

MAILBOX REIT



MAILBOX REIT PLC PROSPECTUS

September 2020

Lead Adviser & Joint Book Runner:
WH Ireland

Joint Book Runner:
Panmure Gordon



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. THE CONTENTS OF THIS DOCUMENT ARE NOT TO BE CONSTRUED AS LEGAL, FINANCIAL, BUSINESS OR TAX ADVICE. EACH PROSPECTIVE SHAREHOLDER SHOULD CONSULT THEIR OWN LEGAL ADVISER, FINANCIAL ADVISER OR TAX ADVISER FOR LEGAL, FINANCIAL OR TAX ADVICE. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) (“FSMA”) if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

A copy of this document, which comprises a prospectus (the “**Prospectus**”) relating to Mailbox REIT plc (the “**Company**”), prepared in accordance with the Prospectus Regulation Rules of the Financial Conduct Authority (the “**FCA**”) made pursuant to section 73A of FSMA, has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules.

This document has been approved as a prospectus by the FCA under section 87A of the FSMA, as a competent authority under Regulation (EU 2017/1129) (the “**Prospectus Regulation**”). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Company or of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

Application will be made to the International Property Securities Exchange (the “**IPSX**”) for all of the Ordinary Shares of the Company issued and to be issued in connection with the Offer to be admitted to trading on IPSX. It is not intended that any class of shares in the Company be admitted to listing in any other jurisdiction. It is expected that admission will become effective and that dealings in the Ordinary Shares will commence at 9.00 a.m. (London time) on 21 October 2020 (“**Admission**”).

Securities admitted to trading on IPSX are not admitted to the official list maintained by the FCA (the “**Official List**”). Therefore, the Company has not been required to satisfy the eligibility criteria for admission to listing on the Official List and is not required to comply with the Listing Rules made by the FCA pursuant to Part VI of FSMA (the “**Listing Rules**”). The London Stock Exchange has not examined or approved the contents of this Prospectus.

The Company and each of the Directors, whose names appear on pages 207 and 208 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of their knowledge, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect the import of such information.

You should read this Prospectus in its entirety and in particular the risk factors set out in the section of this Prospectus titled “Risk Factors”.

Mailbox REIT plc

(incorporated in England and Wales under the Companies Act 2006 with registered number 12524041)

Placing and Offer for Subscription of 62,500,000 Ordinary Shares at an Offer Price of £1.00 per Ordinary Share

Intermediaries Offer

and

Admission to Trading on the International Property Securities Exchange

IPSX Lead Adviser and Joint Bookrunner

WH Ireland Limited

Joint Bookrunner

Panmure Gordon (UK) Limited

The FCA has approved the Company’s notification of its intention to market the Ordinary Shares in the UK, Belgium, Germany and Republic of Ireland in accordance with regulation 54 of the UK Alternative Investment Fund Managers Regulations 2013, which implements article 32 of the European Alternative Investment Fund Managers Directive, and the FCA has notified the AIFM that the FCA has transmitted the marketing notification to the competent authorities of Belgium, Germany and Republic of Ireland.

You should only rely on the information contained in this Prospectus. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Directors, WH Ireland Limited (“**WH Ireland**”), Panmure Gordon (UK) Limited (“**Panmure Gordon**”) and, together with WH Ireland, the “**Joint Bookrunners**”) or any other person. In particular, the websites of the Company and the M7 Group (as defined herein) do not form part of this Prospectus and should not be relied on.

Without prejudice to any legal or regulatory obligation on the Company to publish a supplementary prospectus pursuant to Article 23 of the Prospectus Regulation and Rule 3.4 of the Prospectus Regulation Rules, neither the publication and/or delivery of this Prospectus, nor any subscription or sale made hereunder nor Admission shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Prospectus or that the information in this Prospectus is correct as at any time after the date of this Prospectus.

WH Ireland, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively as Joint Bookrunner and Lead Adviser for the Company and no-one else in connection with the Offer and Admission and will not regard any other persons as its client in relation to the Offer and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to clients of WH Ireland, nor for providing advice in connection with the Offer and Admission or any other matter or arrangement referred to in this Prospectus.

Panmure Gordon, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively as Joint Bookrunner for the Company and no-one else in connection with the Offer and Admission and will not regard any other persons as its client in relation to the Offer and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Panmure Gordon, nor for providing advice in connection with the Offer and Admission or any other matter or arrangement referred to in this Prospectus.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Joint Bookrunners by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither Joint Bookrunner nor any person affiliated with either of them accepts responsibility whatsoever for, or makes any representation or warranty, express or implied, as to the contents of this Prospectus, including its accuracy, completeness or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Offer, Admission or the Ordinary Shares. Each of the Joint Bookrunners accordingly disclaim, to the fullest extent permitted by applicable law, all and any duty, liability and responsibility, whether arising in tort, contract or otherwise (save as referred to above), in respect of this Prospectus or any such statement or otherwise.

Intermediaries Offer

The Company consents to the use of this Prospectus in connection with any subsequent resale or final placement of securities by Intermediaries in the United Kingdom on the following terms: (i) in respect of Intermediaries who are appointed by the Company prior to the date of this Prospectus, from the date of this Prospectus; and (ii) in respect of Intermediaries who are appointed by the Company after the date of this Prospectus, from the date on which they are appointed to participate in the Intermediaries Offer and agree to adhere to and be bound by the Intermediaries Terms and Conditions, in each case until the closing of the Intermediaries Offer. The offer period within which any subsequent resale or final placement of securities by Intermediaries can be made and for which consent to use this Prospectus is given commences on 1 October 2020 and closes at 11.00 a.m. on 15 October 2020, unless closed prior to that date (any such prior closure to be announced via a Regulatory Information Service). The Company and the Directors accept responsibility for the information contained in this Prospectus with respect to any purchaser of Ordinary Shares pursuant to the Intermediaries Offer. **Any Intermediary that uses this Prospectus must state on its website that it uses this Prospectus in accordance with the Company's consent and the conditions attached thereto. Intermediaries are required to provide, at the time of such offer, the terms and conditions of the Intermediaries Offer to any prospective investor who has expressed an interest in participating in the Intermediaries Offer to such Intermediary. Any application made by investors to any Intermediary is also subject to the terms and conditions imposed by such Intermediary. If any further Intermediaries are appointed by the Company and the AIFM after the date of this Prospectus, the Company will make an announcement via a Regulatory Information Service.**

Notice to overseas investors

The distribution of this Prospectus and issue of Ordinary Shares in certain jurisdictions other than the United Kingdom may be restricted by law. No action has been taken by the Company to permit a public offering of Ordinary Shares or possession or distribution of this Prospectus (or any other offering or publicity materials relating to Ordinary Shares) in any other jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this Prospectus nor any advertisement may be distributed or published in any other jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Company and the Joint Bookrunners to inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Neither this Prospectus nor any other related documents will be distributed in or into the United States, Australia, Canada, South Africa, Japan or any other jurisdiction where such offer or sale would be unlawful. This Prospectus does not constitute or form part of an offer to sell, or the solicitation of an offer to buy or subscribe for, Ordinary Shares to any person in any jurisdiction to whom or in which such offer or solicitation is

unlawful, and persons into whose possession this Prospectus comes should review the Selling Restrictions as set out at Part XII (*Additional Information*), paragraph 18.

This Prospectus is not an offer of securities for sale in the United States and there will be no public offer of securities in the United States. The securities described in this Prospectus have not been and will not be registered under the US Securities Act of 1933, as amended (the “**Securities Act**”) or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold or transferred, directly or indirectly, within the United States, except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the Securities Act and in each case in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The securities are being offered and sold outside the United States in offshore transactions within the meaning of, and in reliance on, Regulation S under the Securities Act.

The securities described in this Prospectus have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon, determined or endorsed the merits of the securities or the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the United States.

Other Important Notices

In connection with the Offer, the Joint Bookrunners and/or any of their respective affiliates acting as an investor for its or their own account(s), may acquire Ordinary Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or other related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Ordinary Shares being issued, offered, acquired, subscribed or otherwise dealt with, should be read as including any issue or offer to, acquisition of, or subscription or dealing by the Joint Bookrunners and any of their respective affiliates acting as an investor for its or their own account(s). None of the Joint Bookrunners or any of their respective affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition, in connection with the Offer, the Joint Bookrunners may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements where Ordinary Shares are used as collateral, which could result in the Joint Bookrunners acquiring shareholdings in the Company.

No person has been authorised to give any information or make any representations other than those contained in this Prospectus or any supplementary prospectus published by the Company prior to Admission and, if given or made, such information or representations must not be relied upon as having been authorised by the Company or the Joint Bookrunners.

The contents of this Prospectus should not be construed as legal, financial, business, investment or tax advice. Each prospective investor should consult his, her or its legal adviser, independent financial adviser or tax adviser for legal, financial, business, investment or tax advice. Prospective investors must inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of the Ordinary 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, redemption or other disposal of the Ordinary Shares.

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Issue, including the merits and risks involved. Each investor also acknowledges that: (i) it has not relied on the Joint Bookrunners or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this Prospectus or its investment decision; and (ii) it has relied only on the information contained in this Prospectus and any supplementary prospectus published by the Company prior to Admission, and that no person has been authorised to give any information or to make any representation concerning the Company or any of its subsidiaries or the Ordinary Shares (other than as contained in this Prospectus and any supplementary prospectus published by the Company prior to Admission) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Joint Bookrunners or any of their respective affiliates.

This Prospectus should be read in its entirety before making any application for Ordinary Shares.

The Ordinary Shares are PRIIPs as defined in Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”). As such a key information document (“**KID**”) has been prepared in respect of the Ordinary Shares and will be available to retail investors solely in the United Kingdom (in the EEA) on the Company’s website as required by the PRIIPs Regulation.

Ordinary Shares are available to retail investors solely in the United Kingdom (in the EEA). Capitalised terms contained in this Prospectus shall have the meaning given to such terms in under Part XIII (*Definitions*) and Part XIV (*Glossary*) of this Prospectus.

This Prospectus is dated 30 September 2020.

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SUMMARY

I INTRODUCTION

a. Name and ISIN of securities

Name: Ordinary Shares of Mailbox REIT plc
International Securities Identification Number (ISIN): GB00BM9BWM32

b. Identity and contact details of the Company

Name: Mailbox REIT plc (the “**Company**”) (incorporated in England and Wales with registered number 12524041)
Registered Address: C/O Alter Domus (UK) Limited, 18 St Swithin's Lane, London, United Kingdom, EC4N 8AD
Tel: +44 (0) 20 3657 5500
Legal entity identifier: 2138009UZ3H2HLFHK55

c. Identity and contact details of the competent authority

Name: Financial Conduct Authority
Address: 12 Endeavour Square, London, E20 1JN, United Kingdom
Tel: +44 (0) 20 7066 8348

d. Date of approval of the prospectus

This Prospectus was approved on 30 September 2020.

e. Warnings

You are about to purchase a product that is not simple and may be difficult to understand. This summary should be read as an introduction to this Prospectus. Any decision to invest in the Ordinary Shares should be based on consideration of the Prospectus as a whole by the investor. Any investor could lose all or part of their invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Ordinary Shares.

II KEY INFORMATION ON THE COMPANY

a. Who is the issuer of the securities?

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

The Company is domiciled in England and is a public company limited by shares. The Company's LEI is 2138009UZ3H2HLFHK55. The Company operates under the Companies Act 2006 and was incorporated in England and Wales on 18 March 2020 with registered number 12524041.

ii. Principal activities

The principal activity of the Company is the ownership, through its subsidiaries, of the Mailbox building located at Wharfside Street and Salvage Wharf, Birmingham consisting of 5 title numbers (the “**Property**”) and the Directors intend the Company to be the first single-asset REIT with its Ordinary Shares to be admitted to trading on IPSX.

iii. Major Shareholders

As at the date of this Prospectus, the Company is controlled by the Controlling Shareholder, M7 Real Estate Investment Partners MB LP (acting through its general partner, M7 Real Estate Investment Partners MB General Partner Limited) as the sole shareholder of the Company.

Insofar as is known to the Company at the date of this Prospectus, the Company anticipates that immediately following Admission, the following persons will be directly or indirectly interested in three per cent. or more of the Company's issued share capital:

Shareholder	Direct or indirect holding	No. of Ordinary Shares to be acquired pursuant to the Offer	% of total issued share capital immediately following Admission
M7 Real Estate Investment Partners MB LP	Direct	N/A	46.1%

Assuming Target Gross Proceeds of the Offer of £62.5 million

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

iv. **Directors**

The Directors of the Company are: Stephen Barter (Non-Executive Chairman), Mickola Wilson (Non-Executive Director) and Ian Womack (Non-Executive Director).

v. **Statutory auditors**

BDO LLP, whose registered address is at 55 Baker Street, London W1U 7EU, have been appointed as the statutory auditor to the Company.

b. **What is the key financial information regarding the Company?**

i. **Selected historical financial information**

The selected financial information for Mailbox (Birmingham) Limited ("MBL") set out below has been extracted without material adjustment from the financial statements of MBL for the years ended 31 December 2017, 2018 and 2019, as set out in Part VII (*Historical Financial Information*) of this Prospectus. MBL is a wholly owned indirect subsidiary of the Company.

	Year ended 31 December, (audited £'000)			
	2019	2018¹ Comparative (unaudited)	2018	2017
Revenue	9,868	9,822	9,193	9,412
Other property operating expenses	(2,505)	(3,550)	(3,135)	(4,105)
Gross profit	7,363	6,272	6,058	5,307
Administrative expenses	(967)	(513)	(496)	(1,966)
Profit on sale of investments	—	—	431	—
(Loss)/gain on investment property	(7,064)	(31,622)	(31,622)	10,754
Impairment provision on rent receivables	(304)	(117)	—	—
Operating (loss)/profit	(972)	(25,980)	(25,629)	14,095
Income from shares in Group companies	—	—	370	—
Finance costs (net)	(7,570)	(7,362)	(7,364)	(6,694)
(Loss)/Profit for the year	(8,542)	(33,353)	(32,623)	7,401

	As at 31 December, (audited £'000)		
	2019	2018	2017
<i>Non-current assets</i>			
Investment properties	200,000	206,400	226,500
<i>Current assets</i>			
Trade and other receivables	4,151	2,008	3,628
Cash and cash equivalents	265	3,229	1,813
	4,416	5,237	5,441
Total assets	204,416	211,637	231,941
<i>Non-Current liabilities</i>			
Interest bearing loans and borrowings	118,616	—	—
<i>Current liabilities</i>			
Interest bearing loans and borrowings	—	146,696	138,644
Trade and other payables	4,138	4,727	6,278
Intercompany loan payables	65,903	76,136	70,318
Total liabilities	188,657	227,559	215,240
Net assets/(liabilities)	15,759²	(15,922)	16,701

Note:

- The 2018 Comparative figures set out above represent the income statement of MBL adjusted for the following transaction:

MBL had a subsidiary – Mailbox (Car Parks) Limited (“MCP”) – which at the time operated the car park at the Property. In December 2018, MCP was sold by MBL and a new tenancy was granted to Q-Park Limited at an annual rental of £1.7 million for a period of 35 years. The 2019 financial statements for MBL reflect this new rental stream. The results for MCP for the financial years ended 31 December 2017 and 2018 are not included in the audited financial statements of MBL for those respective years but the comparative 2018 figures in the 2019 audited accounts for MBL consolidate MCP in the period up to the date of sale in the year ended 31 December 2018. The inclusion of MCP in the comparative figures for 2018 results in an increase of £628,965 in revenue and net operating losses of £350,895 compared to the figures shown in the statutory audited accounts for MBL in 2018. Overall net assets have not changed as the accounting impact of the consolidation is to reverse profit on disposal and to account for trading results of the MCP through operating reserves.

