Offer being admitted to the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange by 9 December 2015 (or such later date and time as Numis and the Company agree but not later than 8.00 a.m. (GMT) on 31 December 2015). Numis is entitled to receive a corporate finance fee of £100,000, a commission of between 1.45 per cent. and 2.05 per cent. of the value of the Ordinary Shares subscribed under the Offer for Subscription and issued to Placees procured by Numis under the Initial Placing and/or Placing Programme, excluding any Ordinary Shares subscribed for by Schroders plc and discretionary accounts managed by any entity within the Schroders Group.

Under the Placing Agreement, which may be terminated by Numis in certain circumstances prior to the Ordinary Shares being issued pursuant to the Initial Placing and Offer and their Admission, the Company, the Directors and the Investment Manager have given certain warranties and indemnities to Numis. These warranties and indemnities are customary for an agreement of this nature.

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

7.2 PSG Capital Mandate

The PSG Capital Mandate dated 11 November 2015 between the Company, the Investment Manager and PSG Capital whereby PSG Capital has undertaken, as agent for the Company, to use its reasonable endeavours to procure subscribers on the South African register under the Initial Placing and the Placing Programme for Ordinary Shares at the relevant Issue Price.

The PSG Capital Mandate is subject to, *inter alia*, the Ordinary Shares to be issued pursuant to the Initial Placing and Offer being admitted to the premium segment of the Official List, to trading on the main market for listed securities of the London Stock Exchange and to trading on the main board for listed securities of the JSE by 9 December 2015 (or such later date and time as PSG Capital and the Company agree but not later than 10.00 a.m. (SAST) on 31 December 2015). PSG Capital is entitled to receive a corporate finance fee of Rand 750,000 and a commission of between 1.45 per cent. and 2.05 per cent. of the value of the Ordinary Shares issued to Placees procured by PSG Capital under the Initial Placing and/or Placing Programme.

The PSG Capital Mandate, may be terminated by PSG Capital or the Company in certain circumstances prior to the Ordinary Shares being issued pursuant to the Initial Placing and Offer and their Admission.

The PSG Capital Mandate is governed by the laws of South Africa.

7.3 *Investment Management Agreement*

The Investment Management Agreement dated 11 November 2015 between the Company and the Investment Manager, pursuant to which the Investment Manager is appointed to act as investment manager and AIFM of the Company with responsibility for portfolio management and risk management of the Company's investments.

Pursuant to the Investment Management Agreement, the Investment Manager has also agreed to provide company secretarial and fund accounting services, although it proposes to delegate such duties to Schroder Investment Management Limited or a third party provider.

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a management fee together with reimbursement of all reasonable costs and expenses incurred by it in the performance of its duties. Details of the management fee are set out in Part III of this document under the sub-heading "*On-going annual expenses*".

The Investment Management Agreement is terminable by either the Investment Manager or the Company giving to the other not less than 12 months' written notice, such notice not to expire earlier than the third anniversary of First Admission. The Investment Management Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency or material and continuing breach.

The Company has given an indemnity in favour of the Investment Manager in respect of the Investment Manager's potential losses in carrying on its responsibilities under the Investment Management Agreement.

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

7.4 *Registrar Agreement*

The Registrar Agreement between the Company and Equiniti Limited dated 11 November 2015, pursuant to which the Registrar has been appointed as registrar to the Company in the UK. The Registrar shall be entitled to receive customary fees. The Registrar shall also be entitled to reimbursement of all reasonable out of pocket expenses incurred on behalf of the Company.

Either party may terminate the Registrar Agreement on not less than 3 months' notice in writing to the other party. Either party may terminate the Registrar Agreement immediately on notice in writing in the event of material and continuing breach or insolvency.

The Company has agreed to indemnify the Registrar and its affiliates against all claims arising out of or connected to the Registrar Agreement, save in the case of fraud, wilful default or negligence on the part of the Registrar or its affiliates.

The Registrar Agreement is governed by the laws of England.

7.5 *Transfer Secretaries Agreement*

The Transfer Secretaries Agreement between the Company and Computershare Investor Services Proprietary Limited dated 11 November 2015, pursuant to which the Transfer Secretaries have been appointed as registrar to the Company in South Africa. The Transfer Secretaries shall be entitled to receive customary fees. The Transfer Secretaries shall also be entitled to reimbursement of all reasonable out of pocket expenses incurred on behalf of the Company.

Either party may terminate the Transfer Secretaries Agreement on not less than three months' notice in writing to the other party. Either party may terminate the Transfer Secretaries Agreement immediately on notice in writing in the event of material and continuing breach or insolvency.

The Transfer Secretaries Agreement is governed by the laws of South Africa.

7.6 *Receiving Agent Agreement*

The Receiving Agent Agreement between the Company and Equiniti Limited dated 11 November 2015, pursuant to which the Receiving Agent has agreed to provide receiving agent duties and services to the Company in respect of the Initial Placing and Offer.

Under the terms of the Receiving Agent Agreement, the Receiving Agent is entitled to customary fees. The Receiving Agent will also be entitled to reimbursement of all reasonable out of pocket expenses incurred by it in connection with its duties. These fees will be for the account of the Company.

The Receiving Agent Agreement also contains a provision whereby the Company indemnifies the Receiving Agent against any and all losses, damages, liabilities, professional fees, court costs and expenses resulting or arising from the Company's breach of the agreement and, in addition, any third-party claims, actions, proceedings, investigations or litigation relating to or arising from or in connection with the agreement or the services provided thereunder, except to the extent such losses are determined to have resulted solely from fraud, wilful default or negligence on the Receiving Agent's part.

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

7.7 *Depositary Agreement*

The Depositary Agreement dated 11 November 2015, between the Company, the AIFM and the Depositary, pursuant to which the Depositary is appointed as the Company's depositary for the purposes of the AIFM Directive.

Under the terms of the Depositary Agreement, the Depositary is entitled to be paid a fee of approximately £30,000 per annum (exclusive of VAT). In addition to these fees, the Depositary is entitled to debit the Company's accounts in order to be reimbursed for all expenses (including any fees of a sub-custodian) incurred in the performance of its duties under the Depositary Agreement.

