

This document comprises a prospectus relating to Schroder Real Estate Investment Trust Limited (the “**Company**”) prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (“**FCA**”) made under section 73A of the Financial Services and Markets Act 2000, as amended (“**FSMA**”). A copy of this document has been filed with the FCA and has been made available to the public in accordance with Rule 3.2 of the Prospectus Rules. This document also includes particulars given in compliance with the listing rules of the Channel Islands Securities Exchange Authority Limited (“**CISE**”) for the purposes of giving information with regard to the issuer.

Applications will be made to the FCA and to the CISE for admission of the New Shares to their respective Official Lists. Applications will also be made for the New Shares to be admitted to trading on the London Stock Exchange and the CISE. It is expected that Admission will become effective and that unconditional dealings in the New Shares will commence during the period from 17 April 2014 to 19 March 2015.

The Company is authorised as an authorised closed-ended collective investment scheme by the Guernsey Financial Services Commission under Section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Authorised Closed-Ended Investment Schemes Rules 2008. Notification of the proposed Initial Placing and Offer and Placing Programme has been made to the Guernsey Financial Services Commission.

Potential investors are recommended to seek advice from their stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under FSMA if they are in the United Kingdom or, if not, from another appropriately authorised independent adviser before investing in the Company. Potential investors should also consider the risk factors relating to the Company set out on pages 18 to 22 of this document.

Schroder Real Estate Investment Trust Limited

(a company incorporated and registered in Guernsey with registered number 41959)

Issues of up to 200 million New Shares including an

Initial Placing and Offer for Subscription and a

Placing Programme

and

Information relating to prior issues of 35,592,128 Ordinary Shares

Joint Sponsors and Brokers

J.P. Morgan Cazenove and Numis Securities Limited

This document does not constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, New Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular the New Shares offered by this document have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “**Securities Act**”) or registered or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Canada, Australia, the Republic of South Africa or Japan and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan. Neither this document nor any copy of it may be distributed directly or indirectly to any persons with addresses in Canada, Australia, the Republic of South Africa or Japan, or to any corporation, partnership or other entity created or organised under the laws thereof, or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement. The Company will not be registered as an investment company under the US Investment Company Act of 1940, as amended. Neither this document nor the New Shares have been recommended, approved or disapproved by any US federal or state securities commission or regulatory authority. Furthermore, none of such authorities has opined on the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence.

This document may only be distributed or circulated directly or indirectly in or from within the Bailiwick of Guernsey (i) by persons licensed to do so by the Commission under the POI Law or (ii) to persons licensed under the POI Law, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000.

Each of Numis Securities Limited (“**Numis**”), which is authorised and regulated in the FCA, and J.P. Morgan Securities plc, which conducts its UK investment banking activities as J.P. Morgan Cazenove (“**J.P. Morgan Cazenove**”) and which is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the FCA, is acting exclusively for the Company and for no-one else in connection with the Issues and will not be responsible to any other person for providing the protections afforded to clients of J.P. Morgan Cazenove or Numis or for providing advice in connection with the Issues, the contents of this document or any matters referred to in this document. Neither J.P. Morgan Cazenove nor Numis is responsible for the contents of this document. This does not exclude or limit any responsibilities which either J.P. Morgan Cazenove or Numis may have under FSMA or the regulatory regime established thereunder.

Neither the admission of the New Shares to the Official List of the CISE nor the approval of the Listing Document pursuant to the Listing Rules of the CISE shall constitute a warranty or representation by the CISE as to the competence of the service providers to or any other party connected with the Company, the adequacy and accuracy of the information contained in this document or the suitability of the Company for investment or for any other purpose.

The Directors of the Company, whose names appear on page 27 of this document, and the Company each accept responsibility for the information contained in this document. Having taken all reasonable care to ensure this is the case, the information contained in this document is, to the best of the knowledge of the Directors and the Company, in accordance with the facts and contains no omission likely to affect its import.

Dated: 20 March 2014

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SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in 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		
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 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 is not engaging any financial intermediaries for any resale of securities or final placement of securities requiring a prospectus after publication of this document.
Section B – The Company		
B.1	Legal and commercial name of the issuer	Schroder Real Estate Investment Trust Limited.
B.2	Domicile and legal form	The Company was incorporated in Guernsey on 27 May 2004. The Company is an authorised closed-ended collective investment scheme pursuant to The Protection of Investor (Bailiwick of Guernsey) Law, 1987, as amended, and the Authorised Closed-Ended Investment Schemes Rules 2008.
B.5	Group description	The following companies are wholly owned subsidiaries of the Company over which the Company is able to exercise all the voting rights.

		<i>Name of subsidiary</i> Clerical Medical (Industrial) Nominees Company 4314611 England & Wales Clerical Medical (Offices) Nominees Company 4314655 England & Wales Clerical Medical (Retail) Nominees Company 4314690 England & Wales Cotswolds Properties Limited** 80151 Gibraltar LP (Brentford) Limited 41389 Guernsey Lunar Partnership (Brentford) Limited 41167 Guernsey SREIT (Basingstoke) Limited* 47054 Guernsey SREIT (Hinckley) Limited* 47056 Guernsey SREIT (Merchant) Limited 46010 Guernsey SREIT (Mid City) limited** 43445 Guernsey SREIT (Minerva) Limited* 47057 Guernsey SREIT (No.2) Limited 42801 Guernsey SREIT (Portergate) Limited 47055 Guernsey SREIT (Portman) Limited* 47058 Guernsey SREIT (Salisbury) Limited* 47059 Guernsey SREIT (Tokenhouse) Limited* 47060 Guernsey SREIT (Uxbridge) Limited 47061 Guernsey SREIT (Victory) Limited 47062 Guernsey SREIT (Wembley) Limited* 47063 Guernsey SREIT Holding Company Limited 42701 Guernsey SREIT Property Limited 42044 Guernsey Notes: * In members' voluntary liquidation. ** Liquidated.												
B.6	Major shareholders	So far as is known to the Company by virtue of the notifications made to it pursuant to the Disclosure and Transparency Rules, as at the Latest Practicable Date the following Shareholders held directly or indirectly five per cent. or more of the Company's voting rights: <table> <tr> <th><i>Shareholder</i></th><th><i>Number of Ordinary Shares</i></th><th><i>Percentage of voting rights</i></th></tr> <tr> <td>Schroders Plc</td><td>71,609,290</td><td>18.3%</td></tr> <tr> <td>Investec Wealth & Investment</td><td>51,775,697</td><td>13.2%</td></tr> <tr> <td>Alliance Trust Savings Limited</td><td>25,872,915</td><td>6.6%</td></tr> </table>	<i>Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of voting rights</i>	Schroders Plc	71,609,290	18.3%	Investec Wealth & Investment	51,775,697	13.2%	Alliance Trust Savings Limited	25,872,915	6.6%
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Investec Wealth & Investment	51,775,697	13.2%												
Alliance Trust Savings Limited	25,872,915	6.6%												
B.7	Financial statements	The key audited figures that summarise the financial condition of the Group in respect of the year ending on 31 March 2013 (and the corresponding figures for the years ending on 31 March 2012 and 2011) which have been extracted directly on a straightforward basis from the historical information referred to in paragraph 3.1 of Part 8 (unless otherwise indicated in the notes below the following table) are set out in the following table:												

Consolidated statement of financial position			
	<i>Year ending on 31 March</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
Non-current assets (£'000)	256,009	336,915	329,197
Current assets (£'000)	51,670	62,042	67,665
Total assets (£'000)	307,679	398,957	396,862
Non-current liabilities (£'000)	140,260	209,665	205,828
Current liabilities (£'000)	6,906	9,313	10,009
Total liabilities (£'000)	147,166	218,978	215,836
Equity (£'000)	160,513	179,979	181,025
Net assets per Ordinary Share (pence)	45.1	50.6	50.9
Consolidated statement of comprehensive income			
	<i>Year ending on 31 March</i>		
	<i>2013</i>	<i>2012</i>	<i>2011¹</i>
Net rental and related income (£'000)	20,252	24,148	22,801
Profit on disposal of investment property (£'000)	3,066	2,706	43
Net valuation (loss)/gain on investment property	(20,797)	(5,885)	2,516
Total expenses (£'000)	(3,560)	(6,586)	(6,042)
Net financing costs (£'000)	(10,111)	(14,425)	(11,112) ²
(Loss)/profit before taxation (£'000)	(10,774)	12,083	9,219 ³
Taxation (£'000)	207	(1,050)	(795)
Total comprehensive (loss)/income for the year attributable to the equity holders of the parent (£'000)	(6,938)	11,482	11,582
Basic and diluted (loss)/earnings per Ordinary Share (pence)	(3.0)	3.1	2.5 ⁴
Notes:			
1. In years prior to 31 March 2012 the Group accounted for all of its swap instruments as effective hedges and took changes in fair value movements to other comprehensive income. However, in 2012, the Board determined that a swap attaching to £111 million of borrowings should not have been treated as an effective hedge, in accordance with IAS 39, due to the non-coterminous periods of the swap and the loan, and that changes in fair value should have been dealt with in profit and loss. The figures set out above for the year ending on 31 March 2011 have been extracted from the Group's 31 March 2011 financial statements as originally published. These were restated in the 31 March 2012 financial statements, based on the Group's current accounting policies and are set out below.			
2. Restated figure – (9,195)			
3. Restated figure – 11,136			
4. Restated figure – 3.0			
The key unaudited figures that summarise the financial condition of the Group in respect of the six-month period ending on 30 September 2013 (and the corresponding figures for the six-month period ending on 30 September 2012) which have been extracted directly on a straightforward basis from the historical information referred to in paragraph 3.1 of this Part 8 (unless otherwise indicated in the notes below the following table) are set out in the following table.			

		Consolidated statement of financial position <i>Six-month period ending on 30 September</i> <table> <tr> <th></th><th style="text-align: right;">2013</th><th style="text-align: right;">2012</th></tr> <tr> <td>Non-current assets (£'000)</td><td style="text-align: right;">260,473</td><td style="text-align: right;">296,274</td></tr> <tr> <td>Current assets (£'000)</td><td style="text-align: right;">35,530</td><td style="text-align: right;">71,333</td></tr> <tr> <td>Total assets (£'000)</td><td style="text-align: right;">296,003</td><td style="text-align: right;">367,607</td></tr> <tr> <td>Non-current liabilities (£'000)</td><td style="text-align: right;">127,317</td><td style="text-align: right;">184,841</td></tr> <tr> <td>Current liabilities (£'000)</td><td style="text-align: right;">7,112</td><td style="text-align: right;">10,622</td></tr> <tr> <td>Total liabilities (£'000)</td><td style="text-align: right;">134,429</td><td style="text-align: right;">195,463</td></tr> <tr> <td>Equity (£'000)</td><td style="text-align: right;">161,574</td><td style="text-align: right;">172,144</td></tr> <tr> <td>Net assets per Ordinary Share (pence)</td><td style="text-align: right;">45.4</td><td style="text-align: right;">48.4</td></tr> </table> Consolidated statement of comprehensive income <i>Six-month period ending on 30 September</i> <table> <tr> <th></th><th style="text-align: right;">2013</th><th style="text-align: right;">2012</th></tr> <tr> <td>Net rental and related income (£'000)</td><td style="text-align: right;">8,759</td><td style="text-align: right;">10,801</td></tr> <tr> <td>Profit on disposal of investment property (£'000)</td><td style="text-align: right;">–</td><td style="text-align: right;">1,372</td></tr> <tr> <td>Net valuation gain/(loss) on investment property (£'000)</td><td style="text-align: right;">3,190</td><td style="text-align: right;">(6,973)</td></tr> <tr> <td>Total expenses (£'000)</td><td style="text-align: right;">(1,733)</td><td style="text-align: right;">(1,972)</td></tr> <tr> <td>Net financing costs (£'000)</td><td style="text-align: right;">(6,046)</td><td style="text-align: right;">(6,744)</td></tr> <tr> <td>Profit/(loss) before taxation (£'000)</td><td style="text-align: right;">4,222</td><td style="text-align: right;">(3,260)</td></tr> <tr> <td>Taxation (£'000)</td><td style="text-align: right;">–</td><td style="text-align: right;">(164)</td></tr> <tr> <td>Total comprehensive income/(loss) for the period attributable to the equity holders of the parent (£'000)</td><td style="text-align: right;">6,400</td><td style="text-align: right;">(1,571)</td></tr> <tr> <td>Basic and diluted earnings/(loss) per Ordinary Share (pence)</td><td style="text-align: right;">1.2</td><td style="text-align: right;">(1.0)</td></tr> </table> During the period from 1 April 2010 to the Latest Practicable Date: - in April 2013, the Company entered into a new £129.58 million loan facility with Canada Life to refinance its £114.5 million securitised loan in full; and - the Company issued 32,327,062 Ordinary Shares in August 2010 for an aggregate subscription price of approximately £12.3 million and 35,592,128 Ordinary Shares in January 2014 for an aggregate subscription price of approximately £17.2 million. Save for these changes there has been no significant change in the financial condition or operating results or the overall trading position of the Company since 1 April 2010.		2013	2012	Non-current assets (£'000)	260,473	296,274	Current assets (£'000)	35,530	71,333	Total assets (£'000)	296,003	367,607	Non-current liabilities (£'000)	127,317	184,841	Current liabilities (£'000)	7,112	10,622	Total liabilities (£'000)	134,429	195,463	Equity (£'000)	161,574	172,144	Net assets per Ordinary Share (pence)	45.4	48.4		2013	2012	Net rental and related income (£'000)	8,759	10,801	Profit on disposal of investment property (£'000)	–	1,372	Net valuation gain/(loss) on investment property (£'000)	3,190	(6,973)	Total expenses (£'000)	(1,733)	(1,972)	Net financing costs (£'000)	(6,046)	(6,744)	Profit/(loss) before taxation (£'000)	4,222	(3,260)	Taxation (£'000)	–	(164)	Total comprehensive income/(loss) for the period attributable to the equity holders of the parent (£'000)	6,400	(1,571)	Basic and diluted earnings/(loss) per Ordinary Share (pence)	1.2	(1.0)
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B.8	Selected pro forma financial information	Not applicable; no pro forma financial information is included in this document.																																																									
B.9	Profit forecast or estimate	Not applicable; no profit forecast is included in this document.																																																									
B.10	Qualifications in the audit report	Not applicable; there have been no qualifications in the audit reports on the historical financial information.																																																									

B.11	Insufficiency of working capital	Not applicable; the Company is of the opinion that it has sufficient working capital for its present requirements, that is, for at least 12 months from the date of this document.
B.34	Description of investment objective, policy and investment restrictions	The Company's investment objective and policy is set out below. The investment policy has not changed materially since the launch of the Company but has been amended from time to time by the Board in consultation with the Investment Manager. Evolving structural and cyclical changes in the UK commercial property market means that, in the view of the Investment Manager, there is an opportunity to broaden the Company's investable universe through exposure to additional alternative property types such as healthcare, hotels and student accommodation. These alternative property types could make a positive contribution to performance through diversification and other benefits such as longer lease terms with inflation-linked rents. Whilst this is not a material change to the investment policy but more an expansion of it, the Board believes that Shareholders should be given the opportunity to approve this restated investment policy and, accordingly, the Investment Policy Resolution will be proposed to Shareholders at the EGM. 2.1 <i>Current investment objective and policy</i> <i>Investment objective</i> The investment objective of the Company is to provide shareholders with an attractive level of income together with the potential for income and capital growth through investing in UK commercial property. The Group invests principally in the UK commercial property sectors including office, retail and industrial and it may invest in other sectors from time to time, such as residential and leisure. <i>Investment policy</i> The investment policy of the Company is to own a diversified portfolio of UK commercial property with good fundamental characteristics, as outlined below. <i>Diversification and asset allocation</i> The Board believes that, in order to maximise the stability of the Group's income, the optimal strategy for the Group is to invest in a portfolio of assets diversified by location, sector, asset size and tenant exposure with low vacancy rates and creditworthy tenants. The value of any individual asset at the date of its acquisition must not exceed 15 per cent. of gross assets and the proportion of rental income deriving from a single tenant must not exceed 10 per cent. From time to time the Board may also impose limits on sector, location and tenant types, together with other activity such as development. At present, the Board has instructed the Investment Manager to seek to maintain the Group's exposure to the office sector at below 60 per cent. of the total

		value of the Group's assets. This instruction will be kept under review by the Board. The Company's portfolio will be invested and managed in accordance with the Listing Rules, the Listing Rules of the CISE and taking into account the Company's investment objectives, policies and restrictions. <i>Borrowings</i> The Board has established a gearing guideline for the Investment Manager, which seeks to limit on-balance-sheet debt, net of cash, to 40 per cent. of on-balance-sheet assets while recognising that this may be exceeded in the short term from time to time. It should be noted that the Company's Articles limit its borrowings to 65 per cent. of the Group's gross assets, calculated as at the time of borrowing. The Board keeps this guideline under review and the Directors may require the Investment Manager to manage the Group's assets with the objective of bringing borrowings within the appropriate limit while taking due account of the interests of Shareholders. Accordingly, corrective measures may not have to be taken immediately if this would be detrimental to Shareholder interests. <i>Interest rate exposure</i> It is the Board's policy to hedge interest rate risk, either by ensuring that borrowings are on a fixed rate basis, or through the use of interest rate swaps/derivatives used solely for hedging purposes. There are currently no interest rate swaps due to the fixed rate nature of the newly refinanced debt. 2.2 <i>New investment objective and policy</i> Conditional on the Investment Policy Resolution being passed, the Company's investment objective and policy will be as follows: <i>Investment objective</i> The investment objective of the Company is to provide Shareholders with an attractive level of income together with the potential for income and capital growth through investing predominantly in UK commercial property. <i>Investment policy</i> The investment policy of the Company is to own a diversified portfolio of UK property with good fundamental characteristics, as outlined below. The Group invests principally in the UK commercial property sectors including office, retail and industrial and will also invest in other sectors including mixed use, residential, hotels, healthcare and leisure.
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		<i>Diversification and asset allocation</i> The Board believes that, in order to maximise the stability of the Group's income, the optimal strategy for the Group is to invest in a portfolio of assets diversified by location, sector, asset size and tenant exposure with low vacancy rates and creditworthy tenants. The value of any individual asset at the date of its acquisition must not exceed 15 per cent. of gross assets and the proportion of rental income deriving from a single tenant must not exceed 10 per cent. From time to time the Board may also impose limits on sector, location and tenant types, together with other activity such as development. The Company's portfolio will be invested and managed in accordance with the Listing Rules, the Listing Rules of the CISE and taking into account the Company's investment objectives, policies and restrictions. <i>Borrowings</i> The Board has established a gearing guideline for the Investment Manager, which seeks to limit on-balance-sheet debt, net of cash, to 40 per cent. of on-balance-sheet assets while recognising that this may be exceeded in the short term from time to time. It should be noted that the Company's Articles limit its borrowings to 65 per cent. of the Group's gross assets, calculated as at the time of borrowing. The Board keeps this guideline under review and the Directors may require the Investment Manager to manage the Group's assets with the objective of bringing borrowings within the appropriate limit while taking due account of the interests of Shareholders. Accordingly, corrective measures may not have to be taken immediately if this would be detrimental to Shareholder interests. <i>Interest rate exposure</i> It is the Board's policy to hedge interest rate risk, either by ensuring that borrowings are on a fixed rate basis, or through the use of interest rate swaps/derivatives used solely for hedging purposes.
B.35	Borrowing and/or leverage limits	Borrowings On 16 April 2013, the Company announced the completion of a new £129.58 million loan facility with Canada Life to refinance its £114.5 million securitised loan in full. This represented the successful conclusion of a strategy of selective property disposals, where asset management initiatives had been completed, to reduce the quantum of the Company's debt and its loan to value ratio in order to optimise the terms of the refinancing. The Board has established a gearing guideline for the Investment Manager, which seeks to limit on-balance-sheet debt, net of cash, to 40 per cent. of on-balance-sheet assets while recognising that this may be exceeded in the short term from time to time. It should be noted that the Company's Articles limit its borrowings to 65 per cent. of the Group's gross assets, calculated as at the time

		of borrowing. The Board keeps this guideline under review and the Directors may require the Investment Manager to manage the Group's assets with the objective of bringing borrowings within the appropriate limit while taking due account of the interests of Shareholders. Accordingly, corrective measures may not have to be taken immediately if this would be detrimental to Shareholder interests.
B.36	Regulatory status of the Company	The Company is authorised as an authorised closed-ended collective investment scheme by the Guernsey Financial Services Commission under Section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Authorised Closed-Ended Investment Schemes Rules 2008. The Company is not regulated by the FCA but, as a company with securities admitted to listing on the Official List, is subject to the Listing Rules, Prospectus Rules, Disclosure and Transparency Rules and the rules of the London Stock Exchange.
B.37	Profile of typical investors	It is expected that investors in the New Shares will typically be professional investors and professionally advised private investors.
B.38	Investment of 20 per cent. or more of gross assets in single underlying asset or collective investment undertaking.	Not applicable; the Company may not invest more than 20 per cent. of its gross assets in a single underlying asset or collective investment undertaking.
B.39	Investment of 40 per cent. or more of gross assets in another collective investment undertaking.	Not applicable; the Company may not invest more than 40 per cent. of its gross assets in another collective investment undertaking.
B.40	The investment manager and other service providers	Sponsor and placing agent Pursuant to the Placing Agreement, each of J. P. Morgan Cazenove and Numis has been appointed to act as joint sponsor to the Company and has agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for the New Shares. Each of J.P. Morgan Cazenove and Numis will be entitled to receive a corporate finance fee of £25,000. In addition, J.P. Morgan Cazenove and Numis will also be entitled to an aggregate commission of 1.75 per cent. of the Gross Proceeds of the Issues plus, at the discretion of the Company, further commission of 0.25 per cent. of the Gross Proceeds of the Issues, together with reimbursement for their out-of-pocket expenses, including legal costs, in connection with the Issues, together, in each case, with applicable VAT. The commissions set out above are only payable if Admission occurs. Investment Manager The Investment Manager, Schroder Property Investment Management Limited, was appointed on 13 January 2012 as the Company's Investment Manager, providing investment management and accounting services, following the transfer of the management team from Invista Real Estate Investment Management Limited to the Investment Manager.

		The Investment Manager is entitled to a management fee payable monthly in arrears at a rate of 1.1 per cent. of the Net Asset Value of the Company per annum. The Investment Manager is also entitled to be reimbursed out-of-pocket expenses. Registrar Pursuant to the Registrar Agreement, Computershare Investor Services (Guernsey) Limited is appointed to act as registrar to the Company. The Registrar is entitled to fees, subject to a minimum of £6,000 per annum and expenses (including disbursements and out of pocket expenses) payable quarterly within 30 days of the date of the Registrar's invoice. Administrator Northern Trust International Fund Administration Services (Guernsey) Limited has been appointed to provide certain administrative duties and functions to the Company. The Administrator is entitled to service fees of £120,000 per annum payable quarterly in instalments within 15 days of each calendar quarter end, plus additional fees for non-standard activities and out of pocket expenses.
B.41	Identity and regulatory status of the investment manager	The Investment Manager is authorised and regulated by the FCA.
B.42	Valuation and publication of the Company's Net Asset Value	Properties are valued quarterly by an external valuer and their valuation is reviewed quarterly by a committee of the Board. The NAV attributable to the Ordinary Shares is published quarterly based on the properties' most recent valuation and calculated under IFRS. The NAV is published through a regulatory information service provider to the London Stock Exchange and the CISE as soon as practicable after the end of the relevant quarter. The publication of the NAV per Ordinary Share will only be suspended in circumstances where the underlying data necessary to value the Company's investments cannot readily, or without undue expenditure, be obtained having regard to the fact that, in such circumstances, the CISE may require the listing of the Ordinary Shares on its Official List to be suspended. Details of any suspension in publishing such calculations will be announced through an RIS.
B.43	Cross liability	Not applicable; the Company is not an umbrella collective investment undertaking.
B.44	Collective investment undertakings which have not commenced operations	Not applicable; the Company has commenced operations.
B.45	Description of the Company's portfolio	Gross asset value and net asset value At the Latest Practicable Date, the Portfolio consisted of 54 properties independently valued at £306.48 million as at 17 March 2014. At the Latest Practicable Date, the Portfolio had

an unaudited Net Asset Value of £190.6 million or 48.7 pence per Ordinary Share.

Sector weightings by value

<i>Sector</i>	<i>Company (%)</i>	<i>IPD (%)</i> *
Retail	30.7	43.9
Offices	41.8	28.5
Industrial	23.7	18.1
Other	3.8	9.6

Notes:

* Latest available IPD index data as at 31 December 2013.

Regional weightings by value

<i>Region</i>	<i>Company (%)</i>	<i>IPD (%)</i> *
Central London	0	18.2
South East (excluding Central London)	41.9	32.0
Rest of South	11.9	7.2
Midlands and Wales	27.7	22.3
North and Scotland	8.5	20.2

Notes:

* Latest available IPD index data as at 31 December 2013.

Top 10 properties⁵

The top ten properties in the Portfolio and the percentage each represents of the Company's gross assets at the Latest Practicable Date were:

<i>Property</i>	<i>Value (£)</i>	<i>Portfolio (%)</i>
Brighton, Victory House	26,900,000	8.8
Wembley, Olympic Office		
Centre and site	22,500,000	7.3
Headingley, The Arndale Centre	17,250,000	5.6
Uxbridge, 106 Oxford Road	16,750,000	5.5
Brentford, Reynards		
Business Park	16,000,000	5.2
Salisbury, Churchill Way West	13,000,000	4.2
Luton, The Galaxy	11,750,000	3.8
Basingstoke, Churchill Way	11,200,000	3.7
Norwich, Union Park	9,750,000	3.2
Alfreton, Recticel Unit	9,500,000	3.1
Total	154,600,000	50.4

		Top 10 tenants <i>The top ten tenants</i> <table> <tr> <th><i>Tenants</i></th><th><i>Rent per annum (£)</i></th><th><i>Portfolio (%)</i></th></tr> <tr> <td>Wickes Building Supplies Limited</td><td>1,092,250</td><td>5.2</td></tr> <tr> <td>Norwich Union Life and Pensions Ltd</td><td>1,039,191</td><td>4.9</td></tr> <tr> <td>Lloyds TSB Bank PLC</td><td>1,024,000</td><td>4.8</td></tr> <tr> <td>The Buckinghamshire New University</td><td>1,018,267</td><td>4.8</td></tr> <tr> <td>BUPA Insurance Services Limited</td><td>960,755</td><td>4.5</td></tr> <tr> <td>Mott MacDonald Ltd</td><td>790,000</td><td>3.7</td></tr> <tr> <td>Recticel SA</td><td>731,038*</td><td>3.5</td></tr> <tr> <td>Sportsdirect.com Retail Limited</td><td>657,177</td><td>3.1</td></tr> <tr> <td>Irwin Mitchell LLP</td><td>555,000</td><td>2.6</td></tr> <tr> <td>Booker Limited</td><td>550,000</td><td>2.6</td></tr> <tr> <td>Total</td><td>8,417,678</td><td>39.9</td></tr> </table>	<i>Tenants</i>	<i>Rent per annum (£)</i>	<i>Portfolio (%)</i>	Wickes Building Supplies Limited	1,092,250	5.2	Norwich Union Life and Pensions Ltd	1,039,191	4.9	Lloyds TSB Bank PLC	1,024,000	4.8	The Buckinghamshire New University	1,018,267	4.8	BUPA Insurance Services Limited	960,755	4.5	Mott MacDonald Ltd	790,000	3.7	Recticel SA	731,038*	3.5	Sportsdirect.com Retail Limited	657,177	3.1	Irwin Mitchell LLP	555,000	2.6	Booker Limited	550,000	2.6	Total	8,417,678	39.9
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Total	8,417,678	39.9																																				
B.46	Net Asset Value	The last published unaudited NAV per Ordinary Share prior to the Latest Practicable Date was 47.3 pence per Ordinary Share as at 31 December 2013.																																				

Section C – Securities		
C.1	Type and class of securities	The type and class of securities being offered by the Company pursuant to the Initial Placing and Offer and the Placing Programme are New Shares of no par value (ISIN: GB00B01HM147).
C.2	Currency denomination of the Shares	Sterling.
C.3	Details of the share capital	At the Latest Practicable Date, the share capital of the Company comprised 391,513,409 Ordinary Shares of no par value.
C.4	Rights attaching to the Shares	The Ordinary Shares rank <i>pari passu</i> as regards voting, entitlement to income and entitlement on a return of capital.
C.5	Restrictions on the transferability of Shares	There are no restrictions on the free transferability of the Ordinary Shares, subject to compliance with applicable securities laws.
C.6	Application for admission to trading on a regulated market	Applications will be made to the FCA and to the CISE for admission of the New Shares to their respective Official Lists. Applications will also be made for the New Shares to be admitted to trading on the London Stock Exchange and the CISE. It is expected that Admission will become effective and that unconditional dealings in the New Shares will commence during the period from 17 April 2014 to 19 March 2015.
C.7	Dividend policy	Dividends may be paid to holders of Ordinary Shares whenever the financial position of the Company, in the opinion of the Directors, justifies such payment, subject to the Company being

		able to satisfy the solvency test, as defined under the Law, immediately after payment of such dividend. The Company may by ordinary resolution from time to time declare dividends. The dividend policy adopted by the Board is to typically pay dividends to holders of Ordinary Shares quarterly in February, May, August and November in each year. The dividends paid on each Ordinary Share in respect of the last three financial years were as follows: 3.52 pence (2011); 3.52 pence (2012); and 3.52 pence (2013). The Board announced in July 2013 that a sustainable dividend, based on the Company's portfolio and business plans, is 0.62 pence per Ordinary Share per quarter, representing a reduction of 30 per cent. from the previous level of dividend. The Board keeps the dividend policy under close review with a view to ensuring the Company can deliver a sustainable level of cover whilst having due regard to current and anticipated future market conditions, rental values and the outcome of any future debt refinancing.
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Section D – Risks		
D.1	Key information on the key risks that are specific to the Company	- 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. - Property investments can perform in a cyclical nature and values can increase or decrease. Economic, political, fiscal and legal issues can affect values as they can with any other investment. - The performance of the Company would be adversely affected by a downturn in the property market in terms of capital value or a weakening of rental yields. - The Company invests in residential and commercial properties which may be viewed as a higher risk and illiquid investment and at times it may be difficult to obtain reasonable price quotes. The Company may, therefore, be adversely affected by a decrease in market liquidity for the assets in which it invests. - The terms of the Company's loan facility include extensive financial covenants given by the Company as well as security granted in favour of the lender. In the event that the Company were to breach any of the financial covenants, the lender may enforce security over the Company's assets as well as demanding repayment of the loan. - The Company intends to issue New Shares pursuant to the Initial Placing and Offer and the Placing Programme only when it has identified properties for purchase so as to deploy the capital raised as quickly as is practicable. However, there is no guarantee that the purchase of such properties by the Company will proceed to completion and, accordingly, in circumstances where the Company has successfully

		completed an issue of New Shares but is unable to invest the proceeds immediately, the Company may retain significant cash reserves. This may adversely affect the Company's performance in the short term. The Company's future performance depends on the success of the Investment Manager's strategy, skill, judgement and reputation.
D.3	Key information on the key risks that are specific to the Shares	- There may not be a liquid secondary market for the Ordinary Shares. In addition, the value of the Ordinary Shares can go down as well as up. The market price and the realisable value of the Ordinary Shares, as well as being affected by the underlying value of the Company's assets, will be affected by interest rates, supply and demand for the Ordinary Shares, market conditions and general investor sentiment. As such, the market value of the Ordinary Shares will fluctuate and may vary considerably. - Shareholders do not have a right for their Ordinary Shares to be redeemed and the Company does not have a fixed winding-up date. Those Shareholders wishing to realise their investment will be required to dispose of their Ordinary Shares on the stock market or vote to wind up the Company. - The ability of the Board to declare dividends on the Ordinary Shares is conditional upon the Company satisfying the solvency test under the Law.

Section E – The Issues		
E.1	Proceeds and expenses of the Issues	The costs of the Initial Placing and Offer are dependent on subscriptions received but, by way of illustration, will be between 4.14 per cent. of the Gross Proceeds should the Initial Placing and Offer raise Gross Proceeds of £20 million and 2.98 per cent. of the Gross Proceeds should the Initial Placing and Offer raise £40 million. These expenses will be met out of the Gross Proceeds of the Initial Placing and Offer. The Net Proceeds of the Initial Placing and Offer and the Placing Programme are dependent on subscriptions received pursuant to both the Initial Placing and Offer and the Placing Programme. Assuming that Gross Proceeds of £40 million are raised under the Initial Placing and Offer and Gross Proceeds of a further £60 million are raised under the Placing Programme, the Net Proceeds of the Initial Placing and Offer and the Placing Programme would be approximately £97.72 million with expenses (including any commission) of approximately £2.28 million. These expenses will be met out of the Gross Proceeds of the Initial Placing and Offer and the Placing Programme.
E.2a	Reasons for the Issue, use of proceeds and estimated net amount of proceeds	The net proceeds of the Issues will be invested in accordance with the Company's investment objective and policy. The Board is proposing the Initial Placing and Offer for Subscription to enable the Company to take advantage of the prevailing market conditions and investment opportunities, with

		the net issue proceeds used to complete purchases of properties that the Investment Manager has identified that are suitable for acquisition. The Company is also proposing a Placing Programme to fund future acquisitions that support the Company's investment objective and acquisition criteria in the period from 18 April 2014 to 19 March 2015. Assuming the Issues are fully subscribed, which would raise approximately £100 million, the estimated Net Proceeds of the Issues are expected to be £97.72 million.
E.3	Terms and conditions of the Offer for Subscription	The Offer for Subscription is conditional, <i>inter alia</i>, on: (i) the Issue Resolution being passed at the EGM; (ii) the Placing Agreement becoming wholly unconditional (save as to Initial Admission) and not having been terminated in accordance with its terms prior to Initial Admission; and (iii) Initial Admission occurring by 8.00 a.m. on 17 April 2014 (or such later date as the Company, Numis and J.P. Morgan Cazenove may agree in writing, being not later than 8.00 a.m. on 31 May 2014). 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 New Shares through the Offer for Subscription. Completed Application Forms and the accompanying payment in relation to the Offer for Subscription must be posted to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received by no later than 11.00 a.m. on 10 April 2014. Commitments under the Offer for Subscription, once made, may not be withdrawn without the consent of the Directors. Applicants under the Offer must specify a fixed number of New Shares for which they wish to apply at the Initial Placing and Offer Price being 50.25 pence per New Share. The aggregate subscription price is payable in full on application. Individual applications must be for a minimum of 1,000 New Shares and applications in excess of that amount should be made in multiples of 100 New Shares, 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.
E.4	Material interests	Not applicable; there are no interests that are material to the Initial Placing, Offer for Subscription or Placing Programme.
E.5	Selling securities holders and lock-up agreements	Not applicable; there are no persons offering to sell shares in the Company and there are no lock-up agreements in place.
E.6	Dilution	Existing Shareholders are not obliged to participate in the Issues. However, those Shareholders who do not participate in the Issues

		will suffer a dilution in the percentage of the issued share capital that their current holding represents based on the actual number of Ordinary Shares issued. Assuming 80 million New Shares are issued, Shareholders will suffer a dilution of approximately 20 per cent. to their existing percentage holdings. However, as the New Shares will be issued at a premium to the prevailing NAV per Share in order to take account of the costs of such issue, it is not anticipated that there will be any dilution in the NAV per Share as a result of the Initial Placing and Offer or the Placing Programme.
E.7	Estimated expenses charged to investors by the Company	The price at which New Shares issued by the Company pursuant to the Issues will be calculated by reference to the prevailing NAV per Ordinary Share (cum income) plus a premium sufficient to cover the expenses of such issue, including any placing commissions. No additional expenses will be charged to investors.