The Directors do not believe that providing separate accounts for MCP for the two years ended 31 December 2018 would add any useful information for an investor as the rental stream from the lease entered into with a third party has replaced MCP and hence the audited 2019 figures better reflect the current commercial reality.

- MBL was acquired by Propco in December 2019; as part of the acquisition the pre-existing shareholder loan of £40.2 million with the former owner was written-off.
- The Company was recently incorporated for the purposes of the Offer and Admission and as at the date of this Prospectus has no historical operations of its own. Therefore, this Prospectus does not present any standalone financial information for the Company.

ii. **Current Trading and Prospects**

In the first quarter of 2020, the Property continued to operate in line with management expectations until the Covid-19 pandemic in the United Kingdom led to the shut-down of offices and retail outlets on 23 March 2020. Rental receipts for the March 2020 Quarter Day were 82.3 per cent. of rent due and were 68.7 per cent. of rent due for the June 2020 Quarter Day as at 6 August 2020. This compares with rent collected for the December 2019 Quarter Day of 96.2 per cent. on a comparable basis.

The outbreak of Covid-19 has negatively impacted economic conditions globally and is having an adverse and disruptive effect on the UK economy both nationally and regionally. The Covid-19 outbreak has had a direct impact on the key tenants of the Property and rent collections since the UK government instituted a lockdown on 23 March 2020. The Directors and the AIFM believe that the Property has performed well under adverse conditions based on the rent collection figures discussed above.

Approximately 47.6 per cent. of passing rent is represented by office tenants and a further 18.9 per cent. of the passing rent is represented by the car park and H20 at the Property as of August 2020. The Property’s office tenants and car park tenant have continued to meet their

rental obligations in full through the June 2020 Quarter Day. The remainder of the Property's passing rent is comprised of tenants in the leisure sector (comprising food & beverage tenants and a cinema) (21.2 per cent.) and retail sector (11.9 per cent.) both of which have been significantly affected by the government lockdown implemented on 23 March 2020 and consequently the Group has agreed rent deferrals with certain tenants.

The ability to collect rent has a significant knock-on effect on a number of matters which affect the Group:

- The valuation of the Property is driven, intrinsically, by market sentiment, supply and demand, tenant covenant and the rent the asset generates and hence any reduction in rent collected could affect its value. The valuation of the Property at 17 August 2020 of £179 million compared to the valuation of £200 million at 31 December 2019 reflects this current market uncertainty;
- Economic uncertainty resulting from Covid-19 will make it more difficult to re-let any space that becomes vacant and affects the ability to maintain or increase rental values with new tenants in the short to medium term. This is also relevant to the proposed development of the new office space on Level 1 of the Property should the demand for prime regional office accommodation decrease significantly;
- Reduced income hinders the ability to pay dividends at the rate intended by the Company's board of directors (the "**Board**"); and
- Cash constraints may hinder the ability to pay dividends at a rate that maintains the Group's REIT status, however the expectation of the collection of deferred 2020 rental income during 2021 will increase income during that period and increase the likelihood of reaching the proposed dividend target.

The Board as advised by the AIFM, believes that the return to work will continue to accelerate in the United Kingdom and is confident of the prospects for rent collections for the September 2020 Quarter Day and beyond. The Company has made assumptions in relation to the collection rates for the September 2020 Quarter Day. This is because, at the date of this Prospectus, it will not be in possession of full information in relation to rent and service charge collections for this quarter. It anticipates being in possession of such information in mid-October 2020 at which point, should such collections be materially different to those assumed, the Company intends to publish a supplementary prospectus as required.

iii. **Selected pro forma financial information**

	MBL	Adjustments				Unaudited pro forma net assets of the Group
	31-Dec-19 £m	Valuation £m	Share Offer £m	Refinance £m	Loan capitalisation £m	Pro forma £m
Non-current assets						
Investment Properties	200.0	(21.0)	—	—	—	179.0
Current Assets						
Trade & other receivables	4.2	—	—	—	—	4.2
Cash	0.3	—	59.4	(50.0)	(2.0)	7.6
	4.5	—	59.4	(50.0)	(2.0)	11.8
Non-current liabilities						
Loans	120.0	—	—	(50.0)	—	70.0
Capitalised costs	(1.4)	—	—	1.4	—	—
	118.6	—	—	(48.6)	—	70.0
Current liabilities						
Trade payables	4.2	—	—	—	—	4.2
Inter- company loan	65.9	—	—	—	65.9	—
	70.1	—	—	—	65.9	4.2
Net assets	15.8	(21.0)	59.4	1.4	63.9	116.6

The unaudited *pro forma* statement of net assets of the Group is based on the net assets of MBL as at 31 December 2019 and does not reflect the introduction of the Company as a new holding company for MBL via the acquisition of Holdco. Other than the revaluation of the Property as set out in Part IV (*Property Valuation Report*), no adjustment has been made to reflect the trading results or financial position of MBL since 31 December 2019 and the adjustments shown are related to the Offer set out in this Prospectus.

Based on the Target Gross Proceeds, the net proceeds of the Offer would be £59.4 million, of which £50 million is to be applied to reduce the DB Facility from £120 million to £70 million. Immediately before Admission all but the balance of the inter-company loan is to be eliminated through (a) the partial waiver and release of this loan and (b) the application of the proceeds of a submission for shares in MBL made by Propco, enabling MBL to repay Propco. The balance of £2 million will be repaid out of the proceeds of the Offer.

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

- The valuation of the Property is subjective and uncertain and based on assumptions which may prove to be inaccurate and may be impacted by economic conditions.
- The current Covid-19 pandemic, or the future outbreak of other highly infectious or contagious diseases, could materially and adversely affect the Group's business, financial condition and results of operations.
- The Group is subject to interest rate risks relating to the availability of credit.
- The Property is located in Birmingham and the Company will, therefore, have greater exposure to political, economic and other factors affecting the Birmingham real estate market than more geographically diversified businesses.
- The Company is subject to risks relating to its asset management initiatives which may be more expensive than anticipated and take longer to implement.
- The Group is subject to risks related to the management and collection of rent.
- The Group is dependent on the expertise of the "M7 Group", including the AIFM, and their key personnel, to assist in the implementation of the Group's strategy.

- The Company's ability to pay dividends will depend upon its ability to generate sufficient earnings and certain legal and regulatory restrictions.
- The AIFMD imposes additional obligations on the AIFM, which may adversely affect the Company's ability to maintain the Property.
- The Group is subject to risks relating to taxation, including maintaining its REIT status.

III KEY INFORMATION ON THE SECURITIES

a. What are the main features of the securities?

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

When admitted to trading, the Ordinary Shares will be registered with ISIN number GB00BM9BWM32 and SEDOL number BM9BWM3.

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

The currency of the Ordinary Shares is pounds sterling. As at the date of this Prospectus the issued share capital of the Company is £5,350,000 comprising 53,500,000 Ordinary Shares of 10 pence each, all of which are held by the Controlling Shareholder. On Admission, the issued share capital of, assuming Target Gross Proceeds of the Offer of £62.5 million, the Company will be £11.6 million comprising 116,000,000 Ordinary Shares of 10 pence each, all of which will be fully paid. If the Minimum Net Proceeds of £59.4 million are not raised, the Offer, and subsequent Admission, will not proceed and subscription monies will be returned without interest at the risk of the applicant.

iii. Rights attached to the securities

The rights attaching to the Ordinary Shares, upon Admission, will be uniform in all respects and they will form a single class for all purposes, including with respect to voting and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company. Subject to the provisions of the Companies Act 2006, any equity securities issued by the Company for cash must first be offered to the holders of ordinary shares in the capital of the Company in proportion to their holdings. The Companies Act 2006 allows for disapplication of pre-emption rights which may be waived by a special resolution of the holders of ordinary shares, whether generally or specifically, for a maximum period not exceeding five years. On a show of hands, every shareholder who is present in person shall have one vote, and on a poll, every shareholder present in person or by proxy shall have one vote per ordinary share held by it.

iv. Relative seniority of the securities

The Ordinary Shares do not carry any rights to participate in a distribution (including on a winding-up) other than those that exist under the Companies Act 2006. The Ordinary Shares will rank *pari passu* in all respects.

v. Restrictions on free transferability of the securities

The Ordinary Shares are freely transferable and there are no restrictions on transfer, subject to compliance with applicable securities laws.

vi. Dividend policy

The Company is targeting an initial annual dividend payment of 5 pence per Ordinary Share equating to a yield of 5 per cent. per annum by reference to the Offer Price.

The dividend target stated above is a target only and not a profit forecast. There can be no assurance that this target will be met and it should not be taken as an indication of the Company's expected future results. Accordingly, potential investors should not place any reliance on this target in deciding whether or not to invest in the Company and should decide for themselves whether or not the target dividend is reasonable or achievable.

The Company intends to pay dividends on a quarterly basis in cash, with the first interim dividend expected to be declared and paid in the first quarter of 2021.

In order to increase the distributable reserves available to facilitate any payment of dividends, the Company has resolved that, conditional upon Admission and the approval of the court, the amount standing to the credit of the share premium account of the Company immediately

following Admission be cancelled and transferred to distributable reserves. The Company may, at the discretion of the Board, use such distributable reserves to pay all or any part of any future dividends, taking into account the Company's target dividend.

The amount, timing and frequency of future dividends will be at the sole discretion of the Board and will be declared based upon various factors, including but not limited to, return on capital of available organic and inorganic investment opportunities, the Group's financial condition and operating cash flows, undertakings to creditors and loan covenants.

b. Where will the securities be traded?

Application will be made to IPSX for all of the Ordinary Shares of the Company issued and to be issued in connection with the Offer to be admitted to trading on IPSX.

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

- The Ordinary Shares may not be suitable for all investors
- It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares
- IPSX is a new trading platform
- The market value of the Ordinary Shares may fluctuate
- Future sales of Ordinary Shares could cause the market price of the Ordinary Shares to fall

IV KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKET

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

i. Terms and conditions

It is expected that admission of the Ordinary Shares to trading on IPSX will become effective and that unconditional dealings will commence at 9.00 a.m. (London time) on 21 October 2020.

The Company is targeting an issue of 62,500,000 Ordinary Shares in the Offer.

ii. Details of admission to trading on a regulated market

Applications will be made to IPSX for all of the Ordinary Shares of the Company issued, and to be issued in connection with the Offer, to be admitted to trading on IPSX. It is expected that Admission will become effective and that dealings on IPSX in the Ordinary Shares will commence at 9.00 a.m. (London time) on 21 October 2020.

iii. Estimate of the total expenses of the Offer and Admission

The total costs and expenses incurred by the Company in connection with the Offer and Admission are estimated to be £3.1 million (inclusive of VAT). No expenses will be charged to investors by the Company in respect of the Offer or Admission.

b. Why is this Prospectus being produced?

This Prospectus has been prepared in connection with the Offer and the application for Admission. The Company will receive net proceeds (after deducting commissions and other fees and expenses of the Offer (including VAT) payable by the Company) of approximately £59.4 million. Part of the proceeds from the Offer, approximately £50 million will be used to reduce the debt within the Group by an equivalent amount so that the Loan to Value ratio of the Group is equal to or less than 40 per cent. and the outstanding debt is reduced from £120 million to £70 million. The Company intends to use up to £5.2 million of the net proceeds from the issue of new Ordinary Shares to carry out the redevelopment of Level 1 of the Property to create additional lettable office space of approximately 50,000 square feet and the balance for general working capital purposes.

RISK FACTORS

Any investment in the Company and in the Ordinary Shares is subject to a number of risks. Prior to investing in the Ordinary Shares, prospective investors should consider carefully the factors and risks associated with any investment in the Ordinary Shares, the Company's business and the industry in which it operates, together with all other information contained in this Prospectus in its entirety including, in particular, the risk factors described below.

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

The Directors consider the following risks to be material for prospective investors in the Company. However, the following is not an exhaustive list or explanation of all risks that prospective investors may face when making an investment in the Ordinary Shares and should be used as guidance only. Additional risks and uncertainties not currently known to the Directors, or that the Directors currently deem immaterial, may individually or cumulatively also have an adverse effect on the Company's financial condition, business, prospects and/or results of operations. In such a case, the market price of Ordinary Shares could decline and investors may lose all or part of their investment. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this Prospectus and their personal circumstances. If investors are in any doubt about any action they should take, they should consult a competent independent professional advisor who specialises in advising on the acquisition of publicly traded securities.

The information included herein is based on information available as at the date of this Prospectus and, except as requested by the FCA or required by the Prospectus Regulation, the Prospectus Regulation Rules, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules or any other applicable law, will not be updated. Any forward-looking statements are made subject to the reservations specified under the heading "Forward-looking statements" in the section titled "Important Information" of this Prospectus.

Prospective investors should read this section in conjunction with this entire Prospectus.

RISKS ASSOCIATED WITH PROPERTY INVESTMENT

The valuation of the Property is inherently subjective and uncertain and based on assumptions which may prove to be inaccurate

The valuation of a property is inherently subjective and uncertain due to the individual nature of each property, its location and the expected future rental revenues from that particular property, among other things. The valuation may fluctuate from time to time due to a variety of extraneous factors, such as macro-economic conditions or developments within the same market as the subject property. A valuation reflects a valuer's opinion on such matters, as well as the valuer's assessment of risk, as such it is a subjective exercise based on a range of assumptions and estimations that require professional judgment. There is no assurance that the valuation of the Property will reflect the actual sale price even where such sale occurs shortly after the relevant valuation date, and estimated yield and annual rental income that underlie valuations may not be attainable.

In determining the value of properties, valuers are required to make assumptions in respect of matters including, but not limited to, the existence of willing sellers (during what might be uncertain market conditions), title, condition of structure, services goodwill, environmental matters, statutory requirements and planning, expected future rental revenues from the property and other information. Such assumptions may prove to be entirely wrong or inaccurate. Incorrect assumptions or flawed assessments underlying the valuation reports may have a material adverse impact on the Company's financial condition and potentially inhibit the Company's ability to realise a transaction price that reflects the stated valuation or to raise finance using the Property as security. This is particularly so in periods of volatility or when there has been limited transactional evidence against which property valuations can be benchmarked.

The long-term valuation of a property can be adversely affected by a downturn in the property market which can result from a range of factors such as: capital values weakening, rental values falling, increases in voids and the general rise in property yields. In the event of a default by a tenant during any void period, the landlord will suffer a rental shortfall and incur additional expense until the space is re-let.

Property values are also directly linked to rental income which can be affected by the state of the economy. Changes in Gross Domestic Product (“GDP”), employment conditions in the local and national economy, inflation and interest rates can all affect the demand for premises and therefore values.

The Company is subject to risk arising from general macro-economic conditions in the United Kingdom and globally

Global economic uncertainty and any weakening in economic conditions in the United Kingdom or elsewhere and, in particular, any restriction in the availability of credit, may reduce the value of the Property, and may reduce liquidity in the real estate market in general. Negative economic factors may impact on the financial performance of tenants which may also in turn impact upon their ability to pay for the rent and services to be provided by the Company. This may have an adverse impact on the returns of the Company. *See The current Covid-19 pandemic, or the future outbreak of other highly infectious or contagious diseases, could materially and adversely affect the Group’s business, financial condition and results of operations”.*

The Group may be negatively impacted by the UK’s withdrawal from the European Union

In March 2017, the United Kingdom gave notice of its intention to leave the EU under Article 50 of the Treaty on European Union. In October 2019, a withdrawal agreement (the “**Withdrawal Agreement**”) setting out the terms of the United Kingdom’s exit from the European Union, and a political declaration on the framework for the future relationship between the United Kingdom and European Union was agreed between the UK and EU governments.