The Depositary Agreement provides for the Depositary and its employees, officers, directors, servants and agents to be indemnified by the Company from any and all expenses, claims, damages, losses, commitments, costs, disbursements, taxes and other liabilities reasonably incurred or suffered by the Depositary resulting directly or indirectly from the Depositary carrying out its obligations under the Depositary Agreement, except in the case the Depositary is liable pursuant to the terms of the Depositary Agreement, and breach by the Company of its representations and warranties made in the Depositary Agreement or from the Company's negligence (whether through an act or an omission) or wilful misconduct or fraud in the performance of its obligations pursuant to the Depositary Agreement or applicable law.

In accordance with the terms of the Depositary Agreement, and subject to the provisions of the AIFM Directive, the Depositary may delegate its safe-keeping functions in relation to financial instruments and other assets of the Company. The liability of the Depositary shall in principle not be affected by any delegation of its custody function and the Depositary shall be liable to the Company or its investors for the loss of financial instruments by the Depositary or a third party to whom the custody of financial instruments has been delegated. The Depositary may discharge its responsibility in case of a loss of a financial instrument: (i) in the event it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary; (ii) where it has contractually discharged its responsibility in compliance with article 21(13) of the AIFM Directive; or (iii) in compliance with the conditions set out under article 21(14) of the AIFM Directive where the laws of a third country require that certain financial instruments be held by a local entity and there are no local entities that satisfy the delegation requirements of article 21(11) of the AIFM Directive. Save as aforesaid, the Depositary shall be liable to the Company for any loss or liability incurred by the Company as a consequence of the Depositary's negligence, wilful default or fraud in failing to properly fulfil its obligations pursuant to the AIFM Directive. In the absence of the Depositary's negligence, wilful default or fraud in failing to properly fulfil its obligations pursuant to the AIFM Directive, the Depositary shall not be liable to the Company or any other person with respect to any act or omission in connection with the services provided under the Depositary Agreement. Under no circumstances shall the Depositary be liable to the Company or any other person for special, indirect or consequential loss or damage.

The Depositary Agreement is terminable by the Company, the AIFM or the Depositary giving to the other parties not less than three months' written notice. The Depositary Agreement may be terminated earlier by the Company, the AIFM or the Depositary on the occurrence of certain events, including: (i) if another party has committed a material and continuing breach of the terms of the Depositary Agreement; or (ii) in the case of insolvency of a party.

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

8 South African Exchange Control Regulations

The following comments do not constitute exchange control advice and is intended only as a guide to current South African law and South African Reserve Banks' ("SARB") published practice as at the date of this document (both of which are subject to change at any time, possibly with retrospective effect).

Prospective investors on the South African register who are in any doubt as to their exchange control position are strongly advised to consult their own professional advisers.

A summary of the South African Exchange Control Regulations is provided below.

South African Shareholders will be treated according to the provisions of Section H.(A) of the South African Exchange Control Rulings.

8.1 South African individuals

South African individuals will be able to subscribe for shares of foreign entities that are listed on the JSE, without restriction. Such shares are on the South African register and are Rand-denominated. Consequently, the subscription for Ordinary Shares in terms of the Initial Placing and the Placing Programme by a South African individual or an acquisition of Ordinary Shares by a South African individual post the First Admission will not affect such individual's offshore investment allowance.

South African individuals need not take any administrative action and can instruct their broker to participate in the Initial Placing and the Placing Programme or to buy and sell Ordinary Shares on their behalf as they would with any other listed security on the JSE.

8.2 South African institutional investors

All inward listed ordinary shares on the JSE, traded and settled in Rand are classified as domestic for the purposes of the Exchange Control. Accordingly, South African retirement funds, long-term insurers, collective investment scheme management companies and investment managers who have registered with the SARB Exchange Control Department as institutional investors for Exchange Control purposes and authorised dealers approved as such by SARB may now invest in such shares without affecting their permissible foreign portfolio investment allowances or foreign exposure limits.

South African institutional investors may therefore subscribe for Ordinary Shares in terms of the Initial Placing and the Placing Programme or acquire Ordinary Shares on the market without affecting their foreign portfolio investment allowances or foreign exposure limits.

8.3 South African corporate entities and trusts

South African corporate entities or trusts are able to subscribe for shares of foreign entities that are listed on the JSE, without restriction. Such shares are on the South African register and are Rand-denominated.

Accordingly South African corporate entities or trusts may therefore subscribe for Ordinary Shares in terms of the Initial Placing and the Placing Programme or acquire Ordinary Shares on the market.

8.4 Non-residents of the common monetary area

Non-residents of the Common Monetary Area will be able to subscribe for or acquire shares of foreign entities that are listed on the JSE, without restriction, provided that payment is received in foreign currency or Rand from a non-resident Rand account.

Non-residents of the Common Monetary Area may dispose of inward listed shares on the JSE and repatriate the proceeds without restriction.

Former residents of the Common Monetary Area who have emigrated may use emigrant blocked funds to subscribe for inward listed shares on the JSE or acquire inward listed shares on the market. Such shares will be credited to their blocked share accounts at the Central Securities Depository Participant controlling their blocked portfolios or if the shares are issued in certificated form, then such shares will be forwarded to the Authorised Dealer in foreign exchange controlling the emigrants' blocked assets. The sale proceeds derived from the sale of such shares will be transferred to the Authorised Dealer in foreign exchange controlling the emigrants' blocked assets for credit to the emigrants' blocked account.

8.5 Movement of Ordinary Shares between registers

Ordinary Shares are fully fungible and may in certain cases be transferred between the South African and UK registers.

South African resident investors who acquire Ordinary Shares via the JSE on the South African register may not transfer such shares to the UK register, unless prior exchange control approval is obtained.

Non-residents may freely transfer shares between branch registers.

Section H(E) of the Exchange Control Rulings provides for a special dispensation to local brokers to facilitate the trading in inward listed shares. South African brokers are now allowed, as a book-building exercise, to purchase the foreign entity's shares offshore and to transfer the shares to South African share register. This special dispensation is confined to foreign listed shares and brokers may warehouse such shares for a maximum period of thirty days only.

9 Litigation

There are no governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened, since the date of its incorporation which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company.