RISK FACTORS

The Company's business, financial condition, performance, prospects, results and/or Ordinary Share price could be materially and adversely affected by any of the risks described below. If any of the adverse events described below actually occur, investors may lose all or part of their investment.

In addition to the other information set out in this document, the risks described below should be carefully considered by investors and prospective investors prior to making any investment decision relating to the New Shares. The risks set out below are those risks which the Directors consider to be material as at the date of this document, but are not the only risks relating to the Ordinary Shares and the Company. There may be additional risks that the Directors do not currently consider to be material or of which the Directors are not aware, which may affect the Company's financial condition, performance, prospects, results and/or the price of Ordinary Shares.

An investment in the Ordinary Shares is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear losses (which may equal the whole amount invested) that may result from such an investment. An investment in the Ordinary Shares should constitute part of a diversified investment portfolio. Typical investors are expected to be professionally advised private investors and professional investors. If investors are in any doubt as to the consequences of their acquiring, holding or disposing of Ordinary Shares, or whether an investment in Ordinary Shares is suitable for them in the light of information in, or incorporated by reference into, this document or their personal circumstances including the financial resources available to them, they should consult their stockbroker or other independent financial adviser authorised under FSMA or, in the case of investors outside the United Kingdom, another appropriately authorised independent financial adviser before making their own decision to invest in the Ordinary Shares.

1. Risks relating to the Company

Property valuation

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 valuation report in Part 7 of this document is made on the basis of certain assumptions which may not prove to reflect the true position. There is no assurance that the valuation of the properties will reflect actual sale prices even where any such sales occur shortly after the relevant valuation date.

Property investments can perform in a cyclical nature and values can increase or decrease. Economic, political, fiscal and legal issues can affect values as they can with any other investment. The 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.

If property values rise significantly between the publication of this document and the time when the funds available to the Company following their issue (including borrowings) and remaining after the acquisition of the properties identified are invested, the potential returns available for Shareholders may be less than those set out in this document.

Factors affecting performance

The performance of the Company would be adversely affected by a downturn in the property market in terms of capital value or a weakening of rental yields. 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.

Any future property market recession could materially adversely affect the value of properties. 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.

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.

Rent reviews may not be agreed at the then estimated rental values.

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.

The Company may face significant competition from UK or other foreign property companies. Competition in the 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 performance of the Company would also be affected in the event of default by an occupational tenant as the Group will suffer a rental income shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property.

Liquidity risk

The Company invests 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.

Reliance on the Investment Manager and its key personnel

The Company's future performance depends on the success of the Investment Manager's strategy, skill, judgement and reputation. There can be no guarantee that any individual employee of the Investment Manager will remain in its employment. The departure of a key employee may have an adverse effect on the performance of the Company. Similarly, the Company relies on the reputation of the Investment Manager and any decline in the Investment Manager's reputation may have an adverse effect on the Company's performance through its impact on the Ordinary Share price.

Borrowings

On 16 April 2013, the Company announced the completion of a new £129.58 million loan facility with Canada Life Limited (the "**Lender**") to refinance its £114.5 million securitised loan in full. The terms of the loan facility include extensive financial covenants given by the Company as well as security granted in favour of the Lender. In the event that the Company were to breach any of the financial covenants, the Lender may enforce security over the Company's assets as well as demanding repayment of the loan. In such circumstances, the Company may be forced to sell a number of its assets, potentially at a discount to their market value.

Conflicts of interest

The Investment Manager is not required to devote all its resources to the Company. To the extent that 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 Ordinary Share price.

The Investment Manager is 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 these funds or future funds which may have similar investment policies to that of the Company.

Past performance

The past performance of the Investment Manager, the Company or of other assets or funds are not guides to the future performance of the Company. There can be no guarantee that the investment objective and policy of the Company will be met or that any stated current or future targets or returns will be achieved.

Timing of fundraising

The Company intends to issue New Shares pursuant to the Initial Placing and Offer and the Placing Programme only when it has identified properties for purchase so as to deploy the capital raised as quickly as is practicable. However, there is no guarantee that the purchase of such properties by the Company will proceed to completion and, accordingly, in circumstances where the Company has successfully completed an issue of New Shares but is unable to invest the proceeds immediately, the Company may retain significant cash reserves. This may adversely affect the Company's performance in the short term.

Continuation vote

In accordance with the Articles, the Company is required to propose an ordinary resolution to the annual general meeting of the Company to be held in 2014 proposing that the Company should continue in existence until such further resolution is passed to determine otherwise. In the event that this resolution is not passed, the Board is required to draw up proposals for the reconstruction, unitisation or other reorganisation of the Company within three months of the annual general meeting. If such proposals are not passed, the Board is required to propose the voluntary liquidation of the Company. In these circumstances, Shareholders may be forced to realise their investment in the Company, regardless of whether they voted in favour of the continuation of the Company.

2. Risks relating to the Ordinary Shares

Entitlement to income

Shareholders will be entitled to all of the amounts resolved by the Directors to be distributed as dividends in accordance with the Law. Dividend growth from the Ordinary Shares will depend on growth in the Company's returns from its portfolio of investments. The Net Asset Value of the Ordinary Shares will be determined by the performance of the Company's portfolio.

Any change in the tax treatment of dividends paid or income received by the Company may reduce the dividends paid to the holders of the Ordinary Shares. A reduction of returns from the Company's investments would adversely affect the yield on the Ordinary Shares. Such a reduction could arise, for example, from lower rental yields.

The Law provides that a distribution may not be made by a company unless its directors are satisfied on reasonable grounds (and certify) that the relevant company will, immediately after making such distribution, satisfy the solvency test as defined under the Law. For the purposes of the Law, a company satisfies the solvency test if (i) the company is able to pay its debts as they become due; (ii) the value of the company's assets is greater than the value of its liabilities; and (iii) in the case of a supervised company, the company

satisfies any other requirements as to solvency imposed in relation to it under section 527(1)(c) of the Law. Accordingly, any entitlement to income is dependent on the Company meeting the solvency test.

There may not be a liquid secondary market for the Ordinary Shares, the price of which may fluctuate

There may not be a liquid secondary market for the Ordinary Shares. In addition, the value of the Ordinary Shares can go down as well as up. The market price and the realisable value of the Ordinary Shares, as well as being affected by the underlying value of the Company's assets, will be affected by interest rates, supply and demand for the Ordinary Shares, market conditions and general investor sentiment. As such, the market value of the Ordinary Shares will fluctuate and may vary considerably. In addition, the published market price of the Ordinary Shares will be, typically, their middle market price. Due to the potential difference between the middle market price of the Ordinary Shares and the price at which the Ordinary Shares can be sold, there is no guarantee that the realisable value of the Ordinary Shares will be the same as the published market price.

Shareholders do not have a right for their Ordinary Shares to be redeemed and the Company does not have a fixed winding-up date. Those Shareholders wishing to realise their investment will be required to dispose of their Ordinary Shares on the stock market or vote to wind up the Company.

There is less market liquidity in the shares of companies such as the Company than in shares issued by larger companies traded on the London Stock Exchange. Notwithstanding that applications will be made for the New Shares to be admitted to trading on the London Stock Exchange and the CISE, there can be no guarantee that a liquid market will exist at any time for the Ordinary Shares.

Listing should not be taken as implying that there will be a liquid market for the Ordinary Shares. There is no guarantee that an active market will arise or be sustained for the Ordinary Shares. If an active trading market is not maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected. Even if an active trading market is maintained, the market price for the Ordinary Shares may fall below their Issue Price and Shareholders may not realise their initial investment.

3. Risks relating to taxation

Any change in the Company's tax status, or in taxation legislation or practice in the United Kingdom or elsewhere, could affect the value of the investments in the Portfolio and the Company's ability to achieve its investment objective.

Statements in this document concerning the taxation of Shareholders are based upon current UK and Guernsey tax law and published practice, which law and practice are in principle subject to change (potentially with retrospective effect) that could adversely affect the ability of the Company to meet its investment objective. In particular, should the Company or the Ordinary Shares be regarded as an "offshore fund" for the purposes of the UK offshore fund rules, this may have adverse tax consequences for certain UK resident shareholders on the disposal of Ordinary Shares. Also, should the Company come to be regarded as UK tax resident, this may adversely affect the tax position of the Company and, consequently, the value of the Ordinary Shares.

Further details relating to taxation are set out in Part 10 of this document. Any investor or potential investor who is in any doubt about his/her tax position should consult their independent professional adviser.

4. Regulatory risks

Changes in laws

Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect the Company's business, investments and performance. The Company is subject to laws and regulations enacted by national and local government. In particular, the Company is subject to and will be required to comply with certain regulatory requirements that are applicable to listed closed-ended collective investment companies which are domiciled in Guernsey. These include compliance with any decision of the GFSC. In addition, the Company is subject to and will be required to comply with certain regulatory requirements which are applicable to closed-ended investment companies (including continuing obligations) whose shares

are listed on the premium segment of the Official List of the FCA. Any change in the laws and regulations affecting the Company, the Investment Manager or the Company's investments may have an adverse effect on the ability of the Company to carry on its business and pursue its investment policy.

The Alternative Investment Fund Managers Directive

The AIFMD, which was required to be transposed by EU Member States into national law by 22 July 2013, seeks to regulate investment fund managers (in this paragraph, "**AIFM**") established in the EU and prohibits such managers from managing any alternative investment fund (in this paragraph, "**AIF**") or marketing shares in such funds to investors in the EU unless an AIFMD authorisation is granted to the AIFM. In order to obtain such authorisation, and be able to manage the AIF, an AIFM will need to comply with various obligations in relation to the AIF and in relation to the conduct and operations of its own business, which may create significant additional compliance costs that may, where considered appropriate, be passed to investors in the AIFs managed by AIFMs.

The UK has implemented the AIFMD in a way that allows the continuation of certain activities after the date of transposition, provided that the authorisation conditions are met within a year after that date (the "**Transitional Period**"). The Investment Manager has the benefit of the Transitional Period and the Company has not yet appointed the Investment Manager or any other entity as its AIFM. At the end of the Transitional Period, if the Company's AIFM does not or cannot obtain authorisation under the AIFMD, the marketing of shares in the Company to investors in the EU may be impaired. Moreover, if the Investment Manager was to fail to, or be unable to, obtain such an authorisation, it may be unable to continue to manage the Company or its ability to manage the Company may be impaired.

Any regulatory changes arising from implementation of the AIFMD and any derivative legislation or guidance (or otherwise) that impairs the ability of the Investment Manager to manage the investments of the Company, or limits the Company's ability to market its Ordinary Shares, may materially adversely affect the Company's ability to carry out its investment strategy and achieve its investment objective.

IMPORTANT NOTICES

General

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.

This document does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for any New 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.

Prospective investors should not treat the contents of this document as advice relating to legal, taxation, investment, or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption, or other disposal of New Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of New Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of New Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this document are based on the law and practice currently in force in England and Wales and Guernsey and are subject to changes therein.

This document relates not only to the issue of the New Shares but also sets out information relating to the January Placing Shares. The aggregate gross proceeds of the issue of the January Placing Shares were £17.2 million and the net proceeds were £16.8 million. The net proceeds of the issue of the January Placing Shares were applied in accordance with the Company's investment policy.

The New Shares are being offered and issued outside the United States in reliance on Regulation S. The New Shares have not been nor will they 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 within the United States. In addition, the Company has not registered and will not register under the US Investment Company Act. The New Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the issue of the New Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States and the re-offer or resale of any of the New Shares in the United States may constitute a violation of US law.

Each applicant for New Shares will be required to certify that, among other things, the offer of New Shares was made to it, and at the time its buy order was originated, it was located outside the United States and that it is not a US Person (within the meaning of Regulation S).

Notice to prospective investors in the European Economic Area

In relation to Relevant Member States other than the UK, an offer to the public of the New Shares may only be made once a prospectus has been passported in accordance with the Prospectus Directive as implemented by the Relevant Member State. This document has not been passported into any Relevant Member State; therefore, an offer of the New Shares to the public in a Relevant Member State other than the UK may only be made pursuant to the following exemption under the Prospectus Directive, if it has been implemented in that Relevant Member State:

- (a) to legal entities which are "qualified investors" as defined in the Prospectus Directive;

- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) and subject to obtaining the prior consent of J.P. Morgan Cazenove and Numis for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of New Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive. In those Relevant Member States which have implemented the AIFMD, the New Shares may only be offered in that Relevant Member State to the extent that shares in the Company may be marketed to in the Relevant Member State pursuant to Article 36 of the AIFMD or can otherwise be lawfully marketed in that Relevant Member State in accordance with AIFMD or under the applicable implementing legislation (if any) of that Relevant Member State.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of New Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any New Shares to be offered so as to enable an investor to decide to purchase or subscribe for New Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and the amendments thereto, including Directive 2010/73/EU) (the “**2010 PD Amending Directive**”) to the extent implemented in the Relevant Member State and includes any relevant implementing measure in each Relevant Member State.

During the period up to but excluding the date on which the Prospectus Directive is implemented in Member States, this document may not be used for, or in connection with, and does not constitute, any offer of New Shares or an invitation to purchase or subscribe for any New Shares in any Member State in which such offer or invitation would be unlawful.

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 Listing Rules of the CISE, the Prospectus Rules, the Authorised Closed-Ended Investment Schemes Rules 2008 and the Disclosure and Transparency Rules.

Nothing in the preceding two paragraphs should be taken as limiting the working capital statement in paragraph 10 of Part 9 of this document.

ISSUE STATISTICS

Prospective investors should note that the following statistics are for illustrative purposes only and the assumptions on which they are based may or may not be fulfilled in practice and actual outcomes can be expected to differ from these illustrations. The illustrations are not to be regarded as forecasts of profit or growth in the value of the Company's assets or guarantees of future performance and involve certain risks and uncertainties that are hard to predict. Investors should therefore not rely on the illustrations. The attention of prospective investors is also drawn to the risk factors set out on pages 18 to 22 of this document.

Initial Placing and Offer

Number of New Shares available under the Initial Placing and Offer	80 million
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Issue Price per New Share issued under the Initial Placing and Offer	50.25 pence per New Share
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Placing Programme

Maximum number of New Shares being issued pursuant to the Issues (which includes New Shares issued under the Placing and Offer)	200 million
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Issue Price per New Share issued under the Initial Placing Programme	Not less than the Net Asset Value (cum income) per Ordinary Share at the time of issue plus a premium to cover the expenses of such issue
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Ordinary Shares

Ordinary Share ISIN number	GB00B01HM147
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Ordinary Share SEDOL	B01HM14
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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates set out below (other than the time and date of the Extraordinary General Meeting) is subject to change. References to a time of day are to London time. Any changes to the timetable will be notified by publication of a notice through an RIS.

	<i>2014</i>
Publication of this document	20 March
Offer for Subscription opens	20 March
Latest time and date for receipt of Application Forms under the Offer for Subscription	11.00 a.m. on 10 April
Latest time and date for receipt of commitments under the Initial Placing	3.00 p.m. on 11 April
Latest time and date for receipt of forms of proxy in respect of the Extraordinary General Meeting	10.00 a.m. on 14 April
Extraordinary General Meeting	10.00 a.m. on 16 April
Results of Initial Placing and Offer announced	16 April
Admission and dealings in the Initial Placing and Offer Shares commence	8.00 a.m. on 17 April
Expected date for crediting of Initial Placing and Offer Shares to CREST accounts in uncertificated form	17 April
Placing Programme opens	18 April
Expected date for despatch of certificates for the Initial Placing and Offer Shares	28 April
	<i>2015</i>
Placing Programme closes	19 March

DIRECTORS AND ADVISERS

Board of Directors	Lorraine Baldry – <i>Non-executive Chairman</i> Harry Dick-Cleland – <i>Non-executive Director</i> John Frederiksen – <i>Non-executive Director</i> Keith Goulborn – <i>Non-executive Director</i> Alison Ozanne – <i>Non-executive Director</i> David Warr – <i>Non-executive Director</i>
Administrator, Secretary and Registered Office	Northern Trust International Fund Administration Services (Guernsey) Limited Trafalgar Court Les Banques St. Peter Port Guernsey GY1 3QL Tel: +44 (0) 1481 745001
Investment Manager	Schroder Property Investment Management Limited 31 Gresham Street London EC2V 7QA
Joint Sponsors and Brokers	J.P. Morgan Cazenove 25 Bank Street London E14 5JP Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
CISE Sponsor	Northern Trust International Fund Administration Services (Guernsey) Limited Trafalgar Court Les Banques St. Peter Port Guernsey GY1 3QL
English Legal Advisers to the Company	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH
Guernsey Legal Advisers to the Company	Mourant Ozannes 1 Le Marchant Street St Peter Port Guernsey GY1 4HP
Legal Advisers to the Joint Sponsors	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ
Auditors	KPMG Channel Islands Limited 20 New Street St Peter Port Guernsey GY1 4AN

Independent Property Valuer	Knight Frank LLP 55 Baker Street London W1U 8AN
Registrar	Computershare Investor Services (Guernsey) Limited Queensway House Hilgrove Street St. Helier Jersey JE1 1ES
Receiving Agent	Computershare Investor Services PLC Corporate Actions Projects Bristol BS99 6AH
Principal Bankers	HSBC Bank plc Arnold House St Julians Avenue St Peter Port Guernsey GY1 3NF

PART 1

INFORMATION ON THE ISSUES

1. The Company

Schroder Real Estate Investment Trust Limited (the “**Company**”) was launched in July 2004 with the investment objective of providing Shareholders with an attractive level of income together with the potential for both income and capital growth from investing in UK commercial property.

The Company currently holds a diversified portfolio of UK commercial properties and is currently mainly invested in the three commercial property sectors: office, retail and industrial. Evolving structural and cyclical changes in the UK commercial property market means there is an opportunity to broaden the Company’s investable universe through exposure to alternative property types such as healthcare, hotels and student accommodation in addition to the traditional sectors. These alternative property types could make a positive contribution to performance through diversification and other benefits such as longer lease terms with inflation-linked rents. Consequently the Board is proposing to allow the Investment Manager to invest in these sectors and this is set out in more detail in paragraph 2 below.

In pursuing the investment objective, the Investment Manager concentrates on assets with good fundamental characteristics, a diverse spread of occupational tenants and with opportunities to enhance value through active management.

Since its launch, the Company’s underlying property portfolio has delivered an average total return of 5.4 per cent. per annum, outperforming the IPD Index by 1.0 per cent per annum.

Following the recent placing in January 2014 which represented 9.99 per cent. of the Company’s then issued share capital, the Board and the Investment Manager believe there is potential to enhance returns to Shareholders through further disciplined and accretive growth of the Company.

Therefore, to enable the Company to take advantage of the prevailing market conditions and investment opportunities, the Board is proposing an Initial Placing and Offer for Subscription, with proceeds used to complete purchases of properties that the Investment Manager has identified that are suitable for acquisition. The Company is also proposing a Placing Programme to fund future acquisitions that support the Company’s investment objective and acquisition criteria in the period from 18 April 2014 to 19 March 2015. New Shares will only be issued to new and existing Shareholders at a premium to the prevailing NAV in order to take account of the costs of such issue and will therefore be accretive to NAV for existing Shareholders.

2. Background to and reasons for the Issues

Significant progress has been made strengthening the Company’s balance sheet over the past 36 months in order to position the Company for a market recovery and future growth. Central to this strategy was the need to refinance the Company’s loan which was due to mature in July 2014. This process was undertaken early in 2013 in order to take advantage of long term yields being at historic lows. The Company’s refinancing objectives were to secure a long-term debt maturity, a reduction in the cost of debt and sufficient operational flexibility to permit proactive asset management of the Portfolio.

In order to optimise terms, during the 12 months prior to the re-financing, the Company completed £67 million of disposals at an average yield of 3.4 per cent., realising good performance from asset management activity. These disposals served to reduce the Company’s loan to value ratio to a level which enabled access to longer term lenders. Following negotiations with a number of prospective lenders, on 16 April 2013 a new £129.58 million loan facility was agreed with Canada Life Limited, on the following principal terms, which satisfied the Company’s refinancing objectives referred to above:

- 20 per cent. of the loan will mature in 10 years’ time and 80 per cent. in 15 years’ time to give a weighted term as at 31 December 2013 of 14 years;

- the loan carries a total fixed interest rate of 4.77 per cent. per annum compared with the interest rate on the Company's previous loan of 5.72 per cent. per annum;
- there is no amortisation of the loan; and
- the loan provides flexibility to asset manage the Portfolio and the ability to utilise cash from disposals to fund capital expenditure.

A summary of the loan facility is set out in paragraph 13.4 of Part 9 of this document.

Completion of the refinancing enabled the Board to review the Company's dividend policy and conclude that a sustainable dividend, having regard to the Portfolio, asset business plans and market conditions, was 0.62 pence per share ("**pps**") per quarter, representing a reduction of 30 per cent. with effect from the quarter ending June 2013. This provided a solid platform from which to review and implement the Company's longer term strategy and stated objective: namely, to provide Shareholders with an attractive level of income, with the potential for both income and capital growth.

Since April 2013, the Company has made progress with asset management initiatives and prospective disposals offering the potential to make a positive contribution to income and Net Asset Value. These include:

- exchanged conditional contracts to sell Reynards Trading Estate in Brentford to Notting Hill Home Ownership ("**NHHO**") on a subject to planning basis, for a price of approximately £20 million, compared to the value as at 17 March 2014 of £16 million. NHHO is responsible for making the planning application at its own cost and there continues to be uncertainty regarding the timing and prospects for achieving a residential planning consent; and
- exchanged conditional contracts to sell a one acre site at Olympic Office Centre in Wembley to UNITE Group Plc ("**UNITE**") on a subject to planning basis for a price of approximately £7.4 million, compared to the valuation as at 17 March 2014 of £6.25 million. The Company has already secured outline planning consent for UNITE's use of student accommodation and completion is subject to UNITE securing detailed planning consent.

During this period the Company has also benefited from a recovery in the UK commercial property market which has, in turn, been led by improving GDP growth and positive economic data relating to employment growth, retail sales and the housing market. This recovery is reflected in the latest Investment Property Databank ("**IPD**") Monthly Index which reported a 4.5 per cent. increase in capital values between April 2013 and December 2013. This contributed to a total return of 10.9 per cent. for the calendar year 2013, with the office and industrial sectors producing a total return of 14.4 per cent. and 14.2 per cent. respectively, and the retail sector producing the weakest total return of 7.6 per cent. As noted below, the Company's Portfolio benefited from a strategically low weighting to the retail sector in 2013.

The recovery since April 2013 followed 18 months of consecutive capital value declines and, despite the positive momentum in the market since then, average capital values remain 35 per cent. below the previous peak of June 2007. The recovery is notable for improving sentiment towards good quality secondary property outside the core central London markets. This is partly due to the yield premium available but also reflects an improving occupational market and rental value growth in the strongest centres and regions, as a result of economic growth and reducing levels of supply. This emerging trend is yet to fully feed through into IPD data, with, for example, capital values of offices (measured by IPD) outside of central London still 50 per cent. below their previous peak of June 2007.

These conditions are presenting mis-pricing opportunities for well capitalised investors amongst an increasing number of available deals offering potential total returns consistent with the Company's investment objective.

Against this backdrop, the Board and Investment Manager continue to believe that there is potential to enhance future returns to Shareholders through a gradual increase in the size of the Company. In January 2014, this led to the Company placing 35,592,128 new Ordinary Shares, representing 9.99 per cent. of the

issued share capital prior to the placing, raising gross proceeds of £17.17 million. These placing proceeds were immediately invested into the acquisition of the Headingley Property, a multi-let retail, leisure and office property in a densely populated suburb just outside the CBD in Leeds, for a purchase price of £16.23 million, or £17.1 million including acquisition costs. The purchase price reflected a net initial yield of 9.14 per cent. and satisfied the Company's investment criteria by offering good underlying fundamentals in terms of location and specification, affordable rents and sustainable tenant demand.

Following the acquisition of the Headingley Property, in February the Company acquired Morgan Sindall House in Rugby for £3.95 million, or £4.17 million including acquisition costs, reflecting a net initial yield of 8 per cent. The office property is let to Morgan Sindall for 15 years without tenant break options and complements the current Portfolio by offering a long lease to an established tenant at an above average yield with inflation-linked rental uplifts.

The January Placing and the acquisition of both the Headingley Property and the Rugby Property have had the following positive financial impact compared with the last reported NAV as at 31 December 2013:

- increase in the NAV from £168.5 million as at 31 December 2013 to approximately £190.6 million as at 17 March 2014;
- increase in dividend cover from 74 per cent. over the quarter to December 2013 to approximately 91 per cent. as at 17 March 2014;
- increase in the Portfolio value from £279.59 million as at 31 December 2013 to £306.48 million as at 17 March 2014; and
- reduction in the loan to value ratio, net of cash, from 40.7 per cent. as at 31 December 2013 to 39.1 per cent. as at 17 March 2014.

The positive financial impact of the January Placing has provided the Company with the opportunity to pursue a prudent growth strategy that is value accretive to Shareholders, with the key potential corporate benefits summarised below:

- an enhancement in net income due to the arbitrage between the Ordinary Share price yield and the yields currently achievable on UK commercial property;
- additional liquidity in the Ordinary Shares should be gained with a larger market capitalisation;
- a reduction in the Company's loan to value ratio; and
- operational leverage and economies of scale.

As illustrated by the recent acquisitions, new equity can potentially be invested in properties offering an attractive yield with scope for adding value through asset management. Furthermore, improving dividend cover enables the Company to consider acquiring lower yielding assets offering enhanced growth prospects. More specifically, future acquisitions are likely to target the following markets:

Offices:

- London sub-markets with robust demand and areas known as the London 'villages' which benefit from multiple alternative uses including commercial as well as residential occupiers; and
- cities and towns outside of London with a "knowledge-based" economy offering creativity and innovation e.g. Cambridge, Oxford, Thames Valley and Brighton.

Industrial:

- medium-sized warehouses around big cities to support e-tailing – specification is key; and
- Greater London industrial offering long-term change of use.

Retail:

- convenience retailing in affluent areas;
- “value” retailing where overall cost to retailer is low; and
- higher yielding retail in strong cathedral towns and regional centres.

Alternatives:

- target operators with pricing power who pass on rising costs to end users;
- fixed or inflation linked rental uplifts where underlying rents will keep pace; and
- sectors including healthcare, student accommodation, affordable housing or serviced apartments.

As stated above, the Investment Manager believes that there is an opportunity to broaden the Company’s investable universe through exposure to additional alternative property types such as healthcare, hotels and student accommodation. These alternative property types could make a positive contribution to performance through diversification and other benefits such as longer lease terms with inflation-linked rents. Further details of the Company’s current and proposed investment policies are set out in paragraph 2 of Part 4 of this document.

The Investment Manager is actively targeting a pipeline of potential acquisitions which satisfy the Company’s investment criteria above and it is intended that the net proceeds from the Initial Placing and Offer for Subscription will be deployed into acquisitions that are currently under negotiation and where terms have been agreed with the vendors.

In the event that the acquisitions currently under negotiation do not proceed to completion, the Company will seek to invest the net proceeds of the Initial Placing and Offer in accordance with the Company’s investment policy as soon as is practicable. Further details of the Initial Placing and Offer are set out in Part 2 of this document.

The Company is also proposing the Placing Programme to enable the Company to raise additional capital in the period from 18 April 2014 to 19 March 2015 as and when it identifies properties that are suitable for acquisition. 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. Further details of the Placing Programme are set out in Part 3 of this document.

New Shares will only be issued to new and existing Shareholders at a premium to the prevailing NAV at the time of issue in order to take account of the costs of such issue and will therefore be accretive to the prevailing NAV for existing Shareholders.

3. Overview of the Company’s portfolio

The Company currently owns 54 properties with a value, adopting the Independent Property Valuation as at 17 March 2014 of £306.48 million. At the same date, the Portfolio produced a rent of £21.1 million per annum which, based on the Independent Property Valuation, reflected a net initial yield of 6.5 per cent. The Portfolio’s rental value is £23.6 million per annum, resulting in a reversionary yield of 7.3 per cent. It is anticipated that the Portfolio will benefit from additional fixed rental uplifts of £1.6 million per annum due by December 2015.

As at 17 March 2014, the Portfolio void rate was approximately 12.0 per cent., with the potential for a reduction to approximately 11.0 per cent. based on lettings under offer or conditional exchange. As at 17 March 2014, the average unexpired lease term, assuming all tenants vacate at the earliest opportunity, is approximately 7.3 years.

4. Performance track record

The performance of the Company's Portfolio compared with its benchmark, the IPD Index, as at 31 December 2013 (being the latest available data) is shown below:

<i>Period</i>	<i>SREIT total return p.a. (%)</i>			<i>IPD Index total return p.a. (%)</i>			<i>Relative p.a. (%)</i>		
	<i>12 months</i>	<i>Three years</i>	<i>Since inception</i>	<i>12 months</i>	<i>Three years</i>	<i>Since inception</i>	<i>12 months</i>	<i>Three years</i>	<i>Since inception</i>
Retail	8.2	2.4	4.6	7.1	4.4	3.5	1.0	-2.0	1.0
Offices	13.8	10.1	5.4	12.5	7.7	5.0	1.1	2.3	0.4
Industrial	10.0	9.2	5.2	12.4	7.5	4.8	-2.2	1.6	0.4
Other	-9.5	2.8	-0.4	7.6	7.4	4.2	-15.9	-4.3	-4.4
Total	10.1	7.7	5.4	9.7	6.1	4.3	0.4	1.5	1.0

The long-term outperformance of the Company's Portfolio compared with the IPD Index is attributable to a focus on properties offering an above average income return and a pro-active approach to asset management.

PART 2

THE INITIAL PLACING AND OFFER FOR SUBSCRIPTION

1. Introduction

Under the Initial Placing and Offer, subject to compliance with the Law and the Articles, the Company is proposing to issue up to 80 million New Shares at 50.25 pence per New Share to raise Gross Proceeds of up to approximately £40.2 million. The Initial Placing and Offer Price is based on the prevailing NAV per Share on 17 March 2014 plus a premium to cover the costs of the Initial Placing and Offer.

The Directors have reserved the right, in consultation with Numis and J.P. Morgan Cazenove, to increase the number of New Shares offered pursuant to the Initial Placing and Offer to up to the maximum amount for which the Directors are seeking authority pursuant to the Issues, being up to 200 million New Shares. Any such increase will be announced via an RIS.

The costs of the Initial Placing and Offer are dependent on subscriptions received but, by way of illustration, will be between 4.14 per cent. of the Gross Proceeds should the Initial Placing and Offer raise Gross Proceeds of £20 million and 2.98 per cent. of the Gross Proceeds should the Initial Placing and Offer raise £40 million. These expenses will be met out of the Gross Proceeds of the Initial Placing and Offer.

The New Shares will rank *pari passu* in all respects with the existing Ordinary Shares, (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant New Shares). The New Shares issued under the Initial Placing and Offer will not be entitled to receive any dividend for the period from 1 January 2014 to 31 March 2014.

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

- (i) the Issue Resolution being passed at the EGM;
- (ii) the Placing Agreement becoming wholly unconditional (save as to Initial Admission) and not having been terminated in accordance with its terms prior to Initial Admission; and
- (iii) Initial Admission occurring by 8.00 a.m. on 17 April 2014 (or such later date as the Company, Numis and J.P. Morgan Cazenove may agree in writing, being not later than 8.00 a.m. on 31 May 2014).

The Directors intend to apply the Net Proceeds of the Initial Placing and Offer in accordance with the Company's investment objective and policy. The Initial Placing and Offer is not being underwritten.

2. Details of the Initial Placing

Numis and J.P. Morgan Cazenove have agreed under the Placing Agreement to use their reasonable endeavours to procure Placees for New Shares at the Initial Placing and Offer Price. Details of the Placing Agreement are set out in paragraph 13.1 of Part 9 of this document.

The total number of New Shares issued under the Initial Placing will be determined by the Company, Numis and J.P. Morgan Cazenove, after taking into account demand for the New Shares, prevailing market conditions and the acquisition costs of properties that the Investment Manager has identified as being suitable for purchase by the Company. The final result of the Initial Placing will be announced via an RIS.

The Initial Placing will close at 3.00 p.m. on 11 April 2014 (or such later date, not being later than 31 May 2014, as the Company, Numis and J.P. Morgan Cazenove may agree). If the Initial Placing is extended, the revised timetable will be notified via an RIS.

The procedure for, and the terms and conditions of, application under the Initial Placing are set out in Part 11 on pages 115 to 122 of this document.

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

3. Details of the Offer for Subscription

The Directors are also proposing to offer New 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 New Shares through the Offer for Subscription.

Applicants under the Offer must specify a fixed number of New Shares for which they wish to apply at the Initial Placing and Offer Price being 50.25 pence per New Share. The aggregate subscription price is payable in full on application. Individual applications must be for a minimum of 1,000 New Shares and applications in excess of that amount should be made in multiples of 100 New Shares, 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 12 on pages 123 to 130 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 relation to the Offer for Subscription must be posted to Computershare, Corporate Actions Projects, Bristol, BS99 6AH so as to be received by no later than 11.00 a.m. on 10 April 2014.