The Withdrawal Agreement, which became effective on 31 January 2020, includes the terms of a transition or “standstill” period until 31 December 2020, during which time the United Kingdom and European Union will continue to negotiate the terms of a trading arrangement which will apply following the standstill period when the United Kingdom will have formally withdrawn from the European Union but will still be treated for most purposes as an EU member state.

Until the terms of the United Kingdom’s exit from the EU are clearer, it is not possible to determine the impact that the United Kingdom’s departure from the EU and/or any related matters may have on the Company, including the Net Asset Value (“NAV”) per Ordinary Share, the market value or the liquidity of the Ordinary Shares or the covenant strength of the Company’s tenants. Such potentially prolonged uncertainty and the potential negative economic trends that may follow, for example, a decline in GDP and a significant and prolonged devaluation of sterling, may have a material adverse effect on the Company’s business, financial position and/or results of operations or the valuation of the Property.

The Group is subject to interest rate risk and risks relating to the availability of credit

The real estate investment industry is highly capital intensive. As at 31 December 2019, MBL had interest bearing loans and borrowings (net) of £118.6 million with floating interest rates. The Group intends to repay part of this debt and refinance it with a new facility shortly after Admission. Interest rates are highly sensitive to many factors, including international and domestic economic and political conditions, and other factors beyond the Company’s control. The level of interest rates can fluctuate due to, among other things, inflationary pressures, disruption to financial markets and the availability of bank credit. If interest rates rise, the Company will be required to use a greater proportion of its revenues to pay interest expenses on its floating rate debt. While the Group has used interest rate hedges in the past, such measures may not be sufficient to protect the Company from risks associated with movements in prevailing interest rates. In addition, hedging arrangements expose the Company to credit risk in respect of the hedging counterparty. Increased exposure to adverse interest rate movements through floating rate debt and related hedging arrangements may have a material adverse effect on the Company’s financial condition, business, prospects and results of operations.

In addition, in the future the Company may require new debt in order to refinance existing debt, fund asset management initiatives or refurbish common areas or a vacant space. There can be no guarantee that the Company will be able to obtain the borrowings it may need on commercially acceptable terms or at all, which could materially adversely affect its ability to achieve its target dividends or implement effectively its asset management initiatives. If the Company is unable to obtain what it considers to be the requisite amount of borrowings on the appropriate terms, it may seek to raise additional funds through the issue of debt securities or further equity securities to new and existing shareholders which may have a dilutive effect on the interests of Shareholders immediately prior to such an issue. Nothing in this risk factor is intended to qualify the statement made in this Prospectus as to the sufficiency of the Group's working capital. To the extent the Company incurs a substantial level of indebtedness, this could reduce the Company's financial flexibility and cash available to pay dividends to shareholders due to the need to service its debt obligations.

Any of the foregoing events may have a material adverse effect on the Company's financial condition, business, prospects, results of operations and ability to make dividends to shareholders.

The Group is subject to environmental regulations that could impose liability on the Group

As the owner of the Property, which is situated next to a canal, the Company is subject to environmental regulations that can impose liability for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination. While the Group has not been subject to such liability during the period under review, the costs of any required removal, investigation or remediation of such substances may be substantial. The presence of such substances, or the failure to remediate such substances properly, may also adversely affect the Company's ability to sell or lease the real estate or to borrow using the real estate as security. If the Company is found to be in violation of environmental regulations, it could face reputational damage, regulatory compliance penalties, reduced letting income and reduced asset valuation, which may have a material adverse effect on the Company's business, financial condition, results and future prospects and/or the price of the Ordinary Shares.

Environmental laws often impose liability whether or not the owner or operator knew of or was responsible for, the presence of hazardous or toxic substances. A property owner who violates environmental laws may be subject to sanctions which may be enforced by governmental agencies or, in certain circumstances, by private parties. The Company may suffer the costs of remedial claims or restrictions on the use of the Property. Finally, the costs of defending claims or complying with environmental regulatory requirements including remediation may adversely affect the Company's business, assets and operations and consequently reduce the amounts available for distribution by way of dividends.

Redevelopment, expansion and/or the refurbishment of the Property may be necessary in the future to preserve rental income and could be adversely affected by a number of factors

Returns from investment in property depend largely upon the amount of rental income generated from the Property and the expenses incurred in asset management initiatives such as refurbishment works, the repair, increasing the size of the Property, changing the configuration of the Property, maintenance and management of the Property, as well as changes in its market value. Development or redevelopment expenditure may be necessary in the future to preserve the rental income generated from and the value of the Property and to modernise and improve the marketability of the Property, which could negatively impact the Company's business, financial condition, results of operations and prospects or the valuation of the Property.

RISKS ASSOCIATED WITH THE COMPANY AND THE PROPERTY

The Property is located in Birmingham and the Company will, therefore, have greater exposure to political, economic and other factors affecting the Birmingham real estate market than more geographically diversified businesses

The Company's investment will consist of the Property and an investment in Ordinary Shares may, therefore, be subject to greater risk than investments in companies with more diversified investment portfolios, geographically or otherwise. Accordingly, the Company's performance may be affected significantly by events beyond its control impacting Birmingham and the West Midlands. For instance any decision by a major car manufacturer to curtail car production in the West Midlands could have a significant knock-on impact on a range of engineering and support businesses for the

car industry. This would undoubtedly impact the Birmingham property investment and occupational market. In addition, any changes made by Birmingham's City Council as regards to the level of rates and other utility charges could impact the commercial viability of the Property to tenants and therefore demand for the Property. This in turn would put at risk the maintenance of the Property's rental income. Similarly changes in local or national planning regulations, including in relation to planned infrastructure projects, may reduce the potential for maximising rental income. This would potentially affect the market value of the Property and consequently the value of the Ordinary Shares. If the UK's status as a global business destination were damaged or diminished, tenant demand for commercial office, logistics and industrial space in the UK could decrease. Any of these events could reduce the capital and/or rental values of the Property and/or the ability of the Company to acquire or dispose of the Property and to secure or retain tenants on commercially acceptable terms or at all and, consequently, may have a material adverse effect on the Company's financial condition, business, prospects and results of operations.

The current Covid-19 pandemic, or the future outbreak of other highly infectious or contagious diseases, could materially and adversely affect the Group's business, financial condition and results of operations.

The Covid-19 pandemic has resulted in the UK Government, and other governments around the world, implementing numerous measures in an attempt to contain the virus, such as travel bans and restrictions, imposition of quarantines, prolonged closures of workplaces and curfews or other social distancing measures, and the mandatory closure of certain businesses.

The outbreak of Covid-19 has created considerable instability and disruption in the UK and other world economies. Considerable uncertainty still surrounds Covid-19 and its potential effects, however measures taken to limit the impact of Covid-19, including "social distancing" and other restrictions on travel, congregation and business operations have already resulted in significant negative economic impacts. The long-term impact of Covid-19 on the Birmingham and UK economies remains uncertain, but has resulted in significant economic disruption, the duration and scope of which cannot currently be predicted. Since the lockdown began in March, there have been a number of large UK retail stores and national restaurant chains that have announced the permanent closure of certain of their locations and/or the entering into company voluntary agreements ("**CVAs**") to restructure debts with creditors, including restructuring rents with landlords. At the date of this Prospectus, none of the Group's significant retail tenants, such as Harvey Nichols, have formally entered into a CVA process, but the Group cannot provide assurance that such tenants won't seek to enter into a CVA process in the future, given current trends in the retail industry. The Property's food and beverage tenants have been significantly impacted by the restrictions put in place to mitigate Covid-19 and it is expected that the Property's food and beverage tenants will continue to be significantly impacted through the end of 2020 and into the first quarter of 2021. For example, in 2020, two tenants, Cafe Rouge and Zizzi, have gone into administration, and a third, Pizza Express, has announced a CVA proposal which identifies the location in the Property for closure. While Cafe Rouge and Zizzi have continued to trade during administration, it is expected that Cafe Rouge will close its Mailbox location permanently and Zizzi has entered into a revised lease for its Mailbox location. The extent to which the Group's financial condition or operating results will continue to be affected by the Covid-19 pandemic will largely depend on future developments, which are highly uncertain and cannot be accurately predicted, including the duration, scope and severity of the pandemic, the actions taken to contain or mitigate its impact, and the direct and indirect economic effects of the pandemic and related containment measures, among others.

The Group's operating results primarily depend on revenues derived from leasing space to office and other tenants and since the Covid-19 related lockdown on 23 March 2020, rental receipts as a proportion of rent due declined from 96.2 per cent. for the December 2019 Quarter Day, to 82.3 per cent. for the March 2020 Quarter Day and to 68.7 per cent. for the June 2020 Quarter Day as at 6 August 2020. The majority of uncollected rent for the March 2020 Quarter Day and the June 2020 Quarter Day relate to retail and leisure tenants who were significantly impacted by the lockdown. The Group may also incur significant costs associated with protecting tenants, suppliers or third-party servicers and/or disinfecting the Property which may not be fully recovered through the service charges paid by tenants, which in turn may result in reduced cash flows, which may impact its ability to pay dividends and maintain its REIT status (See "*The Company's ability to pay dividends will depend upon its ability to generate sufficient earnings and certain legal and regulatory restrictions*" and "*—Risks Related to Taxation—If the Company and the Group fail to qualify, or remain qualified, as a REIT, its net rental income and gains will be subject to UK corporation tax*").

To the extent the management or personnel of the Group's third party service providers are impacted in significant numbers by the Covid-19 pandemic and are not available or allowed to conduct work, the Group's business and operating results may be negatively impacted.

Asset management initiatives may be more expensive than anticipated and take longer to implement

In accordance with its asset management strategy, the Group intends to undertake certain asset management initiatives such as changing the configuration of the Property (for which it has received planning permission), conducting rent reviews as well as modernising and improving the marketability of the Property. These works may be more extensive, expensive and take longer than anticipated or not develop as expected. The ability to carry out refurbishment works may be adversely affected by a number of factors including constraints on location, planning legislation, the need to obtain other licences, consents and approvals and the existence of restrictive covenants or social-distancing restrictions imposed in relation to the Covid-19 pandemic. In implementing refurbishment works the Group will rely upon the performance of third party service providers and contractors. Failure by any such service providers and contractors to carry out their obligations in accordance with their appointment terms could result in the refurbishment works being more expensive than anticipated and taking longer to complete.

The Company may not be able to maintain or increase the rental rates for the Property

The value of the Property, and the Company's turnover, will be dependent on the rental rates that can be achieved from the Property. The ability of the Company to maintain or increase the rental rates for its Property may generally be adversely affected by general UK economic conditions and/or the demand for office space (including any changes in demand resulting from new ways of working as a result of the Covid-19 pandemic). For example, average rents for office space in the Birmingham area have remained stable through June 2020, but take-up has declined which has resulted in an increase in the supply of office space in Birmingham. In addition, there may be other factors that depress rents or restrict the Company's ability to increase rental rates, including local factors relating to the Property (such as increased competition). Any failure to maintain or increase the rental rates at the Property may have a material adverse effect on the Company's profitability, the NAV, the value of the Ordinary Shares, the Company's ability to pay dividends and the Company's ability to meet interest and capital repayments on any debt facilities.

The Group is subject to risks related to the management of and collection of rent

Any decrease in the financial performance of the Property's tenants may negatively impact their ability to pay the Group correctly and on time. Tenant leases generate the majority of the Group's revenue. The Group is therefore subject to the credit risk of its tenants and the risk that tenants will be unable to make lease payments due to, for example, local economic conditions and factors affecting the industries in which the tenants operate. For example, in the year ended 31 December 2019, two tenants (Tom's Kitchen and LK Bennett entered administration) which negatively impacted the Company's revenue and net operating income or "NOI" until those spaces were re-let. In addition, since the lockdown on 23 March 2020, rental receipts as a proportion of rent due declined from 96.2 per cent. for the December 2019 Quarter Day, to 82.3 per cent. for the March 2020 Quarter Day and to 68.7 per cent. for the June 2020 Quarter Day as at 6 August 2020. The majority of uncollected rent for the March 2020 Quarter Day and the June 2020 Quarter Day relate to retail and leisure tenants who have been significantly impacted by the lockdown.

Furthermore, a significant percentage of the Group's rental income is derived from a small number of tenants. In the year ended 31 December 2019, four tenants at the Property accounted for approximately 57.2 per cent. of the Group's rental income. If any, or a number of these four tenants experiences a downturn in its business this may result in a failure by that tenant to pay rent on time or at all.

The default of tenants on leases and failure of tenants to make rental payments when due may lead to a significant decrease in revenues for the Group, which in turn may affect the Group's profitability and its ability to meet its financial obligations. The ability for the Group to generate revenue and pay a dividend is reliant upon its ability to collect rent from the Property's tenants and there is always the potential risk that the relevant tenant defaults, becomes insolvent or otherwise breaches its rent collection obligations.

Any of the foregoing may have a material adverse effect on the Company's financial condition, business, prospects and results of operations or the valuation of the Property.

The Company's Loan to Value ratio could exceed 40 per cent. if adverse fluctuations in valuations of the Property occur

The Company intends, following Admission, to repay in part the DB Facility using £50 million of the net proceeds from the Offer. This will result in the Company's LTV ratio being below the maximum 40 per cent. LTV limit set by the IPSX Rules. IPSX has granted a temporary derogation from the IPSX Rules to give the Company 15 business days to effect repayment. If for any reason the Company were unable to effect repayment in this time frame, or if going forward the Property's valuation were to fluctuate downwards and the LTV ratio exceeded 40 per cent., the Company would be in breach of the IPSX Rules. Although the Company would approach IPSX for a waiver or deferral of the relevant rule in these circumstances, there can be no assurance that IPSX will grant any such waiver or deferral. There is a risk that IPSX could suspend trading in the Ordinary Shares in these circumstances, until the LTV is restored to below 40 per cent. or cancel the trading in the Ordinary Shares. In these circumstances, Shareholders will retain their economic interest in the Company, but their ability to trade in the Ordinary Shares may be limited by the lack of access to trading on IPSX and it may negatively impact the ability of the Company to maintain its REIT status and therefore, the value of the Ordinary Shares. See "A change in the Group's tax status or in taxation legislation in the UK may adversely affect the Group's profits and/or Property value and/or dividends to Shareholders".

The Company may be unable to re-let a vacant space following the expiry of a tenancy

There can be no assurance that existing tenants will renew their leases at the end of their current tenancies and, if they do not, that new tenants of equivalent standing (or any new tenants) will be found to take up replacement leases. This is particularly the case where a vacant space requires refurbishment or redevelopment following the expiry of a tenancy. Tenants with the benefit of contractual break rights may also exercise these to bring the lease to an end before the contractual termination date. During vacant periods, the Group will suffer a rental shortfall and incur additional expenses until the vacant space is re-let. Even if tenant renewals or replacements are affected, there can be no assurance that such renewals or replacements will be on terms (including rental levels and rent review terms) that are as favourable to the Group as before or that new tenants will be as creditworthy as previous tenants. The inability of the Group to re-let properties to tenants on favourable terms or at all or to realise any alternative use value for the property, may have a material adverse effect on the Group's business, financial condition, results of operation and prospects or the valuation of the Property.