10 Significant change

As at the date of this document, there has been no significant change in the financial or trading position of the Company since its incorporation.

11 Working capital

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

12 Capitalisation, indebtedness and loans receivable

As at the date of this document, the Company has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness. Save for the issue of 50,000 Management Shares which were issued on 29 October 2015 in order to enable the Company to re-register as a public company limited by shares, there have been no material changes to the Company's capitalisation from the date of incorporation to the date of this document. As at the date of this document, the Company has no loans receivable. As at the date of this document, the Company has no material commitments or lease payments that have been made or are outstanding.

13 General

- 13.1 Where information has been sourced from third parties, the Company confirms that this information has been accurately reproduced and that, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The sources of information have been disclosed.
- 13.2 Schroder Real Estate Investment Management Limited accepts responsibility for the information contained in Part II of this document and has authorised the inclusion of that information. Schroder Real Estate Investment Management Limited has taken all reasonable care to ensure that the information contained in Part II of this document is, to the best of its knowledge, in accordance with the facts and contains no omissions likely to affect its import.
- 13.3 Schroder Real Estate Investment Management Limited has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.
- 13.4 Numis is acting as sponsor and placing agent to the Issues in the UK and has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.

- 13.5 PSG Capital is acting as sponsor and placing agent to the Issues in South Africa and has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.
- 13.6 In accordance with the requirements of the JSE, all other advisors, whose details appear on pages 26-27 of this Prospectus have given and not withdrawn their written consents to the inclusion in this document of references to their names and to the inclusion of any reports prepared by such advisors in the form and context in which they appear.
- 13.7 The effect of the Initial Placing and Offer will be to increase the net assets of the Company. On the assumption that the Initial Placing and Offer is fully subscribed, the fundraising is expected to increase the net assets of the Company by approximately £147 million.
- 13.8 In accordance with the AIFM Rules, the AIFM will ensure that the following information in relation to the Company's portfolio is published in the Company's annual report and audited accounts:
- (i) the current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks;
 - (ii) any changes to the maximum level of leverage which the AIFM may employ on behalf of the Company as well as any right of the re-use of collateral or any guarantee granted under the leveraging arrangement. The Company will, in addition, notify Shareholders of any such changes, rights or guarantees without undue delay by issuing an announcement via the Regulatory Information Service and SENS and will be required to seek prior FCA and Shareholder approval for any material change to the Company's investment policy; and
 - (iii) the total amount of leverage employed by the Company.

14 Auditors

The auditors to the Company are PricewaterhouseCoopers LLP of 7 More London Riverside, London SE1 2RT. PricewaterhouseCoopers LLP are registered to carry on audit work by The Institute of Chartered Accountants in England and Wales (ICAEW).

15 Depositary

Langham Hall UK Depositary LLP, whose registered office is located at 5 Old Bailey, London EC4M 7BA, acts as the Company's depositary. The Depositary is a limited liability partnership, registered in England and Wales under number OC388007 and its telephone number is +44 (0) 203 597 7900. The Depositary maintains its registered office and place of central administration in the United Kingdom. The Depositary is authorised and regulated by the FCA.

The Depositary is not involved, directly or indirectly, with the business affairs, organisation, sponsorship or management of the Company and is not responsible for the preparation of this document and accepts no responsibility for any information contained in this document.

The Depositary will not hold the Company's property assets in custody. Title to such property assets will be recorded in the relevant land register as being held by the Company, or an SPV, as appropriate. The Depositary may hold share certificates of SPVs owned by the Company.

The Depositary's asset ownership and verification duties with respect to non-custodial assets of the Company apply on a look-through basis to underlying assets held by financial or legal structures established by the Company or by the AIFM acting on behalf of the Company for the purpose of investing in the underlying assets and which are controlled directly or indirectly by the Company or the AIFM acting on behalf of the Company.

The Depositary's duty regarding monitoring of cash flows shall not apply to cash held by financial or legal structures directly or indirectly controlled by the Company or the AIFM acting on behalf of the Company.

Where laws of a third country require that certain financial instruments be held in custody by a local entity and there are no local entities that satisfy the delegation requirements under the AIFM Directive, the Depositary can discharge itself of liability in certain circumstances under certain conditions.

16 Documents on display

The following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH and at the offices of PSG Capital, 1st Floor Ou Kollege, 35 Kerk Street, Stellenbosch, 7600 and 1st Floor, Building 8, Inanda Greens Business Park, 54 Wierda Road West, Wierda Valley, Sandton, 2196 until 10 November 2016:

16.1 this document;

16.2 all material contracts referred to in paragraph 7 of this Part IX;

16.3 the Articles;

16.4 the historical financial information of the Company as at and for the period ended 30 September 2015 as set out in Part X of this document; and

16.5 the reporting accountants' report from PricewaterhouseCoopers South Africa on the historical financial information of the Company as at and for the period ended 30 September 2015 as set out in Part X of this document.

SIGNED IN LONDON ON 11 NOVEMBER 2015 BY SIR JULIAN BERNEY BT. ON BEHALF OF ALL THE DIRECTORS OF THE COMPANY, AS LISTED BELOW, IN TERMS OF POWERS OF ATTORNEY SIGNED BY SUCH DIRECTORS

A handwritten signature in black ink, appearing to read 'J. L. Berney', followed by a period and a dash. The signature is written in a cursive, flowing style.

SIR JULIAN BERNEY BT.

Part X

Historical Financial Information

Section A: Independent reporting accountants' report on the historical financial information of the Company



9 November 2015

The Directors
Schroder European Real Estate Investment Trust plc
31 Gresham St,
London
EC2V 7QA

Dear Sirs

Independent reporting accountant's audit report on the Historical Financial Information

Introduction

Schroder European Real Estate Investment Trust plc (the "**Company**") is publishing a prospectus ("the **Prospectus**") regarding the proposed admission of the Company's ordinary shares : (i) to the premium segment of the Official List; (ii) to trading on the London Stock Exchange's main market for listed securities; and (iii) to trading on the main board of the Johannesburg Stock Exchange.