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

4. Admission and dealing arrangements

Applications will be made to the FCA and to the CISE for admission of the New Shares to their respective Official Lists. Applications will also be made for the New Shares to be admitted to trading on the London Stock Exchange and the CISE. It is expected that Admission will become effective and that unconditional dealings in the New Shares will commence on the main market for listed securities of the London Stock Exchange and on the CISE at 8.00 a.m. (London time) on 17 April 2014.

The Initial Placing and Offer Shares will be issued in registered form and may be held in certificated or uncertificated form. The Initial Placing and Offer Shares allocated will be issued through the CREST system unless otherwise stated. The Initial Placing and Offer Shares will be eligible for settlement through CREST with effect from Admission.

The Company will arrange for CREST to be instructed to credit the appropriate CREST accounts of the applicants concerned or their nominees with their respective entitlements to the Initial Placing and Offer Shares. The names of applicants or their nominees that invest through their CREST accounts will be entered directly on to the share register of the Company.

Dealings in the Initial Placing and Offer Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned.

The Initial Placing and Offer Shares will be denominated in Sterling.

5. Transfer of the Initial Placing and Offer Shares

The transfer of the Initial Placing and Offer Shares outside the CREST system should be arranged directly through the Registrar by completing and lodging an appropriate stock transfer form. However, an investor's beneficial holding held through the CREST system may rematerialise, in whole or in part, only upon the specific request of a beneficial owner to CREST through submitting a stock withdrawal form for share certificates or an uncertificated holding in definitive registered form.

If an applicant or transferee requests Initial Placing and Offer Shares to be issued in certificated form and is holding such Initial Placing and Offer Shares outside CREST, a share certificate will be despatched either to it or its nominated agent (at its own risk) within 10 days of completion of the registration process or transfer,

as the case may be, of the Initial Placing and Offer Shares. Investors holding a definitive certificate may elect at a later date to hold their Initial Placing and Offer Shares through CREST.

6. Scaling back

In the event that the number of New Shares applied for under the Initial Placing and Offer at the Initial Placing and Offer Price would result in the Company receiving net proceeds which are significantly in excess of the Issue size then it would be necessary to scale back applications under the Initial Placing and Offer. In such event New Shares will be allocated as nearly as reasonably possible, so that applications from existing Shareholders are given priority over other applicants, and, where applicable, with a view to ensuring that existing Shareholders are allocated such percentage of New Shares as is as close as possible to their existing percentage holding of Ordinary Shares. In the event of oversubscription New Shares will be allocated to the Investec Related Party and/or the Schroders Related Party at the sole discretion of the Company, J.P. Morgan Cazenove and Numis on a basis that does not give them preferential treatment as against the other Shareholders taking into account the proportions of their shareholdings and the extent of the oversubscription.

7. Commissions

Each of Numis and J.P. Morgan Cazenove will be entitled to a commission payable by the Company in connection with monies raised under the Initial Placing. No commissions are payable by the Company to Placees under the Initial Placing.

8. Dilution

Existing Shareholders are not obliged to participate in the Issues. However, those Shareholders who do not participate in the Issues will suffer a dilution to the percentage of the issued share capital that their current holding represents based on the actual number of Ordinary Shares issued. Assuming 80 million New Shares are issued, Shareholders will suffer a dilution of approximately 20 per cent. to their existing percentage holdings. However, as the New Shares will be issued at a premium to the prevailing NAV per Share in order to take account of the costs of such issue, it is not anticipated that there will be any dilution in the NAV per Share as a result of the Initial Placing and Offer.

PART 3

THE PLACING PROGRAMME

1. Details of the Placing Programme

Following the Initial Placing and Offer, the Directors intend to implement the Placing Programme. Conditional on the Issue Resolution being passed, the Directors will be authorised to issue up to 200 million New Shares pursuant to the Placing Programme less any such shares issued pursuant to the Initial Placing and Offer without having to first offer those New Shares to existing Shareholders. The Placing Programme is being implemented to enable the Company to raise additional capital in the period from 18 April 2014 to 19 March 2015 as and when it identifies properties that are suitable for acquisition. 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 Net Proceeds of the Initial Placing and Offer and the Placing Programme are dependent on subscriptions received pursuant to both the Initial Placing and Offer and the Placing Programme. Assuming that Gross Proceeds of £40 million are raised under the Initial Placing and Offer and Gross Proceeds of a further £60 million are raised under the Placing Programme, the Net Proceeds of the Initial Placing and Offer and the Placing Programme would be approximately £97.72 million with expenses (including any commission) of approximately £2.28 million. These expenses will be met out of the Gross Proceeds of the Initial Placing and Offer and the Placing Programme.

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. The Placing Programme is not being underwritten.

New Shares will be issued from 8.00 a.m. on 18 April 2014 until 8.00 a.m. on 19 March 2015. The issue of New 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 Admission of the New 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).

2. Conditions

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

- (i) the Issue Resolution being passed at the EGM;
- (ii) the Placing Programme Price being determined by the Directors as described below;
- (iii) Admission of the New Shares issued pursuant to such issue; and
- (iv) a valid supplementary prospectus being published by the Company if such is required by the Prospectus Rules and/or the Authorised Closed-Ended Investment Schemes Rules 2008.

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

3. Placing Programme Price

The Placing Programme Price will be determined by the Company and will be at a premium to the Net Asset Value (cum income) 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 an RIS as soon as is practicable in conjunction with each Issue.

4. Admission and dealing arrangements

Applications will be made to the FCA and to the CISE for admission of the New Shares to their respective Official Lists. Applications will also be made for the New Shares to be admitted to trading on the London Stock Exchange and the CISE throughout the period from 18 April 2014 to 19 March 2015. It is expected that such admission and dealings in the Ordinary Shares issued pursuant to the Placing Programme will commence in the period from 18 April 2014 to 19 March 2015.

The New Shares will be issued in registered form and may be held in uncertificated form. The New Shares allocated will be issued to Placees through the CREST system unless otherwise stated. The New Shares will be eligible for settlement through CREST with effect from Admission.

The Company will arrange for CREST to be instructed to credit the appropriate CREST accounts of the Placees concerned or their nominees with their respective entitlements to the New Shares. The names of Placees or their nominees that invest through their CREST accounts will be entered directly on to the share register of the Company.

Dealings in the New Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned.

The New Shares will be denominated in Sterling.

5. Scaling back

Conditional on the Issue Resolution being passed, the Directors will be authorised to issue up to 200 million New Shares pursuant to the Issues. In the event that the aggregate applications under the Initial Placing and Offer and the Placing Programme were to exceed 200 million New Shares or would result in the Company receiving Net Proceeds which are significantly in excess of the estimated costs of properties that the Investment Manager has identified for acquisition at the time of such issue, then it would be necessary to scale back applications under the Placing Programme. In such circumstances, it is intended that New Shares will be allocated so that applications from existing Shareholders are given priority over other applicants, with a view to existing Shareholders being allocated such percentage of New Shares as is as close as possible to their existing percentage holding of Ordinary Shares. Existing Shareholders will not, however, be entitled to any minimum allocation of New Shares in the Placing Programme and there will be no guarantee that existing Shareholders wishing to participate in the Placing Programme will receive all or some of the New Shares for which they have applied. Further, the Company, in consultation with J. P. Morgan Cazenove and Numis, will have absolute discretion to determine the proportion of New Shares allocated to each person wishing to participate in the Placing Programme. In the event that the aggregate applications under the Initial Placing and Offer and the Placing Programme were to exceed 200 million New Shares, no further commitments will be accepted.

PART 4

INFORMATION ON THE COMPANY

1. Introduction

The Company was incorporated in Guernsey on 27 May 2004. The Company is an authorised closed-ended collective investment scheme pursuant to The Protection of Investor (Bailiwick of Guernsey) Law, 1987, as amended, and the Authorised Closed-Ended Investment Schemes Rules 2008. The Ordinary Shares have been admitted to listing on the Official Lists of the FCA and the CISE and to trading on the London Stock Exchange's main market for listed securities since July 2004.

2. Investment objective and policy

The Company's investment objective and policy is set out below. The investment policy has not changed materially since the launch of the Company but has been amended from time to time by the Board in consultation with the Investment Manager.

Evolving structural and cyclical changes in the UK commercial property market means that, in the view of the Investment Manager, there is an opportunity to broaden the Company's investable universe through exposure to additional alternative property types such as healthcare, hotels and student accommodation. These alternative property types could make a positive contribution to performance through diversification and other benefits such as longer lease terms with inflation-linked rents.

Whilst this is not a material change to the investment policy but more an expansion of it, the Board believes that Shareholders should be given the opportunity to approve this restated investment policy and, accordingly, the Investment Policy Resolution will be proposed to Shareholders at the EGM.

2.1 *Current investment objective and policy*

Investment objective

The investment objective of the Company is to provide shareholders with an attractive level of income together with the potential for income and capital growth through investing in UK commercial property. The Group invests principally in the UK commercial property sectors including office, retail and industrial and it may invest in other sectors from time to time, such as residential and leisure.

Investment policy

The investment policy of the Company is to own a diversified portfolio of UK commercial property with good fundamental characteristics, as outlined below.

Diversification and asset allocation

The Board believes that, in order to maximise the stability of the Group's income, the optimal strategy for the Group is to invest in a portfolio of assets diversified by location, sector, asset size and tenant exposure with low vacancy rates and creditworthy tenants. The value of any individual asset at the date of its acquisition must not exceed 15 per cent. of gross assets and the proportion of rental income deriving from a single tenant must not exceed 10 per cent. From time to time the Board may also impose limits on sector, location and tenant types, together with other activity such as development. At present, the Board has instructed the Investment Manager to seek to maintain the Group's exposure to the office sector at below 60 per cent. of the total value of the Group's assets. This instruction will be kept under review by the Board.

The Company's portfolio will be invested and managed in accordance with the Listing Rules, the Listing Rules of the CISE and taking into account the Company's investment objectives, policies and restrictions.

Borrowings

The Board has established a gearing guideline for the Investment Manager, which seeks to limit on-balance-sheet debt, net of cash, to 40 per cent. of on-balance-sheet assets while recognising that this may be exceeded in the short term from time to time. It should be noted that the Company's Articles limit its borrowings to 65 per cent. of the Group's gross assets, calculated as at the time of borrowing. The Board keeps this guideline under review and the Directors may require the Investment Manager to manage the Group's assets with the objective of bringing borrowings within the appropriate limit while taking due account of the interests of Shareholders. Accordingly, corrective measures may not have to be taken immediately if this would be detrimental to Shareholder interests.

Interest rate exposure

It is the Board's policy to hedge interest rate risk, either by ensuring that borrowings are on a fixed rate basis, or through the use of interest rate swaps/derivatives used solely for hedging purposes. There are currently no interest rate swaps due to the fixed rate nature of the newly refinanced debt.

2.2 *New investment objective and policy*

Conditional on the Investment Policy Resolution being passed, the Company's investment objective and policy will be as follows:

Investment objective

The investment objective of the Company is to provide Shareholders with an attractive level of income together with the potential for income and capital growth through investing predominantly in UK commercial property.

Investment policy

The investment policy of the Company is to own a diversified portfolio of UK property with good fundamental characteristics, as outlined below. The Group invests principally in the UK commercial property sectors including office, retail and industrial and will also invest in other sectors including, but not limited to, residential, leisure, healthcare, hotels and student accommodation.

Diversification and asset allocation

The Board believes that, in order to maximise the stability of the Group's income, the optimal strategy for the Group is to invest in a portfolio of assets diversified by location, sector, asset size and tenant exposure with low vacancy rates and creditworthy tenants. The value of any individual asset at the date of its acquisition must not exceed 15 per cent. of gross assets and the proportion of rental income deriving from a single tenant must not exceed 10 per cent. From time to time the Board may also impose limits on sector, location and tenant types, together with other activity such as development.

The Company's portfolio will be invested and managed in accordance with the Listing Rules, the Listing Rules of the CISE and taking into account the Company's investment objectives, policies and restrictions.

Borrowings

The Board has established a gearing guideline for the Investment Manager, which seeks to limit on-balance-sheet debt, net of cash, to 40 per cent. of on-balance-sheet assets while recognising that this may be exceeded in the short term from time to time. It should be noted that the Company's Articles limit its borrowings to 65 per cent. of the Group's gross assets, calculated as at the time of borrowing. The Board keeps this guideline under review and the Directors may require the Investment Manager to manage the Group's assets with the objective of bringing borrowings within the appropriate limit while taking due account of the interests of Shareholders. Accordingly, corrective measures may not have to be taken immediately if this would be detrimental to Shareholder interests.

Interest rate exposure

It is the Board's policy to hedge interest rate risk, either by ensuring that borrowings are on a fixed rate basis, or through the use of interest rate swaps/derivatives used solely for hedging purposes.

2.3 Investment restrictions

As the Company is an authorised closed-ended investment fund for the purposes of the Listing Rules and the Listing Rules of the CISE, the Group will adhere to the Listing Rules and the Listing Rules of the CISE applicable to closed-ended investment funds. The Company and, where relevant, its subsidiaries will observe the following restrictions applicable to closed-ended investment funds in compliance with the current Listing Rules and the Listing Rules of the CISE:

- neither the Company nor any subsidiary will conduct a trading activity which is significant in the context of the Group as a whole and the Group will not invest in other listed investment companies; and
- where amendments are made to the Listing Rules and/or the Listing Rules of the CISE, the restrictions applying to the Company will be amended so as to reflect the new Listing Rules or the Listing Rules of the CISE (as appropriate).

3. Investment Manager

The Investment Manager, Schroder Property Investment Management Limited, was appointed on 13 January 2012 as the Company's Investment Manager, providing investment management and accounting services, following the transfer of the management team from Invista Real Estate Investment Management Limited to the Investment Manager. This team, comprising Duncan Owen, Nick Montgomery, Melinda Knatchbull, Andrew MacDonald and Jessica Berney, continues to have responsibility for implementing the Company's strategy, supported by the extensive resources available within Schroder Property Investment Management Limited and the wider Schroders business. Duncan Owen and Nick Montgomery have been the Company's investment and asset management advisers since launch in July 2004.

The Investment Manager is a wholly owned subsidiary of Schroders plc ("**Schroders**"), which is a global asset management company with £256.7 billion (€307.2 billion /US\$415.8 billion) under management as at 30 September 2013. Its clients include corporations, insurance companies, local and public authorities, charities, pension funds, high net worth individuals and retail investors.

Schroders has managed property funds since 1971 and has £10.6 billion (€12.7 billion/US\$17.2 billion) of gross property assets under management as at 30 September 2013. Its property team consists of around 100 people operating from nine offices across Europe. The team is highly experienced in property fund management, research and strategy, product and client management, finance and administration, and benefits from the significant resource of the Schroders group. Schroders currently manages three property owning investment companies.

4. Dividends, distributions and dividend policy

Dividends may be paid to holders of Ordinary Shares whenever the financial position of the Company, in the opinion of the Directors, justifies such payment, subject to the Company being able to satisfy the solvency test, as defined under the Law, immediately after payment of such dividend. The Company may by ordinary resolution from time to time declare dividends. The dividend policy adopted by the Board is to typically pay dividends to holders of Ordinary Shares quarterly in February, May, August and November in each year.

The dividends paid on each Ordinary Share in respect of the last three financial years were as follows: 3.52 pence (2011); 3.52 pence (2012); and 3.52 pence (2013). The Board announced in July 2013 that a sustainable dividend, based on the Company's portfolio and business plans, is 0.62 pence per Ordinary Share per quarter, representing a reduction of 30 per cent. from the previous level of dividend.

The Board keeps the dividend policy under close review with a view to ensuring the Company can deliver a sustainable level of cover whilst having due regard to current and anticipated future market conditions, rental values and the outcome of any future debt refinancing.

Investors subscribing for New Shares under the Initial Placing and Offer will not be entitled to receive any dividend for the period from 1 January 2014 to 31 March 2014.

5. Share repurchases

The Board monitors the level of the Ordinary Share price compared to the NAV per Ordinary Share. Where appropriate on investment grounds, the Company may from time to time repurchase its own Ordinary Shares, but the Board recognises that movements in the Ordinary Share price premium or discount are driven by numerous factors, including investment performance, gearing and market sentiment. Accordingly, it focuses its efforts principally on addressing sources of risk and return as the most effective way of producing long term value for Shareholders.

At the last annual general meeting held on 12 September 2013, the Company was granted authority to make market purchases of a maximum aggregate number of up to 14.99 per cent. of the Ordinary Shares then in issue. The Company's authority to make market purchases of the Ordinary Shares will expire at the conclusion of the next annual general meeting to be held in 2014 and a renewal of this authority will be sought from Shareholders at each annual general meeting.

6. Duration

The Company was incorporated with an unlimited life. The Board is required to put an ordinary resolution to the annual general meeting of the Company to be held in 2014 proposing that the Company should continue in existence until such further resolution is passed to determine otherwise (the "**Continuation Resolution**"). If any such resolution is not passed in 2014, the Board is required draw up proposals for the reconstruction, unitisation or other reorganisation of the Company for submission to the members of the Company at an extraordinary general meeting to be convened by the Board for a date not more than three months after such annual general meeting. Given the Company's recent performance and in light of the Placing Programme, it is the Board's current intention to recommend that Shareholders vote in favour of the Continuation Resolution.

PART 5

DIRECTORS AND CORPORATE GOVERNANCE

1. Directors

The Directors are Lorraine Baldry, Harry Dick-Cleland, John Frederiksen, Keith Goulborn, Alison Ozanne, and David Warr. All the directors of the Board are non-executive directors and are considered independent of the Investment Manager.

Lorraine Baldry – *Non-executive Chairman (age 64)*

Lorraine Baldry was appointed to the Board on 13 January 2014 and succeeded Andrew Sykes as Chairman on 14 February 2014. Lorraine has had a distinguished career, having served in senior roles in the investment management, real estate and public sectors, including Prudential Corporation, Morgan Stanley, Central London Partnership and London Thames Gateway Development Corporation. She is currently Chairman of London and Continental Railways, and Tri-Air Developments Limited, and is a non-executive Director of Circle Holdings plc. She has been a Board member of the Olympic Delivery Authority since 2006 and was Chairman of its Planning Committee.

Harry Dick-Cleland – *Non-executive Director (aged 57)*

Harry is Managing Director of Cleland & Co Limited, Chartered Accountants which he founded in 2003. He was previously a Partner at Ernst & Young from 1998 to 2003, having joined their Guernsey office in 1987. He is a fellow of the Institute of Chartered Accountants in England & Wales.

John Frederiksen – *Non-executive Director (aged 66)*

John is chairman of the Danish Property Federation and several major Danish property and other companies as well as President of the European Property Federation. He established, and was Managing Director of, Bastionen A/S, one of the largest Danish property investment companies from 1986 to 2001. He was also Chairman of ASC, the largest property management company in Denmark, from 1990 to 1998.

Keith Goulborn – *Non-executive Director (aged 68)*

Keith was head of Unilever's UK Property Department for 17 years. In this capacity he was responsible for the property investment activities of the Unilever Pension Fund in the UK and operational property advice to the UK group and its implementation. Prior to that, he was a partner in Debenham, Nightingale Chancellors. He is a fellow of the Royal Institution of Chartered Surveyors.

Alison Ozanne – *Non-executive Director (age 48)*

Alison is a partner in AO Hall, a specialist Guernsey legal practice, which she co-founded in 2005. Alison's field of expertise is focused on the banking, insurance and trust sectors, with over 20 years' experience in London and Guernsey.

David Warr – *Non-executive Director (aged 60)*

David is a fellow of the Institute of Chartered Accountants in England & Wales with particular expertise in trust and corporate work. He is also a non-executive director of Threadneedle UK Select Trust Limited, Breedon Aggregates Limited, Unigestion (Guernsey) Limited, Acorn Income Fund Limited and Mid Europa Fund Management Limited.

The business address of each of the Directors is Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL Channel Islands.

2. Corporate Governance

Statement of compliance with the UK Code on 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.

On 1 January 2012, the GFSC's Finance Sector Code of Corporate Governance (the “**Code**”) came into effect. The GFSC has stated in the Code that companies which report against the UK Corporate Governance Code or the Association of Investment Companies' Code of Corporate Governance (the “**AIC Code**”) are deemed to meet the requirements of the Code, and need take no further action.

The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for investment companies (the “**AIC Guide**”). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to Shareholders. Copies of the AIC Code and the AIC Guide can be found at www.theaic.co.uk.

It is the Board's intention to continue to comply with the AIC Code.

Statement of compliance

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the Company, being an externally-managed investment company. The Company has therefore not reported further in respect of these provisions.

Role of the Board

The Board has determined that its role is to consider and determine the following principal matters which it considers are of strategic importance to the Company:

- the overall objectives of the Company as described under the paragraph headed “Investment objective and policy” in Part 4 of this document and the strategy for fulfilling those objectives within an appropriate risk framework in light of market conditions prevailing from time to time;
- the capital structure of the Company including consideration of an appropriate policy for the use of borrowings both for the Company and in any joint ventures in which the Company may invest from time to time;
- the appointment of the Investment Manager, Administrator and other appropriately skilled service providers and to monitor their effectiveness through regular reports and meetings; and
- the key elements of the Company's performance including NAV growth and the payment of dividends.

Board decisions

The Board makes decisions on, among other things, the principal matters set out under the paragraph above headed “Role of the Board”. Issues associated with implementing the Company's strategy are generally

considered by the Board to be non-strategic in nature and are delegated either to the Investment Manager or the Administrator, unless the Board considers there will be implementation matters significant enough to be of strategic importance to the Company and should be reserved to the Board. Generally these are defined as:

- large property decisions affecting 10 per cent. or more of the Company's assets;
- large property decisions affecting 5 per cent. or more of the Company's rental income; and
- decisions affecting the Company's financial borrowings.

Board committees

Audit committee

The Audit Committee is chaired by Harry Dick-Cleland with Lorraine Baldry, John Frederiksen, Keith Goulborn, Alison Ozanne and David Warr as members. The Board considers that Harry Dick-Cleland's experience makes him suitably qualified to chair the Audit Committee. The Audit Committee meets no less than twice a year and, if required, meetings can also be attended by the Investment Manager, the Administrator and the Auditors.

The Audit Committee is responsible for reviewing the half-year and annual financial statements before their submission to the Board. In addition, the Audit Committee is specifically charged under its terms of reference to advise the Board on the terms and scope of the appointment of the Auditors, including their remuneration, independence, objectivity and reviewing with the Auditors the results and effectiveness of the audit.

Nomination committee

The Nomination Committee is chaired by Lorraine Baldry with all other Directors as members.

Remuneration committee

As all the Directors are non-executives, the Board has resolved that it is not appropriate to have a Remuneration Committee.

Transactions committee

The members of the Transactions Committee are Harry Dick-Cleland, Alison Ozanne and David Warr, with the Chairman elected at each meeting. The Transactions Committee reviews transactions between regular scheduled Board meetings where a Board approval is required. All transaction proposals are circulated to all Directors in advance of meetings of the Transactions Committee, together with a recommendation and explanatory note from the Investment Manager. All Board members may comment in advance of the Transactions Committee meeting, but only those attending will consider the proposal. Transactions are noted subsequently at regular quarterly Board meetings. The members of the Transactions Committee are each paid a fee of £5,000 per annum, in addition to their fees as Directors.

3. Conflicts of interest

Directors

There are no conflicts of interest between: (i) any duties to the Company of any of the Directors and (ii) their private interests and/or other duties.

Investment Manager

The Investment Manager is not required to devote all its resources to 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 these funds or future funds which may have similar investment policies to that of the Company.

Pursuant to the terms of the Investment Management Agreement, the Company has been provided with a copy of the Investment Manager's conflicts of interest policy which sets out the procedures that are in place

to identify, record and manage the actual and potential conflicts of interest that arise or might arise in the course of the Investment Manager carrying out its business (the “**Policy**”).

In accordance with the FCA rules and as set out in the Policy, the Investment Manager is obliged to treat its clients (including the Company) fairly and to ensure that material conflicts of interest are either avoided or are managed to avoid damage to a client’s interests. In the event that a conflict of interest cannot be avoided or managed, such conflicts might need to be disclosed to the relevant client in order for them to make an informed decision as to whether to start or continue the business relationship.

PART 6

SUMMARY OF THE PORTFOLIO

The information set out in this Part 6 represents the Portfolio of the Company as at the Latest Practicable Date. The information in this Part 6, which has not been audited, has been sourced from the portfolio valuation report prepared by an independent valuer, Knight Frank LLP, as at 17 March 2014.

1. Gross asset value and net asset value

At the Latest Practicable Date, the Portfolio consisted of 54 properties independently valued at £306.48 million as at 17 March 2014. At the Latest Practicable Date, the Portfolio had an unaudited Net Asset Value of £190.6 million or 48.7 pence per Ordinary Share. As at the Latest Practicable Date, there have been no material changes since 17 March 2014, being the valuation date of the Portfolio.

2. Sector weightings by value

<i>Sector</i>	<i>Portfolio (%)</i>	<i>IPD (%)*</i>
Retail	30.7	43.9
Offices	41.8	28.5
Industrial	23.7	18.1
Other	3.8	9.6

* Latest available IPD Index data as at 31 December 2013.

3. Regional weightings by value

<i>Region</i>	<i>Portfolio (%)</i>	<i>IPD (%)*</i>
Central London	0	18.2
South East (excluding Central London)	41.9	32.0
Rest of South	11.9	7.2
Midlands and Wales	27.7	22.3
North and Scotland	18.5	20.2

* Latest available IPD Index data as at 31 December 2013.

4. Top 10 properties

The top ten properties in the Portfolio and the percentage each represents of the Company's gross assets at the Latest Practicable Date were:

<i>Property</i>	<i>Value (£)</i>	<i>Portfolio (%)</i>
Brighton, Victory House	26,900,000	8.8
Wembley, Olympic Office Centre and site	22,500,000	7.3
Headingley, The Arndale Centre	17,250,000	5.6
Uxbridge, 106 Oxford Road	16,750,000	5.5
Brentford, Reynards Business Park	16,000,000	5.2
Salisbury, Churchill Way West	13,000,000	4.2
Luton, The Galaxy	11,750,000	3.8
Basingstoke, Churchill Way	11,200,000	3.7
Norwich, Union Park	9,750,000	3.2
Alfreton, Recticel Unit	9,500,000	3.1
Total	154,600,000	50.4

5. Top 10 tenants

The top ten tenants

<i>Tenants</i>	<i>Rent per annum (£)</i>	<i>Portfolio (%)</i>
Wickes Building Supplies Limited	1,092,250	5.2
Norwich Union Life and Pensions Ltd	1,039,191	4.9
Lloyds TSB Bank PLC	1,024,000	4.8
The Buckinghamshire New University	1,018,267	4.8
BUPA Insurance Services Limited	960,755	4.5
Mott MacDonald Ltd	790,000	3.7
Recticel SA	731,038*	3.5
Sportsdirect.com Retail Limited	657,177	3.1
Irwin Mitchell LLP	555,000	2.6
Booker Limited	550,000	2.6
Total	8,417,678	39.9

* Tenant currently benefiting from a half rent period equating to £365,519 p.a. which increases to £731,038 p.a. on 17 April 2014

6. Costs of acquisition and holding of properties

The standard acquisition cost assumption for direct commercial property is 5.8 per cent of the price. This comprises stamp duty land tax (“**SDLT**”) at 4.0 per cent. of the property price, property agent fees at approximately 1.0 per cent. of the property price and other professional fees at approximately 0.8 per cent. of the property price.

The direct costs associated with holding commercial properties for investment will normally be the responsibility of the tenant and include (but are not limited to) utilities, business rates, insurance and maintenance.

Where a property is vacant or partially vacant the Company is liable for its proportion of such costs. The Company’s current budget for direct property costs over the calendar year 2014 is approximately £3.25 million to £3.75 million.

In addition to property-level costs and expenses, the Company incurs others costs associated with its general operation, including investment management fees, administrative expenses and interest expenses.

PART 7

PROPERTY VALUATION REPORT

The Directors
Schroder Real Estate Investment Trust Limited
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL

J.P. Morgan Securities plc
25 Bank Street
London E14 5JP

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Date of issue: 19 March 2014

Dear Sirs,

Schroder Real Estate Investment Trust Limited (the “Company”)

Valuation as at 17 March 2014

1.0 Introduction

- 1.1 In accordance with our instructions, we have carried out a valuation of the freehold and leasehold interests in the properties referred to in the Schedules appended to this Report (the “**Properties**”) and now report our opinion of the Market Values of the Properties as at 17 March 2014. We confirm that there have been no material changes since 17 March 2014, being the valuation date of the Properties.
- 1.2 This Report is required for inclusion in a prospectus (the “**Prospectus**”) which is to be published in connection with the proposed issue of new shares in the capital of the Company by way of an initial placing and offer and a placing programme.
- 1.3 The Properties comprise retail, office, industrial, leisure and development assets and have been categorised as investment properties.
- 1.4 The valuations have been prepared in accordance with the RICS Valuation – Professional Standards January 2014, issued by the Royal Institution of Chartered Surveyors (the “**Red Book**”), with Rules 5.6.5 and 5.6.6 and paragraph 2.7, Annex XV, Appendix 3 of the Prospectus Rules published by the Financial Conduct Authority and with paragraphs 128 to 130 of ESMA Update of the CESR Recommendations for the consistent implementation of the European Commission’s Regulation (EC) No 809/2004 implementing the Prospectus Directive (the “**CESR Recommendations**”).
- 1.5 The Schedules comprise brief details of each of the Properties, terms of tenure and main tenancies. For the Properties with Market Values of £8,000,000 and over as at 17 March 2014 the individual values, together with the Net Annual Rent where applicable, are shown.

Net Annual Rent is defined within the FCA’s handbook as:

“The current income or income estimated by the valuer:

- (1) ignoring any special receipts or deductions arising from the property;

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- (2) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and
- (3) after making deductions for superior rents (but not for amortisation) and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent.”

The Schedules also include the Market Values as at 31 March 2013 of the Properties with Market Values of £8,000,000 and over as at 17 March 2014. We are required to include the values as at 31 March 2013 by paragraph 130 of CESR Recommendations as they represent the valuations included in the last published annual accounts. We also include an explanation of any differences between these valuations as is also required.

- 1.6 The Properties were inspected within the last 12 months. The individual dates of these inspections are included in the Schedules.

2.0 Compliance and Disclosures

- 2.1 Knight Frank LLP is instructed as External Valuers, as defined by the Red Book and regulations made by the Financial Conduct Authority.
- 2.2 As you are aware, we are instructed to value the Properties on a quarterly basis for performance purposes having been appointed in September 2004. Hazel E Morris MRICS has been responsible for this instruction since December 2013.
- 2.3 You are also aware that we undertook valuations of 52 of the Properties for the purpose of secured lending for Canada Life Limited (“**Canada Life**”) and report our opinion of the value of those Properties to Canada Life on a quarterly basis in connection with the loan facility and for the purposes of internal management and monitoring of loan covenants and performance.

We have also advised you that with regard to the Arndale Centre, Headingly, we previously provided advice to Lloyds Banking Group prior to the acquisition of that property.

- 2.4. Other than as stated above, Knight Frank LLP has not had any material involvement with the Properties within the last 12 months.
- 2.5 The valuer, on behalf of Knight Frank LLP, with responsibility for this report is Hazel E Morris MRICS, RICS Registered Valuer. Parts of the valuation have been undertaken by additional valuers. We confirm that the valuer and additional valuers collectively meet the requirements of RICS Valuation – Professional Standards VPS 3 having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.
- 2.6 In relation to Knight Frank LLP’s preceding financial year, the proportion of the total fees paid by the Company to the total fee income of Knight Frank LLP was less than 5%. We recognise and support the RICS Rules of Conduct and have procedures for identifying conflict of interest checks.

3.0 Basis of Valuation

- 3.1 The Properties have been valued on the basis of Market Value in accordance with the RICS Valuation – Professional Standards VPS4(1.2). This is an internationally recognised basis and is defined as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

- 3.2 The valuations as at 31 March 2013 were undertaken on the basis of Fair Value in accordance with the RICS Valuation – Professional Standards VPS4(1.5) Fair Value and VPGA1 Valuations for

Inclusion in Financial Statements which adopt the definition of Fair Value used by the International Accounting Standards Board. Fair Value is defined as:

“The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.”

In our opinion the adoption of the Fair Value basis does not result in any material difference in the values from those derived under the definition of Market Value.

- 3.3 No allowance has been made for expenses of realisation or for any taxation which might arise, and our valuations are expressed exclusive of any Value Added Tax that may become chargeable.
- 3.4 Our valuations reflect usual deductions in respect of purchaser's costs and, in particular, full liability for UK Stamp Duty as applicable at the valuation date.
- 3.5 Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.
- 3.6 The Valuer's opinion of Market Value was primarily derived using recent comparable market transactions on arm's length terms, where available, and appropriate valuation techniques (The Investment Method).
- 3.7 In the case of the Properties having development potential, the Residual Method has been adopted which is the generally accepted method for valuing such properties. In these instances we form an opinion of the completed development (Gross Development Value) using the Investment Method and deduct from it the total costs of development and an allowance for developer's profit.
- 3.8 None of the Properties is actually in the course of development.
- 3.9 The Properties have been valued individually and not as part of a portfolio.
- 3.10 Save as otherwise disclosed, it has been assumed for the purpose of valuation that the relevant interests in the Properties are free of mortgage, charge or other debt security and no deduction has been made for such charge or debt.

4.0 Valuation Assumptions

4.1 Sources of Information

Our valuations are based on information provided by the Company's investment manager, Schroder Property Investment Management Limited, upon which we have relied, and which has not been verified by us. Our assumptions (as defined in the Red Book) relating to this information are set out below. If any of the information or assumptions is subsequently found to be incorrect then our valuations should be reviewed.

- 4.2 We have not read documents of title or leases and, for the purpose of our valuations, have accepted the details of tenure, tenancies and all other relevant information with which we have been supplied by Schroder Property Investment Management Limited. When considering the covenant strength of individual tenants we have not carried out credit enquiries but have reflected in our valuations our general understanding of purchasers' likely perceptions of tenants' financial status.

4.3 Title

Our valuations assume that the Properties have good and marketable titles and are free of any undisclosed onerous burdens, outgoings or restrictions.

4.4 *Land Register Inspection and Searches*

We do not undertake searches or inspections of any kind (including web based searches) for title or price paid information in any publicly available land registers, including the Land Registry for England & Wales, Registers of Scotland and Land & Property Services in Northern Ireland.