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

The Group has no employees and the Directors have all been appointed on a non-executive basis, therefore, the Group is reliant upon the performance of third party service providers for certain of its executive functions. In particular, the AIFM, the Asset Manager, the Depositary, the Company Secretary and the Registrar will be performing services which are integral to the operation of the Company. For example, the Group will be reliant on the M7 Group and its systems and network to perform risk management and asset management functions. Where a service provider needs replacing, whether due to expiry of an existing contract, insolvency, poor performance or any other reason, the Company will be required to appoint a replacement service provider. There is no assurance that contracts can be negotiated on similar terms and less favourable terms could result in increased operational and maintenance costs. Any replacement contractor may be more expensive and there is a further risk that finding a suitable service provider may take a long time, which may lead to downtime for the relevant assets. Failure by any service provider to carry out its obligations to the Group in accordance with the terms of its appointment or to replace any service provider in a timely manner, may have a material adverse effect on the Company's financial position, results of operation and business prospects.

The Group is dependent on the expertise of members of the M7 Group, including the AIFM, the Asset Manager and their key personnel, to assist in the implementation of the Group's asset management strategy

The Group will be reliant upon, and its success will depend on, the members of M7 Group, including the AIFM, the Asset Manager and their personnel, services and resources. The past

performance of other investments managed or advised by the M7 Group or its investment professionals, including the track record information contained in this Prospectus, cannot be relied upon as an indicator of the future performance of the Group. Investor returns will be dependent upon the Group successfully pursuing its asset management strategy. There can be no assurance that the M7 Group will be able to do so or that the Group will be able to generate any investment returns for Shareholders or indeed avoid investment losses. The future ability of the Group to pursue its asset management strategy successfully may, among other things, also depend on the ability of the M7 Group to retain its existing staff and/or to recruit individuals of similar experience and calibre. The retention of key members of the AIFM or the Asset Manager cannot be guaranteed. Furthermore, in the event of a departure of a key individual of the AIFM or the Asset Manager, there is no guarantee that the AIFM or the Asset Manager would be able to recruit a suitable replacement or that any delay in doing so would not adversely affect the performance of the Group. The underperformance or the departure of key skilled professionals from the AIFM or the Asset Manager may have a material adverse effect on the Company's business, financial condition and results of operations.

The Group is subject to risks associated with the misconduct of its service providers and their respective employees

Misconduct by employees of the AIFM, the Asset Manager or the Depositary or their respective affiliates, or by any third party service providers could cause significant losses to the Group. Employee misconduct may include binding the Group to transactions that exceed authorised limits or present unacceptable risks and unauthorised trading activities or concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses may also result from actions by third party service providers, including, without limitation, misappropriating assets. In addition, third party service providers may improperly use or disclose confidential information, which may result in litigation or serious financial harm, including limiting the Group's business prospects or future marketing activities. No assurances can be given that the due diligence performed by the Company, the AIFM, the Asset Manager or the Depositary will identify or prevent any such misconduct.

The Group is subject to risks relating to conflicts of interest

The Controlling Shareholder, a member of the M7 Group, is expected to retain approximately 46 per cent. of the Ordinary Shares on Admission. As a result the Directors have put in place a Relationship Agreement to govern the relationship between the Controlling Shareholder (and the M7 Group) and the Company. This follows normal practice for companies quoted on UK markets having substantial shareholders (or connected groups) holding over 30 per cent. of the issued shares.

The services of the Asset Manager and the AIFM are not exclusive to the Company. Although the Relationship Agreement is in place, with effect from Admission, and the Directors have satisfied themselves that the M7 Group has in place an appropriate conflicts of interest policy, members of the M7 Group (including, the Asset Manager and the AIFM) may encounter conflicts of interest arising from their relations with third parties to whom they also owe duties or in which they have an interest. Given the Company's sole investment is intended to be the Property, the Directors do not expect significant conflicts of interest to arise.

The M7 Group's conflicts of interest policy provides that all M7 Group staff members must highlight to the conflicts committee of the AIFM (the "**Conflict Committee**") when they believe that a conflict has arisen or may arise. The policy sets out a specific process to manage the potential conflict including notification, management and mitigation, monitoring via a conflicts register and disclosure (if appropriate). In addition, under the Relationship Agreement certain matters are reserved for Board decision. As such the Directors believe such risks related to conflicts of interest to be low.

In addition, the M7 Group has an indirect shareholding in IPSX of approximately 13.4 per cent., Richard Croft, Chairman of M7, holds approximately 0.5 per cent. of the share capital in IPSX and 9 of the 21 shareholders of M7, through an investment vehicle, hold approximately 1.3 per cent. of the share capital of IPSX. This may result in the appearance of conflicts of interest around the advancement of IPSX as a new trading platform. The apparent conflict may result in reputational damage to the Company and adversely impact the price and/or liquidity of the Ordinary Shares.

The Directors believe the risk presented by such relationships to be sufficiently managed by the conflicts of interest policy, FCA Handbook regulation and other agreements which are in place between the M7 Group and the Company.

The Property may suffer physical damage resulting in losses (including loss of rent) which may not be fully compensated by insurance or at all

The Property may suffer physical damage resulting in losses (including loss of rent) which may not be fully compensated by insurance or at all. In the event that any part of the Property suffers a loss that is not fully covered this is likely to impact on the valuation of the Property. The Company may also potentially have to procure funding to repair the damage and, while the Company has sufficient resources to satisfy its current working capital and other liquidity needs for at least the next 12 months, it cannot be certain that such sources of funding will be available in the longer term. Nothing in this risk factor is intended to qualify the statement made in this Prospectus as to the sufficiency of the Group's working capital.

The Company's ability to pay dividends will depend upon its ability to generate sufficient earnings and certain legal and regulatory restrictions

There is no guarantee that the target dividend in respect of any period will be paid. The Company's ability to pay dividends at the discretion of the Directors, will be dependent upon, amongst other things, the availability of distributable retained earnings or distributable profits through its rental income generated from the Property, financing and investment requirements and the result of operations.

Under English law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. All of the assets of the Company are owned by subsidiaries of the Company. Accordingly, the ability of the Company to continue to pay dividends is dependent on receipt by the Company of dividends from its subsidiaries and therefore dependent on the continued operation and solvency of its subsidiaries. The Company can give no assurance that it will be able to pay a dividend going forward or the level of such dividend. Dividend growth on the Ordinary Shares will depend principally on growth in rental and other income returns on the Property (which may fluctuate). The Company may not have adequate proceeds or distributable profits to allow it to at any time pay dividends or to utilise any granted buy-back authority and thereby return capital to shareholders.

To the extent that the Company experiences an adverse effect on its results of operations, cash flows or financial condition, or such other relevant factor, the Directors may decide at their discretion to decrease the amount of dividends, change or revoke the dividend policy or discontinue paying dividends entirely. In addition, if the Company does not pay, or reduces, its dividend rate, the market price of Ordinary Shares may decline.

If the Company is unable to pay sufficient dividends to its shareholders, it may be unable to maintain REIT status, which may have an adverse impact on its business, financial condition and/or results of operations. See "*—The current Covid-19 pandemic, or the future outbreak of other highly infectious or contagious diseases, could materially and adversely affect the Group's business, financial condition and results of operations*", "*—The Group is subject to risks related to the management of and collection of rent*" and "*Risks Relating to Taxation— If the Company and the Group fail to qualify, or remain qualified, as a REIT, its net rental income and gains will be subject to UK corporation tax*".

The Company's target dividend is based on estimates and assumptions that are subject to significant uncertainties and contingencies, and the actual dividend may be materially lower than the target dividend

The Company's target dividend set out in this Prospectus is a target only (and, for the avoidance of doubt, is not a profit forecast) and is based on estimates and assumptions about a variety of factors, which are subject to significant business, economic and market uncertainties and contingencies, many of which are beyond the Company's control and may adversely affect the Company's ability to achieve its target dividend. The target dividend is based on the Asset Manager's assessment, in light of its experience, of the ability of the Asset Manager to achieve its asset management strategy and is based on assumptions including those relating to forecasts of increases in property capital, rental values and occupancy rates. There can be no assurance that these assessments, expectations and assumptions will prove to be correct and failure to achieve any or all of them may materially adversely impact the Company's ability to achieve the target dividend. The Company may not be able to implement its asset management strategy in a manner that generates returns in line with the targets. Furthermore, the target dividend is based on the market conditions and the economic environment at the time of assessing the target dividend, and

is therefore subject to change. In particular, the target dividend assumes no material changes occur in government regulations or other policies, or in law and taxation, and that the Group is not affected by natural disasters, terrorism, social unrest or civil disturbances or the occurrence of risks described elsewhere in this Prospectus. Many, if not all, of these factors are (to a greater or lesser extent) beyond the Group's control and all could adversely affect the Company's ability to achieve its target dividend. There is no guarantee that actual (or any) dividends will be achieved at or near the levels set out in this Prospectus. Accordingly, the actual rate of dividend achieved may be materially lower than the target dividend, which may have a material adverse effect on the price of the Ordinary Shares.

The past or current performance of the Company, the AIFM or the Asset Manager is not a guarantee of future performance

The past or current performance of the Company, the AIFM or the Asset Manager is not indicative, or intended to be indicative, of future performance of the Company.

The previous experience of the Asset Manager and the AIFM and companies and ventures advised and/or operated by members of the M7 Group may not be directly comparable with the Group's current business. Differences between the circumstances of the Company and the circumstances under which the track record information in this Prospectus was generated include (but are not limited to) actual acquisitions and investments made, investment objectives, fee arrangements, structure (including for tax purposes), terms, leverage, performance targets, market conditions and investment horizons. All of these factors can affect returns and impact the usefulness of performance comparisons and, as a result, none of the historical information contained in this Prospectus is directly comparable to the Company's business or the returns which the Company may generate.

Changes in accounting standards may have a material adverse effect on the Group's financial performance and consequently on the Company's ability to pay dividends

If there are changes to the accounting standards or to the interpretation of accounting standards (for example in relation to how the lease arrangements and rental income is accounted for) this may have a material adverse effect on the Group's financial results and, as a result, the Company's ability to pay dividends. The accounting standards and practices that are applicable to the Group may deem that it is in receipt of higher rental income than it is currently contractually entitled to as a result of the fixed minimum uplifts or rental incentives under tenant leases. This accounting treatment of future rental income in current year accounts may result in the Company being required to distribute more income to Shareholders than it actually receives from tenants in order to satisfy the REIT conditions. In such event the increased dividend, unless it is a scrip dividend, will not be fully covered by cash received through the Company's net income and the Company will be required to use its other cash resources to fund the additional dividend.

The Group is exposed to risks relating to cyber-security

The Group and/or one or more of its respective service providers, including the AIFM, the Asset Manager and the Depositary, may be prone to operational, information security and related risks resulting from failures of or breaches in cybersecurity.

A failure of or breach in cybersecurity ("**cyber incidents**") refers to both intentional and unintentional events that may cause the relevant party to lose proprietary information, suffer data corruption, or lose operational capacity. In general, cyber incidents can result from deliberate attacks ("**cyber attacks**") or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorised access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). The counterparties and service providers engaged regarding the Property and the Group may also be prone to cyber incidents.

Cyber incidents may cause disruption and impact business operations, potentially resulting in financial losses, interference with the ability to calculate the Company's Net Asset Value, impediments to trading, the inability of Shareholders to subscribe for, exchange or redeem Shares, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs.

There can be no assurance that any business continuity plans, risk management strategies, systems, policies and procedures will identify all risks. Furthermore, none of the Company, the AIFM, the Asset Manager or the Depositary and their respective affiliates can control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers to the Company.

RISKS RELATING TO REGULATION

AIFMD imposes additional obligations on the AIFM, which may adversely affect the Company's competitiveness and so financial performance

The Alternative Investment Fund Managers Directive (Directive (2011/61/EU)) (including all delegated legislation made thereunder and all applicable laws, rules and regulations implementing that directive) imposes requirements on EU alternative investment fund managers, such as the AIFM, which market alternative investment funds to professional investors within the European Economic Area. AIFMD imposes, *inter alia*, additional disclosure, internal organisation, depositary and reporting requirements in relation to the AIFM, the Company and the Property. Compliance with these requirements may involve additional costs which do not apply to competitors which are not subject to AIFMD, thereby placing the Company at a disadvantage to such competitors. The AIFM will be subject to certain transparency obligations and asset stripping restrictions in respect of the Company under AIFMD. These may adversely affect the Company's ability to operate or enter into transactions regarding the Property, and/or to structure or restructure the Property, compared to investment undertakings which are not AIFs managed from and/or marketed in the EEA.

The Company is dependent on the AIFM for risk management

The AIFM will seek to monitor and control the Company's risk exposure through a risk and control framework encompassing a variety of separate but complimentary financial, credit, operational, compliance and legal reporting systems, internal controls, management review processes and other mechanisms. Neither the Company nor the AIFM can anticipate every economic and financial outcome or the specifics and timing of the outcomes. Recent market conditions have involved unprecedented dislocations and highlight the limitations inherent in using historical data to manage risk. Where risk management by the AIFM is inadequate, there may be an increased likelihood that the Company incurs losses that are greater than they otherwise would be.

Limitation of recourse and indemnification of the AIFM and the Asset Manager

The AIFM Agreement and the Asset Management Agreement limit the circumstances under which the AIFM, the Asset Manager or their affiliates will be held liable to the Company and the Group. As a result, the Company and the Group may have a more limited right of action in certain cases than they would have in the absence of this provision. In addition, the AIFM Agreement and the Asset Management Agreement provide that the Company and/or other members of the Group will indemnify the AIFM, the Asset Manager, their directors, officers, partners, employees, affiliates, agents and assigns against liabilities, claims and related expenses including attorneys' fees, incurred by reason of any action performed or omitted in connection with the provision of their services to the Company under the AIFM Agreement and the Asset Management Agreement respectively, provided that such action or decision not to act does not constitute fraud, wilful default or gross negligence of the AIFM or the Asset Manager (as relevant), or any material breach of the AIFM Agreement by the AIFM or the Asset Management Agreement by the Asset Manager (as applicable), or a material breach of an FCA rule by the AIFM. Such indemnification obligations could materially affect the return of investors.

The Company may be adversely affected by change of law, regulation and/or practice guidance in relation to the AIFMD and/or the legal and regulatory regime applicable to the Company, the AIFM, the Asset Manager or others.

Changes to laws, regulations and practice guidance (including any ESMA guidance or recommendations) may adversely affect the Company, the AIFM, the Asset Manager, the Depositary and/or the Administrator. Regulation of, and practice guidance relating to, entities such as the aforementioned persons is evolving and subject to change. In particular, as the AIFM of the Company, M7 Real Estate Financial Services Limited is required to comply with (amongst other things) ongoing capital, reporting and transparency obligations and a range of organisational requirements and conduct of business rules. The AIFM must also, as the AIFM of the Company, adopt a range of policies and procedures addressing areas such as risk management, liquidity

management, conflicts of interest, valuations, compliance, internal audit and remuneration. If the AIFM fails to comply with the legal and other regulatory requirements applicable to an authorised AIFM or otherwise ceases to hold authorisation or the requisite permissions to allow it to act as the AIFM of the Company, the AIFM will not be permitted to continue to manage the Company and a successor AIFM (duly authorised as an AIFM) will need to be appointed to perform this function. The Company is reliant upon the investment expertise of the AIFM and there is no guarantee that a suitably qualified successor AIFM will be found or will be engaged on terms comparable to those applicable to the AIFM. Any transition to a successor AIFM or other changes to the applicable rules and guidance relating to the AIFMD regime may result in significant costs being incurred by the Company and material disruptions to its investment activities and operations and to the marketing of interests in the Company.