At your request and for the purpose of the Prospectus to be dated on or about 11 November 2015, we have audited the historical financial information of the Company, which comprises the statement of financial position as at 30 September 2015, and the statement of cash flows for the period then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information ("**the Historical Financial Information**"), as presented in the revised listing particulars included in the Prospectus, in compliance with the JSE Limited ("**JSE**") Listings Requirements.

Responsibility

Directors' responsibility

The directors of the Company are responsible for the preparation, contents and presentation of the Prospectus and are responsible for ensuring that the Company complies with the JSE Listings Requirements. The directors of the Company are responsible for the preparation and fair presentation of the Historical Financial Information in accordance with International Financial Reporting Standards, and for such internal controls as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the Historical Financial Information of the Company is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Historical Financial Information of the Company. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Historical Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of accounting estimates made by management of the the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Historical Financial Information of the Company as set out in the Prospectus, presents fairly, in all material respects, the financial position of the Company at 30 September 2015 in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with paragraph 1.2 of Annex I of Appendix 3.1.1 of the Prospectus Rules and paragraph 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules.

Purpose of report

This report has been prepared for the purpose of the Prospectus and for no other purpose.

PricewaterhouseCoopers Inc.

Director: V. Muguto

Registered Auditor

2 Eglin Road Sunninghill

9 November 2015

Section B: Historical financial information of the Company

The historical financial information of Schroder European Real Estate Investment Trust Ltd ("SEREIT") for the period starting 9 January 2015 and ending 30 September 2015, the preparation of which is the responsibility of the directors of SEREIT, are set out below.

STATEMENT OF FINANCIAL POSITION

The statement of financial position of the Company at 30 September 2015 is set out below:

	Notes	2015 £
Assets		
Current Assets		1
Trade and other receivables	4	1
Total Assets		1
Equity and Liabilities		
Equity		1
Share capital	5	1
Total Equity and Liabilities		1

STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity of the Company at 30 September 2015 is set out below:

	Share Capital £	Total Equity £
Balance at 9 January 2015	—	—
Changes in equity		
Issue in shares	1	1
Balance at 30 September 2015	1	1

CASH FLOW STATEMENT

There were no cash flows for the period ended 30 September 2015.

Notes to the financial information

The notes to the consolidated historical financial information of the Company at 30 September 2015 are set out below:

Statement of compliance

The historical financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS").

General information

The Company is registered as a private company limited by shares under the Companies Act 2006 in the United Kingdom. The registered place of business is 31 Gresham Street, London EC2V 7QA. The Company will invest in investment property to earn rental income.

The Company's immediate parent is Leadenhall Securities Corporation Limited and its ultimate holding company is Schroders plc, a company incorporated in the United Kingdom and listed on the London Stock Exchange. Refer to Note 6 for additional information.

Accounting policies

1.1 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value represented by the transaction price, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

1.2 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

New and amended standards

At the date of approval of this financial information, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the entity.

Management anticipates that all of the pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the entity's financial statements is provided below. The expected impact of the standards are not considered to be material.

International Financial Reporting Standards and amendments issued but not effective for 30 September 2015 year-end

Number	Effective date	Executive summary
Amendments to IFRS 10 and IAS 28	1 January 2016	Eliminate the inconsistency between IFRS 10 and IAS 28.
Amendments to IFRS 10 and IAS 28	1 January 2016	Clarify the application of the consolidation exception for investment entities and their subsidiaries.
Amendment to IFRS 11,	1 January 2016	How to account for the acquisition of an interest in a joint operation that constitutes a business.
IFRS 14	1 January 2016	Interim standard on the accounting for certain balances that arise from rate-regulated activities.
Amendments to IAS 1	1 January 2016	Clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
Amendment to IAS 16 and IAS 38	1 January 2016	Clarify the use of revenue based methods to calculate the depreciation of an asset is not appropriate.
Amendments to IAS 27,	1 January 2016	Restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates.
IFRS 15	1 January 2017	Single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue.
IFRS 9	1 January 2018	Financial instruments – classification and measurement of financial assets.
Amendment to IFRS 9 -	1 January 2018	Amendment to IFRS 9 to align hedge accounting more closely with an entity's risk management.

3. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below. The carrying amounts of the financial assets in each category are as follows:

	2015 £
Loans and receivables	
Trade and other receivables	1

4. Trade and other receivables

	2015 £
Trade and other receivables	1

5. Share Capital

	2015 £
Issued	
1 Ordinary share of £1 each	1

6. Post balance sheet date events

On 29 October 2015, 50,000 Management Shares were allotted to Leadenhall Securities Corporation Limited, a wholly-owned subsidiary of Schroders plc, against its irrevocable undertaking to pay £1 in cash for each such share on or before First Admission. The Management Shares are fully paid and will be redeemed in full out of the proceeds of the Initial Placing and Offer. The impact of the transaction would be to increase trade and other receivables by £50,000 and equity by £50,000.

On 29 October 2015, the £1 share issued on incorporation was transferred to Leadenhall Securities Corporation Limited, a wholly-owned subsidiary of Schroders plc, and subdivided into 10 Ordinary Shares with a nominal value of £0.10 each.

Part XI

Definitions

Act	the Companies Act 2006, as amended from time to time
Admission	the admission of the Ordinary Shares: (i) to the premium segment of the Official List; (ii) to trading on the London Stock Exchange's main market for listed securities, becoming effective in accordance with the Listing Rules and the admission and disclosure standards of the London Stock Exchange, and (iii) to trading on the JSE's main board in accordance with the JSE Listings Requirements
AIF	alternative investment fund
AIFM	alternative investment fund manager, being, at the date of this document, the Investment Manager
AIFM Directive or AIFMD	Directive 2011/61/EU on Alternative Investment Fund Managers
AIFM Rules	the AIFM Directive and all applicable rules and regulations implementing the AIFM Directive in the UK
Articles	the articles of association of the Company as at the date of this document or, in the context of the Placing Programme, as at the date of the relevant issue under the Placing Programme
Auditors	PricewaterhouseCoopers or such other auditor as the Company may appoint from time to time
Benefit Plan Investor	a "benefit plan investor" as defined in Section 3(42) of ERISA and any regulations promulgated by the US Department of Labor thereunder, being "employee benefit plans" as defined in Section 3(3) of ERISA that are subject to Title I of ERISA, "plans" that are subject to the prohibited transaction provisions of Section 4975 of the US Code, and entities the assets of which are treated as "plan assets" under Section 3(42) of ERISA and any regulations promulgated thereunder
Business Day	a day (excluding Saturdays and Sundays or public holidays in England and Wales and South Africa) on which banks generally are open for business in London or Johannesburg for the transaction of normal business
C Shares	C shares of £1.00 each in the capital of the Company having the rights and restrictions set out in paragraph 3.18 of Part IX of this document
certificated form	not in uncertificated form
Company	Schroder European Real Estate Investment Trust plc
Company Secretary	Schroder Investment Management Limited
Common Monetary Area	South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho
Continental Europe	Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain and Sweden
CREST	the relevant system as defined in the CREST Regulations in respect of which Euroclear is the operator (as defined in the CREST Regulations) in accordance with which securities may be held in uncertificated form

CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755), and any modification thereof or, as the Board may determine, any regulations in addition to or in substitution therefor for the time being in force
CSDP	a central securities depository participant, being a participant as defined in section 1 of the South African Financial Markets Act, appointed by a Placee for purposes of holding and administering securities or an interest in securities on behalf of the Placee in uncertificated form
Depository Agreement	the depository agreement dated 11 November 2015, between the Company, the AIFM and the Depository, summarised in paragraph 7.7 of Part IX of this document
Directors or Board	the board of directors of the Company
Disclosure and Transparency Rules	the disclosure and transparency rules made by the FCA under Part VII of FSMA
ECB	European Central Bank
EEA	European Economic Area
EPRA	European Real Estate Association
EPRA NAV	net asset value calculated in accordance with the Best Practice Recommendations published by EPRA in January 2014
ERISA	the United States Employee Retirement Income Security Act of 1974, as amended
FATCA	The US Foreign Account Tax Compliance Act which, for the purposes of this document, includes the information reporting agreements with similar effect including inter-governmental agreements and the Common Reporting Standard
Euro/s or €	the lawful currency of the Eurozone in the European Union
FCA	the Financial Conduct Authority, being the single regulatory authority for the UK financial services industry
First Admission	Admission of the Ordinary Shares issued pursuant to the Initial Placing and Offer
FSMA	the UK Financial Services and Markets Act 2000, as amended
GDP	gross domestic product
GMT	Greenwich Mean Time
Gross Assets	the gross assets of the Company as determined in accordance with the accounting principles adopted by the Company from time to time
HMRC	HM Revenue & Customs
IFRS	International Financial Reporting Standards
Initial Placing	the conditional placing of Ordinary Shares by Numis in the UK and PSG Capital in South Africa at the Issue Price pursuant to the Placing Agreement and the PSG Capital Mandate respectively as described in Part IV of this document
Investment Management Agreement	the investment management agreement dated 11 November 2015, between the Investment Manager and the Company, summarised in paragraph 7.3 of Part IX of this document
Investment Manager	Schroder Real Estate Investment Management Limited
ISA	an Individual Savings Account maintained in accordance with the UK Individual Savings Account Regulations 1998 (as amended from time to time)

Issues	the Initial Placing, the Offer for Subscription and the Placing Programme
Issue Price	the price at which Ordinary Shares are issued, being 100 pence per Ordinary Share in the case of the Initial Placing and Offer and being not less than the NAV per Ordinary Share in the case of the Placing Programme
Investment Committee	the committee established by the Investment Manager from which approval must be sought prior to any acquisition or disposal being recommended by the Investment Manager to the Board
JSE	the exchange, licensed under the South African Financial Markets Act, operated by JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa
JSE Listings Requirements	the listings requirements of the JSE, as amended
Listing Rules	the listing rules made by the UK Listing Authority under section 73A of FSMA
loan to value or LTV	a loan to value ratio which expresses the gearing on an asset or within a company or group by dividing the outstanding loan amount by the value of the assets on which the loan is secured (for example a property with a value of £100 million securing a loan of £70 million would be said to have a loan to value ratio of 70 per cent.)
London Stock Exchange	London Stock Exchange plc
Management Shares	the redeemable preference shares of £1.00 each in the capital of the Company held, at the date of this document
Member State	any member state of the European Economic Area
Minimum Gross Proceeds	the minimum gross proceeds of the Initial Placing and Offer, being £85 million
Money Laundering Directive	the Money Laundering Directive (2005/60/EC) of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing
Money Laundering Regulations	the UK Money Laundering Regulations 2007
NAV or Net Asset Value	the value of the assets of the Company less its liabilities, determined in accordance with the accounting principles adopted by the Company from time to time
NAV per Ordinary Share or Net Asset Value per Ordinary Share	the Net Asset Value divided by the number of Ordinary Shares in issue
Numis	Numis Securities Limited, the Company's sponsor, broker and placing agent in the UK
OECD	Organisation for Economic Co-operation and Development
Offer for Subscription or Offer	the offer for subscription of Ordinary Shares at the Issue Price as described in this document
Official List	the official list maintained by the UK Listing Authority
Ordinary Shares	ordinary shares of £0.10 each in the capital of the Company
PFIC	passive foreign investment company
Placee	the persons with whom the Ordinary Shares are placed pursuant to the Initial Placing and/or any issue under the Placing Programme
Placing Agreement	the conditional agreement dated 11 November 2015, between the Company, the Investment Manager, the Directors and Numis, summarised in paragraph 7.1 of Part IX of this document