4.5 *Planning, Highway and Other Statutory Regulations*

We have made verbal/web based enquiries of the appropriate Town Planning and Highways Authorities in respect of matters affecting the Properties, where considered appropriate, although this information was given to us on the basis that it should not be relied upon.

We have not seen planning consents and, except where advised to the contrary, have assumed that the Properties have been erected and are being occupied and used in accordance with all requisite consents and that there are no outstanding statutory notices. No allowances have been made for rights, obligations or liabilities arising under the Defective Premises Act 1972.

4.6 *Structural Condition*

We were not instructed to carry out structural surveys of the Properties, nor to test the services, but have reflected in our valuations, where necessary, the general condition of the Properties as observed during the course of our inspections or of which we have been advised. Our valuations assume the buildings contain no deleterious materials and that the sites are unaffected by adverse soil conditions, except where we have been notified to the contrary.

4.7 *Environmental Issues*

We have not carried out any investigations into past or present uses of either the Properties or any neighbouring land to establish whether there is any potential for contamination from these uses or sites to the Properties. We understand that the Company has established procedures for the inspection of newly acquired properties to be carried out with particular reference to environmental matters, and that any such matters identified receive appropriate attention. Unless we have been provided with information to the contrary, we have assumed that the Properties are not, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect the present or future uses of the properties.

Should it be established subsequently that contamination exists at any of the Properties or on any neighbouring land or that the Properties have been or are being put to a contaminative use this might reduce the values now reported.

We have used the website of the Environment Agency's Indicative Floodplain Maps to provide a general overview of lands in natural floodplains and therefore potentially at risk of flooding from rivers or the sea. The maps use the best information currently available, based on historical flood records and geographical models. They indicate where flooding from rivers, streams, watercourses or the sea is possible. From the website, we have established that there are Properties within the portfolio that lie within or close to a flood plain or have a history of flooding.

4.8 *Property Insurance*

Our valuations assume that the Properties would, in all respects, be insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

4.9 *Building Areas*

Our valuations are based on measurements which have been provided by Schroder Property Investment Management Limited. We have assumed these measurements have been undertaken in accordance with the current RICS Code of Measuring Practice.

5.0 *Valuation*

- 5.1 We are of the opinion that the aggregate of the Market Values of the freehold and leasehold interests in the Properties as at 17 March 2014 was **£306,480,000 (Three Hundred and Six Million, Four Hundred and Eighty Thousand Pounds)**.

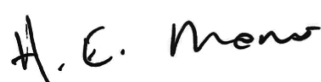
The tenure of the Properties comprises the following:

Freehold or heritable	249,480,000	81.40
Long Leasehold	44,250,000	14.44
Mixed Freehold/Leasehold	12,750,000	4.16
Total	£306,480,000	100.00%

6.0 *General Conditions*

- 6.1 This Valuation Report has been prepared for inclusion in the Prospectus. Knight Frank LLP hereby gives consent to the inclusion of this Valuation Report in the Prospectus and to the references to this Valuation Report and Knight Frank LLP in the Prospectus in the form and context in which they appear. Knight Frank LLP authorises, and accordingly takes responsibility for, the contents of this Valuation Report for the purposes of Rule 5.5.3(2)(f) of the Prospectus Rules and confirms that the information contained in this Valuation Report is, to the best of our knowledge and having taken all reasonable care to ensure that this is the case, in accordance with the facts and contains no omission likely to affect its import.
- 6.2 The contents of this Valuation Report may be used only for the specific purpose to which they refer. Before this Report, or any part thereof, is reproduced or referred to, in any document, circular or statement or published in any way whatsoever whether in hard copy or electronically (including on any web-site), and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, Knight Frank's written approval as to the form and context of such publication or disclosure must first be obtained, but may not be unreasonably withheld or delayed. For the avoidance of doubt such approval is required whether or not Knight Frank is referred to by name and whether or not the contents of our Report are combined with others.

Yours faithfully



H E Morris MRICS
RICS Registered Valuer
Partner, Valuations
For and on behalf of Knight Frank LLP

**SCHEDULE 1 TO THE VALUATION REPORT
THE PROPERTY PORTFOLIO**

SCHEDULE 1 TO THE VALUATION REPORT
THE PROPERTY PORTFOLIO

Properties comprising approximately 55 per cent. of the portfolio as at 17 March 2014

<i>Address</i>	<i>Description, Age and Tenure</i>	<i>Date of last Inspection</i>	<i>Terms of Main Tenancies</i>	<i>Net Annual Rent</i>	<i>Fair Value/Market Value 31 March 2013</i>	<i>Market Value 17 March 2014</i>	<i>Explanation for change in valuation between 31 March 2013 and 17 March 2014</i>
Brighton Victory House, Trafalgar Place, Brighton, BN1 4FY.	Self-contained city centre office building on ground to sixth floors, providing a net internal area of some 7,852.4 sq. m. (84,523 sq. ft.) and 86 car spaces. The property forms part of the Trafalgar Place complex in the city centre, immediately east of Brighton Railway Station. Built circa 1990/91. Freehold.	2 December 2013	The property is let on 2 leases to Mott MacDonald Ltd for a term expiring in June 2024 and to Bupa Insurance Services Limited for a term expiring in September 2025, with a tenant's option to break at September 2020. The leases are drawn on full repairing and insuring terms with upward only rent reviews every five years. The money weighted average unexpired term is 8.18 years.	£1,750,755	£24,500,000	£26,900,000	Yield movement.
Wembley Olympic Office Centre, Plots B and C, Fulton Road, Wembley, HA9 0NU	A multi-let eight-storey air conditioned office building of some 6,884.7 sq.m. (74,107 sq. ft.) net internal and two sites each of about 1 acre. The sites have outline planning consent for a mixed use scheme totalling 40,000 sq.m. Sale contracts for Plot B have been exchanged with Unite, conditional on detailed planning, at £7.4 million based on a development of 684 student bedrooms being consented. The property is located on Olympic Way close to Wembley Stadium. Built 1982. Freehold.	18 October 2013	The offices are currently let to four tenants on eight leases on terms that expire or have breaks in 2014. The leases are drawn on an internal repairing basis with service charge recovery. The money weighted average unexpired term is 0.93 years. We have assumed capital expenditure of £497,525 for irrecoverable costs of refurbishment. Plot B is in use as car parking by the tenants on an unallocated basis. We have allowed for £2,650,000 to construct a decked car park to replace this car parking. Plot C is let to a tenant of the offices as car parking with a rolling break.	£1,114,938	£16,500,000	£22,500,000	Yield adjustment on the office block. Plots B and C received outline planning consent for a mixed use scheme.

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Headingley The Armdale Centre, Headingley, LS6 2UE	A parade of 17 retail units, 3 larger stores (let to Superdrug, Wilkinson and Morrisons) and a supermarket (let to Sainsbury's), a 6-storey plus penthouse office block (Armdale House) and a former first floor bowling centre that has been converted to offices (Armdale Court). The total net internal floor area is about 11,690.3 sq. m. (125,834 sq. ft.). There are 257 car parking spaces at ground, 1st floor and roof level. The parade provides the main shopping offer in Headingley, fronting A660 Otley Road, about 2 miles north west of Leeds city centre. Built 1964 Freehold	14 February 2014	The retail units are let to 20 tenants on 19 leases on terms expiring between August 2015 and December 2026, and one tenant is holding over on a lease that expired August 2013; one unit is vacant. The leases are drawn on effective full repairing and insuring terms with upward only rent reviews every five years. The lease to Morrisons has a rent commencement date of 7 April 2017 and a capped service charge. The offices are let to 3 tenants on 6 leases. The lease of The 1st, 2nd and 3rd floor expires in March 2014 and the tenant will vacate. The other leases have breaks between August 2015 and August 2019, and one lease is held over. The mezzanine and 5th floor of Armdale House are vacant. We have made a capital deduction of £1,540,000 being our estimated costs of refurbishment. The money weighted average unexpired term is 4.97 years.	£1,210,376	N/A	£17,250,000	-
Uxbridge 106, Oxford Road, Uxbridge, UB8 1NA	Self-contained office building on ground and three upper floors providing a total net internal floor area of some 3,677.7 sq.m. (39,587 sq.ft.) with 66 car parking spaces. The accommodation is laid out as office, lecture and training rooms to meet the requirements	14 March 2014	The property is let to Buckinghamshire New University for a term expiring in November 2028 with a tenant option to break at November 2023 on 12 months notice. The lease is drawn on full repairing and insuring terms with rent reviews every five years based on 2.5% per annum compounded.	£1,018,267	£14,800,000	£16,750,000	Increase in rental income and yield adjustment.

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	of the tenant. The property is located in an established office location close to the town centre with good road and public transport links. Built 1980s and substantially refurbished in 2008. Freehold.						
Brentford Reynard Business Park, Windmill Road, Brentford, TW8 9LY	Business park comprising nine industrial and two business units totalling a gross internal area of some 16,084.4 sq. m. (173,132 sq. ft.). The buildings are generally in a poor state of repair, with the exception of the business units that were constructed in 2000. The property is located in a predominantly residential area to the north of the town centre with easy access to the A4 Great West Road. The site comprises 2.34 hectares (5.79 acres). The site is intended for residential development and conditional contracts for sale have been exchanged with Notting Hill Home Ownership Ltd dependent on achieving satisfactory planning consent, at a sale price of £20,000,000. Built 1920's, 1970's, 1980's & 1990's. Freehold.	14 March 2014	M-Integrated Solutions plc occupies Unit 1 on a temporary basis. The remainder of the site is vacant.	£26,000	£16,000,000	£16,000,000	-

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Salisbury Units 1-3, Churchill Way West, Salisbury, SP2 7TS	A terrace of three retail warehouse units providing a total ground floor area of some 4,626.5 sq. m. (49,799 sq. ft.) gross internal. The tenants have installed mezzanines which are excluded from this area. It is situated adjacent to a Waitrose food and home store and petrol filling station to the north of the city centre off the A36. Built in 1990s. Long leasehold. 150 years from 8 February 2007 at a peppercorn.	4 November 2013	The property is let to three tenants. Smyths Toys (UK) Ltd on a lease expiring in July 2022 and Sportsdirect.com Retail Ltd on a lease expiring and September 2023 and Comet Group Plc, in administration and no rent is being paid; a letting to TK Maxx for 15 years with a break at year 10 has been contracted subject to planning. The leases are drawn on full repairing and insuring terms with upward only rent reviews every five years.	£630,788	£13,100,000	£13,000,000	Reduction in Market Rent.
Luton The Galaxy, Bridge Street, Luton, LU1 2NB	A purpose built leisure scheme arranged over two floors, connected by an escalator and lifts, comprising a public house, bingo hall, bowling alley, gym, 11 screen cinema and 4 restaurant units. The centre has a total net internal floor area of 13,473.3 sq. m. (145,036 sq. ft.). The property is located in the town centre, on the north side of the newly renovated St George's Square	14 March 2014	The cinema is let to Cine UK Limited for a term expiring in November 2034, with a break in December 2024. The rent reviews every 5 years to the higher of Market Rent or 3% per annum compound. The public house is let to JD Wetherspoon Plc for a term expiring September 2023. The bowling alley is let to Garland Leisure; the rent is inclusive of service charge, currently £160,816 p.a. The rent	£649,569	£12,350,000	£11,750,000	Reduction of the rental income and the Market Rent of the bowling alley.

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	and opposite the Armdale Shopping Centre. Built 1998. Tenure: Leasehold from the Council of the Borough of Luton for 150 years from 5 February 1997. A base rent of £90,000 p.a. is payable in advance. An additional rent of 10% of the aggregate gross income received, less the base rent, is calculated at December each year.		increases by £5,000 every 5 years, plus a turnover rent of 15% over £1,000,000. The Gym Limited has a lease expiring in January 2032, with break in January 2027. The rent increases by 10% every 5 years. The restaurants are let on terms expiring/breaks between December 2017 and December 2032. The leases are drawn on effective full repairing and insuring terms with upward only rent reviews every 5 years, with the exception of the lease to Garland Leisure. The bingo hall is vacant.				
Basingstoke Wickes, Churchill Way West, Basingstoke, RG21 6AA	Solus retail warehouse unit providing a total area of some 3,358.1 sq. m (36,146 sq. ft.) gross internal. It is situated adjacent to a Morrisons food store, prominently located at the junction of Churchill Way West and Ringway West. Built in 2007. Freehold.	1 November 2013	The property is let to Wickes Building Supplies Limited for a term expiring in October 2032. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years.	£692,250	£10,650,000	£11,200,000	Yield adjustment.

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Norwich Union Park Industrial Estate, Lansdowne Road, Norwich, NR6 6NG	34 units comprising trade counters, retail warehousing, warehouse/workshop and office units, arranged around the estate roads, with car parking demised to each unit, plus 2 additional car parks. The total area is some 24,978.5 sq. m. (268,868 sq. ft.) gross internal. The property is located just off the main Ring Road A140 and adjacent to the City's airport, in a mixed use area. Built 1980s onwards. Freehold.	7 October 2013	The property is let to 23 tenants on 26 leases on terms with expiries/break options between March 2014 and December 2023. Four tenants are holding over on expired leases. One unit is under offer to Saint Gobain for a 15 year term with tenant breaks every 5 years and one is under offer to Unicross Limited, expanding from the adjacent unit. Five units are vacant. The leases are drawn on effective full repairing and insuring terms with upward only rent reviews every five years where applicable. We have deducted a capital sum of £273,461 for potential landlord's work. The money weighted average unexpired term is 3.10 years.	£754,454	£9,000,000	£9,750,000	Beneficial asset management and yield adjustment.
Alfreton The Recticel Unit, Bluebell Close, Alfreton, DE55 4RD	The property comprises a complex of purpose-built industrial buildings, a two storey office building (Phases I & II) and a detached office and industrial building (Phase III), providing a total gross internal area of some 14,422.4 sq. m. (155,243 sq. ft.). The property is located on the Clover Nook Industrial Estate adjacent to the A38, with good accessibility to Junction 28 of the M1. Built 1980's, early 1990's and 1998.	14 October 2013	The property is let in its entirety to Recticel Limited for a term expiring in November 2030. The lease is drawn on full repairing and insuring terms with 5 yearly upwards only reviews. The rent increases to £731,038 per annum wef 17 April 2014.	£365,519	£8,800,000	£9,500,000	Yield movement.

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	Phase I & II: Long leasehold for 999 years from 31 March 1981 at a peppercorn, with an option to purchase the freehold in 2014 for £1.00. Phase III: Freehold.						
London W3 Unit 7 & 8 Allied Industrial Estate, Warple Way, Acton, London W3 7YA	Single storey warehouse used as a cash and carry wholesale warehouse providing some 6,002.8 sq.m. (64,614 sq.ft.) gross internal of accommodation and a car park with 75 spaces. The property is situated in a mixed residential and industrial area about 1 mile west of Shepherd's Bush close to the A4020, Uxbridge Road, but without prominent road frontage. Built circa 1960. Freehold.	14 March 2014	The property is let to Booker Limited for a term that expires in September 2026, with an upwards only rent review in September 2016. The lease is drawn on full repairing and insuring terms. There is a landlord's building option to break at September 2016. The outstanding rent review at September 2011 is being documented at £570,000 p.a.	£550,000	£7,850,000	£8,600,000	Positive settlement of historic outstanding rent review and yield movement.
Sheffield The Portergate, 257 Ecclesall Road, Sheffield, S11 8NY	A headquarters office building arranged in 2 wings over ground and two upper floors providing a total net internal floor area of some 4,597.6 sq.m. (49,489 sq.ft.) with 131 car parking spaces at undercroft and externally. The property is located about one mile south west of the city centre on an arterial road and close to Sheffield Hallam University.	14 February 2014	The property is let in its entirety to Aviva Life & Pensions Ltd for a term expiring in June 2019. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years. The tenant is not in occupation and the property is partly sub-let.	£1,039,191	£8,500,000	£8,000,000	Erosion of over rent.

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	Built 1990s. Long leasehold for a term of 200 years from 3 October 1991 at a peppercorn rent.						
Edinburgh Haston House, Edinburgh West Office Park, South Gyle, Edinburgh, EH12 9DQ	A detached office building arranged over four storeys in two wings comprising a total net internal area of 7,873.1 sq. m. (84,746 sq. ft.) of centrally heated accommodation. There is parking for 223 cars. The property is located 6 miles west of the city centre and 2 miles east of Edinburgh Airport, adjacent to Edinburgh Park. Built circa 1980s. Freehold.	1 November 2013	The property is multi-let to 4 tenants on 5 leases for terms expiring between March 2015 and July 2020. The leases are drawn on effective full repairing and insuring terms. Two tenants are not in occupation and one wing of the 1st floor and part of the 2nd floor are vacant. The money weighted average unexpired term is 1.95 years.	–			
Portsmouth 244/248D, Commercial Road, Portsmouth, PO1 1HH	A parade of 4 retail units arranged over ground and two upper floors. Sales accommodation is provided at ground floor and first floor, with ancillary storage areas on the first/second floors. The total net internal area is some 2,524.2 sq. m. (27,171 sq. ft.) net. The property is situated at the north end of the main shopping pitch within the pedestrianised area. Built 2005 and 1950s. Freehold.	7 December 2013	The property is let to SportsDirect and Mothercare for terms expiring March and September 2020, to TUI on a lease that expired January 2014 and to Rock C on a lease with a tenant break in November 2015. The leases are drawn on full repairing and insuring terms with upward only rent reviews every five years.	–			

<i>Address</i>	<i>Description, Age and Tenure</i>	<i>Date of last Inspection</i>	<i>Terms of Main Tenancies</i>	<i>Net Annual Rent</i>	<i>Fair Value/Market Value 31 March 2013</i>	<i>Market Value 17 March 2014</i>	<i>Explanation for change in valuation between 31 March 2013 and 17 March 2014</i>
Ilkeston The Albion Centre, Ilkeston, DE7 8AG	A purpose built shopping centre, consisting of 15 retail units and a supermarket, arranged around a part covered central walkway which runs through the scheme, with a total net internal area of some 6,589.1 sq. m. (70,925 sq. ft.). The centre is in the main retailing area with access from the pedestrianised Bath Street, the main shopping street. At the rear is a vacant two bedroom end terrace house. Built 1980s Freehold.	24 October 2013	The property is let to 14 tenants on 9 leases on terms expiring between July 2014 and September 2020, 3 leases with rolling mutual break options and 2 leases that have expired and lease renewals are agreed. Two units are vacant. Two of the leases are inclusive of service charge, whilst the others leases are drawn on effective full repairing and insuring terms with upward only rent reviews every five years, where applicable. In addition there is a market stall held on a licence agreement. The money weighted average unexpired term is 4.01 years.	–			
Telford Horton Park Industrial Estate, Hortonwood 7, Telford, TF1 7GX	An industrial estate comprising 15 units each with ancillary offices arranged in three terraces and one detached unit providing a total area of some 14,736.3 sq. m. (158,621 sq. ft.) gross internal. The property is located on the southern side of Hortonwood 7 within one of the main industrial areas in Telford, adjacent to the A442 and A518. The A442 provides access to the M54 at Junction 5. Built 1990's. Freehold.	17 January 2014	The property is let to 9 tenants on 12 leases for terms expiring/breaks between July 2014 and September 2019, and one tenant is holding over on a lease that has expired. The leases are drawn on effective full repairing and insuring terms with upward only rent reviews every five years where applicable. Two units are vacant. The money weighted average unexpired term is 3.23 years.	–			

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Swindon 21/27 Stirling Court, South Marston Industrial Estate, Swindon, SN3 4WA	Modern industrial buildings arranged as three units totalling some 7,958.8 sq.m. (85,668 sq. ft.) gross internal with 189 car spaces and large rear yards. The property is located in a predominantly industrial area in the heart of South Marston Park, about 6 miles from Junction 15 of the M4 via dual carriageway. Built late 1980's. Freehold.	25 October 2013	The property is let to three tenants: Schneider Electric Ltd for a term expiring in February 2023 with a tenant's break option at February 2018, the rent increases to £172,940 wef June 2014, the tenant benefits from 10 months at half rent if the break is not exercised; Acorn Insulation Ltd for a term expiring in November 2017; and Sumitomo Electric Wiring Systems (Europe) Ltd for a term expiring in September 2020 with a tenant's break option at September 2015. The leases are drawn on full repairing and insuring terms. The money weighted average unexpired term is 2.92 years.	–			

Properties with Market Values of less than £5,000,000 as at 17 March 2014

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Chester Wickes, Sealand Road, Chester, CH1 4RW	Solus retail warehouse unit providing a total area of some 2,420.9 sq m (26,059 sq ft) gross internal. It is situated in a well established retail warehouse location approximately 1 mile west of Chester city centre close to the Chester Retail Park, Diva Retail Centre and the Greyhound Retail Park. Built in 1995. Freehold.	13 February 2014	The property is let in its entirety to Wickes Building Supplies Limited for a term expiring in March 2020. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years.	–			
Cheltenham Roy Scot House, The Promenade, Cheltenham, GL50 1PL	Self contained office building arranged over lower ground, ground and three upper floors providing a total net internal area of some 3,033.4 sq m (32,651 sq ft) of comfort cooled accommodation and 30 car spaces. The property is located within Cheltenham town centre close to the Cheltenham Borough Council civic offices. Built 1820's and 1980s. Freehold.	20 May 2013	The property is let to 2 tenants: TW Osborne and MR Fullerlove and Higher Education Statistics Agency for terms expiring in May 2023/February 2024, with tenant break options in May 2019/February 2020 on 9 months notice. The leases are drawn on effective full repairing and insuring terms. Part of the lower ground and ground and the entire 2nd floors are let to Kellys Storage Ltd at nil rent until March 2014.	–			

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Sheffield Imperial House, Pinstone Street, Sheffield, S1 2HN	The property comprises a block of retail units with offices on upper floors extending to some 2,456.6 sq. m. (26,443 sq. ft.) with frontages onto Pinstone Street, Charles Street and Union Street. The property is in a secondary location, on a main linking thoroughfare. Built 1960's. Freehold.	27 January 2014	The property is let in its entirety on a head lease to Stanhope Pension Trust Ltd & Custodian Holdings Ltd for a term expiring in May 2058. The lease is drawn on full repairing and insuring terms with upward only rent reviews at the 33rd and 63rd years, geared to 60% of the "commercial yearly rent". The next review is due in June 2022.	–			
Sheffield No 1, Riverside Exchange, Sheffield, S3 8NH	A self contained office building configured in an L-shape, arranged over ground and four upper floors providing a total net internal floor area of some 3,640.6 sq. m. (39,188 sq. ft.) of accommodation. The property is located alongside the River Don, next to the city's law courts, with good access to Sheffield Parkway (A57) that links to the airport and M1. Built 2001. Freehold	14 February 2014	The property is let in its entirety to Irwin Mitchell LLP for a term expiring in September 2016. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years. The rent review at September 2011 is outstanding. We have made a capital deduction of £25 per sq. ft. net of dilapidations for refurbishment at lease expiry.	–			

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Liverpool 88/94 Church Street, Liverpool, L1 3BE	Banking premises arranged over basement, ground and 7 upper floors; the 3rd-7th floors are sub-let as offices with separate access. The total net internal area is 2,289.6 sq. m. (24,645 sq. ft.). The property is at the edge of the prime retail area, which now extends through Liverpool One. Built 19th Century. Freehold.	29 May 2013	The property is let in its entirety to Lloyds Bank Plc for a term expiring in December 2014. The lease is drawn on full repairing and insuring terms. Renewal terms are under discussion with the tenant and sub-tenant.	–			
Northampton Peterbridge House & Century House, The Lakes, Northampton, NN4 7SJ.	Two detached office buildings arranged over ground, first and second floors providing a total net internal area of some 2,435.5 sq.m. (26,259 sq.ft.) net of modern comfort cooled and central heated accommodation with 148 car spaces. The Lakes is the prime office location in Northampton. It is situated 2 miles outside the town centre close to the ring road which gives access to the M1 (Junction 15) via the A508. Built 2001. Long leasehold for a term of 999 years from 1 April 1992 at £1 per annum.	16 November 2013	Peterbridge House is let to MacIntyre Hudson LLP for a term expiring in June 2023. The east end of Century House is let to Northamptonshire County Council for a term expiring in March 2016. The west end of Century House is let to Imperial Civil Enforcement Solutions Ltd for a term expiring in March 2016. The leases are drawn on effective full repairing and insuring terms with upward only rent reviews every five years. We have deducted a capital sum of £100,000 to provide air-conditioning at lease expiry. The money weighted average unexpired term is 3.95 years.	–			

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Leeds Coverdale House East Parade Leeds LS1 2BH	A mid-terrace office building arranged on lower ground, ground and two upper floors behind a retained frontage. The first and second floors are used as Civil Courts and fitted out accordingly. The building provides a total net internal floor area of some 2,991.8 sq. m. (32,204 sq. ft.) of accommodation with 19 car spaces. It is in a prominent location in the city's traditional office core. East Parade forms part of the Inner Loop Road and gives easy access to the A58 (M) Inner Ring Road. Built mid 1980's behind a retained façade. Freehold.	14 February 2014	The property is let to four tenants on four leases on terms expiring between March 2014 and June 2020. The leases are drawn on effective full repairing and insuring terms. The principal tenant is the Secretary of State for the Environment with an outstanding rent review from June 2010. Part of the ground and the lower ground floors are vacant. We have deducted a capital sum of £100,377 being the estimated cost of repairs. The money weighted average unexpired term is 5.65 years.	–			
Truro 15/16 King Street, Truro, TR1 2RQ.	Two retail units arranged over ground and three upper floors to provide a total net internal area of some 1,629.9 sq. m. (17,544 sq. ft.) of retail and ancillary accommodation. The property is located in a busy pitch which links the pedestrianised prime pitch of Pydar Street to the north with Boscowen Street to the south.	2 November 2013	The larger unit is let to Topshop/Topman Property Limited for a term expiring in June 2023. The rent increases to £225,000 p.a. wef May 2015. The lease is drawn on fully repairing and insuring terms and is subject to five yearly upward only rent reviews. The smaller unit is let on a temporary basis to 39 (Holdings) Ltd.	–			

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	Built 1960's behind 19th century facade. Freehold.						
Warwick Unit 55/56 Heathcote Industrial Estate, Bird Road, Warwick CV34 6TB	The property comprises a warehouse with substantial glazed elevations that has been upgraded to provide a training centre. It has workshops and ancillary space at ground level with training rooms/offices on the first floor. The total gross internal area is some 4,658 sq m (50,139 sq ft). The property is prominently located on an industrial estate on the south eastern fringe of the town at the heart of south Warwickshire's principal business location. Built mid-1983 and refurbished 2008 Freehold.	17 January 2014	The property is let in its entirety to Jaguar Land Rover Limited for a term expiring in May 2023. The lease is drawn on full repairing and insuring terms with 5 yearly upwards only reviews.	–			

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Rugby Morgan Sindall House, Corporation Street, Rugby, CV21 2DW	Self-contained office building arranged over ground, first, second and part third floors, providing a total net internal area of some 3,177.6 sq m (34,204 sq ft) of recently refurbished accommodation and 95 car spaces. The property is located within Rugby town centre close to the Clock Towers Shopping Centre. Built 1970s. Freehold.	13 March 2014	The property is let to Morgan Sindall Plc for a term expiring in January 2034 with a tenant break option in January 2029 on 12 months notice. The lease is drawn on full repairing and insuring terms and is subject to five yearly upward only rent reviews, in line with the RPI index compounded annually capped at 4.00% and collared at 2.00%.	–			
Bath 3/6 Abbeygate Street, & 1/3 Swallow Street, Bath, BA1 1NP	Five self-contained retail units arranged over ground and first floor providing a total net internal area of 896.7 sq. m. (9,652 sq. ft.) with frontages to Abbeygate Street and Swallow Street. Abbeygate Street connects with Stall Street, one of Bath's prime shopping areas, a short distance to the west of the property. Built 1980s. Freehold.	25 October 2013	Unit A is let to Thomas Cook Retail Ltd for a term expiring in December 2015. Unit B is let to Cotswold Outdoor Ltd for a term expiring in December 2020 with a tenant option to break in December 2014. Unit C is let to Dorothy House Foundation for a term expiring in December 2020. Units D and E are let to Oswald Bailey (Southern) Limited for a term of 10 years expiring in October 2015. The leases are drawn on full repairing and insuring terms with upwards only rent reviews every five years, where applicable. The money weighted average unexpired term is 2.20 years.	–			

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Chelmsford 24/25 High Street, Chelmsford, CM1 1BE	Self-contained retail unit arranged over ground and first floors providing a total net internal area of some 565.8 sq. m. (6,091 sq. ft.) with storage at first floor level. The property is located within the prime pedestrianised pitch on the High Street within close proximity to the High Chelmer Shopping Centre. Built 1980's. Freehold.	31 May 2013	The building is let to Fraser Hart Limited on a 15 year lease expiring in October 2028. The lease is drawn up on full repairing and insuring terms with upwards only rent reviews every 5 years. We have deducted a capital sum of £200,000 for landlord's works.	–			
Hinckley Land at Coventry Road, Hinckley, LE10 0JJ	An L-shaped, generally flat site of about 3.7 hectares (9.1 acres) that wraps behind the National Grid premises, cleared of industrial buildings. The site is located in a mixed use area about half a mile south west of the town centre. There is planning consent for residential development and a sale to Morris Homes (Midlands) Ltd has been agreed conditional on satisfactory reserved matters, a EA approved water strategy, at £4.7 million payable in two stages. Freehold.	14 March 2014	Part of the site is let to National Grid Gas Plc until September 2014 for car parking.	–			

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Marlow Pacific House, Fourth Avenue, Globe Park, Marlow, SL7 1YA.	A self-contained office building arranged over ground and first floors providing a total net internal area of some 1,434.7 sq.m. (15,443 sq.ft.) of openplan air-conditioned accommodation with 66 car spaces. The property is located within an established mixed use business park situated adjacent to the A404. The A404 provides access to the M4 and M40 Motorways. Built 1988. Freehold.	14 March 2014	The property is let in its entirety to Sennheiser UK Ltd for a term expiring in June 2028 with a tenant option to break in June 2028 on 6 months notice. The lease is drawn on full repairing and insuring terms. The rent is stepped to: £165,637 wef 26.06.2014 £154,990 wef 26.06.2017 £286,732 wef 26.08.2017 £291,691 wef 26.06.2018 £296,806 wef 26.06.2019 £302,076 wef 26.06.2020 £307,345 wef 26.06.2021 £312,770 wef 26.06.2022	–			
Stoke on Trent Remploy Unit, Gordon Banks Drive, Trentham Lakes Business Park, Stoke-on-Trent, ST4 4TJ	A modern detached warehouse unit with a two storey ancillary office block to the front comprising some 6,114.0 sq m (65,811 sq ft) gross internal, 115 car parking spaces and a large secured yard. The property is located on a mixed use business park that includes the Britannia Stadium, south of Hanley and north east of the M6, just south of the A50. Built: 2001 Tenure: Long leasehold for 999 years from 22 March 2002 at peppercorn rent.	20 September 2013	The property is let in its entirety to Remploy Limited for a term of 20 years expiring in December 2021. The lease is drawn on full repairing and insuring terms with upwards only rent reviews every five years. The tenant is not in occupation.	–			

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Bristol 1-2 Orchard Court, Orchard Lane, Bristol, BS1 5WS	A self contained office building arranged on basement, ground and four upper floors providing a total net internal area of some 3,110.7 sq. m. (33,484 sq. ft.) and 46 car spaces. The property is in a secluded location at the edge of Bristol city centre close to the inner ring road. Built 1990. 1-2 Orchard Court: Long leasehold for term of 125 years from 25 March 1990 at a peppercorn. Pedestrian access from St. Augustine's Parade via an alleyway: Freehold. Land fronting Orchard Lane: Long leasehold for a term of 125 years from 25 March 1990 at a peppercorn.	1 November 2013	The subject property is let in its entirety to Veale Wasbrough Limited for a term expiring in December 2015. The lease is drawn on full repairing and insuring terms. We have deducted a capital sum of £500,000 to cover refurbishment costs net of dilapidations at lease expiry.	–			
Fareham – North, West & South Building, Delme Place Cams Hall Business Park, Fareham PO16 8UP	A detached office complex comprising three units built on ground and first floors providing a total net internal area of some 2,920.1 sq. m. (31,432 sq. ft.). There is parking for 146 cars. The property is located on an established office park off the A27 close to the M27. Built 1990's. Freehold.	23 May 2013	The property is let to four tenants for terms expiring/with breaks between December 2015 and September 2020. Two leases have stepped rental increases. The leases are drawn on effective full repairing and insuring terms. The ground floors of North and West Buildings are vacant. The money weighted average unexpired term is 5.26 years.	–			

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Cardiff Haywood House North & South, Dumfries Place, Cardiff, CF10 3GA	An office building arranged in two wings over ground to third floors providing a total net internal floor area of 3,101.2 sq.m. (33,381 sq.ft.) of accommodation with perimeter air-conditioning and 50 basement car spaces. The property is located in central Cardiff on a major arterial dual carriageway. Built mid 1980's. Freehold.	5 December 2013	The ground and 1st floors of Haywood House South are let to 2 tenants on 3 leases. The leases to Berry Smith LLP expire in September 2022 with tenant breaks at September 2017, with 8 months rent free if not exercised. The lease to Natwest Bank Plc expires in December 2021. The leases are drawn on effective full repairing and insuring terms with upward only rent reviews every five years. The 2nd and 3rd floors are vacant. Haywood House North is vacant and we have allowed for capital expenditure of £1,100,000 less an amount of £385,000 which is the agreed dilapidations from PWC.	-			
New Maldon St. George's Court, St George's Square, High Street, New Malden, KT3 4HG	The property comprises a public house, retail unit and taxi office, with offices on the upper floors, with a total net internal area of 1,709.7 sq. m. (18,403 sq. ft.). The property is located at the northern end of the High Street, adjacent to New Malden mainline railway station. There are car spaces at the rear. Built 1965. Freehold. 20 car spaces in the multistorey car park, Coombe International Tower, are held leasehold for 125 years from 3rd October 1988 at a peppercorn.	12 March 2014	1-3 St George's Court is let to Wizard Inns Ltd for a term expiring in March 2035 with an outstanding rent review at March 2005. The offices will be vacant from 24 March 2014. The retail unit is let to The London Clinic of Oriental Medicine Ltd for a term expiring in October 2021 and the taxi office is let to Qarim Ali for a term expiring in June 2015. The leases are drawn on effective full repairing and insuring terms with upward only rent reviews every five years. The money weighted average unexpired term is 4.38 years.	-			