Changes to the legal and regulatory regime applicable to the Asset Manager may adversely affect the Company because of the Company's reliance upon the continuing availability to it of the expertise of Asset Manager and the likelihood that such changes will increase the on-going costs borne, directly or indirectly, by the Company by virtue of the contractual arrangements agreed between the Company and the Asset Manager. The effect of any future legal or regulatory change (including changes in practice guidance) on the Company or on the Asset Manager is not possible to predict but may be substantial and adverse.

The Group is subject to risk related to changes in laws or regulations

The Group, the AIFM and the Asset Manager are subject to the laws and regulations enacted by national and local governments. In addition, the Company is subject to the continuing obligations imposed by IPSX on companies traded on its markets. The laws and regulations affecting the Company, the AIFM and the Asset Manager are evolving and any changes in such laws and regulations may have an adverse effect on the ability of the Company to carry on its business.

For example, the UK government is expecting major cities in England to reduce the level of NO₂ in the air to a maximum average of 40µg/m³ and City Councils in these major cities are implementing "Clean Air Zones" over the next three years. A Clean Air Zone is an area where targeted action is taken to improve air quality, in particular by discouraging the most polluting vehicles from entering the zone. No vehicle is banned in the zone, but vehicles that exceed the City Council's emission standards may have to pay a daily charge if they travel within the area. The first Clean Air Zones expected to be launched from summer 2020 are in Birmingham and Leeds. There are four types of Clean Air Zones (Class A to D) and Birmingham will be Class D, which includes cars. Any changes implemented by the Government and/or Birmingham City Council which introduce a Clean Air Zone in the city centre to help reduce emissions may impact the tenants using the car park space and in particular, the tenant holding the lease over the car park space. This may lead to a decrease footfall for a significant portion of the Property's rental income.

In addition, the AIFM is subject to the EU's re-cast Markets in Financial Instruments Directive (2014/65/EU) (the "**MiFID 2 Directive**"), delegated and implementing EU regulations made thereunder, laws and regulations introduced by Member States of the EU to implement the MiFID 2 Directive, and the EU's Markets in Financial Instruments Regulation (600/2014) (together, "**MiFID 2**") which has imposed new regulatory obligations on the AIFM. These regulatory obligations may impact on, and constrain the implementation of, the asset management strategy of the Company and lead to increased compliance obligations upon and accrued expenses for the AIFM and/or the Company.

Further, many governmental agencies, self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies.

Any of the changes mentioned above may increase the Group's costs or otherwise have an adverse effect on the ability of the Company to pursue its asset management strategy which may have a material adverse effect on the Company's financial condition, business, prospects and results of operations. The effect of any future regulatory or legal change on the Group is impossible to predict.

Risks relating to packaged retail and insurance-based investment products ("PRIIPs")

As the Ordinary Shares are to be made available to "retail" investors in the United Kingdom, investors should be aware that the PRIIPs Regulation requires the Company, as PRIIP manufacturer, to prepare a key information document ("**KID**") in respect of the Ordinary Shares. This KID must be made available to retail investors in the EEA prior to them making any investment decision and is

available in the required language for such retail investors on the Company website. The content of a KID is highly prescriptive, both in terms of the calculations underlying the numbers and the narrative, with limited ability to add further context and explanations, and therefore the KID should be read in conjunction with the Prospectus and other material produced by the Company including its annual reports.

RISKS RELATING TO TAXATION

A change in the Group's tax status or in taxation legislation in the UK may adversely affect the Group's profits and/or Property value and/or dividends to Shareholders

The levels and bases of and reliefs from taxation may change. The tax reliefs referred to in this Prospectus are those currently available and their value depends on the individual circumstances of the Group and of investors. Any change in the Group's tax status or in taxation legislation in the UK or any other tax jurisdiction affecting Shareholders or investors may affect the value of the investments held by the Group, affect the Company's ability to achieve its investment objective for the Ordinary Shares or alter the post-tax dividends to Shareholders. Changes to tax legislation may include the imposition of new taxes or increases in tax rates. In particular, an increase in the rates of stamp duty land tax may have a material impact on the price at which UK land can be sold, and therefore on asset values. Any changes may adversely affect the financial prospects of the Group and/or the dividends payable to Shareholders.

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

It is the expectation of the Directors and the AIFM that the Company will fulfil the relevant qualifying conditions for UK REIT status following Admission such that the Company will be able to give HMRC notice to become a group UK REIT (the "**REIT Group**"). The Company cannot guarantee that the REIT Group will qualify, or remain qualified, as a REIT. If the REIT Group fails to qualify or remain qualified as a REIT, it will be subject to UK corporation tax on some or all of its net property rental income and chargeable gains on the sale of properties and may, in some circumstances, be subject to the claw back of the tax benefit of having been within the REIT regime, which would reduce the amounts available to distribute to Shareholders.

The requirements for maintaining REIT status are complex. Minor breaches of certain conditions within the REIT regime may result in additional tax being payable. A serious breach of the REIT regime may lead to the Company ceasing to be a REIT. If the Company or the REIT Group fails to qualify or remain qualified as a REIT, it may be subject to UK corporation tax on the profits of its Property Rental Business together with any chargeable gains on the sale or other disposal of the Property (or any part thereof). This could reduce the reserves available to make distributions to Shareholders and the yield on the Ordinary Shares. In addition, incurring a UK corporation tax liability may require the Group to borrow funds, liquidate part of its assets or take other steps that may negatively affect its operating results. Moreover, if the Company's REIT status is withdrawn altogether because of its failure to meet one or more REIT conditions, it may be disqualified from being a REIT from the end of the accounting period preceding that in which the failure occurred. See "*—Risks Associated with the Company and the Property—The current Covid-19 pandemic, or the future outbreak of other highly infectious or contagious diseases, could materially and adversely affect the Group's business, financial condition and results of operations*", "*—Risks Associated with the Company and the Property—The Group is subject to risks related to the management of and collection of rent*" and "*—Risks Associated with the Company and the Property— The Company's ability to pay dividends will depend upon its ability to generate sufficient earnings and certain legal and regulatory restrictions*".

The Company or the REIT Group may lose its status as a REIT as a result of actions by third parties (for example, the acquisition by a third party of a significant stake in the Company).

Distribution requirements may limit the Group's flexibility in executing its asset management strategy

To maintain REIT status and as a result obtain full exemption from UK corporation tax on the profits of its Property Rental Business, the Company is required to distribute annually to Shareholders an amount sufficient to meet the 90 per cent. distribution test by way of Property Income Distributions. The Company would be required to pay tax at regular UK corporation tax rates on any shortfall to

the extent that the Company distributes as Property Income Distributions less than the amount required to meet the 90 per cent. distribution test for each accounting period.

In addition, there are circumstances in which the REIT Group may not have sufficient cash to satisfy the requirements of the 90 per cent. distribution test. This may require the Group to borrow funds to meet the distribution requirements that are necessary to achieve the full tax benefits associated with qualifying as a REIT, even if the then-prevailing market conditions are not favourable for these borrowings.

As a result of these factors, the constraints of maintaining REIT status may limit the Group's flexibility to pursue its asset management strategy.

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

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

Company Tax charges may arise depending on the level of the Company's borrowings

A tax charge will arise if, in respect of any accounting period, the ratio of the Company's income profits (before the offset of capital allowances, losses from previous accounting periods and certain other financing costs) in respect of its Property Rental Business to the financing costs incurred in respect of the Property Rental Business is less than 1.25. In addition, any disallowance under the UK's corporate interest restriction rules may result in the Company being required to allocate some of that disallowance to the taxable residual business of the REIT Group. Any such allocation may give rise to a tax charge to the extent it is not sheltered by tax losses.

RISKS RELATING TO THE ORDINARY SHARES

The Ordinary Shares may not be suitable for all investors

An investment in the Company is only suitable for investors capable in evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that may arise from the investment. A prospective investor should consider with care whether an investment in the Company is suitable for them in the light of their individual circumstances and the financial resources available to them. The potential investment opportunity may not be suitable for all recipients of this Prospectus. Investors are therefore strongly recommended to consult an investment adviser authorised under FSMA, or such other body in their jurisdiction, who specialises in advising on investments of this nature before making their decision to invest. There can be no guarantee that any appreciation in the value of the Ordinary Shares will occur or that the commercial objectives of the Company will be achieved. Investors may not get back the full amount initially invested. The prices of Ordinary Shares and the income derived from them can go down as well as up. Past performance is no guide to the future.

IPSX is a new trading platform

On Admission, the Directors and the AIFM expect that Company will be the first company to be admitted to trading on IPSX Prime Market trading platform. Shareholders should be aware that the maintenance of the trading platform itself relies on the ability of IPSX to operate as a trading company in its own right. IPSX is a Regulated Investment Exchange regulated by the FCA which includes oversight of its capitalisation. If IPSX is no longer able to operate as a trading company, the ability to trade the Ordinary Shares may be materially adversely impacted and an alternative trading platform will have to be sought but there cannot be any guarantee that an alternative trading

platform will be sought or that the Ordinary Shares will be successfully admitted to trading on another platform.

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

The Company does not have a fixed winding up date and therefore, unless Shareholders vote to wind up the Company, Shareholders will only be able to realise their investment through the market. Although the Ordinary Shares will be admitted to trading on IPSX Prime, it is possible that there may not be a liquid secondary market for the Ordinary Shares and Shareholders may have difficulty selling their Ordinary Shares. As a result, an investment of this type should be regarded as long-term in nature and may not be suitable as a short-term investment.

The Ordinary Shares may prove difficult to buy or sell as a result of natural illiquidity in small company shares

Market liquidity in the shares of companies with relatively small market capitalisations are frequently inferior to the market liquidity of shares issued by larger companies, in part due to the smaller number of market participants. The Company's Ordinary Shares are to be traded on IPSX Prime which is a new trading platform and may have a lower level of liquidity in the early stages. Accordingly, this may impact on Shareholders' ability to sell their Ordinary Shares.

The market value of the Ordinary Shares may fluctuate

The value of an investment in the Company, and the income derived from it, if any, may go down as well as up and an investor may not get back the amount invested. The market price of the Ordinary Shares may fluctuate independently of the Net Asset Value per Ordinary Share and may trade at a discount or premium at different times, depending on factors such as supply and demand for the Ordinary Shares, market conditions and general investor sentiment. There can be no guarantee that any discount control policy will be successful or capable of being implemented. The market value of an Ordinary Share may therefore vary considerably from the Net Asset Value per Ordinary Share. Fluctuations could also result from a change in national and/or global economic and financial conditions, the actions of governments in relation to changes in the national and global financial climate or taxation and various other factors and events, including rental yields, variations in the Company's operating results and business developments of the Company and/or its competitors. Stock markets have experienced significant price and volume fluctuations in the past that have affected market prices for securities. The price of an Ordinary Share may also be affected by speculation in the press or investment community regarding the business or investments of the Company or factors or events that may directly or indirectly affect its investments.

An investment in Ordinary Shares by an investor whose principal currency is not pounds sterling may be exposed to foreign exchange rate risk

The Ordinary Shares are denominated in pounds sterling and any dividends to be paid in respect of the Ordinary Shares will be denominated in pounds sterling. An investment in Ordinary Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of the pound in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in relation to such foreign currency.

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

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

IMPORTANT INFORMATION

This Prospectus should be read in its entirety before making any application for Ordinary Shares. Investors should rely only on the information contained in this Prospectus and any supplementary prospectus published by the Company prior to Admission. No person has been authorised to give any information or make any representations other than as contained in the Prospectus and any supplementary prospectus published by the Company prior to Admission and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Joint Bookrunners or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the Prospectus Regulation, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules and the EU Market Abuse Regulation, neither the delivery of this Prospectus nor any subscription made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information contained herein is correct as at any time subsequent to its date.

Investors must not treat the contents of this Prospectus or any subsequent communications from the Company, the Joint Bookrunners or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

Regulatory information

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

Prospective investors should consider (to the extent relevant to them) the notices to residents of various countries set out in paragraph 18 of Part XII (*Additional Information*) of this Prospectus.

Intermediaries Offer

Under the Intermediaries Offer, the Ordinary Shares are being offered to Intermediaries who will facilitate the participation of their retail investor clients (and any member of the public who wishes to become a client of that Intermediary) located in the United Kingdom. The Company consents to the use of this Prospectus in connection with any subsequent resale or final placement of securities by financial intermediaries in the United Kingdom on the following terms: (i) in respect of the Intermediaries who are appointed by the Company prior to the date of this Prospectus, from the date of this Prospectus; and (ii) in respect of Intermediaries who are appointed by the Company after the date of this Prospectus, from the date on which they are appointed to participate in the Intermediaries Offer and agree to adhere to and be bound by the Intermediaries Terms and Conditions in each case, until the closing of the Intermediaries Offer. The offer period within which any subsequent resale or final placement of securities by Intermediaries can be made and for which consent to use this Prospectus is given commences on 1 October 2020 and closes at 11.00 a.m. 15 October 2020, unless closed prior to that date (any such prior closure to be announced via a Regulatory Information Service). The Company and the Directors accept responsibility for the information contained in this Prospectus with respect to any purchaser of Ordinary Shares pursuant to the Intermediaries Offer.

Any Intermediary that uses this Prospectus must state on its website that it uses this Prospectus in accordance with the Company's consent and the conditions attached thereto. Intermediaries are required to provide the terms and conditions of the Intermediaries Offer to any prospective investor who has expressed an interest in participating in the Intermediaries Offer to such Intermediary. Any application made by investors to any Intermediary is also subject to the terms and conditions imposed by such Intermediary. If any further Intermediaries are appointed by the Company and the AIFM after the date of this Prospectus, the Company will make an announcement via a Regulatory Information Service.

Forward-Looking Statements

This Prospectus contains statements that are, or may be deemed to be, forward-looking statements, including, without limitation, statements containing the words "anticipates", "believes", "estimates",

“expects”, “intends”, “may”, “plans”, “projects”, “should” or “will” or, in each case, their negative or other variations or similar expressions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include, but are not limited to, statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, the Company’s results of operations, financial position, prospects, growth, target total return, investment strategy, financing strategies, prospects for relationships with tenants and expectations for the UK real estate market.

Such forward-looking statements involve unknown risks, uncertainties and other factors, which may cause the actual results of operations, performance or achievement of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. In addition, even if the Company’s results of operations, financial position and growth, and the development of the market and the industry in which the Company operates, are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. There is therefore a risk that the Company’s actual results of operations could differ from those expressed or implied by these forward-looking statements as a result of many factors, many of which may be outside of the Company’s control, including significant business, operational and economic risks and the risks described in “*Risk Factors*” (above), and these differences could be material. Such forward-looking statements should therefore be read in this context and construed accordingly, and investors should not place undue reliance on them. Investors should specifically consider the factors identified in this Prospectus that could cause actual results to differ before making an investment decision. All of the forward-looking statements made in this Prospectus are qualified by these cautionary statements. Specific reference is made to “*Risk Factors*”, Part I (*Information on the Company and the Property*) and Part V (*Operating and Financial Review*).