Placing Programme	the conditional programme of placings of Ordinary Shares by Numis in the UK pursuant to the Placing Agreement and by PSG Capital in South Africa pursuant to the PSG Capital Mandate as described in Part V of this document
Placing Programme Price	the applicable price at which new Ordinary Shares are issued under the Placing Programme, being not less than the prevailing Net Asset Value per Ordinary Share
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of the European Union and any relevant implementing measure in each Relevant Member States
Prospectus Rules	the rules and regulations made by the FCA under Part VII of FSMA
PSG Capital	PSG Capital Proprietary Limited, the Company's sponsor and placing agent in South Africa
PSG Capital Mandate	the mandate dated 11 November 2015, between the Company, the Investment Manager and PSG Capital, summarised in paragraph 7.2 of Part IX of this document
Rand/s or R	the lawful currency of South Africa
Receiving Agent	Equiniti Limited
Register	the register of members of the Company
Registrar	Equiniti Limited
Registrar Agreement	the agreement dated 11 November 2015, between the Company and the Registrar, summarised in paragraph 7.5 of Part IX of this document
Regulatory Information Service	a service authorised by the UK Listing Authority to release regulatory announcements to the London Stock Exchange
Relevant Member State	each Member State which has implemented the Prospectus Directive or where the Prospectus Directive is applied by the regulator
RICS	the Royal Institution of Chartered Surveyors
SEC	the United States Securities and Exchange Commission
SAST	South African Standard Time
Schroders Group	Schroders plc and its subsidiaries
Schroders plc	a public company limited by shares incorporated in England and Wales with registered number 03909886
Securities Act	the United States Securities Act of 1933, as amended
SENS	Stock Exchange News Service operated by the JSE
Shareholder	a holder of Ordinary Shares
South Africa	the Republic of South Africa
South African Companies Act	the South African Companies Act, No. 71 of 2008, as amended
South African Exchange Control Regulations	the South African Exchange Control Regulations, 1961 (as amended), promulgated in terms of section 9 of the South African Currency and Exchanges Act, No. 9 of 1933, as amended
South African Exchange Control Rulings	the South African exchange control rulings issued in terms of the Exchange Control Regulations to authorised dealers in South Africa by the Financial Surveillance Department of the South African Reserve Bank
South African Financial Markets Act	the South African Financial Markets Act, No. 19 of 2012, as amended
SPV	special purpose vehicle

Sterling or £	the lawful currency of the United Kingdom
Strate	Strate Proprietary Limited (registration number 1998/022242/07), a registered central securities depository in terms of the South African Custody and Administration of Securities Act, No. 85 of 1992, as amended
Strate system	the clearing and settlement system used by the JSE for security transactions to be settled and transfer of ownership to be recorded electronically, managed by Strate
Subsequent Admission	Admission of the Ordinary Shares issued pursuant to the Placing Programme
Takeover Code	The City Code on Takeovers and Mergers
Transfer Secretaries	Computershare Investor Services Proprietary Limited
Transfer Secretaries Agreement	the agreement dated 11 November 2015, between the Company and the Transfer Secretaries, summarised in paragraph 7.5 of Part IX of this document
UK	the United Kingdom of Great Britain and Northern Ireland
UK Listing Authority or UKLA	the FCA acting in its capacity as the competent authority for the purposes of admissions to the Official List
uncertificated or in uncertificated form	in the UK, an Ordinary Share recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST and, in South Africa, an Ordinary Share which has been incorporated into the Strate System and which is no longer evidenced by certificates or other physical documents of title
United States or US	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
US Code	the US Internal Revenue Code of 1986, as amended
US Investment Company Act	the United States Investment Company Act of 1940, as amended
US Person	a US Person as defined for the purposes of Regulation S promulgated under the Securities Act.

For official use only:	
------------------------------	--

[illegible]

If you would like your Ordinary Shares to be credited to your CREST account please provide details below.

[illegible]

By completing Box 6 below you are deemed to have read the Prospectus and agreed to the terms and conditions in Part VII (*Terms and Conditions of Application under the Offer for Subscription*) and to have given the warranties and undertakings set out therein.

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

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

BOX 7 MUST BE COMPLETED BY AUTHORISED FINANCIAL INTERMEDIARIES ONLY**Box 7 – Authorised Financial Intermediaries Details**

By completing and stamping Box 7 below you are deemed to have read the Prospectus and agreed to the terms and conditions in Part VII (*Terms and Conditions of Application under the Offer for Subscription*) and to have given the warranty and undertaking set out therein and in Note 7 of the accompanying Notes on Completion of the Application Form.

AUTHORISED FINANCIAL INTERMEDIARIES STAMP	Name of Firm	
	FCA Number	
	Signature	
	Name	
	Position	
	Date	
	Telephone No	
	Email Address	

X PLEASE AFFIX YOUR CHEQUE OR BANKER'S DRAFT HERE

If making payment by CHAPS, please insert the personalised reference number provided by Equiniti in the CHAPS instruction form here



Notes on Completion of the Application Form

It is essential that you complete all parts of the Application Form in accordance with the following instructions.

Authorised Financial Intermediaries MUST read Note 7 of these notes.

1. Application and Amount Payable

Insert in Box 1 the total number of Ordinary Shares you wish to apply for in Schroder European Real Estate Investment Trust plc. Your cheque or banker's draft should be for an amount that represents 100 pence multiplied by the number of Ordinary Shares for which you are applying. Your application must be for a minimum of 1,000 Ordinary Shares and thereafter in multiples of 100 Ordinary Shares.

Payment

Payments must be made by cheque or banker's draft in Sterling drawn on a branch in the United Kingdom of a bank or building society. Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to **"Equiniti Limited re Schroder European Real Estate Investment Trust plc Offer for Subscription A/C"** (crossed A/C payee only). 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 or endorsing the back of the building society cheque/bankers' draft to such effect.

Payment by electronic interbank transfer (CHAPS) must be accompanied by a personalised payment reference number which may be obtained by contacting the Receiving Agent directly at offer@equiniti.com. On receipt of your instruction Equiniti Limited will arrange to provide a CHAPS Instruction Form which will confirm the offer bank account details to credit the relevant subscription funds. The CHAPS Instruction Form should be completed and signed as directed and returned together with the application form. Payment by CHAPS may only be made by and on behalf of an FCA-regulated entity.

The account name should be the same as that shown on the application.

Money Laundering Regulations

Under the Money Laundering Regulations, Equiniti may be required to check the identity of persons who subscribe for in excess of the Sterling equivalent of €15,000 (approximately £10,500) of Ordinary Shares.

Equiniti may therefore undertake electronic searches for the purposes of verifying identity. To do so Equiniti may verify the details against the applicant's identity, but also may request further proof of identity. Equiniti reserves the right to withhold any entitlement (including any refund cheque) until such verification of identity is completed to its satisfaction.