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Warwick Seton House, Warwick Technology Park, Warwick, CV34 6DA	Self contained office building arranged over two floors providing some 1,882.2 sq.m. (20,260 sq ft) net of air conditioned accommodation with 90 car park spaces. The property is located on an established business park on the outskirts of Warwick and Learnington Spa. The property also benefits from easy access to the M40. Built circa 1990. Long leasehold for a term of 150 years from 25 December 1990 at £1 per annum.	17 January 2014	The property is let to 2 tenants: Tulip Ltd for a term expiring in December 2019 and National Grid Property Holdings Ltd for a term expiring in July 2014. The leases are drawn on effective full repairing and insuring terms . We have made a capital deduction of £200,000 for a refurbishment at lease expiry.	–			
Portsmouth Southlink, Walton Road, Portsmouth, PO6 1AA	A stand-alone industrial warehouse with 2-storey ancillary offices providing approximately 2,499.6 sq. m. (26,906 sq. ft.) gross internal area with 53 car parking spaces and yard. The building is located on an industrial estate, off the A2030, just off the A27. The M27 and A3 (M) are less than 2 miles distance. Built circa 1990. Freehold.	15 November 2013	The property is let in its entirety to Codestorm Plc for a term of 20 years expiring in September 2022. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years.	–			

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Chelmsford 67 High Street, Chelmsford, CM1 1DH	Self-contained retail unit providing retail accommodation at ground floor and storage and ancillary accommodation at first and second floors with a total net internal area of some 335.3 sq. m. (3,609 sq. ft.). The ground floor has been amalgamated with the adjacent retail unit which is not within ownership. The property is centrally located within the prime pedestrianised pitch on the High Street close to The Meadows and High Chelmer Shopping Centres. Built 1950's Freehold.	31 May 2013	The property is let in its entirety to AG Retail Cards Ltd for a term of 10 years expiring in December 2022. The lease is drawn on full repairing and insuring terms with an upwards only rent review at the 5th year.	–			
Peterborough Unit B, Southgate Way, Orton, Southgate, Peterborough, PE2 6YG	A two-bay industrial unit with two-storey integral ancillary accommodation comprising some 7,536 sq m (81,121 sq ft) gross internal, with car parking and a loading area to the front. The property is located on an established industrial estate south west of Peterborough adjacent to Junction 17 of the A1 (M) and A1139 south circular. Built late 1980's. Freehold.	14 March 2014	The property is let under an agreement for lease to Yours Clothing Limited for a term of 10 years from the completion of landlords works, with tenant break at 5th year on 9 months notice. The lease is drawn on full repairing and insuring terms, subject to a schedule of condition; with an upwards only rent review in the 5th year. The lease has a 6 month rent free period, followed by rent of £100,000 p.a. for 6 months, increasing to £205,000 p.a. for year 2, to £225,000 p.a. for the years 3 and 4 and to £245,000 p.a. for year 5. The lease will complete before the end of March 2014.	–			

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Harrow 68/70 St Ann's Road, Harrow, HA1 1JX.	A retail unit providing a total net internal area of some 369.4 sq. m. (4,267 sq. ft.) with ground floor sales and storage and staff rooms on the first and second floors. The property is located in the prime pedestrianised pitch opposite the entrance to St. Ann's Shopping Centre. Built 1987. Freehold.	14 March 2014	The property is let in its entirety to Caversham Finance Limited for a term of 10 years expiring in July 2022. The rent is stepped and increases to £125,000 wef July 2014, to £127,500 wef July 2015 and to £130,000 wef July 2016. The lease is drawn on full repairing and insuring terms with an upwards only rent review at the 5th year capped at £156,000.	–			
Nottingham 18/20 Clumber Street, Nottingham, NG1 3GA.	Self-contained retail unit arranged over ground and two upper floors. Sales accommodation is provided at ground floor and ancillary storage areas on the upper floors with a total net internal area of some 206.4 sq.m. (2,222 sq.ft.). The property is situated in a pedestrianised street, in a busy retail pitch in the city centre. Built circa 1960. Freehold.	29 May 2013	The property is let in its entirety to Phones 4 U Limited for a term expiring in March 2023 with a tenant break in March 2018 on 6 months notice. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years.	–			

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York – Blocks A, B & C Clifton Park, York, YO30 5PB.	Office park comprising three buildings arranged over ground and two upper floors with car parking providing a total net internal area of some 2,740.7 sq. m. (29,501 sq. ft.). The property is located on an office park about one mile north west of the city centre close to the A19, Shipton Road, linking the city centre and the outer ring road. Built in 1990. Freehold	11 June 2013	Block A is let to three tenants: Fleetcare Europe Ltd until November 2014; The Human Support Group Ltd until March 2017, with tenant break in March 2015; and Signalling Solutions Limited until July 2018, with tenant break in July 2016. The leases are drawn on effective full repairing and insuring terms. Blocks B & C are vacant.	–			
Leicester 12/14 East Gates, Leicester, LE1 5YA.	Retail unit providing a total net internal area of some 654.25 sq. m. (7,041 sq. ft.) with retail sales accommodation over ground, mezzanine, first and lower ground floors. Ancillary accommodation is provided at second floor level. The property was extended in the early 1990's to the rear to provide goods lift access to all floors. The property is prominently situated close to the new Highcross Shopping Centre. Built circa 1885. Freehold.	22 January 2014	The property is let to Cruise Clothing Limited for a term expiring in September 2023 with a tenant break in September 2018 subject to 6 months rent penalty. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years. The rent commences wef September 2014 at £135,000 p.a.	–			

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Bournemouth 102/106 Commercial Road, Bournemouth, BH2 5LR	Three self-contained retail units arranged over ground and first floors providing a total net internal area of some 940.6 sq. m. (10,125 sq. ft.). The property is in the town centre in a secondary location at the western end of the main shopping area in Commercial Road and opposite The Triangle. Built late 19th century. Freehold.	15 January 2014	The property is let on two leases: Maplin Electronics Ltd for a term expiring in March 2017; and H. Young (Operations) Ltd for a term expiring in March 2017, with a tenant option to break in March 2015 on 6 months notice. The leases are drawn on full repairing and insuring terms. Unit 2 is vacant.	–			
Hinckley National Grid Premises, Coventry Road, Hinckley, LE10 0JJ	Single storey warehouse with 2-storey offices; the warehouse has mostly been fitted out by the tenant as offices, with storage to the rear. The total gross internal area is some 3,576.8 sq. m. (38,500 sq. ft.) plus car parking with 74 spaces. The property is situated in a mixed use area about half a mile south west of the town centre. Built 1970s, refurbished 1990s. Freehold.	14 March 2014	The property is let to National Grid Gas Plc for a term that expires in September 2014. The lease is drawn on full repairing and insuring terms.	–			

<i>Address</i>	<i>Description, Age and Tenure</i>	<i>Date of last Inspection</i>	<i>Terms of Main Tenancies</i>	<i>Net Annual Rent</i>	<i>Fair Value/Market Value 31 March 2013</i>	<i>Market Value 17 March 2014</i>	<i>Explanation for change in valuation between 31 March 2013 and 17 March 2014</i>
Watford 107/107A High Street, Watford, WD1 1LU.	Self-contained retail unit arranged over ground floor and first floor providing a total net internal area of some 401.3 sq. m. (4,320 sq. ft.). Retail accommodation is provided at ground floor level with office accommodation and staff facilities at first floor level. The property is located on the High Street close to the Queens Road entrance to the Harlequin Centre. Built 1960's Free hold.	22 January 2014	The property is let to Britannia Building Society plc for a term expiring in December 2016. The lease is drawn up on full repairing and insuring terms with upwards only rent reviews every five years. The tenant is not in occupation.	–			
Fleet – Technology House, 1 Fleetwood Park, Fleet, GU51 2QX.	A modern office building arranged over ground and first floors with undercroft car parking, providing a total net internal floor area of some 1,975.0 sq.m. (21,259 sq.ft.) and 116 car spaces. The property is located on a small park on the established Ancells Business Park, within two miles of Junction 4A of the M3. Built 1990. Freehold.	1 November 2013	The first floor of the West Wing is let to Festo Ltd for a term expiring in August 2019. The lease is drawn on effective full repairing and insuring terms. The remainder of the property is vacant. We have made a capital deduction of £358,642 for the estimated cost of refurbishment works.	–			

<i>Address</i>	<i>Description, Age and Tenure</i>	<i>Date of last Inspection</i>	<i>Terms of Main Tenancies</i>	<i>Net Annual Rent</i>	<i>Fair Value/Market Value 31 March 2013</i>	<i>Market Value 17 March 2014</i>	<i>Explanation for change in valuation between 31 March 2013 and 17 March 2014</i>
Ipswich 33 Tavern Street, Ipswich IP1 3AG	A retail property arranged over ground and two upper floors with a total net internal area of some 153.1 sq.m. (1,648 sq.ft.) with sales on ground floor and ancillary/storage over first and second floors. The property is located on the periphery of the prime pitch within the pedestrianised zone. Built 19th century Freehold.	14 March 2014	Let to Lush Retail Limited for a term expiring in November 2022 and tenant break option in November 2017, with 3 months rent free if not operated. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years.	–			
Woking Luke House, Goldsworth Road, Woking, GU21 1LE	The property comprises two retail units at ground floor and self-contained centrally heated offices on two upper floors providing some 931.2 sq.m. (10,023 sq.ft.) net and 24 car spaces. The property is located in the town centre, close to the railway station; there is access to the M25 at Junction 11 within 5 miles. Built 1985 Freehold.	14 November 2013	The offices are let to Kelly's Storage Limited on a short term basis at nil rent until May 2014. One retail unit is let to Red Eye Print Ltd until December 2016, with a mutual option to break in December 2014. The other retail unit and the car parking are vacant. We have made a capital deduction of £250,000 to cover potential refurbishment costs.	–			

<i>Address</i>	<i>Description, Age and Tenure</i>	<i>Date of last Inspection</i>	<i>Terms of Main Tenancies</i>	<i>Net Annual Rent</i>	<i>Fair Value/Market Value 31 March 2013</i>	<i>Market Value 17 March 2014</i>	<i>Explanation for change in valuation between 31 March 2013 and 17 March 2014</i>
Bromley 102 High Street, Bromley, BR1 1EY.	A two storey retail unit providing sales and ancillary accommodation with a total net internal area of 106.4 sq. m. (1,145 sq. ft.) in the prime pedestrianised shopping pitch. Built 1920's. Freehold.	11 March 2014	The property is let to H&D Fashionista Ltd on a temporary basis until 31 March 2014.	–			
Fleet Beech House, Sylvan Road, Ancells Business Park, Fleet, GU51 2QW.	A self-contained office building arranged over ground, first and second floors, providing a total net internal area of some 1,256.5 sq.m. (13,525 sq.ft.) of comfort cooled accommodation with 60 car spaces. The building is located within the established Ancells Business Park which lies within two miles of Junction 4A of the M3. Built circa 1990. Freehold.	1 November 2013	The first floor is let to 2 tenants for terms expiring in May and June 2018, with tenant breaks in June and November 2016 on 6 months notice. One lease is subject to a capped service charge whilst the other is on effective full repairing and insuring terms. The remainder of the building is vacant.	–			

<i>Address</i>	<i>Description, Age and Tenure</i>	<i>Date of last Inspection</i>	<i>Terms of Main Tenancies</i>	<i>Net Annual Rent</i>	<i>Fair Value/Market Value 31 March 2013</i>	<i>Market Value 17 March 2014</i>	<i>Explanation for change in valuation between 31 March 2013 and 17 March 2014</i>
Fareham – The Orangery and The Stables Cams Hall Business Park Fareham PO16 8UT	Two former stable blocks and an orangery that have been converted to provide a total net internal area of some 712.5 sq. m. (7,669 sq. ft.) of office accommodation laid out over ground and 1st floors. The property is listed Grade II. It is located on an established office park off the A27 close to the M27. Built 18th Century. Long leasehold for term of 999 years from 19th September 2001 at a fixed rent of a peppercorn.	23 May 2013	The Orangery is let to UMEC Distribution Ltd for a term expiring April 2014. The New Stables is let to NCI Resources Ltd for a term that expired in December 2013 and the tenant is holding over. The Old Stables is let to Touchstone Global Business Solutions for a term expiring September 2014. The leases are drawn on effective full repairing and insuring terms. The money weighted average unexpired term is 0.24 years.	–			
Yeovil 16 Middle Street, Yeovil, BA20 1LY	Retail unit with ground floor sales and first floor storage providing a total net internal area of some 262.5 sq. m. (2,826 sq. ft.). The property is located at the western end of the pedestrianised section of Middle Street, on the edge of the prime pitch. Built 1930s. Freehold.	1 November 2013	The property is let to DuvetCo Ltd for a term expiring in October 2015. The lease is drawn on fully repairing and insuring terms.	–			

PART 8

FINANCIAL AND OTHER INFORMATION ON THE COMPANY

The following is a discussion of the Company's results of operations and financial condition for the three financial years ending on 31 March 2011, 31 March 2012 and 31 March 2013 and the six-month period ending on 30 September 2013. Prospective investors should read the following discussion, together with the whole of this document, including the risk factors set out on pages 18 to 22 of this document, and the Company's historical consolidated financial statements and should not just rely on the key or summarised information contained in this Part 8. The financial information in this Part 8 has been extracted without material adjustment from the Company's accounting records.

This Part 8 contains "forward-looking statements". Those statements are subject to risks, uncertainties and other factors that could cause the Company's future results of operations or cashflows to differ materially from the results of operations or cashflows expressed or implied in such forward-looking statements.

1. Introduction

- 1.1 The Company prepares audited annual report and accounts to 31 March in each year, which are normally distributed to Shareholders in July of each year.
- 1.2 The Company's auditors are KPMG Channel Islands Limited of 20 New Street, St Peter Port, Guernsey GY1 4AN, which are registered to carry on audit work by the Institute of Chartered Accountants in England and Wales ("ICAEW") – firm number C001075020.
- 1.3 Save for the historical information for the three financial years ending on 31 March 2013 set out, or incorporated by reference, in paragraph 3.1 of this Part 8, none of the information in this document has been audited. Unless otherwise indicated, all unaudited financial information relating to the Company contained in this document has been sourced, without material adjustment, from the internal accounting records of the Company which are maintained by the Administrator on the Company's behalf on a basis consistent with the Company's accounting policies.

2. Consolidated audited accounts for the three financial years ending on 31 March 2013

The consolidated audited accounts for the Company for the three financial years ending on 31 March 2013 (prepared in accordance with International Financial Reporting Standards), in respect of which KPMG Channel Islands Limited issued unqualified reports under section 262 of the Law, did not contain any statements under section 263 as applicable.

3. Published annual reports and accounts for the three financial years ending on 31 March 2013 and interim accounts for the six-month period ending on 30 September 2013

3.1 *Historical information incorporated by reference*

The consolidated annual reports and accounts of the Company for the three financial years ending on 31 March 2013 and the consolidated interim accounts for the six-month periods ending on 30 September 2013 and 30 September 2012 are incorporated into this document by reference in their entirety. The following list is intended to enable investors to identify easily specific items of information which are relevant to the Issues. The page numbers below refer to the relevant pages of the respective annual report and accounts or interim accounts, as indicated.

<i>Nature of Information</i>	<i>Consolidated interim accounts for the six-month period ending on 30 September 2013</i>	<i>Consolidated annual report and accounts for year ended 31 March</i>		
	<i>Page No(s)</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>
Financial Summary	1	2	2	1
Company Summary	-	3-4	3-4	2-3
Chairman's Statement	2-3	5-7	5-7	4-6
Investment Manager's Report	4-10	8-14	8-14	7-19
Board of Directors	-	15	15	20
Report of the Directors	-	16-20	16-20	21-32
Statement of Directors' Responsibilities	11	21	21	33
Responsibility Statement of the Directors in respect of the Consolidated Annual Report	-	21	21	33
Remuneration Report	-	23	23	-
Corporate Governance	-	24-27	24-27	-
Consolidated Statement of Comprehensive Income	12	28	28	34
Consolidated Statement of Financial Position	13	29	29	35
Consolidated Statement of Changes in Equity	14	30	30	36
Consolidated Statement of Cash Flows	15	31	31	37
Notes to the Financial Statements	16-19	32-43	32-44	38-51
Independent Auditors' Report	-	44	45	52

3.2 *Selected financial information*

The key audited figures that summarise the financial condition of the Group in respect of the year ending on 31 March 2013 (and the corresponding figures for the years ending on 31 March 2012 and 2011) which have been extracted directly on a straightforward basis from the historical information referred to in paragraph 3.1 of this Part 8 (unless otherwise indicated in the notes below the following table) are set out in the following table:

	<i>Year ending on 31 March</i>		
	<i>2013</i>	<i>2012</i>	<i>2011</i>
Consolidated statement of financial position			
Non-current assets (£'000)	256,009	336,915	329,197
Current assets (£'000)	51,670	62,042	67,665
Total assets (£'000)	307,679	398,957	396,862
Non-current liabilities (£'000)	140,260	209,665	205,828
Current liabilities (£'000)	6,906	9,313	10,009
Total liabilities (£'000)	147,166	218,978	215,836
Equity (£'000)	160,513	179,979	181,025
Net assets per Ordinary Share (pence)	45.1	50.6	50.9

	<i>Year ending on 31 March</i>		
	<i>2013</i>	<i>2012</i>	<i>2011¹</i>
Consolidated statement of comprehensive income			
Net rental and related income (£'000)	20,252	24,148	22,801
Profit on disposal of investment property (£'000)	3,066	2,706	43
Net valuation (loss)/gain on investment property (£'000)	(20,797)	(5,885)	2,516
Total expenses (£'000)	(3,560)	(6,586)	(6,042)
Net financing costs (£'000)	(10,111)	(14,425)	(11,112) ²
(Loss)/profit before taxation (£'000)	(10,774)	12,083	9,219 ³
Taxation (£'000)	207	(1,050)	(795)
Total comprehensive (loss)/income for the year			
attributable to the equity holders of the parent (£'000)	(6,938)	11,482	11,582
Basic and diluted (loss)/earnings			
per Ordinary Share (pence)	(3.0)	3.1	2.5 ⁴

The key unaudited figures that summarise the financial condition of the Group in respect of the six-month period ending on 30 September 2013 (and the corresponding figures for the six-month period ending on 30 September 2012) which have been extracted directly on a straightforward basis from the historical information referred to in paragraph 3.1 of this Part 8 (unless otherwise indicated in the notes below the following table) are set out in the following table.

	<i>Six-month period ending on 30 September</i>	
	<i>2013</i>	<i>2012</i>
Consolidated statement of financial position		
Non-current assets (£'000)	260,473	296,274
Current assets (£'000)	35,530	71,333
Total assets (£'000)	296,003	367,607
Non-current liabilities (£'000)	127,317	184,841
Current liabilities (£'000)	7,112	10,622
Total liabilities (£'000)	134,429	195,463
Equity (£'000)	161,574	172,144
Net assets per Ordinary Share (pence)	45.4	48.4
Consolidated statement of comprehensive income		
Net rental and related income (£'000)	8,759	10,801
Profit on disposal of investment property (£'000)	–	1,372
Net valuation gain/(loss) on investment property (£'000)	3,190	(6,973)
Total expenses (£'000)	(1,733)	(1,972)
Net financing costs (£'000)	(6,046)	(6,744)
Profit/(loss) before taxation (£'000)	4,222	(3,260)
Taxation (£'000)	–	(164)
Total comprehensive income/(loss) for the period attributable		
to the equity holders of the parent (£'000)	6,400	(1,571)
Basic and diluted earnings/(loss) per Ordinary Share (pence)	1.2	(1.0)

1. In years prior to 31 March 2012 the Group accounted for all of its swap instruments as effective hedges and took changes in fair value movements to other comprehensive income. However, in 2012, the Board determined that a swap attaching to £111 million of borrowings should not have been treated as an effective hedge, in accordance with IAS 39, due to the non-coterminous periods of the swap and the loan, and that changes in fair value should have been dealt with in profit and loss. The figures set out above for the year ending on 31 March 2011 have been extracted from the Group's 31 March 2011 financial statements as originally published. These were restated in the 31 March 2012 financial statements, based on the Group's current accounting policies and are set out below.
2. Restated figure – (9,195)
3. Restated figure – 11,136
4. Restated figure – 3.0

4. Capitalisation and indebtedness

The following table shows the unaudited capitalisation and indebtedness of the Group (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 31 December 2013.

31 December 2013
£'000

Total Current Debt	
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—
Total Non-current Debt	
Guaranteed	—
Secured	129,585
Unguaranteed/unsecured	—
Shareholders' Equity	
Share capital and share premium	110,305
Legal reserve	—
Other reserve	58,208
Total	<u>168,508</u>

The following table shows the Group's unaudited net indebtedness as at 31 December 2013.

	£'000
A Cash	16,490
B Cash equivalent	—
C Trading securities	—
D Liquidity (A + B + C)	<u>16,490</u>
E Current financial receivable	—
F Current bank debt	—
G Current portion of non-current debt	—
H Other current financial debt	—
I Current financial debt (F + G + H)	<u>—</u>
J Net current financial indebtedness (I – E – D)	<u>(16,490)</u>
K Non-current bank loans	129,585
L Bonds issued	—
M Other non-current loans	—
N Non-current financial indebtedness (K + L + M)	<u>129,585</u>
O Net financial indebtedness (J+N)	<u>113,095</u>

5. NAV calculations

Properties are valued quarterly by an external valuer and their valuation is reviewed quarterly by a committee of the Board. The NAV attributable to the Ordinary Shares is published quarterly based on the properties' most recent valuation and calculated under IFRS. The NAV is published through a regulatory information service provider to the London Stock Exchange and the CISE as soon as practicable after the end of the relevant quarter. The publication of the NAV per Ordinary Share will only be suspended in circumstances where the underlying data necessary to value the Company's investments cannot readily, or without undue expenditure, be obtained having regard to the fact that, in such circumstances, the CISE may require the listing of the Ordinary Shares on its Official List to be suspended. Details of any suspension in publishing such calculations will be announced through an RIS.

The last published unaudited NAV per Ordinary Share prior to the Latest Practicable Date was 47.3 pence per Ordinary Share as at 31 December 2013.

PART 9

ADDITIONAL INFORMATION

1. Information on the Company

- 1.1 Schroder Real Estate Investment Trust Limited was incorporated in Guernsey with an unlimited life on 27 May 2004 with registered number 41959 under the (the Companies (Guernsey) Law, 2008 as a non cellular company limited by shares. The Company is an authorised closed-ended collective investment scheme, authorised pursuant to The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the Authorised Closed-Ended Investment Schemes Rules 2008.
- 1.2 The registered office of the Company is at Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL (Tel. +44 (0) 1481 475001).
- 1.3 The New Shares are in registered form and, from Admission, will be capable of being held in uncertificated form. Title to such shares may be transferred by means of a relevant system (as defined in the CREST Regulations). Where Ordinary Shares are held in certificated form, share certificates will be sent to the registered members or their nominated agent (at their own risk) within 10 days of completion of the registration process or transfer, as the case may be, of the Ordinary Shares. Where Ordinary Shares are held in CREST, the relevant CREST stock account of the registered members will be credited.

2. Share capital of the Company

- 2.1 On incorporation, the Company's authorised share capital was represented by an unlimited number of Ordinary Shares of no par value. Two Ordinary Shares issued for the purposes of incorporation and an additional 75 and 23 Ordinary Shares were issued to Insight Investment Management (Global) Limited and Rock Nominees Limited respectively. On 16 July 2004, 259,999,900 Ordinary Shares were issued fully paid for cash at a price of £1 each.
- 2.2 On 1 October 2004, the Royal Court of Guernsey confirmed the reduction of share capital by way of a cancellation of the amount standing to the credit of the Company's share premium account. The amount so cancelled was credited as a distributable reserve and is available as distributable profits to be used for all purposes permitted under Guernsey company law, including the buyback of shares and the payment of dividends.
- 2.3 On 27 July 2005, 100,000,000 C shares were issued by the Company which converted to 93,560,000 Ordinary Shares on 5 August 2005.
- 2.4 The Company repurchased and cancelled Ordinary Shares on the following dates:
 - 2.4.1 200,000 Ordinary Shares on 7 November 2007;
 - 2.4.2 100,000 Ordinary Shares on 13 November 2007;
 - 2.4.3 991,610 Ordinary Shares on 21 November 2007;
 - 2.4.4 649,438 Ordinary Shares on 22 November 2007;
 - 2.4.5 120,000 Ordinary Shares on 23 November 2007;
 - 2.4.6 110,000 Ordinary Shares on 28 November 2007;
 - 2.4.7 232,283 Ordinary Shares on 30 November 2007;
 - 2.4.8 200,000 Ordinary Shares on 10 December 2007;
 - 2.4.9 100,000 Ordinary Shares on 11 December 2007;

- 2.4.10 900,000 Ordinary Shares on 11 July 2008;
 - 2.4.11 2,318,016 Ordinary Shares on 14 July 2008;
 - 2.4.12 1,197,293 Ordinary Shares on 15 July 2008;
 - 2.4.13 54,000 Ordinary Shares on 17 July 2008;
 - 2.4.14 160,000 Ordinary Shares on 18 July 2008;
 - 2.4.15 552,000 Ordinary Shares on 21 July 2008;
 - 2.4.16 3,445,000 Ordinary Shares on 22 July 2008;
 - 2.4.17 4,243,382 Ordinary Shares on 23 July 2008;
 - 2.4.18 910,000 Ordinary Shares on 29 July 2008;
 - 2.4.19 500,000 Ordinary Shares on 30 July 2008;
 - 2.4.20 6,827,000 Ordinary Shares on 12 September 2008;
 - 2.4.21 132,000 Ordinary Shares on 22 September 2008;
 - 2.4.22 750,000 Ordinary Shares on 25 September 2008;
 - 2.4.23 1,850,000 Ordinary Shares on 29 September 2008;
 - 2.4.24 1,430,000 Ordinary Shares on 4 November 2008;
 - 2.4.25 1,917,259 Ordinary Shares on 12 November 2008; and
 - 2.4.26 3,490,000 Ordinary Shares on 21 November 2008.
- 2.5 On 11 August 2010, the Company issued 32,327,062 Ordinary Shares and the Company issued a further 35,592,128 Ordinary Shares on 14 January 2014.
- 2.6 The Company's authorised share capital comprises an unlimited number of Ordinary Shares of no par value. The issued share capital of the Company as at the date of this document, all of which is fully paid, is 391,513,409 Ordinary Shares of no par value. As at the date of this document no shares were held in treasury.
- 2.7 The Company has convened the EGM at which the Directors are seeking authority from Shareholders to issue up to 200 million New Shares on a non-pre-emptive basis.
- 2.8 Assuming 80 million Ordinary Shares are issued under the Initial Placing and Offer, the issued share capital of the Company as at the date of Initial Admission would be 471,513,409 Ordinary Shares of no par value.
- 2.9 As at the date of this document, the Company had no capital which was under option or agreed conditionally or unconditionally to be put under option.

3. Mandatory offers and squeeze-out rules

3.1 *Mandatory offers*

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquirer and any parties acting in concert with it to Ordinary Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties (if any) would be required (except with the consent of the Panel on Takeovers and Mergers) (the "**Panel**") to make a cash offer for Ordinary Shares not already owned by the acquirer or its concert parties (if any) at a price not less than the highest price paid for Ordinary Shares by the acquirer or its concert parties (if any) during the

previous 12 months or (where there has been no acquisition of Ordinary Shares) at a comparable price agreed by the Panel. A similar obligation to make such a mandatory cash offer would also arise on the acquisition of Ordinary Shares by a person holding (together with its concert parties, if any) Ordinary Shares carrying at least 30 per cent., but not more than 50 per cent., of the voting rights in the Company if the effect of such acquisition was to increase the percentage of the aggregate voting rights held by the acquirer and its concert parties (if any).

3.2 *Squeeze-out rules*

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

4. **Memorandum and Articles of Incorporation of the Company**

4.1 The Memorandum of Incorporation provides that the Company’s objects are unrestricted and it shall therefore have the full power and authority to carry out any object not prohibited by the Law, or any other law of Guernsey. Copies of the Memorandum of Incorporation are available for inspection at the addresses specified in paragraph 19 of this Part 9.

4.2 The Articles of the Company contain provisions, *inter alia*, to the following effect. Copies of the Articles are available for inspection at the addresses specified in paragraph 19 of this Part 9.

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

4.3.1 *Shares*

- (a) Subject to paragraph 4.3.7(a) the Company may issue an unlimited number of shares.
- (b) The holders of the Ordinary Shares shall have the following rights:

Dividends

Holders of Ordinary Shares are entitled to receive, and participate in, any dividends or other distributions out of the profits of the Company available for dividend and resolved to be distributed in respect of any accounting period or other income or right to participate therein.

Winding-up

On a winding up, the holders of Ordinary Shares shall be entitled to the surplus assets remaining after payment of all the creditors of the Company.

Voting

The holders of Ordinary Shares shall have the right to receive notice of and to attend and vote at general meetings of the Company and each holder of Ordinary Shares being present in person or by proxy or by a duly authorised representative (if a corporation) at a meeting shall upon a show of hands have one vote and upon a poll each such holder present in person or by proxy or by a duly authorised representative (if a corporation) shall have one vote in respect of each Ordinary Share held by him.

Variation of rights

The rights attached to any class of shares may be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution of the holders of the shares of that class.

- (c) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to any requirement of the Law, any share in the Company may be issued with such preferred, deferred or other special rights or restrictions whether as to dividend, voting, return of capital or otherwise as the Company at any time by ordinary resolution may determine and subject to and in default of such determination as the Board may determine.
- (d) Subject to the provisions of the Laws and the Articles:
 - (i) any shares may with the sanction either of the Board or an ordinary resolution be issued on terms that they are or at the option of the Company or the holder are liable to be redeemed on such terms and in such manner as the Company before the issue may by ordinary resolution determine and subject to and in default of such determination as the Board may determine;
 - (ii) the Company may purchase any of its own shares whether or not they are redeemable and may pay the purchase price in respect of such purchase to the fullest extent permitted by the Law;
 - (iii) shares repurchased by the Company may be held as treasury shares and dealt with by the Directors to the fullest extent permitted by the Law;
 - (iv) the Company and any of its subsidiary companies may give financial assistance directly or indirectly for the purpose of or in connection with the acquisition of shares in the Company or in connection with reducing or discharging any liability incurred in connection with the purchase of shares in the Company;
 - (v) fractions of shares may be issued or purchased by the Company; and
 - (vi) the Company may issue shares of no par value or shares with a par value or a combination of both.
- (e) If at any time the share capital is divided into different classes of shares the rights attached to any class (unless otherwise provided by the terms of issue) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution of the holders of the shares of that class.

4.3.2 *Duration*

The Board shall put an ordinary resolution to the annual general meeting of the Company to be held in 2014 proposing that the Company should continue in existence until such further resolution is passed to determine otherwise. If such resolution is not passed in 2014, the Board shall draw up proposals for the reconstruction, unitisation or other reorganisation of the Company for submission to the members of the Company at an extraordinary general meeting to be convened by the Board for a date not more than three months after such annual general meeting. Implementation of the proposals will require the approval of members by special resolution. If the resolution to approve such proposals is not passed, the Board shall put a special resolution to the Company requiring the Company to be wound up voluntarily.

4.3.3 *Winding-up*

- (a) The Company shall be wound up in any of the circumstances specified in the Law.
- (b) If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the members *in specie* the whole or any part of the assets of the Company and may with the like sanction vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator with the like sanction shall think fit.

4.3.4 *Notice requiring disclosure of interest in shares*

The Directors may serve notice on any member requiring that member to disclose to the Company the identity of any person (other than the member) who has any interest in the shares held by the member and the nature of such interest.

Any such notice shall require any information in response to such notice to be given within such reasonable time as the Directors may determine. The Directors may be required to exercise their powers under the relevant Article on a requisition of members holding not less than one tenth of the paid up capital of the Company. If any member is in default in supplying to the Company the information required by the Company within the prescribed period (which is 28 days after service of the notice or 14 days if the shares concerned represent 0.25 per cent. or more in value of the issued shares of the relevant class), the Directors in their absolute discretion may serve a direction notice on the member. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the “**default shares**”) the member shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25 per cent. of the class of shares concerned the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

4.3.5 *Dividends*

- (a) Subject to compliance with Section 304 of the Law, the Board may at any time declare and pay such dividends as appear to be justified by the position of the Company. The Board may also declare and pay any fixed dividend which is payable on any shares of the Company half-yearly or otherwise on fixed dates whenever the position in the opinion of the Board so justifies.
- (b) The method of payment of dividends shall be at the discretion of the Board.
- (c) No dividend shall be paid in excess of the amounts permitted by the Law or approved by the Board.
- (d) Subject to the Articles, all dividends shall be declared and paid *pro rata* according to the number of shares held by each member.
- (e) The Board may deduct from any dividend payable to any member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.
- (f) The Board may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the liabilities or obligations in respect of which the lien exists.
- (g) The Board may retain dividends payable upon shares in respect of which any person is entitled to become a member until such person has become a member.
- (h) With the sanction of the Company in general meeting, any dividend may be paid wholly or in part by the distribution of specific assets and, in particular, of paid-up shares of the Company. Where any difficulty arises in regard to such distribution the Board may settle the same as it thinks expedient and in particular may issue fractional shares and fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of members and may vest any such specific assets in trustees for the members entitled as may seem expedient to the Board.
- (i) Any dividend interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post to the registered address of the holder or, in

the case of joint holders, to the registered address of that one of the joint holders who is first named on the Register. Any one of two or more joint holders may give effectual receipts for any dividends, interest, bonuses or other moneys payable in respect of their joint holdings.

- (j) No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.
- (k) All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of six (6) years after having been declared shall be forfeited and shall revert to the Company.

4.3.6 *Transfer of shares*

The Articles provide that the Directors may implement such arrangements as they may think fit in order for any class of shares to be admitted to settlement by means of the CREST system. If the Directors implement any such arrangements no provision of the Articles shall apply or have effect to the extent that it is in any respect inconsistent with:

- (a) the holding of shares of that class in uncertificated form;
- (b) the transfer of title to shares of that class by means of the CREST system; or
- (c) the CREST Guernsey Requirements.