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 Prospectus. Subject to its compliance with its legal and regulatory obligations (including under the Disclosure Guidance and Transparency Rules, the Prospectus Regulation, the Prospectus Regulation Rules and EU Market Abuse Regulation), the Company undertakes no obligation to update or revise any forward-looking statement contained herein, nor will it publicly release any revisions it may make to these forward-looking statements, to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based. Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statement made as to sufficiency of working capital in this Prospectus. The actual number of Ordinary Shares to be issued pursuant to the Offer will be determined by the Company and the Joint Bookrunners after taking into account the demand for the Ordinary Shares and prevailing economic market conditions. The information in this Prospectus should be read in light of the actual number of Ordinary Shares to be issued in the Offer.

Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statement made as to the sufficiency of working capital in this Prospectus.

Market, Economic and Industry Data

This Prospectus contains certain market data and other information which have been extracted from official and industry sources and other sources the Company believe to be reliable. The Company has not independently verified these industry publications, surveys and forecasts and cannot guarantee their accuracy or completeness. However, such information, data and statistics have been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by the aforementioned sources, no facts have been omitted which would render the reproduced information, data and statistics inaccurate or misleading. Such information, data and statistics include certain projections and estimates of future events. Such projections and estimates are by their nature uncertain and are not statements of fact. See also the subsection titled “*Forward-Looking Statements*” above.

Where the information contained in this Prospectus originates from a third party source, it is identified where it appears in this Prospectus together with the name of its source. Such third party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Presentation of Financial Information

The historical financial information of Mailbox (Birmingham) Limited (“**MBL**”) is set out in Part VII (*Historical Financial Information*) of this Prospectus and has been prepared in accordance with IFRS issued by the International Accounting Standards Board and as adopted for use in the EU. The significant accounting policies and basis of preparation are further explained in Part VII (*Historical Financial Information*). The historical financial information of MBL for years ended 31 December 2017, 31 December 2018 and 31 December 2019 in Part VII (*Historical Financial Information*) has been reported on. MBL is wholly owned by the Company.

The Company was recently incorporated and as at the date of this Prospectus has no historical operations of its own. Therefore, this Prospectus does not present any standalone financial information for the Company. The Group will adopt the accounting policies of MBL for the year ended 31 December 2020 following Admission.

Non-IFRS Financial Measures

In this Prospectus, certain financial measures are presented that are not recognised by IFRS, but customary in the real estate industry, including adjusted operating profit (the “**Non-IFRS Financial Measures**”).

There are no generally accepted principles governing the calculation of the Non-IFRS Financial Measures and the criteria upon which these measures are based can vary from company to company and care should be taken in comparing these measures with similar measures used by other companies in the real estate industry. The Non-IFRS Financial Measures, by themselves, do not provide a sufficient basis to compare the Company’s performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or any other measure an indicator of operating performance, or as an alternative to cash generated from operating activities or as a measure of liquidity.

The Company views adjusted operating profit as a key measure of its financial performance.

A reconciliation of the Non-IFRS Financial Measures, as applicable, to the historical financial information of MBL appears below. The Non-IFRS Financial Measures do not form part of the audited historical financial information for MBL.

Adjusted operating profit is calculated as operating loss/(profit) excluding profit/(loss) on sale of investments, valuation loss on investment property and impairment provision on rent receivables. The table below presents the reconciliation of net operating income to the nearest IFRS line item.

	As at and for the year ended 31 December (audited, £'000)		
	2019	2018	2017
Operating (loss)/profit	(972)	(25,629)	14,095
Profit/(loss) on sale of investments	—	431	—
Valuation loss on investment property	(7,064)	(31,622)	10,754
Impairment provision on rent receivables	(303)	—	—
Adjusted operating profit	6,396	5,562	3,341

Non-financial information, operating data and key performance indicators

The non-financial operating data included in this Prospectus has been extracted without material adjustment from the management records of MBL and are unaudited.

Rounding

Some financial information in this Prospectus has been rounded. As a result of this rounding, figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. In addition, certain percentages presented in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Currency Presentation

Unless otherwise indicated, all references in this Prospectus to “Sterling”, “£”, “pence” or “p” are to the lawful currency of the United Kingdom.

Data protection

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

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in the UK or elsewhere; and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

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

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

If the Company (or any third party, functionary or agent appointed by the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data. Prospective investors are responsible for informing any third party individual to whom the personal data relates to the disclosure and use of such data in accordance with these provisions.

Investment considerations

An investment in Ordinary Shares is suitable only for investors (i) who understand the potential risk of capital loss and that there may be limited liquidity in the Ordinary Shares; (ii) for whom an investment in the Ordinary Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment programme. Accordingly, typical investors in the Company are expected to be institutional investors and professionally-advised private investors. The Ordinary Shares may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment. Such investors may wish to consult their stockbroker, bank manager, solicitor, accountant or other independent financial advisor before making an investment in the Company.

The Ordinary Shares are designed to be held over the long-term and may not be suitable as short-term investments. There is no guarantee that any appreciation in the value of the Company's Ordinary Shares will occur and investors may not get back the full value of their investment. The dividend target of the Company is a target only and should not be treated as an assurance or guarantee of performance. There can be no assurance that the Company's dividend target will be achieved.

A prospective investor should be aware that the value of an investment in the Company is subject to normal market fluctuations and other risks inherent in investing in securities. There is no assurance that any appreciation in the value of the Ordinary Shares will occur or that the Company's target dividend will be achieved. The value of the Property and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in the Company. It should be remembered that the price of the Ordinary Shares and the income from the Ordinary Shares (if any), can go down as well as up.

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

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

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

Investment in the Company will not automatically grant investors any rights against third parties engaged by the Company to provide services to the Company.

This Prospectus should be read in its entirety before making any investment in the Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the Articles of Association which prospective investors should review. A summary of the Articles of Association is contained in paragraph 5 of Part XII (*Additional Information*) of this Prospectus. The Articles of Association are available for inspection at the Company's registered office specified in paragraph 23 in Part XII (*Additional Information*) of this Prospectus and at the offices of Simmons & Simmons LLP as set out in paragraph 23 of Part XII (*Additional Information*) of this Prospectus.

No incorporation of website

Other than the documents available for inspection as described in paragraph 23 of Part XII (*Additional Information*) of this Prospectus, the contents of the Company's website at www.themailboxreit.com and the contents of any website accessible from hyperlinks on the Company's website or any other website referred to in this Prospectus are not incorporated and do not form part of this Prospectus. Investors should base their decision to invest on the contents of this Prospectus and any supplementary prospectus published by the Company prior to Admission alone and should consult their professional advisers prior to making an application to acquire Ordinary Shares.

Definitions

A list of defined terms and a glossary of terms used in this Prospectus are set out in Part XIII (*Definitions*) and Part XIV (*Glossary*) of this Prospectus.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All references to time in this Prospectus are to the time in London, United Kingdom on the relevant date, unless otherwise stated. Each of the times and dates in the table below are indicative only and may be subject to change. Please read the notes for this timetable below.

Event	Time and Date⁽¹⁾
Publication of this Prospectus and commencement of the Offer	30 September 2020
Latest time and date for receipt of completed Application Forms in respect of the Offer for Subscription	11 a.m. on 15 October 2020
Latest time and date for receipt of applications from Intermediaries in respect of the Intermediaries Offer	11 a.m. on 15 October 2020
Latest time and date for commitments under the Placing	11 a.m. on 15 October 2020
Announcement of the results of the Offer	19 October 2020
Admission and commencement of dealings in the Ordinary Shares on IPSX	9 a.m. on 21 October 2020
CREST stock accounts credited (where applicable)	21 October 2020
Despatch of definitive share certificates (where applicable)	by 4 November 2020

Note:

(1) The times and dates set out in the expected timetable of principal events above and mentioned throughout this Prospectus, by announcement through a Regulatory Information Service may be adjusted by the Company, in which event details of the new dates will be notified to the FCA and to IPSX and, where appropriate, to Shareholders.

OFFER STATISTICS

Offer statistics

Offer Price (per Ordinary Share)	£1.00
Number of Ordinary Shares being issued pursuant to the Offer ⁽¹⁾	62,500,000
Number of Ordinary Shares in the Offer as a percentage of total number of Ordinary Shares in existence on Admission ⁽¹⁾	53.9%
Market capitalisation of the Company at the Offer Price ⁽¹⁾	£116 million
Estimated gross proceeds of the Offer receivable by the Company ⁽¹⁾	£62.5 million
Estimated net proceeds of the Offer receivable by the Company ^{(1), (2)}	£59.4 million

Notes:

(1) The Target Gross Proceeds are £62.5 million. If the Minimum Net Proceeds of £59.4 million are not raised, the Offer, and subsequent Admission, will not proceed and subscription monies will be returned without interest at the risk of the applicant.

(2) The net proceeds receivable by the Company are stated after the deduction of estimated placing commissions and other fees and expenses of the Offer (including VAT) payable by the Company, which are expected to be approximately £3.1 million.

DIRECTORS, REGISTERED OFFICE, COMPANY SECRETARY AND ADVISERS

Directors	Stephen Barter (Chairman) Mickola Wilson (Non-Executive Director) Ian Womack (Non-Executive Director) each of C/O Alter Domus (UK) Limited 18 St Swithin's Lane London United Kingdom EC4N 8AD
Registered office and principal place of business	C/O Alter Domus (UK) Limited 18 St Swithin's Lane London United Kingdom EC4N 8AD
Alternative Investment Fund Manager	M7 Real Estate Financial Services Limited 10 Queen Street Place London EC4R 1AG
Asset Manager	M7 Real Estate Limited 10 Queen Street Place London EC4R 1AG
Administrator	Alter Domus Fund Services (UK) Limited 18 St Swithin's Ln London EC4N 8AD
Depository	Alter Domus Depository Services (UK) Limited 18 St Swithin's Ln London EC4N 8AD
IPSX Lead Adviser	WH Ireland Limited 24 Martin Lane London EC4R 0DR
Joint Bookrunners	WH Ireland Limited 24 Martin Lane London EC4R 0DR Panmure Gordon (UK) Limited 1 New Change London EC4M 9AF
Solicitors to the Company as to English law	Simmons & Simmons LLP One Ropemaker Street London EC2Y 9SS
Solicitors to IPSX Lead Adviser and Joint Bookrunners as to English law	Pinsent Masons LLP 30 Crown Place London EC2A 4ES

Company Secretary	Alter Domus Fund Services (UK) Limited 18 St Swithin's Ln London EC4N 8AD
Reporting Accountants	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL
Statutory Auditors	BDO LLP 55 Baker Street London W1U 7EU
Registrars to the Company	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA
Communications Consultant	FTI Consulting Ltd 200 Aldersgate Street London EC1A 4HD

PART I

INFORMATION ON THE COMPANY AND THE PROPERTY

1. OVERVIEW

The Company was formed for the purposes of the Offer and Admission and is the ultimate holding company of the Group, which is the owner of the Property in central Birmingham. The Property, which is mixed use but largely devoted to office space, has been valued by Avison Young, professional valuers, at £179 million (as at 17 August 2020). The Board expects the Company will be the first single asset REIT to have its Ordinary Shares admitted to trading on IPSX. By virtue of its single asset nature and the admission of its Ordinary Shares to trading on IPSX, the Directors believe that the Company offers investors exposure to the performance of the Property, which is supported by strong Birmingham office market fundamentals and the growth prospects of the local economy.

The Asset Manager has adopted a strategic plan to build upon the Property's long-dated secure income streams underpinned by globally recognised high-profile tenants. It has obtained planning permission to develop additional office space on Level 1 of the Property (located above a prime car parking area) for the knowledge, technology and media sectors. The Property's existing and additional office space is supported by a complementary food and beverage and retail offering in the centre of Birmingham.

2. PROPERTY OVERVIEW

The Property

The Property is a prime regional office-led mixed-use asset located in central Birmingham within a four-minute walk of Birmingham New Street Station. The Property comprises 698,000 square foot of space and is diversified across a number of uses including office, car parking, leisure and retail.

Location and History

Birmingham is the UK's second largest city with a population of more than one million people and economic output of £31.9 billion (Birmingham City Council, 2018). Outside of London, it has the UK's highest concentration of businesses with 43,950 enterprises based in the city in 2019.

The Property is located in the centre of Birmingham on a 4.8-acre freehold site in close proximity to Birmingham New Street Station, Broad Street and Brindley Place.

The Property was originally completed in 1970 and was the location of the Royal Mail's main sorting office. Between 1998 and 2000 it was converted to a major mixed-use scheme incorporating the residential units above the original building by the Birmingham Development Company. In 2001, BBC Birmingham relocated into the Property. In 2011, the Property was purchased by Brockton Capital and Milligan Retail who throughout their ownership completed a major programme of refurbishment and improvements (approximately £50 million) to the Property. In 2019, the Property was acquired by the Controlling Shareholder through Propco.

The immediate vicinity of the Property is currently witnessing major new development, which is expected to bring thousands of new office workers and visitors to the area. Between them, Paradise Circus and Arena Central will deliver up to three million square feet of new office, residential and hotel space over the coming years, with pre-lets secured from HSBC, HMRC/Department of Work & Pensions and PWC to move into the immediate area. In addition, as well as the Royal Arch residential apartments at the Property, there are thousands of city centre apartments within a few minutes' walk of the Property.

Tenure

The Property is formed of 5 title numbers:

- a) the leasehold land granted by the 999 year lease, which expires 31 March 2997 (the "**Lease**") in title number WM675784 for which the description on the title register is Birmingham Sorting Office, Royal Mail Street, and the tunnel leading from the Sorting Office to New Street Station, Birmingham;

- b) the freehold land in title number WM718266 for which the description on the title register is Land lying to the north of Severn Street, Birmingham;
- c) the freehold land in title number WM464261 for which the description on the title register is land on the south east side of Holliday Street, Birmingham;
- d) the freehold land in title number WM697604 for which the description on the title register is land on the north west side of Commercial Street, Birmingham; and
- e) the freehold land in title number WM348817 for which the description on the title register is land on the east side of Holliday Street, Birmingham.

The Royal Arch residential apartments were constructed on top of the then existing sorting office building in 1999-2000 following the grant of a long lease of the airspace above that building on 26 July 1999 between (1) Birmingham Mailbox Limited and (2) Crosby Homes (Midlands) Limited (the “**RAML Lease**”) for a term expiring on 31 December 2130. The RAML Lease was granted for a premium of £4,500,000 and there is a peppercorn rent. It is registered under title number WM704729. The individual residential leases are granted out of the RAML Lease. On 31 January 2008, the RAML Lease was transferred to the current tenant Royal Archway Management Ltd (“**RAML**”) which is not related to the Company and is not part of the Group.

The previous owner of the Property granted a further lease of the Royal Arch residential apartments dated 31 May 2007 and made between (1) Birmingham Mailbox Limited and (2) Royal Arch Limited (the “**Arch Holdco Lease**”) for a term expiring on 03 January 2131. The current tenant of the Arch Holdco Lease (and therefore also the landlord of the RAML Lease) is M7 Real Estate Investment Partners MB Archco Limited which is part of the Group (see the structure chart at paragraph 2.2 of Part XII (*Additional Information*)). The Arch Holdco Lease is registered under title number WM907527.

The Lease contains an option to acquire the freehold interest in the premises for £100 at any time after 2048 on six months’ notice.