2. Applicant Details

Insert your title, full name, address and daytime telephone number in BLOCK CAPITALS and black ink in Box 2.

Applications can only be made by persons over the age of 18.

3. Joint Applicants

You may apply with up to three joint applicants. Joint applicants should insert their title and full name in Box 3.

4. Corporate Details

A corporate body wishing to apply for Ordinary Shares should insert the company name, address and daytime telephone number in BLOCK CAPITALS and black ink in Box 4.

5. CREST

If you would like to receive your Ordinary Shares in uncertificated form please insert your Participant ID and Member Account number in Box 5. The CREST Account must be in same name(s) as the Applicant(s) Details provided in Box(es) 2, 3 or 4. If you are not a CREST Participant or CREST Sponsored Member you should leave Box 5 blank and you will automatically receive a share certificate for your Ordinary Shares.

6. Signature

By signing the Application Form you are deemed to have read the Prospectus and agreed to the terms and conditions in Part VII of the Prospectus (*Terms and Conditions of Application under the Offer for Subscription*) and to have given the warranties and undertakings set out therein.

Execution by Individuals:

Please sign and date Box 6. All applicants must sign.

The Application Form may only be signed by someone other than the Applicant(s) named in Box(es) 2, 3 or 4 if duly authorised to do so. In such cases the original Power of Attorney (or other relevant legal document) or duly certified copy thereof must be enclosed for inspection.

Execution by a Company:

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.

PLEASE AFFIX YOUR CHEQUE OR BANKER'S DRAFT UNDERNEATH BOX 7 ON THE APPLICATION FORM

NOTES FOR AUTHORISED FINANCIAL INTERMEDIARIES ONLY

7. Authorised Financial Intermediaries Details

Authorised financial intermediaries must complete and stamp (giving their full name and address) Box 7 in BLOCK CAPITALS, giving a contact name, telephone number, email address and details of their authorisation under the Financial Services and Markets Act 2000.

Money Laundering Regulations

If you complete and stamp Box 7 of the Application Form you are warranting that the applicant is known to you and that you have completed all the verification procedures as required by the relevant rules and guidance of the Financial Conduct Authority, the Joint Money Laundering Steering Group Guidance Notes and other anti-money laundering laws and regulations as may be considered appropriate.

You also confirm that this information can be relied upon by the Company and the Receiving Agent and will, subject to reasonable notice, be made available to the Company or the Receiving Agent for inspection upon request.

In the event of delay or failure to produce such information, the Company may refuse to accept an application for the Offer.



Appendix 2

SA Application Form

For official use only:	
------------------------------	--

Schroder European Real Estate Investment Trust plc

(Incorporated in England and Wales with company no. 09382477 and registered as an investment company under section 833 of the Companies Act 2006)
("the Company")

INITIAL PLACING APPLICATION FORM FOR SOUTH AFRICA

*The definitions and interpretations contained in the prospectus to which this application form is attached ("**Prospectus**") apply mutatis mutandis to this application form.*

This application form should be read in conjunction with the Prospectus.

TO BE COMPLETED ONLY BY investors invited to participate in the Initial Placing ("Invited Investors") and who fall within any of the categories envisaged in section 96(1)(a) of the South African Companies Act or who purchase or subscribe for Ordinary Shares, the acquisition cost of which is not less than R1 000 000 per single addressee acting as principal (as contemplated in section 96(1)(b) of the South African Companies Act), and are therefore entitled to participate in the Initial Placing ("**Invited Investors**").

The Company is undertaking the Initial Placing, involving an offer to Invited Investors to subscribe for Ordinary Shares in the Company at the Issue Price, such placement to be implemented by the conditional placing of Ordinary Shares by Numis in the UK and PSG Capital in South Africa at the Issue Price, as described in Part IV of the Prospectus.

Subject to the conditions of the Initial Placing being fulfilled, applications will be made to the UK Listing Authority and the London Stock Exchange for all of the Ordinary Shares of the Company to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities as a primary listing. In addition, subject to the conditions of the Initial Placing and Offer being fulfilled, application will be made to the JSE for all of the Ordinary Shares of the Company to be admitted to trading on the JSE's main board for listed securities as a secondary listing (collectively referred to as the "**Listings**").

Successful applicants will be advised of their allocations of Ordinary Shares by 3 December 2015, with the allocated Ordinary Shares thereafter being transferred, on a "**delivery-versus-payment**" basis, to successful applicants on the settlement date, which is expected to be 9 December 2015.

Invited Investors must make application to subscribe for Ordinary Shares in the Sterling amount of 100 pence per Ordinary Share ("Subscription Consideration"). Successful applicants will be required to pay the Rand equivalent of the Subscription Consideration. Successful applicants will be advised of the applicable exchange rate determined by the Board to apply to the Subscription Consideration in order to determine the Rand equivalent of the Subscription Consideration that must be paid on settlement date in order to subscribe for the Ordinary Shares, by way of a SENS announcement to be published on or about 3 December 2015.

Invited Investors are referred to the terms of the Initial Placing, as detailed in the Prospectus (and in particular in Part IV thereto), which are incorporated by reference herein. Invited Investors, by their signature of this application form, agree to be bound to the terms, conditions, representations, undertakings and warranties as detailed in the Prospectus.

Applications are irrevocable and may not be withdrawn once submitted.

In addition, please refer to the instructions overleaf before completing this application form.

Dematerialised Ordinary Shares

The allocated Ordinary Shares will be transferred to successful applicants in dematerialised form only. Accordingly, all successful applicants must appoint a CSDP directly, or a broker, to receive and hold the dematerialised shares on their behalf. Should successful applicants wish to obtain a physical share certificate for their Ordinary Shares, they may do so following the Listings and should contact their CSDP or broker in this regard.

As allocated Ordinary Shares will be transferred to successful applicants on a “**delivery-versus-payment**” basis, payment will be made by your CSDP or broker on your behalf.

Invited Investors should complete this application form in respect of the Initial Placing and hand deliver or email it to:

If delivered by hand or by courier:

Attention: Willie Honeyball

PSG Capital Proprietary Limited

1st Floor, Ou Kollege

35 Kerk Street

Stellenbosch, 7600

If emailed:

willieh@psgcapital.com

This application form must be stamped and signed by an applicant's CSDP or broker. Failure to do so may result in this application form being rejected.