Where any class of shares is for the time being admitted to settlement by means of the CREST system such securities may be issued in uncertificated form in accordance with and subject as provided in the CREST Guernsey Requirements. Unless the Directors otherwise determine, such securities held by the same holder or joint holder in both certificated form and uncertificated form shall be treated as separate holdings. Such securities may be changed from uncertificated to certificated form and from certificated to uncertificated form in accordance with and subject as provided in the CREST Guernsey Requirements. Title to such of the shares as are recorded on the register as being held in uncertificated form may be transferred only by means of the CREST system. Every transfer of shares from a CREST account of a CREST member to a CREST account of another CREST member shall vest in the transferee a beneficial interest in the shares transferred, notwithstanding any agreements or arrangements to the contrary, however and whenever arising and however expressed.

Subject as provided below, any member may transfer all or any of his shares which are in certificated form by instrument of transfer in any form which the Directors may approve. The instrument of transfer of a share shall be signed by or on behalf of the transferor. The Directors may refuse to register any transfer of certificated shares unless the instrument of transfer is lodged at the registered office accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The Directors may refuse to register a transfer of any share which is not fully paid up or on which the Company has a lien provided that this would not prevent dealings from taking place on an open and proper basis.

Subject to the provisions of the CREST Guernsey Requirements, the registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided that such suspension shall not be for more than 30 days in any year. Shareholders are required to notify the Administrator and Registrar immediately in the event that they become, or hold their shares on behalf of, US Persons. Such shareholders will be required to dispose of their shares to non-US Persons as soon as possible. The Company reserves the right to require the transfer of any shares which are or become owned, directly or indirectly, by a US Person, provided that the Company will only exercise such right if, by not exercising it, the Company itself would suffer a disadvantage. The Directors may also refuse to

register any transfer of shares which is prohibited by the provisions described in paragraph 4.3.4 above or any transfer of shares unless such transfer is accompanied by the share certificate to which it relates, is in respect of one class of share only, is in favour of no more than four transferees and is lodged at the registered office or such other place as the Directors may appoint.

The Company shall be entitled to sell (at a price which the Company shall use its reasonable endeavours to ensure is the best obtainable) the shares of a member or the shares to which a person is entitled by virtue of transmission on death or insolvency or otherwise by operation of law if and provided that: (i) during the period of not less than twelve (12) years prior to the date of the publication of advertisements referred to below at least three dividends have been declared but not claimed; (ii) the Company shall following the expiry of such twelve (12) year period inserted advertisements in a national newspaper and in a newspaper circulating in the area in which the last known address of the member is located; (iii) during the period of three (3) months following publication of such advertisements, the Company shall have received indication neither of the whereabouts nor the existence of such member; and (iv) notice shall have been given to the stock exchanges on which the Company is listed.

4.3.7 Pre-emption rights

- (a) Subject to the provisions of paragraph 4.3.7(b) the Company shall not allot any Ordinary Shares in the capital of the Company which are unissued from time to time (“Unissued Ordinary Shares”) to any person unless it has previously offered to each holder of Ordinary Shares to allot to him on the same or more favourable terms a proportion of those Unissued Ordinary Shares which is as nearly as practicable equal to the proportion held by him of the aggregate Ordinary Shares in issue at such date.
- (b) The Directors shall be entitled to allot Ordinary Shares otherwise than in accordance with the pre-emption rights set out in paragraph 4.3.7(a) where:
 - (i) the issue is in relation to further Ordinary Shares not exceeding 10 per cent. of the total number of Ordinary Shares then in issue (not including those Ordinary Shares proposed to be issued);
 - (ii) the issue of Ordinary Shares is for non-cash consideration;
 - (iii) the issue of Ordinary Shares is in connection with a rights issue, open offer or other offer of securities in favour of holders of Ordinary Shares on the register of members at such record date as the Directors may determine where the Ordinary Shares respectively attributable to the interests of Shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them on such record date, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatever; or
 - (iv) the issue of Ordinary Shares has previously been approved by holders of Ordinary Shares by special resolution.

4.3.8 Alteration of capital and purchase of shares

The Company may by ordinary resolution: consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares; subdivide all or any of its shares into shares of a smaller amount; or cancel any shares which at the date of the resolution have not been taken or agreed to be taken and diminish the amount of its authorised share capital by the amount of shares so cancelled. The Company may by special resolution reduce any share capital account in any manner and with and subject to any incident authorised and consent required by the Law.

4.3.9 *Notice of general meetings*

Notice for any general meeting (other than an adjourned meeting) shall be sent by the secretary or officer of the Company or any other person appointed by the Board not less than fourteen clear days before the meeting. Notice of a general meeting of the Company must be sent to every member of the Company (being only persons registered as a member of the Company), every Director and every alternate Director registered as such. The notice must specify the time, date and place of the general meeting and the general nature of the business to be transacted. Notices and other documents may be sent in electronic form or published on a website in accordance with section 208 of the Law.

Notice of a general meeting of the Company must specify any special business to be put to the meeting (as defined in the Articles), contain the information required under section 178(6)(a) of the Law in respect of a resolution which is to be proposed as a special resolution at the meeting, contain the information required under section 179(6)(a) of the Law in respect of a resolution which is to be proposed as a waiver resolution at the meeting, and contain the information required under section 180(3)(a) of the Law in respect of a resolution which is to be proposed as a unanimous resolution at the meeting. A general meeting may be convened by a shorter notice than otherwise required if all the members entitled to attend and vote so agree. The accidental omission to give notice of any meeting or the non-receipt of such notice by any member shall not invalidate any resolution, or any proposed resolution otherwise duly approved, passed or proceeding at any meeting.

4.3.10 *Interests of Directors*

- (a) Save as mentioned below, a Director may not vote or be counted in the quorum on any resolution of the Board (or a committee of the Directors) in respect of any matter in which he has (together with any interest of any person connected with him) a material interest (other than by virtue of his interest in shares or debentures or other securities of the Company).
- (b) A Director shall be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:
 - (i) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiaries;
 - (ii) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
 - (iii) any proposal concerning an offer of securities of the Company or its subsidiaries in which offer he is or may be entitled to participate or in the underwriting or sub-underwriting of which he is to or may participate;
 - (iv) any proposal concerning any other company in which he is interested, directly or indirectly, as an officer or shareholder or otherwise, provided that he, together with persons connected with him, is not to his knowledge the holder of or beneficially interested in one per cent. or more of any class of the equity share capital of any such company (or of any third company through which his interest is derived) or of the voting rights of such company;
 - (v) any arrangement for the benefit of employees of the Company or any of its subsidiaries which accords to the Director only such privileges and advantages as are generally accorded to the employees to whom the arrangement relates; or
 - (vi) any proposal for the purchase or maintenance of insurance for the benefit of the Director or persons including the Directors.

- (c) Any Director may act by himself or by his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- (d) Any Director may continue to be or become a director, managing director or other officer or member of a company in which the Company is interested, and any such Director shall not be accountable to the Company for any remuneration or other benefits received by him.

4.3.11 *Remuneration of Directors*

- (a) The Directors shall be remunerated for their services at such rate as the Directors shall determine provided that the aggregate amount of such fees shall not exceed £250,000 per annum (or such sum as the Company in general meeting shall from time to time determine).
- (b) The Directors shall also be entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties.
- (c) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director on such terms as to tenure of office and otherwise as the Directors may determine.
- (d) The Directors may from time to time appoint one or more of their body to the office of managing director or to any other office for such term and at such remuneration and upon such terms as they determine.
- (e) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company, or where the terms of appointment are arranged or any contract in which he is interested is considered and he may vote on any such appointment or arrangement other than his own appointment or the terms thereof.
- (f) The Directors may at any time appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall be eligible for re-election at the next annual general meeting following his appointment. Without prejudice to those powers, the Company in general meeting may appoint any person to be a Director either to fill a casual vacancy or as an additional Director.

4.3.12 *Retirement of Directors*

- (a) At each annual general meeting of the Company all the Directors who held office at the two preceding annual general meetings and who did not retire thereat shall be required to retire from office.
- (b) A Director shall not be required to hold any qualification shares.
- (c) There is no age limit at which a Director is required to retire.
- (d) The office of Director shall be vacated if the Director resigns his office by written notice, if he shall have absented himself from meetings of the Board for a consecutive period of six months and the Board resolves that his office shall be vacated, if he becomes of unsound mind or incapable, if he becomes insolvent, suspends payment or compounds with his creditors, if he is requested to resign by written notice signed by all his co-Directors, if the Company in general meeting shall declare that he shall cease to be a Director, or if he becomes resident in the United Kingdom and, as a result, a majority of the Directors are resident in the United Kingdom.

4.3.13 *Borrowing powers*

The Board may exercise all the powers of the Company to borrow money and to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking, property or assets and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any liability or obligation of the Company or of any third party provided always that the aggregate principal amount of all borrowings (as defined in the Articles) by the Company shall not at the point of drawdown of any borrowings exceed 65 per cent. of the gross assets of the Group.

5. **Directors**

- 5.1 In addition to their directorship of the Company, the Directors hold or have held the following directorships and are or were members of the following partnerships, within the past five years:

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
Lorraine Baldry	Central London Consortium Ltd Circle Holdings Plc Inventa Partners Ltd London & Continental Railways Ltd LP (Brentford) Limited Lunar Partnership (Brentford) Limited SREIT (No.2 Limited) SREIT Holding Company Limited SREIT Property Limited Tri-Air Developments Ltd Tri-Air Health Ltd	DTZ Holdings Plc**
Harry Dick-Cleland	Amangani S.A. Cleland & Co Limited LP (Brentford) Limited Lunar Partnership (Brentford) Limited Marshall Secretarial Services Limited Sinclair General Corporation Shanon Limited Partnership SREIT Holding Company Limited SREIT Property Limited	LP (Alfreton) Limited LP (Bristol) Limited* LP (Cannock) Limited LP (Fleet) Limited LP (Havant) Limited LP (Hemel Hempstead) Limited LP (New Malden) Limited LP (Northampton) Limited LP (Tudor Street) Limited* LP (York) Limited Lunar Partnership (Alfreton) Limited Lunar Partnership (Bolton) Limited Lunar Partnership (Bristol) Limited* Lunar Partnership (Cannock) Limited Lunar Partnership (Fleet) Limited Lunar Partnership (Havant) Limited Lunar Partnership (Hemel Hempstead) Limited Lunar Partnership Limited* Lunar Partnership (New Malden) Limited Lunar Partnership (Northampton) Limited Lunar Partnership (Scunthorpe) Limited Lunar Partnership (York) Limited SREIT (Mid City) Limited***

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
John Frederiksen	Berco Aps Berco Deutschland GmbH C.W. Obel A/S C.W. Obel Ejendomme A/S C.W. Obel Projekt A/S Ejendomsforeningen Danmark (Danish Property Federation) Ejendomsaktieselskabet Knud Højgaards Hus European Property Federation, Bruxelles Fortunen A/S Freja Ejendomme A/S Grundejernes Investeringsfond Højgaard Ejendomme A/S Kobstadens Ejendomme A/S Obel-LFI Ejendomme A/S P/S Nordbassinet Radgivningsselskabet af 1. september 2009 A/S Renholdningsselskabet af 1898 SBS Byfornyelse smba SIPA (Scandinavian International Property Association) SREIT Holding Company Limited SREIT (No.2) Limited SREIT Property Limited	Aktieselskabet Amaliegade 10 Ejendomsselskabet Stigsborgvej A/S Hellebo Park P/S Invista European Real Estate Trust SICAF Komplementarselskabet Uglen ApS RenHold A/S Renoflex A/S SREIT (Mid City) Limited*** SSG A/S Tryghedsgruppen SmbA Tryg A/S Tryg Forsikring A/S Sjælso Gruppen A/S
Keith Goulborn	SREIT Holding Company Limited SREIT (No.2) Limited SREIT Property Limited	SREIT (Mid City) Limited***
Alison Ozanne	AO Active Corporate Services Limited AO Hall Corporate Holdings Limited AO Hall Group Services Limited SREIT Holding Company Limited SREIT Property Limited Lunar Partnership Brentford Limited LP Brentford Limited SREIT (No.2) Limited	None
David Warr	Acorn Income Fund Limited Breedon Aggregates Limited Central Way House Limited FRM Diversified Alpha Limited* Gemini Holdings Limited Laurent Investments Limited LP (Brentford) Limited Lunar Partnership (Brentford) Limited Mid Europa Fund Management Limited Nightwatch Limited Shoreham Investments Limited	Bright Star Limited Crystal Amber Fund Limited The Defensive Strategies Fund Limited Guernsey Sports Commission LBG Hemisphere Defensive HF (USD) Limited Hemisphere Defensive HF PCC Limited – Wound up LP (Alfreton) Limited LP (Bristol) Limited LP (Cannock) Limited

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
David Warr	SREIT Holding Company Limited	LP (Fleet) Limited
<i>(Continued)</i>	SREIT (No.2) Limited	LP (Havant) Limited
	SREIT Property Limited	LP (Hemel Hempstead) Limited
	Sunflowers Limited	LP (New Malden) Limited
	The Guernsey Community Foundation	LP (Northampton) Limited
	LBG	LP (Tudor Street) Limited
	The Horizon Fund PCC Limited	LP (York) Limited
	Threadneedle UK Select Trust Limited	Lunar Partnership (Alfreton) Limited
	Unigestion (Guernsey) Limited	Lunar Partnership (Bolton) Limited
	Unigestion SRI World Equity Fund	Lunar Partnership (Bristol) Limited
	Limited	Lunar Partnership (Cannock) Limited
	Uni-Hedge Arbitrage IC Limited	Lunar Partnership (Fleet) Limited
	Uni-Hedge Commodity Alpha IC	Lunar Partnership (Havant) Limited
	Limited	Lunar Partnership (Hemel Hempstead)
	Uni-Hedge Concentrated Long/Short	Limited
	Equity IC Limited	Lunar Partnership (New Malden)
	Uni-Hedge CPP-UK IC Limited	Limited
	Uni-Hedge Defensive TT IC Limited	Lunar Partnership (Northampton)
	Uni-Hedge Diversified IC Limited	Limited
	Uni-Hedge GMTIC Limited	Lunar Partnership (Scunthorpe)
	Uni-Hedge Global Equity FO IC	Limited
	Limited*	Lunar Partnership (Tudor Street)
	Uni-Hedge Global Equity IC Limited	Limited
	Uni-Hedge ICC Limited	Lunar Partnership (York) Limited
	Uni-Hedge Patrimoine IC Limited*	Lunar Partnership Limited
	The Uni-Hedge Trust – Diversified	Opportunities PCC Limited
	JPY	SREIT (Mid City) Limited***
	Distribution Fund*	Uni-Hedge Absolute Return Asia IC
	Uni-Hedge Vaudoise I IC Limited*	Limited*
		Uni-Hedge Arbitrage Enhanced (EUR)
		IC Limited*
		Uni-Hedge Arbitrage Enhanced (USD)
		IC Limited*
		Uni-Hedge Equity Insurance IC
		Limited*
		Uni-Hedge GBF Alternative IC
		Limited*
		Uni-Hedge Global Equity Dynamic
		(EUR) IC Limited*
		Uni-Hedge Global Equity Dynamic
		(USD) IC Limited – Wound up
		Uni-Hedge Global Equity PCC
		Limited
		Uni-Hedge Systematic Non-Trend IC
		Limited*
		Uni-Hedge Tactical Trading IC
		Limited*

Notes:

* (in members' voluntary liquidation).

** (in creditors' voluntary liquidation).

*** (liquidated).

- 5.2 Lorraine Baldry was previously a director of DTZ Holdings plc (“DTZ”), which appointed an administrator on 4 December 2011 and the operating business was sold to UGL, a listed Australian company. On 2 October 2012, DTZ entered creditors’ voluntary liquidation.
- 5.3 Within the period of five years preceding the date of this document and save as set out in paragraph 5.2 above none of the Directors:
- 5.3.1 has any convictions in relation to fraudulent offences;
- 5.3.2 has been a director or senior manager (who is relevant to establishing that a company has the appropriate expertise and experience for the management of that company) of any company at the time of any bankruptcy, receivership or liquidation of such company; or
- 5.3.3 has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.
- 5.4 None of the Directors has any potential conflicts of interest between their duties to the Company and their private interests or other duties.

6. Directors’ remuneration

- 6.1 The aggregate of the remuneration (including any contingent or deferred compensation) paid and benefits in kind granted to the Directors by the Company in respect of the financial year ended 31 March 2013 was £170,000 made up as follows:

<i>Name</i>	<i>Remuneration (£)</i>
Andrew Sykes*	37,500
Peter Atkinson**	27,500
Harry Dick-Cleland	32,500
John Frederiksen	22,500
Keith Goulborn	22,500
David Warr	27,500

* Retired on 14 February 2014.

** Retired on 21 January 2014.

- 6.2 No amounts were set aside or accrued by the Company to provide pension, retirement or similar benefits for directors in respect of the financial year ended 31 March 2013.
- 6.3 With effect from 1 January 2014, the Directors’ remuneration per annum, which is payable quarterly, is as follows:

<i>Name</i>	<i>Remuneration (£)</i>
Lorraine Baldry	40,000
Harry Dick-Cleland	35,000
John Frederiksen	25,000
Keith Goulborn	25,000
Alison Ozanne	30,000
David Warr	30,000

7. Directors’ and others’ interests

- 7.1 The interests of the Directors and their immediate families and, so far as is known to the Directors or as could with reasonable diligence be ascertained by them, the persons connected with them which if the connected person were a Director would otherwise be disclosed pursuant to this paragraph 7, in the share capital of the Company as at the date of this document are as follows:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage (%)</i>
Lorraine Baldry	—	—
Harry Dick-Cleland	—	—
John Frederiksen	50,000	Less than 0.1
Keith Goulborn	34,880	Less than 0.1
Alison Ozanne	—	—
David Warr	150,000	Less than 0.1

7.2 David Warr has indicated to the Company that he intends to subscribe for 1 million New Shares pursuant to the Initial Placing and Offer.

7.3 So far as is known to the Company by virtue of the notifications made to it pursuant to the Disclosure and Transparency Rules, as at the Latest Practicable Date the following Shareholders held directly or indirectly five per cent. or more of the Company's voting rights:

<i>Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of voting rights</i>
Schroders Plc	71,609,290	18.3%
Investec Wealth & Investment	51,775,697	13.2%
Alliance Trust Savings Limited	25,872,915	6.6%

7.4 Save as set out in this Part 9, the Company is not aware of any person who holds as shareholder (within the meaning of the Disclosure and Transparency), directly or indirectly, five per cent. or more of the voting rights of the Company.

7.5 None of the Shareholders referred to in paragraph 7.3 above has different voting rights from any other holder of shares in respect of any shares held by them.

7.6 The Company is not aware of any person who directly or indirectly, jointly or severally, owns or could exercise control over the Company.

7.7 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.

7.8 None of the Promoter, the Administrator, the Investment Manager, the Registrar or the Auditors holds any interest in the share capital of the Company.

7.9 Save as set out in paragraph 7.3 above, the Directors are not aware of any other interest that is material to the Issues.

7.10 At the Latest Practicable Date, there were no outstanding loans or guarantees provided by the Company to any of the Directors.

8. Directors' letters of appointment

There are no service contracts between any of the Directors and the Company.

9. Organisational structure and subsidiaries

The following companies are wholly owned subsidiaries of the Company over which the Company is able to exercise all the voting rights.

<i>Name of subsidiary</i>	<i>Registered number</i>	<i>Country of incorporation</i>
Clerical Medical (Industrial) Nominees Company	4314611	England & Wales
Clerical Medical (Offices) Nominees Company	4314655	England & Wales
Clerical Medical (Retail) Nominees Company	4314690	England & Wales
Cotswolds Properties Limited**	80151	Gibraltar
LP (Brentford) Limited	41389	Guernsey
Lunar Partnership (Brentford) Limited	41167	Guernsey
SREIT (Basingstoke) Limited*	47054	Guernsey
SREIT (Hinckley) Limited*	47056	Guernsey
SREIT (Merchant) Limited	46010	Guernsey
SREIT (Mid City) limited**	43445	Guernsey
SREIT (Minerva) Limited*	47057	Guernsey
SREIT (No.2) Limited	42801	Guernsey
SREIT (Portergate) Limited	47055	Guernsey
SREIT (Portman) Limited*	47058	Guernsey
SREIT (Salisbury) Limited*	47059	Guernsey
SREIT (Tokenhouse) Limited*	47060	Guernsey
SREIT (Uxbridge) Limited	47061	Guernsey
SREIT (Victory) Limited	47062	Guernsey
SREIT (Wembley) Limited*	47063	Guernsey
SREIT Holding Company Limited	42701	Guernsey
SREIT Property Limited	42044	Guernsey

* In members' voluntary liquidation.

** Liquidated.

10. Working capital

The Company is of the opinion that the Group has sufficient working capital for its present requirements, that is, for at least 12 months from the date of this document.

11. Significant change

- 11.1 On 14 January 2014, the Company issued 35,592,128 Ordinary Shares for an aggregate subscription price of approximately £17.17 million.
- 11.2 Save as disclosed in paragraph 11.1 above, there has been no significant change in the financial or trading position of the Group since 30 September 2013, being the date to which the latest unaudited interim financial information was published.

12. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have or have had a significant effect on the Group's financial position or profitability during the 12 months preceding the date of this document.

13. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company within the two years immediately preceding the date of this document and are, or may be, material or have been entered into at any time by the Company and contain provisions under which the Company has an obligation or entitlement which is, or may be, material to the Company as at the date of this document:

13.1 *Placing Agreement*

Pursuant to the Placing Agreement, each of J. P. Morgan Cazenove and Numis has been appointed to act as joint sponsor to the Company and has agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for the New Shares. Each of J.P. Morgan Cazenove and Numis will be entitled to receive a corporate finance fee of £25,000. In addition, J.P. Morgan Cazenove and Numis will also be entitled to an aggregate commission of 1.75 per cent. of the Gross Proceeds of the Issues plus, at the discretion of the Company, further commission of 0.25 per cent. of the Gross Proceeds of the Issues, together with reimbursement for their out-of-pocket expenses, including legal costs, in connection with the Issues, together, in each case, with applicable VAT. The commissions set out above are only payable if Admission occurs.

The Placing Agreement is conditional, amongst other things, on:

- (a) the Issue Resolution being passed at the EGM; and
- (b) Initial Admission occurring on or before 8.00 a.m. on 17 April 2014 (or such later time or date as J.P. Morgan Cazenove, Numis and the Company may agree).

The Placing Agreement confers on J.P. Morgan Cazenove and Numis the right to terminate its obligations prior to Admission if, amongst other things:

- (a) in the opinion of J.P. Morgan Cazenove or Numis, acting in good faith, any of the representations or warranties given under the Placing Agreement are not true and accurate or have become misleading (or would not be true and accurate or would be misleading if they were repeated at any time before Initial Admission and during a five Business Day period prior to any Subsequent Admission) by reference to the facts subsisting at such time notice to terminate is given by J. P. Morgan Cazenove or Numis; or
- (b) in the opinion of J.P. Morgan Cazenove or Numis acting in good faith, the Company or the Investment Manager fails to comply with any of their respective obligations under the Placing Agreement which in the opinion of J.P. Morgan Cazenove or Numis, acting in good faith, is material in the context of any of the Issues; or
- (c) in the opinion of J.P. Morgan Cazenove, or Numis acting in good faith, a material adverse change occurs with respect to the Company or the Investment Manager; or
- (d) in the opinion of J.P. Morgan Cazenove, and Numis acting in good faith, in national or international financial, political, economic or stock market (primary or secondary) conditions; an incident of terrorism, outbreak or escalation of hostilities, war, declaration of martial law or any other calamity or crisis; a suspension or material limitation in trading of securities generally on any stock exchange; a suspension or material limitation on commercial banking activities or securities settlement or clearance services; a change or development involving a prospective change in taxation adversely affecting the Company, or any other member of the Group, the New Shares or the issue or transfer thereof; any change or prospective change in currency exchange rates or exchange controls or a disruption of settlement systems or a material disruption in commercial banking as would, in the opinion of Numis or J.P. Morgan Cazenove (acting in good faith), make it impracticable or inadvisable to proceed with any of the Issues.

The Placing Agreement also contains:

- (a) certain customary warranties given by the Company and certain customary warranties given by the Investment Manager;
- (b) customary indemnities given by the Company in favour of J.P. Morgan Cazenove and Numis; and
- (c) certain undertakings from the Company relating, amongst other things, to consultation with, and the provision of information to, J.P. Morgan Cazenove and Numis.

13.2 *Investment Management Agreement*

The Investment Management Agreement, dated 31 October 2011, between the Company and the Investment Manager whereby the Schroder Property Investment Management Limited has been appointed to act as investment manager of the Company, to manage the assets of the Company in accordance with the investment policy and objective of the Company. Under the terms of the Investment Management Agreement, subject to the overall supervision of the Directors, the Investment Manager has complete discretion to buy, sell, retain, exchange or otherwise deal in property assets for the account of the Company.

The Investment Manager is entitled to a management fee payable monthly in arrears at a rate of 1.1 per cent. of the Net Asset Value of the Company per annum. The Investment Manager is also entitled to be reimbursed out-of-pocket expenses.

The Investment Management Agreement may be terminated by either party on not less than nine months' notice in writing. The Investment Management Agreement may also be terminated by either party with immediate effect on the occurrence of certain events, including: (i) if an order has been made or an effective resolution passed for the liquidation of the other party; (ii) if the other party ceases or threatens to cease to carry on its business; or (iii) if the other party commits a material breach of its obligations under the Investment Management Agreement and such breach is not remedied within 28 days of receiving notice of the breach.

The Investment Management Agreement may be terminated immediately by the Company: (i) where the Company is required to do so by a relevant regulatory authority; (ii) on the liquidation of the Company; or (iii) in the event of the obtaining of control by any person who did not at the date of the Investment Management Agreement exercise control of the Investment Manager.

The Company has given certain market standard, customary indemnities 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.

Following implementation of the AIFMD, the Company will need to appoint an alternative investment fund manager (an "AIFM") by 22 July 2014. Accordingly, it is proposed that the Investment Management Agreement will be amended or replaced in due course to reflect the terms of appointment of the Investment Manager (or any other duly authorised member of the group of companies of which it forms part) to act as the Company's AIFM. It is envisaged that the key commercial terms on which the Investment Manager is currently appointed will be carried forward in respect of its appointment as AIFM.

13.3 *Asset Management Agreement*

The Asset Management Agreement, dated 31 October 2011 between certain of the Company's subsidiaries (the "**Subsidiaries**") and the Investment Manager whereby the Subsidiaries have appointed the Investment Manager to provide them with certain asset management services in relation to the Portfolio. In consideration for the services rendered by the Investment Manager under the Asset Management Agreement, the Investment Manager shall be entitled to a percentage of the fees paid by the Company to the Investment Manager under the Investment Management Agreement, such percentage to be as agreed from time to time by the Board of Directors of the Company.

The Asset Management Agreement shall terminate automatically on termination of the Investment Management Agreement or otherwise shall continue until terminated by the Subsidiaries or the Investment Manager giving to the other not less than 9 months' notice in writing.

The Asset Management Agreement may also be terminated by each of the Subsidiaries or the Investment Manager with immediate effect on the occurrence of certain events, including: (i) where an order has been made or an effective resolution passed for the liquidation of the other party; or (ii) if the other party ceases or threatens to cease carrying on the whole or substantially the whole of the business or threatens to make any material alteration to the nature of its business.

13.4 *Loan Agreement*

A loan agreement, dated 14 March 2013 (the “**Loan Agreement**”), between (i) SREIT Holding Company Limited as the borrower (the “**Borrower**”), (ii) SREIT Property Limited, SREIT (Victory) Limited, SREIT (Portergate) Limited, SREIT (Uxbridge) Limited, Lunar Partnership (Brentford) Limited and LP (Brentford) Limited as the property companies (the “**Propcos**”), and (iii) Canada Life Limited as the lender (the “**Lender**”), whereby the Lender made available to the Borrower a sterling term loan facility up to a maximum principal amount equal to the lower of £139,000,000 and 50 per cent. of the aggregate market value of the original properties as shown in the initial valuation for a weighted term of 14 years (the “**Loan**”). Interest on the Loan is paid quarterly at a fixed rate of 4.77 per cent. The Loan Agreement is governed by English law.

An amount of £129,585,000 was drawn under this facility on 16 April 2013. No further drawdowns are available under the Loan Agreement. Twenty per cent. of the facility is repayable after 10 years of drawdown and the remainder repayable after 15 years of drawdown.

The Loan was made available for the purpose of refinancing the existing indebtedness of the Borrower and the Propcos under a credit agreement dated 25 March 2005 as amended and restated on 29 June 2007 (the “**Credit Agreement**”) and for financing the payment of certain breakage costs in respect of the interest rate swap entered into by the Borrower in relation to the existing indebtedness of the Borrower under the Credit Agreement.

An event of default will occur if, amongst other reasons, the Borrower, Propcos or the Company do not pay on the due date any amount payable pursuant to a finance document of the Loan Agreement at the place and in the currency in which it is expressed to be payable (an “**Event of Default**”).

Recourse under the loan is limited to assets held by the Borrower and the Propcos and does not extend to the Company. In particular, the Company does not guarantee the Loan Agreement and there is only limited recourse to shares in the Borrower and security over certain inter-company loans owed from the Borrower to the Company.

A summary of the covenants in relation to loan to value (“**LTV**”) and interest cover ratio (“**ICR**”) are as follows:

- maximum LTV covenant of 65 per cent. (as at 31 December 2013 the LTV was 47.5 per cent.); and
- ICR covenant tested quarterly against net rental income on a three month look back and twelve month look forward basis of 185 per cent. (as at 31 December 2013 the three month look back was 271 per cent. and the 12 month look forward was 266 per cent.).

Under the Loan Agreement, the Borrower shall indemnify the Lender for, among other things, any loss, liability or cost,

- (a) suffered for or on account of tax by the Lender;
- (b) arising out of or as a result of the conversion of currency as well as any discrepancy between exchange rates; and
- (c) incurred by the Lender as a result of investigating any event which it reasonably believes is an Event of Default or acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

Under the Loan Agreement, the Borrower will also indemnify the Lender and every receiver against any cost, loss or liability incurred by the Lender or receiver as a result of:

- (a) the occurrence of any event of default;
- (b) a failure by an obligor to pay any amount due under a finance document in relation to the Loan Agreement on its due date;

- (c) funding, or making arrangements to fund, the Loan requested by the Borrower in a notice of drawdown but not made by reason of the operation of any one or more of the provisions of the Loan Agreement; and
- (d) the Loan not being prepaid in accordance with a notice of prepayment given by the Borrower.

Under the Loan Agreement, the Borrower and the Propcos have provided a guarantee for each other's obligations and an indemnity against any cost, loss or liability the Lender incurs as a result of the Borrower or a Propco not paying any amount expressed to be payable by it under any finance document in relation to the Loan Agreement.

13.5 *Debenture*

A debenture, dated 15 April 2013, (the “**Debenture**”) between (i) SREIT Holding Company Limited as the borrower (the “**Borrower**”), (ii) SREIT Property Limited, SREIT (Victory) Limited, SREIT (Portergate) Limited, SREIT (Uxbridge) Limited, Lunar Partnership (Brentford) Limited and LP (Brentford) Limited as the property companies (the “**Propcos**”), and (iii) Canada Life Limited as the lender (the “**Lender**”). Under the Debenture, the Borrower and Propcos as chargors (the “**Chargors**”) granted security over their assets (including the properties described in the Debenture, rental income, gross proceeds of sale, leases, rights to occupy property under licence, rights under contracts for the purchase of property, investments, dividends, plants and machinery, goodwill and uncalled capital, debts and intellectual property). The Chargors have also granted a floating charge over certain other assets as described in the Debenture. The security secures all the obligations of the Chargors owed to the Lender. The Debenture contains a negative pledge by the Chargors not to create or permit to subsist any security over any of the charged property. In the event that the Lender is entitled to enforce its security, it would have, amongst other remedies, the right to sell assets of the Chargors to pay off amounts owing to it together with all costs and other liabilities on the terms specified in the Debenture. The Debenture is governed by English law.

13.6 *Deed of Subordination*

A deed of subordination, dated 15 April 2013, (the “**Subordination Deed**”) between (i) SREIT Holding Company Limited, SREIT Property Limited, SREIT (Victory) Limited, SREIT (Portergate) Limited, SREIT (Uxbridge) Limited, Lunar Partnership (Brentford) Limited and LP (Brentford) Limited as the obligors (the “**Obligors**”), (ii) Canada Life Limited as the lender (the “**Lender**”) and (iii) Schroder Real Estate Investment Trust Limited as the junior creditor (the “**Junior Creditor**”). Under the Subordination Deed, all indebtedness owed or expressed to be owed by any Obligor to the Junior Creditor (the “**Junior Debt**”) is subordinated to all the indebtedness owed or expressed to be owed by the Obligors to the Lender (the “**Senior Debt**”) until the Lender certifies that the Senior Debt has been repaid or discharged in full. The Subordination Deed is governed by English law.

13.7 *Security Interest Agreements*

Separate security interest agreements, all dated 15 April 2013, between (i) Canada Life Limited as the lender (the “**Lender**”) and each of (ii) the Company, SREIT Holding Company Limited, Lunar Partnership (Brentford) Limited, SREIT (Portergate) Limited, SREIT (Victory) Limited, SREIT (Uxbridge) Limited, SREIT Property Limited and LP (Brentford) Limited as the chargors (the “**Chargors**”) and supplemental security interest agreements, each dated 12 July 2013, between (i) the Lender and (ii) SREIT Holding Company Limited and Lunar Partnership (Brentford) Limited (the “**Security Interest Agreements**”). The Security Interest Agreements create security over various assets, including, bank accounts, receivables, and shares held by the Chargors. The security secures all the obligations of the Obligors owed to the Lender under the Loan Agreement and the finance documents in connection with the Loan Agreement. In the event that the Lender is entitled to enforce its security, it would have, amongst other remedies, the right to sell assets of the Chargors to pay off amounts owing to it together with all costs and other liabilities on the terms specified in the Security Interest Agreements. The Security Interest Agreements are governed by Guernsey law.