72 per cent. of the income from the Property is derived from the 15 largest tenants all of which have “recognisable credits”. Five tenants represent approximately two-thirds of the rent roll on a weighted average unexpired lease term (“**WAULT**”) of approximately 17 years. The Directors and the AIFM consider these five tenants (The British Broadcasting Corporation, Q-Park Limited, Advanced Business Software and Solutions Limited, WSP Management Services Ltd and Harvey Nichols Stores Ltd) to be very-low risk from a credit perspective based on these tenants’ respective CreditSafe scores. The WAULT for all tenants at the Property is 14.3 years to break. Further key statistics in relation to the Property are set out below:

The key information in respect of the Property as at August 2020, is summarised in the table below

Sector of leases (by Passing Rent)	Office: 47.6% Car Park, H20: 18.9% Leisure: 21.2% Retail: 11.4% Other: 1.0%
Sector of leases (by WAULT)	Office: 8.6 years Car Park, H20: 32.9 years Leisure: 9.6 years Retail: 18.5 years Other: 8.0 years
Avison Young valuation as at 17 August 2020	£179 million
Net initial yield, assuming standard market purchase cost ⁽¹⁾	4.2%
Contracted Rent (per annum) ⁽²⁾	£7.8 million
Passing Rent (per annum) ⁽³⁾	£9.3 million
Estimated Rental Value, assuming 100 per cent. occupancy (per annum) ⁽⁴⁾	£12.8 million

Estimated Rental Value (per square foot)	£18.36 per square foot = 698,111 square foot
Number of tenants	46
Number of leases	56 commercial, 8 ground
Weighted Average Unexpired Lease Term	14 years, 3 months to break and 14 years, 9 months to expiry
Diversification	Largest tenant by Contracted Rent: BBC £2.1 million/ 23.0% Top 10 tenants by Contracted Rent: 81.0%
Total area (square feet)	698,111 square feet ^{(5),(6)}
Vacant units	24 units including Level 1, excluding basement storage.
Total area of vacant units (square feet)	47,162 sq. ft 6.8% of total area (698,111 sq. ft) – including basements and L2 units
Estimated Rental Value of vacant units (per annum)	£1.4 million including basements and L1 units
Estimated Rental Value of vacant units (per annum; per square foot)	£29.10

Notes:

1. On a triple net basis. Represents the valuer's opinion as to what investor would reasonably assume is certain/reliable income as at valuation date, based on concessionary rents and turnover rents.
2. A number of leases have phased rents – This figure is the current passing rent plus £0.5 million for 3 tenants (Associated Architects, H2O rent frees and Vodafone).
3. Represents the valuer's opinion as to what an investor would reasonably assume is certain/reliable income, based on concessionary rents and turnover rents.
4. Assuming Level 1 retail space assessed as office use.
5. Excluding BBC mezzanine and parts of the Property that have been sold on a long leasehold.
6. The planned reconfiguration of the 1st floor will increase the net internal area by approximately 13,000 sq. ft

3. HISTORICAL FINANCIAL INFORMATION

Your attention is drawn to the financial statements of MBL for each of the years ended 31 December 2017, 2018 and 2019 set out in Part VII (*Historical Financial Information*) and summarised in the "Summary" in paragraph II.b.i. In addition, there is a commentary on the three financial years in the Operating and Financial Review in Part V. Whilst providing useful information on the historical activities of the trading performance of the Property under its former ownership it is inevitably historic and does not reflect the current up to date tenancy situation or the cost structure of the new Group. Your attention is drawn to Part IV (*Property Valuation Report*) which provides details of current tenants and the Current Trading paragraph below which provides up to date information on the effect of the Covid-19 pandemic on rental collections in 2020. The new arrangements with the AIFM, the Asset Manager and the Property Manager are set out in Part II (*Information on the AIFM and the Asset Manager*) and paragraphs 11.5-11.7 of Part XII (*Additional Information*) indicating the new cost structure.

4. CURRENT TRADING AND PROSPECTS / FINANCIAL CONDITION

In the first quarter of 2020, the Property operated in line with management expectations until the growing concerns in relation to Covid-19 and the shut-down of offices and retail outlets on 23 March 2020. Rental receipts for the March 2020 Quarter Day were 82.3 per cent. of rent due and were 68.7 per cent. of rent due for the June 2020 Quarter Day as at 6 August 2020. This compares with rent collected for the December 2019 Quarter Day of 96.2 per cent. on a comparable basis.

The recent outbreak of Covid-19 has negatively impacted economic conditions globally and is having an adverse and disruptive effect on the UK economy both nationally and regionally. The

Covid-19 outbreak has a direct impact on the key tenants of the Property and rent collections since the UK government instituted a lockdown on 23 March 2020. The Directors and the AIFM believe that the Property has performed well under adverse conditions based on the rent collection figures discussed above.

Approximately 47.6 per cent. of passing rent is represented by office tenants and a further 18.9 per cent. of the passing rent is represented by the car park and H2O at the Property as at August 2020. The Property's office tenants and car park tenant have continued to meet their rental obligations in full through the June 2020 Quarter Day. The remainder of the Property's passing rent is comprised of tenants in the leisure sector (21.2 per cent.) and retail sector (11.4 per cent.) both of which have been significantly affected by the government lockdown implemented on 23 March 2020 and consequently the Group has agreed rent deferrals with certain retail and leisure tenants.

The ability to collect rent has significant knock-on effects on a number of matters which affect the Group:

- The valuation of the Property is driven, intrinsically, by market sentiment, supply and demand, tenant covenant and the rent the asset generates and hence any reduction in rent collected could affect its value;
- Economic uncertainty resulting from Covid-19 would make it more difficult to re-let any space that becomes vacant and affects the ability to maintain or increase rental values with new tenants in the short to medium term. This is also relevant to the proposed development of the new office space on level 1 of the Property should the demand for prime regional office accommodation decrease significantly;
- Reduced income also hinders the ability to pay dividends at the rate intended by the Board; and
- Cash constraints might hinder the ability to pay dividends at a rate that maintained the Group's REIT status, however the expectation of the collection of deferred 2020 rental income during 2021 will increase income during that period and increase the likelihood of reaching the proposed dividend target.

The Board as advised by the AIFM, believes that the return to work will continue to accelerate and they are confident of the prospects for the September 2020 Quarter Day rent collections and beyond. The Company has made assumptions in relation to the collection rates for the September 2020 Quarter Day. This is because, at the date of this Prospectus, it will not be in possession of full information in relation to rent and service charge collections for this quarter. It anticipates being in possession of such information in mid-October 2020 at which point, should such collections be materially different to those assumed, the Company intends to publish a supplementary prospectus as required.

5. COMPETITIVE ADVANTAGES

Birmingham is attracting more inward investment than ever before with a number of key infrastructure and development projects in the pipeline including the recently approved HS2 (High-Speed 2), Paradise Circus (a major mixed-use urban re-development), Arena Central and Birmingham Smithfield. Infrastructure improvements and progressive urban renewal are leading to greater occupier demand for the city with Beazley Insurance, HS2, RICS, HMRC, PWC, Allegis and BT committing to locating offices in Birmingham.

Government departments, shared serviced office centres, professional services, education and the technology and media sectors are key drivers of Birmingham's occupier demand. Demand is further driven by the growing trends of urbanisation and centralisation where well-connected, transport, fibre and amenity rich locations like central Birmingham are expected to continue to outperform. Additionally, businesses' requirements for cost efficiencies through staff and property operating costs are further driving demand for regional centres like Birmingham as business seek greater value for money, particularly away from the higher costs of Greater London. It is anticipated that the 'HS2' high speed train link from London to Birmingham will act as a further catalyst for value-seeking companies located in the South-East of the UK to relocate to Birmingham in search of such efficiencies.

Birmingham prime office rents increased from £33.00 per sq. ft to £34.50 per sq. ft between 2018 and 2019 (an increase of circa 5 per cent.). Overall, demand is expected to increase at a faster

rate than supply by 2023, creating a further shortage of Grade A and B office space and a consequent demand push on price.

The Directors and the AIFM intend that, over the next three to five years, the Property will be repositioned as a pre-eminent 'Live Work Play' destination with a complementary, ancillary retail and leisure offering and have developed an asset management strategy which is further described below.

6. REASONS FOR THE OFFER AND USE OF PROCEEDS

- The Offer gives investors the opportunity to invest in a single asset with long-term, secure income and the potential for income and capital growth.
- The Property is well-known in Birmingham, close to New Street station and comprises a multisector, multi-let asset with the largest component by income, secured to office uses, currently a regional growth sector.
- Unlike other REITs, the Company will have a single asset focus and provide investors with granularity on quality of covenants and sources of income via the diverse occupier base.
- The Offer provides the mechanism for retail investors to buy shares in an asset that the majority of retail investors could not individually afford to acquire.
- Admission to IPSX Prime is expected to provide access to a trading platform on which other single properties could be listed and which will allow liquidity to develop over time.
- The Offer is expected to raise £59.4 million after expenses, assuming the target size of the Offer of 62,500,000 Ordinary Shares. Approximately £50 million will be used to reduce the debt within the Group by an equivalent amount so that the Loan to Value ratio of the Group is under 40 per cent. and the outstanding debt is reduced from £120 million to £70 million, approximately £2 million will be used to repay the balance owed by the HoldCo to the Controlling Shareholder shortly after Admission, £5.2 million will be invested in the conversion of Level 1 in the Property from retail to office use, and the balance used for working capital purposes.
- When fully let the new office space of approximately 50,000 square feet is expected to generate over £1 million in additional rent annually and thereby expected to contribute to dividend growth.

7. FUNDING AND WORKING CAPITAL ASSUMPTIONS

Capital Funding

Immediately before the Property was acquired by the Controlling Shareholder in December 2019, MBL, which holds the Property, had a bank loan of approximately £140.0 million and inter-company loans from its then parent company in excess of £80.0 million. As part of the acquisition by the Controlling Shareholder, the pre-existing shareholder loan of £40.2 million with the former owner was written-off and the bank loan replaced as set out below.

On acquisition, in December 2019, when MBL acceded to the DB Facility, the DB Facility was reduced to £120 million and the Controlling Shareholder provided finance as to £68 million to Holdco of which Holdco advanced £68 million to Propco which advanced £65.7 million to MBL. As at 31 December 2019 the balance owed by MBL was £65.9 million. All intercompany balances have an interest rate of 3.5 per cent. Immediately prior to Admission, all amounts owed by MBL to Propco, amounts owed by Propco to Holdco and Holdco to the Controlling Shareholder will be eliminated, save for a balance of £2 million which will be owed by HoldCo to the Controlling Shareholder (and which will be repaid subsequently as described below) (i) by repayment of the balance from a subscription for shares by the Controlling Shareholder into the Company for subscription monies of £52.5 million, which will fund repayment of the amounts owed to the Controlling Shareholder, and (ii) a waiver and release of the balance of that debt.

A portion of the net proceeds from the Offer, will be used to prepay the DB Facility by an amount of £50.0 million and to repay the £2 million balance owed to the Controlling Shareholder. Further details are set out in paragraph 11.14 of Part XII (*Additional Information*). It is further intended that, following Admission, the DB Facility will be repaid in full and replaced with secured borrowings under the Canada Life Facility in the sum of £70 million at an interest rate calculated as the

aggregate of a margin of 1.95 per cent. plus the gross redemption yield on the UK Treasury 0.375 per cent. 2030 Gilt with an expected maturity date in 2030, which will be secured on the Property. Further details are set out in paragraph 11.15 of Part XII (*Additional Information*).

The new Ordinary Shares being issued will further fund the costs of the Offer and the conversion costs for Level 1 change of use referred to in paragraph 8 "*Asset Management Strategy and Capital Expenditure*" below. The balance will be used to provide working capital for the Group. The Company has provided a confirmation in paragraph 15 of Part XII (*Additional Information*) that the Company will have sufficient working capital for at least 12 months. This statement was made after careful consideration of the effects of the Covid-19 outbreak on the Company's financial position taking account of current trading, in particular rent collection as described in paragraph 4 "*Current Trading and Prospects/Financial Condition*" above.

Working Capital Statement

The Company is of the opinion that, taking into account the Minimum Net Proceeds of the Offer and the existing facilities available to it, the working capital available to the Group is sufficient for its present requirements, that is, for a period of at least 12 months from the date of the Prospectus.

Reasonable worst case scenario relating to the Covid-19 pandemic

In preparing the working capital statement above, the Company is required to identify, define and consider a reasonable worst case scenario, which has involved making certain assumptions regarding the evolution of the Covid-19 pandemic and its potential impact on the Group.

The Board notes the uncertainty which falls as a result of the current Covid-19 pandemic and which may impact how the Group operates going forward. Consequently, the Company has made its working capital statement based on a model that covers a reasonable worst case scenario modelling the potential impact of the Covid-19 pandemic.

The Company has made assumptions in relation to the collection rates for the September 2020 Quarter Day. This is because, at the date of this Prospectus, it will not be in possession of full information in relation to rent and service charge collections for this quarter. It anticipates being in possession of such information in mid-October 2020 at which point, should such collections be materially different to those assumed, the Company intends to publish a supplementary prospectus as required.

Assumptions in respect of the impact of Covid-19

The underlying assumption for the reasonable worst case scenario is that Covid-19 will have a continuing impact on the Property and tenants of the Property through to the end of Q1 2021. The actual impact will be driven by the health of the local population, the financial status of the tenants and the restrictions implemented by the Government. In order to determine a reasonable worst case scenario, the Directors have made a series of assumptions at a tenant sector level. This includes assumptions regarding the way in which tenants adapt their operations in order to comply with ongoing social-distancing restrictions. The Directors have assumed in the reasonable worst case scenario there will not be a further extended national level "lockdown" as was imposed in March 2020 across the UK, but that there will likely be local and national level restrictions until 31 March 2021 including curfews and restrictions on households mixing, but that these will not include widespread closures of all categories of business premises.

The overall impact on the Property, in the reasonable worst case scenario, is expected to reduce during the first three months of 2021 with most tenants' ability to pay contracted rental and service charge payments returning by the March 2021 Quarter Day (in respect of the second quarter of 2021). It is assumed that tenants and users of tenants' facilities adapt to a new way of operating under continuing Covid-19 social-distancing restrictions.

The key elements assumed in such reasonable worst case scenario are presented for each sector of the Property's activity as follows:

Leisure

Food and beverage (“F&B”)

- No F&B rent and service charge will be collected for the September 2020 and December 2020 Quarter Days.
- During the first quarter of 2021, the negative impact of Covid-19 upon tenants’ normal operations within the Property is assumed to reduce. This is expected as a result of the increase in propensity for special incentives to be offered, an increase in physical footfall as customers adapt to new conditions and an increase in take-away or alternative ‘click and collect’ models. As a result, a return to full collection of base contracted rent and service charges is expected from the March 2021 Quarter Day.
- No turnover rent is assumed to be collected over the working capital forecast period.

The cinema

- Cinema contracted rent and service charge collections recommence fully from the September 2020 Quarter Day due to significant landlord support provided up to this point.
- The arrears in respect of the March and June 2020 Quarter Days will be collected over the 24 months from September 2020.

Office space

- September and December 2020 Quarter Days will be impacted by the effects of measures taken to mitigate the Covid-19 pandemic resulting in reduced rent and service charge collection rates.
- Office rent and service charge collections for the September 2020 and December 2020 Quarter Days will be 75 per cent. of the contracted rent and service charges for those quarters.
- A return to full collection of contracted rent and service charges is expected for the March 2021 Quarter Day.

Retail space

- No retail rent and service charges are assumed to be collected until the December 2020 Quarter Day (including no rent or service charge for the September 2020 Quarter Day) due to the impact on the September 2020 Quarter Day of measures taken to mitigate the Covid-19 pandemic.
- Contracted rental and service charge payments are assumed to return to full base contracted rent for the December 2020 Quarter Day due to the Christmas trading period and significant landlord support provided up to this point.
- No turnover rent is assumed to be collected over the working capital forecast period.