This application form must be received by no later than 2.00 p.m. (SAST) on 2 December 2015.

Invited Investors must contact their CSDP or broker and advise them that they have submitted the application form as instructed above. Pursuant to the application, successful applicants must make arrangements with their CSDP or broker for payment to be made as stipulated in the agreement governing their relationship with their CSDP or broker, in respect of the Ordinary Shares allocated to them in terms of the Initial Placing by the settlement date, expected to be 9 December 2015.

Conditions Precedent

The Initial Placing is conditional, *inter alia*, on:

- (i) the Placing Agreement, in respect of Placees on the UK register, becoming wholly unconditional or the PSG Capital Mandate, in respect of Placees on the South African register, becoming wholly unconditional (save as to First Admission) and not having been terminated in accordance with their respective terms prior to First Admission;
- (ii) First Admission occurring by 8.00 a.m. (GMT) or 10.00 a.m. (SAST) on 9 December 2015 (or such later date, not being later than 31 December 2015, as the Company, Numis and PSG Capital may agree); and
- (iii) the Minimum Gross Proceeds of £90 million being raised.

Accordingly, should any of these conditions fail, the Initial Placing and any acceptance thereof shall not be of any force or effect and no person shall have any claim whatsoever against the Company or any other person as a result of the failure of the conditions.

Reservation of rights

The Board reserves the right to accept or refuse any application for Ordinary Shares, either in whole or in part, or to reduce any or all application(s) (whether or not received timeously) in such manner as it may in its sole and absolute discretion determine. The Board may consider, *inter alia*, the spread requirements of the London Stock Exchange and JSE, the liquidity of the Ordinary Shares and the potential shareholder base that the Board wishes to achieve when making such decision. Furthermore, the Board may accept or reject, in whole or in part, any application should the terms contained in the Prospectus, of which this application form forms part, and the instructions herein not be properly complied with.

Only Invited Investors who fall within any of the categories envisaged in section 96(1)(a) of the South African Companies Act or who purchase or subscribe for Ordinary Shares, the acquisition cost of which is not less than R1 000 000 per single addressee acting as principal (as contemplated in section 96(1)(b) of the South African Companies Act), are entitled to participate in the Initial Placing.



To the Directors:

Schroder European Real Estate Investment Trust plc

1. I/We, the undersigned, confirm that I/we have full legal capacity to contract and, having read the Prospectus, hereby irrevocably apply for and request you to accept my/our application for the undermentioned value to subscribe for Ordinary Shares under the Initial Placing set out in the Prospectus to which this application form is attached and in terms of the terms and conditions set out therein and that may, in your absolute discretion, be allocated to me/us.
2. I/We wish to receive my/our allocated Ordinary Shares in dematerialised form and will deliver this application form to PSG Capital, and will provide appropriate instructions to my/our CSDP or broker, as the case may be, with regard to the application herein and the payment thereof, as stipulated in the agreement governing my/our relationship with my/our CSDP or broker, as the case may be. I/We accept that payment in respect of this application will be, in terms of the custody agreement entered into between me/us and my/our CSDP or broker, as the case may be, on a delivery-versus-payment basis.
3. I/We understand that the Listings and Initial Placing are subject to the conditions detailed in the Prospectus and in this application form and that, should any of the conditions fail, the Initial Placing and any acceptance thereof shall not be of any force or effect and that I/we will not have any claim whatsoever against the Company or any other person as a result of the failure of the conditions.
4. By completing and signing this application form, I/we confirm that I/we are deemed to have read the Prospectus and agreed to be bound to the terms and conditions in Part VI (*Terms and Conditions of Application under the Initial Placing and the Placing Programme*) and to have given the warranties, representations and undertakings set out therein.
5. By completing and signing this application form, I/we consent to the Company ceding and assigning any and all claims and/or proceeds to which it is entitled in terms of this application form, to facilitate the Listings.

Signature

Date_____ 2015

Telephone number ()_____ Cell phone number_____

Assisted by (where applicable)_____

Surname of individual or name of corporate body	Mr
	Mrs
	Miss
	Other title
Full names (<i>if individual</i>)	
Postal address (<i>preferably PO Box address</i>)	Postal code
Telephone number ()	
Cell phone number	
Email address	
Number of Ordinary Shares applied for	
Total value of Ordinary Shares applied for (Sterling amount)	£

Required information must be completed by CSDP or broker* with their stamp and signature affixed hereto

CSDP name	
CSDP contact person	
CSDP contact telephone number	
SCA or bank CSD account number	
Scrip account number	
Settlement bank account number	
Stamp and signature of CSDP or broker	

Note:

* If an applicant has more than one account, please attach a separate schedule with all relevant details.

This application form is a legal contract between the Company and the applicant. Application forms may not be accepted unless the above information has been furnished.

Instructions

- 1. Applications are irrevocable and may not be withdrawn once submitted.**
- CSDP's and brokers will be required to retain a copy of this application form for presentation to the Directors, if required.
- Applicants should consult their broker or other professional advisor in case of doubt as to the correct completion of this application form.
- Applicants need to have appointed a CSDP or broker and must advise their CSDP or broker in terms of the Custody Agreement entered into between them and their CSDP or broker. Payment will be made on a delivery-versus-payment basis.
- No payment should be submitted with this application form to the Company or PSG Capital.
- If payment is dishonoured, or not made for any reason, the Company may, in its sole discretion, regard the relevant application as invalid or take such other steps in regard thereto as it may deem fit.
- No receipts will be issued for application forms, application monies or any supporting documentation.
- All alterations on this application form must be authenticated by full signature of the applicant and his CSDP or broker.
- As allocated Ordinary Shares are being transferred to successful applicants on a delivery-versus-payment basis, no payment will be required to be made if the Initial Placing or the Listings are not successful.

PLEASE REFER TO THE DETAILED TERMS AND CONDITIONS OF THE INITIAL PLACING, AS SET OUT IN THE PROSPECTUS AND IN PART IV THERETO.