13.8 *Standard Security*

A standard security document, dated 27 March 2013, between (i) SREIT Property Limited as the grantor (the “**Grantor**”) and (ii) Canada Life Limited as the lender (the “**Lender**”) (the “**Standard Security**”). Under the Standard Security, the Grantor granted a standard security over the property known as Keith House, 2 Redheughs Rigg, Edinburgh, title number MID132860 (the “**Property**”). The fixed security secures all the obligations of the Obligors owed to the Lender. In the event that the Lender is entitled to enforce its security it would have the right to retain the security until the expiry of the maximum period within which such payment or security can be avoided, reduced or invalidated for any reason. The Standard Security is governed by Scots law.

13.9 *Assignment of Rental Income*

An assignment of rental income document, dated 27 March 2013, between (i) SREIT Property Limited as the assignor (the “**Assignor**”) and (ii) Canada Life Limited as the lender (the “**Lender**”) (the “**Assignment of Rental Income**”). Under the Assignment of Rental Income, the Assignor assigned to the Lender its whole right, title and interest, present and future, in the rental income of the property known as Keith House, 2 Redheughs Rigg, Edinburgh, title number MID132860. The security secures all the obligations of the Obligors owed to the Lender. The Assignment of Rental Income is governed by Scots law.

13.10 *Advance Thin Capitalisation Agreement*

An advance thin capitalisation agreement under Part 5, Taxation (International and Other Provisions) Act 2010 (“**TIOPA**”) entered into between SREIT Property Limited and HMRC dated 1 February 2013 (the “**ATCA**”). The ATCA is a conventional agreement entered into with HMRC relating to financial facilities made available by SREIT Holding Company Limited as lender (the “**Lender**”) and SREIT Property Limited as borrower (the “**Borrower**”). The agreement applies to chargeable periods of the Borrower ending between 1 April 2010 and 31 March 2015. Pursuant to the ATCA, the Borrower agrees to: (i) impute guarantee fee income in its tax returns for the term of the agreement or until the current securitisation arrangements are terminated, calculated at 10 basis points per annum, based on the value of its 2010 property value which has been determined to be £228,855,000; and (ii) to maintain an interest cover (calculated as the ratio of net property income to net interest) for each chargeable period during the term of the agreement of at least 1.15:1 (the “**Financial Conditions**”). If both of the Financial Conditions are met, then no interest or guarantee will be subject to any further transfer pricing adjustment under Part 4 TIOPA. If either of the Financial Conditions have not been met (a “**Failure**”), it will be remedied by a further disallowance of interest in the tax returns of the Borrower for the chargeable period in which the Failure occurred.

13.11 *Registrar Agreement*

The Registrar Agreement, entered into in January 2011, between the Company and the Registrar pursuant to which Computershare Investor Services (Guernsey) Limited has been appointed to act as registrar to the Company. The Registrar Agreement is governed by Guernsey law.

The Registrar is entitled to fees, subject to a minimum of £6,000 per annum and expenses (including disbursements and out of pocket expenses) payable quarterly within 30 days of the date of the Registrar’s invoice.

Under the Registrar Agreement, the Company has agreed to indemnify the Registrar against all loss arising, suffered or incurred by the Registrar as a result of, or in connection with, the performance by the Registrar of its obligations under the Registrar Agreement. The Registrar has agreed to indemnify the Company against any loss which any party may incur as a result of, or in connection with, the fraud, negligence or wilful default of the Registrar.

The Registrar Agreement may be terminated by either party by notice in writing if the other party: (i) is in persistent or material breach of any term of the Registrar Agreement which has not been remedied within 21 days of being notified; (ii) goes into insolvency, involuntary liquidation, administration or a receiver is appointed over any part of its undertaking or assets; or (iii) ceases to

have the appropriate authorisations to perform its obligations under the Registrar Agreement. The Registrar Agreement may also be terminated by either party giving 6 months' notice.

13.12 *Administration Agreement*

The Administration Agreement, dated 25 July 2007, as amended by way of an amendment agreement dated 30 October 2012, and made between the Company and the Administrator whereby Northern Trust International Fund Administration (Guernsey) Limited has been appointed to provide certain administrative duties and functions to the Company. The Administration Agreement is governed by Guernsey law.

The Administrator is entitled to service fees of £120,000 per annum payable quarterly in instalments within 15 days of each calendar quarter end, plus additional fees for non-standard activities and out of pocket expenses.

Under the Administration Agreement, the Company has agreed to indemnify the Administrator against any liabilities that may be imposed on or incurred by the Administrator in connection with, or arising out of: (i) the Administrator's performance in accordance with the terms of the Administration Agreement; (ii) any action or omission taken by the Administrator in accordance with any proper instruction by an authorised person or other directions upon which the Administrator is authorised to rely under the terms of the Administration Agreement; (iii) the actions or omissions of any person engaged by the Company in connection with the provisions of the services under the Administration Agreement; or (iv) any claim arising out of the investment activities of the Company.

The Administration Agreement may be terminated by either party giving at least 6 months' prior written notice to the other. In addition, the Administration Agreement may be terminated immediately by either party by giving written notice to the other if: (i) the other party is in material breach of the Administration Agreement and has not remedied the breach within 30 days of being notified of the breach; (ii) the other party is winding up or an administrator, examiner or receiver has been appointed; or (iii) the continued performance of the Administration Agreement ceases to be lawful.

13.13 *Receiving Agent Agreement*

The Receiving Agent Agreement dated 20 March 2014 between the Company and the Receiving Agent pursuant to which Computershare Investor Services plc has agreed to act as receiving agent to the Offer for Subscription. The fees payable are based on the number of applications received and are subject to a minimum fee. The agreement contains a standard indemnity from the Company to the Receiving Agent.

14. **Costs and expenses**

Assuming the Issues are fully subscribed, which would raise approximately £100 million, the estimated Net Proceeds of the Issues are expected to be £97.72 million. The Net Proceeds will be applied as described in the section headed "Investment objective and policy" in Part 4 of this document. The effect of the Issues will be to increase the net assets of the Company. On the assumption that the Issues are fully subscribed, the Issues will increase the net assets of the Company by approximately £97.7 million, equivalent to approximately 58 per cent. of the last published Net Asset Value of the Company of £168.5 million as at the Latest Practicable Date. It is not expected that there will be any material impact on the NAV per Ordinary Share as the Net Proceeds of the Issues are expected to be invested in investments consistent with the investment objective and policy of the Company.

15. **Related Party Transactions**

- 15.1 The Company completed a placing of 35,592,128 Ordinary Shares on 14 January 2014 (the "**January Placing**"). Investec Wealth & Investment Limited, a subsidiary of Investec plc (the "**Investec Related Party**"), a substantial shareholder of the Company under the Listing Rules, and Schroders plc and each entity within the group of companies of which Schroders plc forms part which, in each case, holds Ordinary Shares either as principal or on a discretionary basis (the "**Schroders Related**")

Party”), are deemed to be related parties of the Company. The Investec Related Party subscribed for 6,565,956 Ordinary Shares for an aggregate consideration of £3,168,074 under the January Placing and the Schroders Related Party subscribed for 11,579,647 Ordinary Shares for an aggregate consideration of £5,587,180 under the January Placing (the “**Related Party Transactions**”). The Company received advice from Numis that the Related Party Transactions were fair and reasonable insofar as Shareholders were concerned.

- 15.2 Save as set out above and save as disclosed in the “Notes to the Financial Statements” of the Company’s annual reports to 31 March 2011, 2012 and 2013, which are incorporated by reference into this document, no other related party transactions have taken place during the period covered by the historical financial information incorporated by reference into this document until the Latest Practicable Date.

16. Service providers

- 16.1 The Investment Manager is a company limited by shares incorporated in England and Wales on 23 October 1974 with registered number 01188240 whose registered office is at 31 Gresham Street, London EC2V 7QA (telephone number: +44 (0) 20 7658 6000). The Investment Manager is authorised and regulated by the FCA.
- 16.2 Knight Frank LLP is a limited liability partnership registered in England and Wales on 3 November 2003 with registered number OC305934 whose registered office is at 55 Baker Street, London W1U 8AN (telephone number: +44 (0) 20 7629 8171).

17. Consent

- 17.1 Knight Frank, which is qualified for the purpose of the below mentioned valuation in accordance with the RICS Valuation – Professional Standards (January 2014) Global edition, issued by the Royal Institution of Chartered Surveyors, has given and not withdrawn its consent to the inclusion in this document of its report in Part 7 (Valuation Report) of this document and to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear and has authorised the contents of its report in Part 7 (Valuation Report) of this document, in the form and context in which it appears.
- 17.2 Each of Numis and J.P. Morgan Cazenove has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which it appears.

18. General

- 18.1 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.
- 18.2 Numis, which is authorised and regulated by the FCA and is a member of the London Stock Exchange, is acting exclusively for the Company and no-one else in connection with the Initial Placing, the Placing Programme and the proposed Admissions. Numis will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of Numis nor for providing advice in relation to the transactions or arrangements detailed in this document. Numis is not making any representation or warranty, express or implied, as to the contents of this document and accordingly without limiting the statutory rights of any recipient of this document, no liability is accepted by Numis for the accuracy of any information or opinions contained in this document or for any omission of any material information for which it is not responsible.
- 18.3 J.P. Morgan Cazenove, which is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the FCA and is a member of the London Stock Exchange, is acting exclusively for the Company and no-one else in connection with the Initial Placing, the Placing

Programme and the proposed Admissions. J.P. Morgan Cazenove will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of J.P. Morgan Cazenove nor for providing advice in relation to the transactions or arrangements detailed in this document. J.P. Morgan Cazenove is not making any representation or warranty, express or implied, as to the contents of this document and accordingly without limiting the statutory rights of any recipient of this document, no liability is accepted by J.P. Morgan Cazenove for the accuracy of any information or opinions contained in this document or for any omission of any material information for which it is not responsible.

- 18.4 All additional fees and expenses incurred by the Company including, but not limited to, listing fees, regulatory fees and tax exemption fees are paid out of the assets of the Company.

19. Documents available for inspection

- 19.1 Copies of the following documents will be available for inspection on the Company's website at www.srei.co.uk and during normal business hours on any weekday (public holidays excepted) at the registered office of the Company at Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL, up to and including 19 March 2015:

19.1.1 the Memorandum of Incorporation and Articles of the Company;

19.1.2 the audited consolidated accounts of the Group for the three financial years ending 31 March 2013;

19.1.3 the interim financial statements of the Company for the six-month periods ending on 30 September 2013 and 30 September 2012; and

19.1.4 this document.

Dated: 20 March 2014

PART 10

TAXATION

The comments below are of a general and non-exhaustive nature based on the Directors' understanding of the current revenue law and published practice in Guernsey and the United Kingdom. The comments relate to the position of persons who are resident or ordinarily resident in Guernsey or the United Kingdom for tax purposes, who hold their Ordinary Shares as an investment and who are the absolute beneficial owners of Ordinary Shares. The comments below may not apply to certain classes of persons, such as dealers, collective investment schemes, insurance companies, persons holding 10 per cent. or more of the Ordinary Shares and persons making or holding their investment with the purpose of obtaining a UK tax advantage.

Investors should note that tax law and interpretation can change (possibly with retrospective effect) and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

If you are in any doubt about your tax position, or if you may be subject to tax in a jurisdiction other than Guernsey or the United Kingdom, you should consult your professional adviser.

United Kingdom Taxation

(i) ***The Company***

The Directors intend to continue to conduct the affairs of the Company so that it does not become resident in the United Kingdom for UK tax purposes. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom (whether or not through a branch, agency or permanent establishment situated there), the Company will not be subject to UK income tax or corporation tax other than on certain types of UK source income.

The Directors do not consider the Company to be an "offshore fund" for UK tax purposes with respect to the Ordinary Shares. If the Company or the Ordinary Shares were to be treated as an "offshore fund" for UK tax purposes, gains on disposals of Ordinary Shares may be taxable to Shareholders as income, not capital gains.

(ii) ***Ordinary Shareholders***

Dividends

The Company will not be required to withhold UK tax at source when paying a dividend.

Shareholders who are subject to UK income tax should treat dividends paid on the Ordinary Shares as income for UK income tax purposes and should be entitled to a UK tax credit in respect of any dividend paid.

The tax credit will equal one ninth of the amount of dividend received. The income tax payable in respect of the dividend will be based on the amount of dividend plus the UK tax credit. The individual should be entitled to deduct the UK tax credit from the income tax payable. However, if the income tax payable is less than the UK tax credit, the excess can neither be claimed as a tax refund nor used against any other income tax liability.

Shareholders which are subject to UK corporation tax and are not small companies should be able to claim exemption from UK corporation tax in respect of any dividend received.

UK small companies will be subject to UK corporation tax as income on dividends received on the Ordinary Shares. A company is "small" for these purposes for any accounting period during which staff headcount is below 50 and either turnover or balance sheet total is less than or equal to €10 million.

Shareholders should note that income received by the Company may be subject to withholding taxes. However, Shareholders will not be entitled to claim relief in respect of any such withholding tax or underlying tax.

Disposals

UK taxpayers (whether subject to UK capital gains tax or to UK corporation tax) should treat any gain arising on the sale, redemption or other disposal of Ordinary Shares at the time of such sale, redemption or disposal as a chargeable gain. Equally, any loss should be an allowable loss.

Shareholders who are subject to UK capital gains tax may, depending on their circumstances, be able to use their annual exemption from Capital Gains Tax against any such chargeable gain.

For Shareholders subject to UK corporation tax, indexation allowance may reduce any chargeable gain arising on disposal of Ordinary Shares but will not create or increase an allowable loss.

(iii) ***Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)***

The following comments are intended as a guide to the general UK Stamp Duty and Stamp Duty Reserve Tax (“SDRT”) position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services to whom special rules apply. No UK Stamp Duty or SDRT will be payable on the issue of the Ordinary Shares. UK Stamp Duty (at the rate of 0.5 per cent., rounded up where necessary to the next £5, of the amount of the value of the consideration for the transfer) is payable on any instrument of transfer of Ordinary Shares executed within, or in certain cases brought into, the UK where the consideration is greater than £1,000. Provided that Ordinary Shares are not registered in any register of the Company kept in the UK, any agreement to transfer Ordinary Shares should not be subject to SDRT.

Guernsey Taxation

(i) Introduction

The following information is general in nature and relates only to Guernsey taxation applicable to the Company and the anticipated tax treatment in Guernsey that applies to persons holding Ordinary Shares in the Company as an investment. The summary does not constitute legal or tax advice and is based on taxation law and practice at the date of this document. Investors and prospective investors should be aware that the level and bases of taxation may change from those described and should consult their own professional advisors on the implications of acquiring, holding, disposing of, transferring or redeeming Ordinary Shares in the Company under the laws of the countries in which they are liable to taxation.

(ii) The Company

The Company has been granted tax exempt status by the Director of Income Tax in Guernsey pursuant to the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. The Company will need to reapply annually for exempt status, an application that currently incurs a fee of £600 per annum. It is expected that the Company will continue to apply for exempt status.

Once exempt status has been granted, the Company will not be considered resident in Guernsey for Guernsey income tax purposes and will be exempt from tax in Guernsey on both bank deposit interest and any income that does not have its source in Guernsey. It is not anticipated that any income other than bank deposit interest will arise in Guernsey and therefore the Company is not expected to incur any additional liability to Guernsey tax. In the absence of exemption, the Company would be treated as resident in Guernsey and subject to a zero rate of income tax.

In response to the review carried out by the European Union Code of Conduct Group (“EUCCG”), the States of Guernsey has abolished exempt status for the majority of companies and introduced a zero rate of tax for companies carrying on all but a few specified types of regulated business. The States of Guernsey has also agreed that, as collective investment

schemes were not one of the regimes in Guernsey that were classified by the EUCCG as being harmful, such schemes such as the Company would continue to be able to apply for exempt status for Guernsey tax purposes.

A review of Guernsey's corporate regime was announced by the States of Guernsey in October 2009, again in response to further comments from the EUCCG. A consultation document was issued on 21 June 2010. The EUCCG reviewed Guernsey following similar reviews of other crown dependencies in 2011, and then reported that Guernsey's deemed distribution regime was not compliant with the EU Code of Conduct ("**Code**"). The States of Guernsey responded by agreeing to abolish deemed distributions to subsequently allow Guernsey to become Code compliant and for the States of Guernsey review of its company tax regime to be concluded. The EUCCG confirmed in September 2012 that Guernsey's tax regime would then conform to the Code and this was ratified by the EU Economic and Financial Affairs Council ("**ECOFIN**") in December 2012. The States of Guernsey abolished deemed distributions with effect from 1 January 2013. Again, collective investment schemes have not been affected and can continue to apply for exempt tax status.

The Policy Council of the States of Guernsey has stated that it may consider further revenue raising measures in the future, including the possible introduction of a goods and services tax, depending on the state of Guernsey's public finances at the time.

(iii) EU Savings Tax Directive

Guernsey has introduced measures that are equivalent to the EU Savings Tax Directive. The Company will not, under the existing regime, be regarded as an undertaking for collective investment established in Guernsey that is equivalent to a UCITS authorised in accordance with EC Directive 85/611/EEC of the Council for the purposes of the application in Guernsey of the bilateral agreements on the taxation of savings income entered into by Guernsey with EU Member States. Consequently, in accordance with current States of Guernsey guidance on the application of the bilateral agreements, where the Company's paying agent (as defined for these purposes) is located in Guernsey, the paying agent would not be required to exchange information regarding distributions made by the Company and/or the proceeds of the sale, refund, or redemption of shares in the Company.

The operation of the EU Savings Tax Directive is currently under review by the European Commission and a number of changes have been outlined which, if agreed, will significantly widen its scope. These changes could lead to the Company having to comply with the provisions of the EU Savings Tax Directive in the future.

(iv) Shareholders

Non-Guernsey resident Shareholders will not be subject to any income tax in Guernsey in respect of or in connection with the acquisition, holding or disposal of any Ordinary Shares owned by them. Such Shareholders will receive dividends without deduction of Guernsey income tax.

Any Shareholders who are resident in Guernsey will be subject to Guernsey income tax on any dividends paid to such persons but will not suffer any deduction of tax by the Company from any such dividends payable where the Company is granted tax exempt status. The Company is however required to provide details of distributions made to Shareholders resident in Guernsey to the Director of Income Tax in Guernsey.

At present Guernsey does not levy taxes upon capital gains, capital transfers, wealth, inheritance, gifts, sales or turnover, nor are there any duties save for an *ad valorem* fee for the grant of probate or letters of administration. No stamp duty is chargeable in Guernsey on the issue, transfer, switching or redemption of Ordinary Shares in the Company.

(v) Foreign tax considerations

It is the intention of the Directors to conduct the affairs of the Company so that the central management and control of the Company is not exercised anywhere other than in Guernsey. They also intend not to carry on a trade through any permanent establishment. Thus the Company is not expected to be considered tax resident or subject to tax in any jurisdiction other than Guernsey.

PART 11

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

1. Introduction

Each Placee which confirms its agreement to either Numis or J.P. Morgan Cazenove to subscribe for New 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, Numis and/or J.P. Morgan Cazenove may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it/they (in its/their absolute discretion) sees fit.

2. Agreement to subscribe for New Shares

Conditional on: (i) the Issue Resolution being passed at the EGM, (ii) Initial Admission of New Shares occurring and becoming effective by 8.00 a.m. (London time) on or prior to 17 April 2014 (or such later time and/or date, not being later than 8.00 a.m. on 31 May 2014, as the Company, Numis and J.P. Morgan Cazenove may agree) and any Subsequent Admission under the Placing Programme occurring not later than 8.00 a.m. on such other dates as may be agreed between the Company, Numis and J.P. Morgan Cazenove prior to the closing of each placing under the Placing Programme, not being later than 19 March 2015; (iii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated on or before the date of such Admission; and (iv) Numis or J.P. Morgan Cazenove confirming to the Placees their allocation of New Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those New Shares allocated to it by Numis or J.P. Morgan Cazenove at the relevant Issue Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

3. Payment for New Shares

- 3.1 Each Placee must pay the relevant Issue Price for the New Shares issued to the Placee in the manner and by the time directed by Numis or J.P. Morgan Cazenove. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for New Shares may, at the discretion of J.P. Morgan Cazenove or Numis, 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 New Shares allocated to it in accordance with paragraph 3.1 of these terms and conditions and J.P. Morgan Cazenove or Numis elects to accept that Placee's application, J.P. Morgan Cazenove or Numis may sell all or any of the New Shares allocated to the Placee on such Placee's behalf and retain from the proceeds, for J.P. Morgan Cazenove's or Numis' 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 New Shares on such Placee's behalf.

4. Representations and warranties

By agreeing to subscribe for New Shares, each Placee which enters into a commitment to subscribe for New Shares will (for itself and any person(s) procured by it to subscribe for New Shares and any nominee(s) for any such person(s)) be deemed to represent and warrant to each of the Company, the Investment Manager, Numis and J.P. Morgan Cazenove that:

- (a) in agreeing to subscribe for New Shares under the Initial Placing and/or the Placing Programme, it is relying solely on this document and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Initial Placing and/or the Placing Programme. It agrees that none of the Company, the Investment Manager, Numis, J.P. Morgan Cazenove or the Registrar, nor any of their respective officers, agents employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- (b) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for New Shares under the Initial Placing and/or the Placing Programme, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Investment Manager, Numis, J.P. Morgan Cazenove or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Initial Placing and/or the Placing Programme;
- (c) it has carefully read and understands this document in its entirety and acknowledges that it is acquiring New Shares on the terms and subject to the conditions set out in this Part 11 and the Articles as in force at the date of Admission of the relevant New Shares;
- (d) it has not relied on Numis, J.P. Morgan Cazenove or any person affiliated with Numis or J.P. Morgan Cazenove in connection with any investigation of the accuracy of any information contained in this document;
- (e) the content of this document is exclusively the responsibility of the Company and its Directors and neither Numis, J.P. Morgan Cazenove nor any person acting on their respective behalf nor any of their respective affiliates are responsible for or shall have any liability for any information, representation or statement contained in this document 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 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 the Placing Programme to give any information or make any representation other than as contained in this document 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 J.P. Morgan Cazenove;
- (g) it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services);
- (h) it accepts that none of the New Shares have been or will be registered under the laws of the United States, Canada, Australia, the Republic of South Africa or Japan. Accordingly, the New Shares may not be offered, sold, issued or delivered, directly or indirectly, within any of United States, Canada, Australia, the Republic of South Africa or Japan unless an exemption from any registration requirement is available;
- (i) if it is within the United Kingdom, it is a person who falls within Articles 49(2)(a) to (d) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or it is a person to whom the New 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 New Shares may be lawfully offered under that other jurisdiction's laws and regulations;

- (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 Directive 2003/71/EC and (b) if that relevant Member State has implemented the AIFMD, that it is a person to whom the new 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 New Shares acquired by a Placee as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive (i) the New Shares acquired by it in the Initial Placing and/or 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 or J.P. Morgan Cazenove has been given to the offer or resale; or (ii) where New Shares have been acquired by it on behalf of persons in any relevant Member State other than qualified investors, the offer of those New Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- (l) if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Initial Placing and/or the Placing Programme constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for New Shares pursuant to the Initial Placing and/or 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 New 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;
- (m) 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 New Shares and it is not acting on a non-discretionary basis for any such person;
- (n) if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such Placee's agreement to subscribe for New Shares under the Initial Placing and/or the Placing Programme and will not be any such person on the date any such agreement to subscribe under the Initial Placing or Placing Programme is accepted;
- (o) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other offering materials concerning the Issues, the Initial Placing, the Placing Programme or the New Shares to any persons within the United States or to any US Persons, nor will it do any of the foregoing;
- (p) it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading "United States Purchase and Transfer Restrictions" in paragraph 5, below;
- (q) it acknowledges that neither Numis, J.P. Morgan Cazenove nor any of their respective affiliates, nor any person acting on their respective 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 Placing Programme or providing any advice in relation to the Initial Placing and/or Placing Programme and participation in the Initial Placing and/or Placing Programme is on the basis that it is not and will not be a client of Numis or J.P. Morgan Cazenove and that neither Numis nor J.P. Morgan Cazenove has 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 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 the Placing Programme;
- (r) it acknowledges that where it is subscribing for New Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account; (i) to subscribe for the New 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 Placing Programme in the form provided by the Company and/or Numis and/or J.P. Morgan Cazenove. It agrees that the provision of this paragraph shall survive any resale of the New Shares by or on behalf of any such account;

- (s) it irrevocably appoints any director of the Company and any director of Numis or J.P. Morgan Cazenove 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 New Shares for which it has given a commitment under the Initial Placing and/or the Placing Programme, in the event of its own failure to do so;
- (t) it accepts that if the Initial Placing and/or Placing Programme does not proceed or the conditions to the Placing Agreement are not satisfied or the New Shares for which valid applications are received and accepted are not admitted to the Official Lists of the FCA and the CISE and to trading on the London Stock Exchange and the CISE for any reason whatsoever then none of Numis, J.P. Morgan Cazenove or the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- (u) in connection with its participation in the Initial Placing and/or Placing Programme it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering (“**Money Laundering Legislation**”) and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 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) subject to the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999, as amended, together with any regulations and guidance notes issued pursuant thereto; or (iv) 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;
- (v) it acknowledges that due to anti-money laundering requirements, Numis, J.P. Morgan Cazenove 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, J.P. Morgan Cazenove and the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Numis, J.P. Morgan Cazenove 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;
- (w) it acknowledges that any person in Guernsey involved in the business of the Company who has a suspicion or belief that any other person (including the Company or any person subscribing for New Shares) is involved in money laundering activities, is under an obligation to report such suspicion to the Financial Intelligence Service pursuant to the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002, as amended;
- (x) it acknowledges and agrees that information provided by it to the Company or the Registrar will be stored both on the Registrar’s and the Administrator’s computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection (Bailiwick of Guernsey) Law, 2001, as amended (the “**Data Protection Law**”) and other relevant data protection legislation which may be applicable, the Registrar is required to specify the purposes for which it will hold personal data. The Registrar and the Administrator will only use such information for the purposes set out below (collectively, the “**Purposes**”), being to:

- (i) process its personal data (including sensitive personal data) as required by or in connection with its holding of New Shares, including processing personal data in connection with credit and money laundering checks on it;
 - (ii) communicate with it as necessary in connection with its affairs and generally in connection with its holding of New Shares;
 - (iii) provide personal data to such third parties as the Registrar or the Administrator may consider necessary in connection with its affairs and generally in connection with its holding of New Shares or as the Data Protection Law may require, including to third parties outside the Bailiwick of Guernsey or the European Economic Area;
 - (iv) 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 Bailiwick of Guernsey or the European Economic Area; and
 - (v) process its personal data for the Registrar's or the Administrator's internal administration.
- (y) in providing the Registrar and the Administrator with information, it hereby represents and warrants to the Registrar and the Administrator that it has obtained the consent of any data subject to the Registrar and the Administrator and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out in paragraph (x) above). For the purposes of this document, **"data subject"**, **"personal data"** and **"sensitive personal data"** shall have the meanings attributed to them in the Data Protection Law;
- (z) Numis, J.P. Morgan Cazenove 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;
- (aa) the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that Numis, J.P. Morgan Cazenove 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 New Shares are no longer accurate, it shall promptly notify Numis, J.P. Morgan Cazenove and the Company;
- (bb) where it or any person acting on behalf of it is dealing with Numis or J.P. Morgan Cazenove, any money held in an account with Numis or J.P. Morgan Cazenove 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 or J.P. Morgan Cazenove to segregate such money, as that money will be held by Numis or J.P. Morgan Cazenove under a banking relationship and not as trustee;
- (cc) any of its clients, whether or not identified to Numis or J.P. Morgan Cazenove, will remain its sole responsibility and will not become clients of Numis or J.P. Morgan Cazenove for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- (dd) it accepts that the allocation of New Shares shall be determined by Numis or J.P. Morgan Cazenove in their absolute discretion but in consultation with the Company and that Numis or J.P. Morgan Cazenove may scale down any commitments for this purpose on such basis as it may determine; and
- (ee) time shall be of the essence as regards its obligations to settle payment for the New Shares and to comply with its other obligations under the Initial Placing and/or the Placing Programme.

5. United States purchase and transfer restrictions

By participating in the Initial Placing and/or the Placing Programme, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for New 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, Numis and J.P. Morgan Cazenove that:

- (a) it is not a US Person and it is acquiring the New Shares in an offshore transaction meeting the requirements of Regulation S and it is not acquiring the New Shares for the account or benefit of a US Person;
- (b) it acknowledges that the New 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 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 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 New 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 Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the Tax 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 Tax 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 Tax Code, its purchase, holding, and disposition of the New Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- (e) if any New 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 REAL ESTATE INVESTMENT TRUST LIMITED (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 New 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 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 New 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 New Shares in any manner that would violate the Securities Act, the 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 New 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 New 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 New 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 New Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Manager, Numis, J.P. Morgan Cazenove 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 the Placing Programme or its acceptance of participation in the Initial Placing and/or 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 New 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 New 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, Numis, J.P. Morgan Cazenove 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.

6. Supply and disclosure of information

If Numis, J.P. Morgan Cazenove, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for New Shares under the Initial Placing and/or the Placing Programme, such Placee must promptly disclose it to them.

7. Miscellaneous

The rights and remedies of the Company, the Investment Manager, Numis, J.P. Morgan Cazenove and the Registrar under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

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 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 New Shares, which the Placee has agreed to subscribe for pursuant to the Initial Placing and/or the Placing Programme, have been acquired by the Placee. The contract to subscribe for New Shares under the Initial Placing and/or 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. For the exclusive benefit of the Company, the Investment Manager, Numis, J.P. Morgan Cazenove and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought

in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for New 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, J.P. Morgan Cazenove and the Company expressly reserve the right to modify the Initial Placing and/or the Placing Programme (including, without limitation, the timetable and settlement) at any time before allocations are determined. The Initial Placing and/or the Placing Programme is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in Part 9 of this document.

PART 12

TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION

1. Introduction

If you apply for New Shares under the Offer for Subscription, you will be agreeing with the Company, Numis, J.P. Morgan Cazenove and the Receiving Agent as set out in this Part 12.

2. Offer to acquire New Shares under the Offer for Subscription

Your application must be made on the Application Form attached at the end of this document or otherwise published by the Company. By completing and delivering an Application Form, you, as the applicant, and, if you complete an Application Form on behalf of another person or a corporation, that person or corporation:

- 2.1 offer to subscribe for the number of New Shares specified in section 1 of your Application Form (or such lesser number for which your application is accepted) at the Initial Placing and Offer Price on the terms, and subject to the conditions, set out in this document (including this Part 12) and the Memorandum of Incorporation and Articles of the Company;
- 2.2 agree that, in consideration of the Company, Numis and J.P. Morgan Cazenove agreeing that they will not, prior to Initial Admission, offer for subscription any New Shares to any person other than by means of the procedures referred to in this document, your application may not be revoked until after 31 May 2014 and shall not be revoked after Initial Admission and that this paragraph 2.2 shall constitute a collateral contract between you, the Company, Numis and J.P. Morgan Cazenove which will become binding upon despatch by post to or, in the case of delivery by hand, on receipt by the Receiving Agent of your Application Form;
- 2.3 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 have any New Shares applied for in uncertificated form credited to a CREST account or to receive a share certificate for any New Shares applied for in certificated form or to enjoy or receive any rights in respect of such New Shares unless and until you make payment in cleared funds for such New Shares (and any associated aggregated commission) 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 Company and the Receiving Agent against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) avoid the agreement to issue such New Shares and may issue them to some other person(s), in which case you will not be entitled to any refund or payment in respect thereof (other than the refund to you at your risk of any proceeds of the remittance, once honoured, which accompanied your Application Form, without interest);
- 2.4 agree that the crediting to a CREST account of any New Shares in uncertificated form to which you may become entitled may be delayed by, and that any share certificate in respect of any New Shares in certificated form 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 monies returnable may be retained by, the Receiving Agent:
 - (a) pending clearance of your remittance;
 - (b) pending investigation of any suspected breach of the warranties contained in sub-paragraphs 6.1, 6.2, 6.6, 6.8 or 6.9 of this Part 12 or any other suspected breach of the terms and conditions of application set out in this Part 12; or
 - (c) pending any verification of identity which is, or which the Company or the Receiving Agent considers may be, required for the purposes of its money laundering obligations under the UK

Money Laundering Regulations 2007, the Money Laundering Directive (Council Directive No. 91/308/EEC), the Criminal Justice (Proceeds of Crime) (Financial Services Businesses) (Bailiwick of Guernsey) Regulations 2007 and the Handbook of Financial Services Business (together referred to as the “**Money Laundering Regulations**”) (in each case as amended) and any other regulations applicable thereto; and

- (d) any interest accruing on such retained monies shall accrue to and for the sole benefit of the Company;
- 2.5 agree, on the request of the Company, Numis or J.P. Morgan Cazenove, to disclose promptly in writing to them such information as the Company, Numis or J.P. Morgan Cazenove may request in connection with your application and authorise the Company, Numis, J.P. Morgan Cazenove and the Receiving Agent to disclose any information relating to your application which they may consider appropriate;
- 2.6 agree that, if evidence of identity satisfactory to the Company, and/or the Receiving Agent is not provided to the Receiving Agent within a reasonable time in the opinion of Numis or J.P. Morgan Cazenove following a request therefor, the Company or Numis or J.P. Morgan Cazenove may terminate the agreement with you to issue New Shares and, in such case, the New Shares which would otherwise have been issued to you may be re-issued and your application monies will be returned to the bank or other account on which the cheque or other remittance accompanying the application was drawn without interest and at your risk;
- 2.7 agree that you are not applying on behalf of a person engaged in money laundering;
- 2.8 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 certificated by a solicitor or notary) is enclosed with your Application Form;
- 2.9 undertake to pay interest at the rate described in paragraph 3.3 of this Part 12 if the remittance accompanying your Application Form is not honoured on first presentation;
- 2.10 authorise the Receiving Agent to credit the CREST account specified in section 6 of the Application Form with the number of New Shares for which your application is accepted or, if that section is not completed, send a definitive certificate in respect of the number of New Shares for which your application is accepted by post to your address (or that of the first-named applicant) as set out in your Application Form;
- 2.11 agree that, in the event of any difficulties or delays in the admission of the New Shares to CREST or the use of CREST in relation to the Offer for Subscription, the Company Numis and J.P. Morgan Cazenove may agree that all of the New Shares should be issued in certificated form;
- 2.12 authorise the Receiving Agent to send a crossed cheque for any monies returnable (without interest) by post to your address (or that of the first-named applicant) as set out in your Application Form;
- 2.13 confirm that you have read and complied with paragraph 8.2 of this Part 12;
- 2.14 consent to the processing of personal data given in relation to your application and acknowledge and accept that information provided by you to the Company, Receiving Agent or Administrator will be stored on the Receiving Agent's, the Registrar's and the Administrator's computer system and manually. You acknowledge and agree that for the purposes of the Data Protection (Bailiwick of Guernsey) Law, 2001, as amended (the “**Data Protection Law**”) and other relevant data protection legislation which may be applicable, the Receiving Agent, the Registrar and the Administrator are required to specify the purposes for which they will hold personal data. The Receiving Agent, the Registrar and the Administrator will only use such information for the purposes set out below (collectively, the “**Purposes**”), being to:

- (a) process your personal data (including sensitive personal data) as required by or in connection with your holding of New Shares, including processing personal data in connection with credit and money laundering checks on you;
- (b) communicate with you as necessary in connection with your affairs and generally in connection with your holding of New Shares;
- (c) provide personal data to such third parties as the Administrator, the Registrar or Receiving Agent may consider necessary in connection with your affairs and generally in connection with your holding of New Shares or as the Data Protection Law may require, including to third parties outside the Bailiwick of Guernsey or the European Economic Area;
- (d) without limitation, provide such personal data to the Company, Numis, J.P. Morgan Cazenove, the Investment Manager, the Administrator, the Receiving Agent, the Registrar and their respective associates for processing, notwithstanding that any such party may be outside the Bailiwick of Guernsey or the European Economic Area; and
- (e) process your personal data for the Administrator's, the Receiving Agent's or the Registrar's internal administration.

In providing the Receiving Agent, the Registrar and the Administrator with information, you hereby represent and warrant to the Receiving Agent, the Registrar and the Administrator that you have obtained the consent of any data subject to the Receiving Agent and the Administrator and their respective associates holding and using their personal data for the purposes (including the explicit consent of the data subject for the processing of any sensitive personal data for the Purposes set out in paragraph 2.14 (a) above). For the purposes of this document, “**data subject**”, “**personal data**” and “**sensitive personal data**” shall have the meanings attributed to them in the Data Protection Law; and

2.15 agree that your Application Form is addressed to the Company.

3. Acceptance of applications

3.1 In respect of those New Shares for which your application has been received and is not rejected, acceptance of your application shall be constituted, at the election of the Company, or Numis or J.P. Morgan Cazenove on behalf of the Company, either:

- (i) by notifying the FCA of the basis of allocation (in which case the acceptance will be on that basis); or
- (ii) by notifying acceptance thereof to the Receiving Agent.

3.2 The basis of allocation will be determined by the Company in consultation with Numis and J.P. Morgan Cazenove. The right is reserved notwithstanding the basis so determined to reject in whole or in part and/or scale down any application. The right is also reserved to treat as valid any application not complying fully with the terms and conditions of application set out in this Part 12 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 it in some other manner to apply in accordance with the terms and conditions of application in this Part 12. The Company reserves the right (but shall not be obliged) to accept Application Forms and accompanying remittances which are received through the post after 11.00 a.m. on 10 April 2014 or which are received otherwise than in accordance with these terms and conditions of the Offer for Subscription.

3.3 The right is reserved to present all cheques for payment on receipt by the Receiving Agent to retain documents of title and surplus application monies pending clearance of successful applicant's cheques. The Company may require you to pay interest or its other resulting costs (or both) if any cheque 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 Company to be the interest on the amount of the cheque from the date on which the basis of allocation under the Offer for

Subscription is publicly announced 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 Company plus 2 per cent. per annum.

- 3.4 The right is reserved to reject in whole or in part and/or to scale down or limit, any application.
- 3.5 The Company reserves the right in its absolute discretion (but shall not be obliged) to accept applications for less than 1,000 New Shares, or applications which are more than 1,000 New Shares but not a multiple of 100 thereafter.

4. Conditions

- 4.1 The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:
 - (i) the Issue Resolution being passed at the EGM;
 - (ii) Initial Admission by 8.00 a.m. on 17 April 2014 (or such later time or date, not being later than 8.00 a.m. on 31 May 2014, as the Company, Numis and J.P. Morgan Cazenove may agree); and
 - (iii) the Placing Agreement referred to in paragraph 13.1 of Part 9 of this document becoming unconditional and the obligations of Numis or J.P. Morgan Cazenove thereunder not being terminated prior to Initial Admission.
- 4.2 You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

5. Return of application monies

If any application is not accepted in whole, or is accepted in part only (as a result of any scaling back of any part of an application), 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 favour of the first-named applicant, by post at the risk of the person(s) entitled thereto. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

6. Warranties

By completing an Application Form, you:

- 6.1 warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person or corporation and that such other person or corporation will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in this Part 12 and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- 6.2 warrant that, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, 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 such territory or jurisdiction and that you have not taken any action or omitted to take any action which will result in the Company, Numis, J.P. Morgan Cazenove 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 the United Kingdom in connection with the Offer for Subscription in respect of your application;
- 6.3 confirm that, in making an application, you are not relying on any information or representations in relation to the Company other than those contained in this document and any supplementary

prospectus issued by the Company prior to Initial Admission (on the basis of which alone your application is made) and, accordingly, you agree that no person responsible solely or jointly for this document or any part of it shall have any liability for any such other information or representation;

- 6.4 agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and representations contained in it;
- 6.5 acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this document and any supplementary prospectus issued by the Company prior to Initial Admission and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, Numis or J.P. Morgan Cazenove;
- 6.6 warrant that you are not under the age of 18 on the date of your application;
- 6.7 agree that all documents and monies sent by post to, by or on behalf of the Company, Numis, J.P. Morgan Cazenove or the Receiving Agent will be sent at your risk and, in the case of documents and returned monies to be sent to you, may be sent to you at your address (or, in the case of joint applicants, the address of the first-named applicant) as set out in your Application Form;
- 6.8 warrant that you are not applying as, or as nominee or agent of, a person who is or may be a person mentioned in any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipt and clearance services); and
- 6.9 confirm that you have reviewed the restrictions contained in paragraph 2 of this Part 12 and warrant to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions in that paragraph.

7. Money laundering

- 7.1 You agree that, in order to ensure compliance with the Money Laundering Regulations, as amended, and any other regulations applicable thereto, the Company and/or Numis and/or J.P. Morgan Cazenove may, at its/their absolute discretion, require verification of identity from any person lodging an Application Form who either:
 - 7.1.1 tenders payment by way of banker's draft or cheque or money order drawn on an account in the name of another person or persons (in which case verification of your identity may be required); or
 - 7.1.2 appears to the Receiving Agent to be acting on behalf of some other person (in which case verification of or identity of any persons on whose behalf you appear to be acting may be required).

Failure to provide the necessary evidence or identity may result in application(s) being rejected or delays in the despatch of documents or CREST accounts being credited.

Without prejudice to the generality of this paragraph 7 of this Part 12, verification of the identity of applicants will be required if the aggregate value of the New Shares applied for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £12,500). If the aggregate value of the New Shares which you are applying for, whether in one or more applications, exceeds €15,000 you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) of the Application Form is completed.

8. Overseas investors

The attention of investors who are not resident in, or citizens of, countries other than the United Kingdom and Guernsey is drawn to paragraph 8.1 to 8.4 below:

- 8.1 The offer of New Shares under the Offer for Subscription to persons who are resident in, or citizens of, countries other than the United Kingdom and Guernsey may be affected by the law of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to subscribe for New Shares under the Offer for Subscription. It is the responsibility of all such persons receiving this document and/or wishing to subscribe for New Shares under the Offer for Subscription, to satisfy themselves as to full observance of the laws of any relevant territory or jurisdiction in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities requiring to be observed and paying any issue, transfer or other taxes due in such territories.
- 8.2 No person receiving a copy of this document in any territory other than the United Kingdom or Guernsey may treat the same as constituting an offer or invitation to him, unless in the relevant territory such an offer can lawfully be made to him without compliance with any further registration or other legal requirements.
- 8.3 Persons (including, without limitation, nominees and trustees) receiving this document should not distribute or send it to any US Person or in or into the United States, Canada, Australia, the Republic of South Africa or Japan, their respective territories or possessions or any other jurisdiction where to do so would or might contravene local securities laws or regulations.
- 8.4 The Company reserves the right to treat as invalid any agreement to subscribe for New Shares pursuant to the Offer for Subscription if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

9. Miscellaneous

- 9.1 To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the New Shares and the Offer for Subscription.
- 9.2 The rights and remedies of the Company, Numis, J.P. Morgan Cazenove and the Receiving Agent, pursuant to this Part 12 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.
- 9.3 The Company reserves the right to delay the closing time of the Offer for Subscription from 11.00 a.m. on 10 April 2014 by giving notice to the FCA and the CISE. In this event, the revised closing time will be published in such manner as Numis and J.P. Morgan Cazenove, in consultation with the Company, determines subject, and having regard, to the Listing Rules, the Listing Rules of the CISE, the Prospectus Rules and any other requirements of the FCA or the CISE.
- 9.4 The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Initial Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned to you without interest.
- 9.5 You agree that each of Numis and J.P. Morgan Cazenove is acting for the Company in connection with the Offer for Subscription and for no-one else and that neither Numis nor J.P. Morgan Cazenove will treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of New Shares or concerning the suitability of New Shares for you or otherwise in relation to the Offer for Subscription.
- 9.6 You authorise the Receiving Agent, Numis, J.P. Morgan Cazenove or any person authorised by any of them or the Company, as your agent, (without any obligation to do so) to do all things necessary to effect registration of any New Shares subscribed by you into your name(s) and authorise any representatives of the Receiving Agent or of Numis or J.P. Morgan Cazenove to execute and/or complete any document required therefor.

- 9.7 You agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription shall be governed by and construed in accordance with English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company, Numis, J.P. Morgan Cazenove or the Receiving Agent to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances and contracts in any other manner permitted by law or in any court of competent jurisdiction.
- 9.8 The dates and times referred to in this Part 12 may be altered by the Company so as to be consistent with the Placing Agreement (as the same may be altered from time to time in accordance with its terms).
- 9.9 Save where the context requires otherwise, terms used in this Part 12 bear the same meaning as where used elsewhere in this document.

10. Joint applicants

If you make a joint application, you will not be able to transfer your New Shares into an ISA, SIPPS or SSAS. If you are interested in transferring your New Shares into an ISA, SIPPS or SSAS, you should apply in your name only.

If you do wish to apply jointly, you may do so with up to three other persons. Sections 3 and 4 of the Application Form must be completed by one applicant. All other persons who wish to join in the application must complete and sign section 7 of the Application Form.

Another person may sign on behalf of any joint applicant if that other person is duly authorised to do so under a power of attorney. The original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) must be enclosed for inspection. Certificates, cheques and other correspondence will be sent to the address set out in the first paragraph of the Application Form.

11. Verification of identity

Section 8 of the Application Form only applies if the aggregate value of the New Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £12,500). If section 8 applies to your application, you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) is completed.

11.1 Professional adviser or intermediary

You should complete section 8.1 of the Application Form if you are a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA or, if outside the United Kingdom, another appropriately authorised independent financial adviser acting on behalf of a client.

11.2 Applicant identity information

Section 8.3 of the Application Form need only be completed where the aggregate value of the New Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £12,500) and neither sections 8.1 nor 8.2 of the Application Form can be completed.

Notwithstanding that the declaration set out in section 8.2 of the Application Form has been completed and signed, the Receiving Agent, Numis, J.P. Morgan Cazenove and the Company reserve the right to request of you the identity documents listed in section 8.3 of the Application Form and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time, your application might be rejected or revoked.

Where certified copies of documents are requested in section 8.3 of the Application Form, such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

12. Instructions for delivery of completed application forms

Completed Application Forms should be returned, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received by no later than 11.00 a.m. on 10 April 2014. If you post your Application Form, you are recommended to use first class post and to allow at least two days for delivery. Application Forms received after 11.00 a.m. on 10 April 2014 may be rejected and returned to the first-named applicant.

PART 13

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“Administrator”	Northern Trust International Fund Administration Services (Guernsey) Limited
“Admission”	the admission of the New Shares to the Official Lists of the FCA and the CISE and to trading on the London Stock Exchange and the CISE becoming effective
“AIFMD”	the EU Directive on Alternative Investment Fund Managers
“Application Form”	the application form for use in connection with the Offer for Subscription set out at the end of this document
“Articles”	the articles of incorporation of the Company, as amended from time to time
“Auditors”	KPMG Channel Islands Limited
“Business Day”	a day (excluding Saturdays and Sundays or public holidays) on which commercial banks are open for business in London and Guernsey for the transaction of normal business
“CBD”	central business district
“CISE”	the Channel Islands Securities Exchange Authority Limited
“Company”	Schroder Real Estate Investment Trust Limited
“CREST”	the system for paperless settlement of trades in listed securities, of which Euroclear is the operator
“CREST Guernsey Requirements”	such of the rules and requirements of Euroclear as may be applicable to issuers from time to time specified in the CREST Manual
“CREST Manual”	the compendium of documents entitled CREST Manual issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended)
“Directors” or “Board”	the directors of the Company
“Disclosure and Transparency Rules”	the disclosure and transparency rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended
“EEA”	European Economic Area
“ERISA”	the US Employee Retirement Income Security Act 1974, as amended from time to time
“Euroclear”	Euroclear UK & Ireland Limited

“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for 10.00 a.m. on 16 April 2014, notice of which is set out in the accompanying circular to Shareholders
“FATCA”	the US Foreign Account Tax Compliance Act
“FCA”	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part IV of FSMA, or any successor authority
“FSMA”	the UK Financial Services and Markets Act 2000 (as amended)
“GDP”	gross domestic product
“GFSC”	Guernsey Financial Services Commission
“Gross Proceeds”	the aggregate value of the New Shares to be issued or sold pursuant to the Issues taken at the Initial Placing Price or their Placing Programme Price (as applicable)
“Group”	the Company and its subsidiaries from time to time
“Headingley Property”	the property known as The Arndale Centre, Headingley, purchased by the Company in January 2014
“IFRS”	International Financial Reporting Standards
“Independent Property Valuation”	the independent property valuation of the Company’s portfolio as at 17 March 2014, prepared by Knight Frank LLP
“Initial Admission”	Admission of the New Shares issued under the Initial Placing and Offer
“Initial Placing”	the conditional placing of Ordinary Shares by Numis and J.P. Morgan Cazenove as described in this document
“Initial Placing and Offer”	the initial placing and offer of New Shares as described in Part 2 of this document
“Initial Placing and Offer Price”	the price at which New Shares will be issued under the Initial Placing and Offer, being 50.25 pence per New Share
“Initial Placing and Offer Shares”	the New Shares issued pursuant to the Initial Placing and Offer
“Investment Company Act”	the United States Investment Company Act of 1940, as amended
“Investment Management Agreement”	the investment management agreement entered into between the Investment Manager and the Company as described in paragraph 13.2 of Part 9 of this document
“Investment Manager”	Schroder Property Investment Management Limited
“Investment Policy Resolution”	the ordinary resolution to be proposed at the EGM to approve the new investment policy described in paragraph 2.2 of Part 4 of this document
“IPD”	the Investment Property Databank
“IPD Index”	the IPD Quarterly Version of Balanced Monthly Index Funds
“ISA”	individual savings account

“Issue Price”	the Initial Placing and Offer Price or the Placing Programme Price, as the case may be
“Issue Resolution”	the special resolution to be proposed at the EGM to waive pre-emption rights in respect of the issue of up to 200 million new Ordinary Shares
“Issues”	the issues of up to 200 million New Shares pursuant to the Initial Placing and Offer and the Placing Programme as described in this document
“January Placing”	the placing of 35,592,128 Ordinary Shares on 14 January 2014
“January Placing Shares”	the 35,592,128 Ordinary Shares issued pursuant to the January Placing
“J.P. Morgan Cazenove”	JP Morgan Securities plc, which conducts its UK investment banking activities trading as J.P. Morgan Cazenove and which is registered in England and Wales (registered number 04153386)
“Knight Frank”	Knight Frank LLP, which is registered in England and Wales (registered number OC305934)
“Latest Practicable Date”	18 March 2014, being the latest practicable date prior to the date of this document for ascertaining certain information contained herein
“Law”	The Companies (Guernsey) Law, 2008, as amended
“Listing Principles”	the principles set out in Chapter 7 of the Listing Rules
“Listing Rules”	the rules and regulations made by the FCA under Part VI of FSMA
“Listing Rules of the CISE”	the Listing Rules of The Channel Islands Securities Exchange Authority Limited
“London Stock Exchange”	London Stock Exchange plc
“Memorandum of Incorporation”	the memorandum of incorporation of the Company
“Member State”	any member state of the European Economic Area
“NAV” or “Net Asset Value”	the value of the assets of the Company less its liabilities determined in accordance with the accounting policies adopted by the Company from time to time
“Net Asset Value per Ordinary Share”	the Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue (other than Ordinary Shares held in treasury if any) at the date of calculation
“Net Proceeds”	the aggregate value of the New Shares to be issued or sold pursuant to the Issues taken at the Initial Placing and Offer Price or their Placing Programme Price (as applicable) less any expenses of the Issues
“New Shares”	new Ordinary Shares issued by the Company pursuant to the Issues
“Numis”	Numis Securities Limited, which is registered in England and Wales (registered number 02285918)
“Offer” or “Offer for Subscription”	the offer for subscription of New Shares at the Initial Placing and Offer Price as described in this document

“Official List”	the Official List of the FCA and/or the CISE, as applicable
“Ordinary Shares”	the ordinary shares of no par value in the capital of the Company (including the New Shares where the context requires)
“Overseas Persons”	persons resident in, or citizens of, jurisdictions other than the United Kingdom and the Channel Islands
“Placees”	the persons with whom the New Shares are placed pursuant to the Issues
“Placing Agreement”	the sponsors’ and placing agreement entered into between Numis, J.P. Morgan Cazenove, the Investment Manager and the Company in relation to the Issues and Admission
“Placing Programme”	the programme of placings of New Shares as described in Part 3 of this document
“Placing Programme Price”	the price at which New Shares will be issued under the Placing Programme, which will be determined as explained in Part 3 of this document
“Portfolio”	the properties held by the Group as at the Latest Practicable Date as more fully described in Part 7 of this document
“Promoter”	Schroder Property Investment Management Limited
“Prospectus Directive”	Directive 2003/71/EC (and the amendments thereto)
“Prospectus Rules”	the rules published by the FCA under section 73A of FSMA
“Receiving Agent” or “Computershare”	Computershare Investor Services PLC
“Registrar”	Computershare Investor Services (Guernsey) Limited
“Regulation S”	Regulation S under the Securities Act
“Relevant Member State”	each Member State which has implemented the Prospectus Directive or where the Prospectus Directive is applied by the regulator
“RIS”	Regulatory Information Service
“Rugby Property”	the property known as Morgan Sindall House, Rugby, purchased by the Company in February 2014
“SDRT”	stamp duty reserve tax
“Securities Act”	the United States Securities Act of 1933 (as amended)
“Shareholder”	a holder of Ordinary Shares
“SIPPS”	self-invested personal pension scheme
“SSAS”	small self-administered scheme
“Standards”	the “Admission and Disclosure Standards” of the London Stock Exchange dated 6 June 2011
“Subsequent Admission”	Admission of the New Shares issued under the Placing Programme
“Takeover Code”	the City Code on Takeovers and Mergers

“Tax Code”	the US Internal Revenue Code of 1986, as amended from time to time
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Corporate Governance Code”	The UK Corporate Governance Code as published by the UK Financial Reporting Council
“US” or “United States”	United States of America, its territories and possessions, any state of the United States and the District of Columbia
“US Person”	has the meaning given to it in Regulation S under the Securities Act

In this document words denoting any gender include both genders (unless the context otherwise requires).

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APPLICATION FORM

SCHRODER REAL ESTATE INVESTMENT TRUST LIMITED

(the “Company”)

Please send the completed form by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received by no later than 11.00 a.m. on 10 April 2014.

Important – Before completing this form, you should read the accompanying notes set out pages 143 to 145 of this document. All applicants must complete boxes 1 to 4 and box 8 and enclose payment. Box 6 should only be completed if you wish to hold your New Shares in uncertificated form. Box 7 should only be completed by joint applicants. If your application is for more than €15,000 (or its Sterling equivalent, being approximately £12,500), section 8.1, 8.2 or 8.3 (as appropriate) must also be completed.

If you have a query concerning completion of this Application Form please call Computershare Investor Services PLC on 0870 707 4040 from within the UK or on +44 870 707 4040 if calling from outside the UK. Calls to the 0870 707 4040 number cost 10p per minute plus any other network providers' costs. Lines are open from 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday. Calls to the helpline, which is unable to give any tax, legal or financial advice on the Offer for Subscription, from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.

1. Application

I/We, the person(s) detailed in section(s) 3 and, in the case of joint applicants, 7 below offer to subscribe for the number of fully paid New Shares specified in the box below at 50.25 pence per New Share subject to the Terms and Conditions of Application under the Offer for Subscription set out in the Prospectus dated 20 March 2014 and subject to the Memorandum and Articles of Incorporation of the Company.

(Write in figures, the number of New Shares that you wish to apply for. The aggregate subscription must not be less than 1,000. Applications in excess of the minimum subscription amount should be in multiples of 100.)

2. Amount payable

I/We attach a cheque or banker's draft for the amount payable of:

£

(The amount in Box 1 multiplied by the Initial Placing and Offer Price, being 50.25 pence per New Share)

3. Personal details (PLEASE USE BLOCK CAPITALS)

Mr, Mrs, Miss or Title	Forenames (in full)
Surname	
Address (in full)	
Postcode	Daytime telephone no.



4. Signature

I/We hereby confirm that I/We have read the Prospectus and make this application on and subject to the Terms and Conditions of Application under the Offer for Subscription set out in Part 12 of the Prospectus.

Signature	Dated 2014
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5. Form of Payment

5.1 *Cheque or Banker's Draft*

☐

If you are paying by cheque or banker's draft, please check the box beside this paragraph 5.1 and pin your cheque or banker's draft here. Your cheque or banker's draft must be for the amount in pounds Sterling equal to the number shown in the box in section 2 above, made payable to "Computershare Investor Services PLC re Schroder Real Estate Investment Trust Limited Offer for Subscription A/C" and crossed "A/C Payee". Your payment must relate solely to this Application Form. No receipt will be issued. The right is reserved to reject any Application Form in respect of which the applicant's cheque or banker's draft has not been cleared on first presentation.

6. New Shares in uncertificated form (CREST)

Complete this section only if you require your New Shares to be credited to a CREST account in the same name as the applicant.

CREST Participant ID: (no more than five characters)						CREST Member Account ID: (no more than eight characters)								
CREST Participant's Name:														

7. Joint applicants (PLEASE USE BLOCK CAPITALS)

(Box 7 must only be completed by joint applicants (see note 7). Where the application is being made jointly by more than one person, the proposed first-named holder should complete sections 2 and 3 above, and all other applicants (subject to a maximum of three) must complete and sign this section 7)

Mr, Mrs, Miss or Title	Forenames (in full)	Surname	Address	Signature

8. **Verification of Identity** (If the value of the New Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £12,500), you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) is completed)

- 8.1 **Professional Advisers and Intermediaries** (This section 8.1 should be completed if an application for New Shares is being made on behalf of a client by a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser).

(Name of professional adviser or intermediary, in full)	
(Address, in full)	
	(Post code)
(Contact name)	(Telephone number)

Declaration by the professional adviser or intermediary:

To: Schroder Real Estate Investment Trust Limited, Computershare Investor Services (Guernsey) Limited, Numis Securities Limited and J.P. Morgan Cazenove

We are a financial adviser authorised under the Financial Services and Markets Act 2000 applying for New Shares on behalf of one or more clients (“**relevant clients**”). As such, we hereby undertake to:

- 8.1.1 complete anti-money laundering verification of all relevant clients and to inform you of any unsatisfactory conclusion in respect of any such client;
- 8.1.2 keep records to verify the name, identity, place of birth, residential address, occupation and signature of each relevant client; and
- 8.1.3 supply copies of any such records to you as you may require.

We are governed in the conduct of our investment business and in respect of conducting anti-money laundering verification by the following regulatory or professional body (and our reference or other official number allocated to us by that body is included in the box below).

(Full name and country of operation of regulatory or professional body)	(Reference or other official number)
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If you require further information about our procedures or any of our relevant clients, please contact the person named as the contact in the first box in this section 8.1.

(Date)	2014	(Official stamp, if any)
(Signature)		
(Full name)		
(Title/position)		



- 8.2 **Reliable Introducer** (If you are not a professional adviser or intermediary to whom section 8.1 applies, completion and signing of declaration in this section 8.2 by a suitable person or institution may avoid presentation being requested of the identity documents detailed in section 8.3 of this form).

The declaration below may only be signed by a person or institution (such as a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the “firm”) which is itself subject in its own country to the operation of “know your customer” and anti-money laundering regulations no less stringent than those which prevail in Guernsey. Acceptable countries include Austria, Belgium, Denmark, Finland, France, Germany, Gibraltar, Greece, Jersey, Hong Kong, Iceland, Isle of Man, Italy, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland and the United Kingdom.

Declaration by the firm

To: Schroder Real Estate Investment Trust Limited, Computershare Investor Services (Guernsey) Limited, Numis Securities Limited and J.P. Morgan Cazenove

With reference to the applicant(s) detailed in section(s) 3 and, in the case of joint applicants, 7 above, all persons signing sections 4 and 7 above and the payor identified in section 5.3 above if not also an applicant holder (collectively the “**relevant persons**”), we hereby declare that:

- 8.2.1 we operate in one of the above-mentioned countries and our firm is subject to money laundering regulations under the laws of that country which, to the best of our knowledge, are no less stringent than those which prevail in Guernsey;
- 8.2.2 we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;
- 8.2.3 each of the relevant persons is known to us in a business capacity and we hold valid identity documentation on each of them and we undertake to immediately provide to you copies thereof on demand;
- 8.2.4 we confirm the accuracy of the names and residential/business address(es) of the applicant(s) named in sections 3 and, in the case of joint applicants, 7 above and, if details of a CREST account are included in section 6 above, that the owner thereof is the applicant named in section 3 above;
- 8.2.5 having regard to all local money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the New Shares to which this application relates; and
- 8.2.6 where the payor and applicant(s) are different persons we are satisfied as to the relationship between them and the reason for the payor being different to the applicant(s).

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

(Date)	2014	(Official stamp, if any)
(Signature)		
(Full name)		
(Title/position)		

having authority to bind the firm, the details of which are set out below:

(Name of firm, in full)	
(Address, in full)	
	(Post code)
(Contact name)	(Telephone number)
(Full name of firm's regulatory authority)	
(Website address or telephone number of regulatory authority)	(Firm's registered, licence or other official number)

- 8.3 **Applicant identity information** (Only complete this section 8.3 if your application has a value greater than €15,000 (or its Sterling equivalent, being approximately £12,500) and neither of sections 8.1 and 8.2 can be completed).

In accordance with internationally recognised standards for the prevention of money laundering, the relevant documents and information listed below must be provided (please note that the Company, Numis, J.P. Morgan Cazenove and the Receiving Agent reserve the right to ask for additional documents and information).



	Tick here for documents provided				
	Applicant				Payor
	1	2	3	4	
A. For each applicant who is an individual enclose:					
(i) a certified clear photocopy of one of the following identification documents which bears both a photograph and the signature of the person: (a) current passport; (b) Government or Armed Forces identity card; or (c) driving licence; and					
(ii) certified copies of at least two of the following documents which purport to confirm that the address(es) given in section 3 and, in the case of joint applicants, section 7 is the applicant's residential address: (a) a recent gas, electricity, water or telephone (not mobile) bill; (b) a recent bank statement; (c) a council tax bill; or (d) similar bill issued by a recognised authority; and					
(iii) if none of the above documents show their date and place of birth, enclose a note of such information; and					
(iv) details of the name and address of their personal bankers from which the Receiving Agent or the Company may request a reference, if necessary.					
B. For each holder being a company (a "holder company") enclose:					
(i) a certified copy of the certificate of incorporation of the holder company; and					
(ii) the name and address of the holder company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and					
(iii) a statement as to the nature of the holder company's business, signed by a director; and					
(iv) a list of the names and residential addresses of each director of the holder company; and					
(v) for each director provide documents and information similar to that mentioned in A above; and					
(vi) a copy of the authorised signatory list for the holder company; and					
(vii) a list of the names and residential/registered addresses of each ultimate beneficial owner interested in more than 5% of the issued share capital of the holder company and, where a person is named, also enclose the documents and information referred to in C below and, if another company is named (a "beneficiary company"), also complete D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.					
C. For each individual named in B(vii) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(i) to (iv)					
D. For each beneficiary company named in B(vii) as a beneficial owner of a holder company enclose:					
(i) a certificated copy of the certificate of incorporation of that beneficiary company; and					
(ii) a statement as to the nature of that beneficiary company's business signed by a director; and					
(iii) the name and address of the beneficiary company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and					
(iv) enclose a list of the names and residential/registered address of each beneficial owner owning more than 5% of the issued share capital of that beneficiary company.					
E. If the payor is not an applicant and is not a bank providing its own cheque or banker's payment on the reverse of which is shown details of the account being debited with such payment enclose:					
(i) if the payor is a person, for that person the documents mentioned in A(i) to (iv); or					
(ii) if the payor is a company, for that person the documents mentioned in B(i) to (vii); and					
(iii) an explanation of the relationship between the payor and the applicant(s).					

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Applications should be returned so as to be received by 11.00 a.m. on 10 April 2014.

All Applicants should read Notes 1-5. Note 6 should be read by applicants who wish to hold their New Shares in uncertificated form. Note 7 should be read by joint applicants.

1. Application

Fill in (in figures) the aggregate number for which your application for New Shares is made. Your application must be for a minimum of 1,000 New Shares or, if for more than 1,000, in multiples of 100.

2. Amount payable

Fill in (in figures) the total amount payable for the New Shares for which your application is made which is the amount in Box 1 multiplied by the Initial Placing and Offer Price, being 50.25 pence per New Share.

3. Personal details

Fill in (in block capitals) your full name, address and daytime telephone number. If this application is being made jointly with other persons, please read Note 7 before completing Box 3.

If you are making this application on behalf of another person or a corporation, that person's or corporation's details should be filled in (in block capitals) in Box 3.

4. Signature

The applicant named in Box 3 must date and sign Box 4.

The Application Form may be signed by another person on your behalf if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified as true by a solicitor or a bank) must be enclosed for inspection. A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated.

5. Cheque/banker's draft details

Attach a cheque or banker's draft for the exact amount shown in Box 2 to your completed Application Form. Your cheque or banker's draft must be made payable to "Computershare Investor Services PLC re: Schroder Real Estate Investment Trust Limited Offer for Subscription a/c" and crossed "a/c payee".

Your payment must relate solely to this application. No receipt will be issued. Your cheque or banker's draft must be drawn in Sterling on an account where you have sole or joint title to the funds held at a bank branch in the United Kingdom, the Channel Islands or the Isle of Man and must bear a United Kingdom bank sort code number.

Applications with a value of €15,000 (or its Sterling equivalent, being approximately £12,500) or greater, which are to be settled by way of a third party payment (e.g. banker's draft or building society cheque) will be subject to the verification of identity requirements which are contained in the Money Laundering Regulations 2007, the Money Laundering Directive (Council Directive No. 91/308/EEC), the Criminal Justice (Proceeds of Crime) (Financial Services Businesses) (Bailiwick of Guernsey) Regulations 2007 and the Handbook of Financial Services Business (together referred to as the "**Money Laundering Regulations**") (in each case as amended) and any other regulations applicable thereto. This may involve verification of names and addresses (only) through a reputable agency.

If satisfactory evidence of identity has not been obtained within a reasonable time, and in any event (unless the Offer for Subscription is extended) by 11.00 a.m. on 10 April 2014, your application may not be accepted.

Certificates, cheques and all other correspondence will be sent to the address in Box 3.

6. New Shares in uncertificated form (CREST)

If you wish your New Shares to be issued in uncertificated form you should complete Box 6 in addition to the other parts of the Application Form.

7. Joint applicants

If you make a joint application, you will not be able to transfer your New Shares into an ISA. If you are interested in transferring your New Shares into an ISA, the application should be made by you (or on your behalf) in your name only. If you do wish to apply jointly, you may do so with up to three other persons. Boxes 3 and 4 must be completed by one applicant. All other persons who wish to join in the application must complete and sign Box 7.

Another person may sign on behalf of any joint applicant if that other person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified as true by a solicitor or a bank) must be enclosed for inspection.

Certificates, cheques and all other correspondence will be sent to the address in Box 3.

8. Verification of identity

Section 8 of the Application Form only applies if the aggregate value of the New Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £12,500). If section 8 applies to your application, you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) is completed.

8.1 Professional adviser or intermediary

You should complete section 8.1 of the Application Form if you are a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser acting on behalf of a client.

8.2 Reliable introducer

If you are not a professional adviser or intermediary and the value of your application(s) exceed(s) €15,000 (or its Sterling equivalent, being approximately £12,500), you will be required to provide the verification of identity documents listed in section 8.3 of the Application Form unless you can have the declaration set out in section 8.2 of the Application Form given and signed by a firm acceptable to the Receiving Agent and the Company. Section 8.2 of the Application Form details those firms acceptable to the Receiving Agent and the Company for signing the declaration. In order to ensure their Application Forms are processed timely and efficiently, all applicants who are not professional advisers or intermediaries and to whose applications section 8 of the Application Form applies are strongly advised to have the declaration set out in section 8.2 of the Application Form completed and signed by a suitable firm where possible.

8.3 Applicant identity information

Section 8.3 of the Application Form need only be completed where the aggregate value of the New Shares which you are applying for exceeds €15,000 (or its Sterling equivalent, being approximately £12,500) and neither sections 8.1 nor 8.2 of the Application Form can be completed.

Notwithstanding that the declaration set out in section 8.2 of the Application Form has been completed and signed, the Receiving Agent, Numis, J.P. Morgan Cazenove and the Company reserve the right to request of you the identity documents listed in section 8.3 of the Application Form and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence.

If satisfactory evidence of identity has not been obtained within a reasonable time, your application might be rejected or revoked.

Where certified copies of documents are requested in section 8.3 of the Application Form, such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

9. Instructions for delivery of completed Application Forms

Completed Application Forms should be returned by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received by no later than 11.00 a.m. on 10 April 2014, together in each case with payment in full in respect of the application. If you post your Application Form, you are recommended to use first class post and to allow sufficient time for it to be delivered. Application Forms received after this date may be returned.