The car park

- September and December 2020 Quarter Days will be impacted by the effects of measures taken to mitigate the Covid-19 pandemic resulting in reduced rent and service charge collection rates.
- Car park rent and service charge collections for the September 2020 and December 2020 Quarter Days are assumed to be 50 per cent. of the contracted rent.
- The office population is assumed to continue to adapt under Covid-19 social-distancing restrictions. As a result, the demand for the Car Park is expected to increase further resulting in the ability for the car park tenant to pay the full contracted rent due from the March 2021 Quarter Day onwards.

Asset management strategy

- The start date of the asset management plan to inject capital expenditure into the Property and convert level 1 retail space into office space will be delayed by six months from Admission.

- Additionally, the cost of this plan will be spread over 12 months, to reduce expenditure whilst asset income is at its lowest.

Basis of preparation of the working capital statement

The working capital statement in this Prospectus has been prepared in accordance with the ESMA Recommendations, and the technical supplement to the FCA Statement of Policy published on 8 April 2020 relating to the Covid-19 pandemic.

8. ASSET MANAGEMENT STRATEGY AND CAPITAL EXPENDITURE

The Directors and the AIFM intend that, over the next three to five years, the Property will be repositioned as a pre-eminent 'Live Work Play' destination with a complementary, ancillary retail and leisure offering and have developed the following asset management strategy:

An important element of the asset management strategy is the conversion of Level 1 from a substantially retail base to office space of approximately 50,000 square feet to capture robust office demand and take advantage of higher average rents for office space compared to retail space and targeting an increase in net operating income on Level 1 from £1 per square foot to approximately £27.50 per square foot. To that end, the Company expects to apply up to £5.2 million of net proceeds towards the conversion of Level 1 from its existing retail use to a new contemporary office use. This expenditure may include, but may not be limited to, building improvements and enabling works to achieve the conversion from retail to office plus approximately £1.5 million towards related costs and the professional fees associated with relocating certain existing and viable retail tenants to a consolidated retail space on Level 2 and executing this strategy. Consolidating retail tenants to Level 2 is also expected to reduce gross to net leakage. This an important element of turning the Property into a "Live-Work-Play" centre in line with the Director's strategy.

Other aspects of the asset management strategy include engaging with key office tenants during forthcoming rent reviews and relocating the on-site management team to free up additional space for market rent. In addition, the Asset Manager intends to conduct a comprehensive review of the service charge budget to drive efficiencies, reallocate the total service charge to reduce shortfalls as well as reviewing the existing marketing and public relations budgets. In relation to leisure tenants, the asset management strategy includes increasing the "Grab & Go" and service-led retail options to complement the office space offering as well as creating a more destination led social dining precinct leveraging the Property's canal side location.

The Directors and the AIFM believe that the identified active asset management strategy described above create a clear path to further income growth through targeted increases in high rental value floor area, as well as a reduction in overall service charge shortfalls.

As part of the repositioning of the Property, the Directors and the AIFM are cognisant of negative trends in the retail industry and believe that should those trends continue, the outlook for the Property remains positive as the Directors and the AIFM expect that existing retail space could be converted to office space and thereby benefit from the higher rent for office space compared to retail space.

9. VALUATION POLICY

The valuation was conducted on the Property by Avison Young on 17 August 2020 and is set out in Part IV (*Property Valuation Report*) of this Prospectus. The reduction in valuation from £200 million as at 31 December 2019 to £179 million represents a conservative view on valuation arising from the short-term effect of the Covid-19 pandemic and is outlined further in the valuation report contained within Part IV (*Property Valuation Report*) of this Prospectus. Avison Young was appointed under an engagement letter dated 17 February 2020 between Avison Young, the Asset Manager and the Joint Bookrunners.

The AIFM will ensure that (i) a proper and independent desktop valuation on a semi-annual basis; and (ii) a proper and independent full valuation (involving inspection) on an annual basis, are performed on a timely basis in accordance with the Company's valuation policy, the Articles, the Prospectus and the AIFMD Rules and in both cases such valuations comply with the requirements of a "Red Book Valuation" as set out in the IPSX Rules for Prime Issuers dated January 2020 (and as amended from time to time). The AIFM's valuation committee formed to approve such valuations

will be functionally independent from the portfolio management function (within the meaning of the AIFMD Rules).

The Asset Manager will calculate the NAV and NAV per Ordinary Share, but the determination of the NAV and NAV per Ordinary Share shall remain the responsibility of the AIFM. The NAV and the NAV per Ordinary Share shall be calculated on a quarterly basis as at 31 March, 30 June, 30 September and 31 December. Calculations will be made in accordance with IFRS.

Valuations will only be suspended in circumstances where the underlying information necessary to value the Property cannot readily, or without undue expenditure, be obtained or in other circumstances (such as a systems failure of the independent valuer) which prevents the Company from making such valuations. Details of any suspension in the making of such valuations will be announced by the Company via a Regulatory Information Service announcement as soon as practicable after the relevant valuation date.

10. DIVIDEND POLICY

The Company is targeting an initial annual dividend payment of 5 pence per Ordinary Share equating to a yield of 5 per cent. per annum by reference to the Offer Price.

The dividend target stated above is a target only and not a profit forecast. There can be no assurance that this target will be met and it should not be taken as an indication of the Company's expected future results. Accordingly, potential investors should not place any reliance on this target in deciding whether or not to invest in the Company and should decide for themselves whether or not the target dividend is reasonable or achievable.

The Company intends to pay dividends on a quarterly basis in cash, with the first interim dividend expected to be declared and paid in the first quarter of 2021.

In order to obtain and comply with REIT status, the Company will be required to meet a minimum distribution test for each year that it is a REIT. This minimum distribution test requires the Company to distribute (by way of a dividend in cash or by way of an issue of share capital in lieu of a cash dividend) on or before the filing date for the Company's tax returns for the accounting period in question, 90 per cent. of the Company's profits from its Property Rental Business for each accounting period, as adjusted for tax purposes.

In order to increase the distributable reserves available to facilitate any future share payment of dividends, the Company has resolved that, conditional upon Admission and the approval of the court, the amount standing to the credit of the share premium account of the Company immediately following completion of the Offer be cancelled and transferred to distributable reserves. The Company may, at the discretion of the Board, use such distributable reserves to fund any future dividends out of distributable reserves, taking into account the Company's target dividend.

The amount, timing and frequency of future dividends will be at the sole discretion of the Board and will be declared based upon various factors, including but not limited to, return on capital of available organic and inorganic investment opportunities, the Group's financial condition and operating cash flows, undertakings to creditors and loan covenants.

11. VENDORS, CONTRACTORS AND SERVICE PROVIDERS

The Group has appointed Jones Lang LaSalle Limited (the "**Property Manager**") to provide property management services in respect of the Property pursuant to an agreement dated 9 July 2020 between the Group and the Property Manager (the "**Property Management Agreement**"). For a further details of the Property Management Agreement, see paragraph 11.7 of Part XII (*Additional Information*).

The Group has appointed Interserve Limited (the "**Facilities Manager**") to provide facilities management services in respect of the Property pursuant to an agreement dated 9 September 2020 made between MBL and the Facilities Manager (the "**Facilities Management Agreement**"). For further details of the Facilities Management Agreement, see paragraph 11.8 of Part XII (*Additional Information*).

The Group has appointed M7 Real Estate Financial Services Limited as AIFM in an agreement dated 30 September 2020 between, amongst others, the Company, Propco and the AIFM, (the

“**AIFM Agreement**”). For further details of the AIFM Agreement, see paragraph 11.5 of Part XII (*Additional Information*).

The Group has appointed M7 Real Estate Limited as the Asset Manager in an agreement dated 30 September 2020 between, amongst others, the Company, the AIFM and the Asset Manager (the “**Asset Management Agreement**”). For further details of the Asset Management Agreement, see paragraph 11.6 of Part XII (*Additional Information*).

The Company has appointed Alter Domus Fund Services (UK) Limited as administrator in an agreement dated 30 September 2020 between the Company, AIFM and Alter Domus Fund Services (UK) Limited (the “**Administration Agreement**”). The Company has appointed Alter Domus Depository Services (UK) Limited as Depository in an agreement dated 30 September 2020 between the Company, AIFM and Alter Domus Depository Services (UK) Limited (the “**Depository Agreement**”). For further details of the Administration Agreement and Depository Agreement, see paragraphs 11.9 and 11.10 of Part XII (*Additional Information*).

12. TAKEOVER CODE

The Company is subject to the Takeover Code. Immediately after Admission, the members of the Concert Party will, in aggregate, hold between 53,500,000 and 53,905,000 Ordinary Shares, representing between 46.1 and 46.5 per cent. of the Company’s issued share capital. Following Admission a further announcement will be made clarifying the precise number of shares and percentage.

There are certain considerations that shareholders should be aware of with regard to this shareholding and the Takeover Code.

Under Rule 9 of the Takeover Code, any person who acquires an interest in shares which, taken together with Shares in which persons acting in concert with him are interested carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, are interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a Company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if such person, or any person acting in concert with him, acquires any interest in any further shares increasing that person’s percentage of voting rights.

AN OFFER UNDER RULE 9 MUST BE IN CASH OR BE ACCOMPANIED BY A CASH ALTERNATIVE AND AT THE HIGHEST PRICE PAID BY THE PERSON REQUIRED TO MAKE THE OFFER, OR ANY PERSON ACTING IN CONCERT WITH HIM, FOR ANY INTEREST IN SHARES OF THE COMPANY DURING THE 12 MONTHS PRIOR TO THE ANNOUNCEMENT OF THE OFFER.

Persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. Without prejudice to the preceding sentence, the following persons will be presumed to be persons acting in concert with other persons in the same category unless the contrary is established: (1) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status); (2) a company with its directors (together with their close relatives and the related trusts of any of them); (3) a company with any of its pension schemes and the pension schemes of any company described in (1); (4) a fund manager (including an exempt fund manager) with any investment company, unit trust or other person whose investments such fund manager manages on a discretionary basis, in respect of the relevant investment accounts; (5) a person, the person’s close relatives, and the related trusts of any of them, all with each other; (6) the close relatives of a founder of a company to which the Code applies, their close relatives, and the related trusts of any of them, all with each other; (7) a connected adviser with its client and, if its client is acting in concert with an offeror or the offeree company, with that offeror or offeree company respectively, in each case in respect of the interests in shares of that adviser and persons controlling, controlled by or under the same control as that adviser (except in the capacity of an exempt fund manager or an exempt principal trader); (8) directors of a company which is subject to an offer or where the

directors have reason to believe a bona fide offer for their company may be imminent; and (9) shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Takeover Code applies, or who, following the re-registration of that company as a public company in connection with an initial public offering or otherwise, become shareholders in a company to which the Takeover Code applies.

“**Control**” means holding an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company to which the Takeover Code applies, irrespective of whether such interest or interests give de facto control.

The Panel has confirmed that the following are presumed to be acting in concert for the purposes of the Takeover Code:

1. The Controlling Shareholder;
2. M7;
3. the members of the M7 Group including the Controlling Shareholder’s Limited Partner and General Partner; and
4. certain key persons employed by the M7 Group in the management of the Property and the Company, being the persons named in paragraph 4 of Part II (*Information on the AIFM and the Asset Manager*) – Richard Croft-Sharland, Tony Edgley, David Simmonds, John Murnaghan and Ruth Miley as well as Jack Thoms, Tom Pearman and Teresa Dyer (and their respective close relatives and related trusts) (together, the “**Concert Party**”). The Directors of the Company do not form part of the Concert Party.

13. INSURANCE

The Group maintains insurance coverage for its business, properties and operations in amounts and with conditions that are customary for its industry. This includes insurance coverage for: property damage and business interruption, public and product liability, employer liability, directors’ and officers’ liability, professional indemnity and other general insurance policies. The Directors consider the level of insurance cover to be reasonable for its business and the risks it faces and is regularly reviewed, renewed and adjusted as necessary.

14. INTELLECTUAL PROPERTY

The Group holds three UK trademark registrations for the “The Mailbox”, “Mailbox” and “MailboxLife”.

15. EMPLOYEES AND EMPLOYEE RELATIONS

As at the date of this Prospectus, the Company does not have any employees.

16. INVESTMENT POLICY

The Group’s investment policy is to invest in the Property and certain permitted investments for the purposes of cash management.

17. MEETINGS, REPORTS AND ACCOUNTS

The Company will hold its first annual general meeting before the end of 2021 and will then hold an annual general meeting each year thereafter. The annual report and accounts of the Company will be made up to 31 December in each year with copies expected to be sent to Shareholders within the following four months. The first annual report will be prepared for the period to 31 December 2020. The Company will also publish unaudited half-yearly reports to 30 June with copies expected to be sent to Shareholders within the following three months. The first half-yearly report will be prepared to 30 June 2021.

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

18. TAXATION/STRUCTURE AS A REIT

The Company is expected to become a REIT as soon as (a) Admission has occurred and (b) the Company has given notice to HMRC (in accordance with Section 523 CTA 2010) that it will become

a REIT following Admission and the Company will need to comply with certain ongoing regulations and conditions (including minimum distribution requirements) thereafter. Potential investors are referred to Part IX (*The REIT Regime and Taxation*) of this Prospectus for details of the REIT regime and taxation of the Company and Shareholders in the UK. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own professional advisers immediately. The Company has taken tax advice, and on the basis of that advice the Directors confirm that the Company expects to meet the REIT conditions with effect from Admission.

19. REGULATORY STATUS OF THE ORDINARY SHARES

The Company is not regulated as a collective investment scheme by the FCA. As a REIT, the Ordinary Shares will be “excluded securities” under the FCA’s rules on non-mainstream pooled investments for the purposes of COBS 4.12 of the FCA Handbook. Accordingly, the promotion of the Ordinary Shares will not be subject to the FCA’s restriction on the promotion of non-mainstream pooled investments. Under the AIFMD, the Company operates as an externally managed alternative investment fund, with M7 Real Estate Financial Services Limited being the Company’s external AIFM, which is authorised and regulated by the FCA.

PART II

INFORMATION ON THE AIFM AND THE ASSET MANAGER

1. OVERVIEW

The Company has appointed M7 Real Estate Financial Services Limited as the Company's AIFM (the "AIFM") and M7 Real Estate ("M7" or the "Asset Manager") as the Group's asset manager. The AIFM is a wholly owned subsidiary of M7.

The M7 Group was established in 2009, is headquartered in London and has over 200 employees across 14 countries in the United Kingdom and Europe. The senior management within M7, collectively, have an average of 20 years of experience each in the real estate sector (further details of the senior leadership team are set out below).

The AIFM will provide investment management services to the Company. The AIFM is, for the purposes of AIFMD and the AIFMD Rules, a "full scope" UK alternative investment fund manager with a Part 4A permission for managing AIFs such as the Company. Its FRN is 618047.

The Asset Manager will provide asset management services and will be responsible for the day-to-day asset management of the Property.

The Asset Manager and the AIFM together have a team of staff whose primary role will be the management of the Property. This experienced team have a proven track record in delivering positive results for the Company and its clients.

2. COMPETITIVE STRENGTHS

The M7 Group believes that it has the following key competitive strengths:

- it is one of the leading specialists in the UK & pan-European multi-tenanted real estate market;
- it has a value-oriented investment philosophy combined with an active asset management platform;
- it has a strong historical performance track record and significant experience of working with some of the largest real estate investors globally;
- it has a market leading focus on technology to drive insight into end markets and assets; and
- it has extensive access to regional markets and the ability to source assets.

3. EXPERIENCE, STRONG PERFORMANCE AND TRACK RECORD

As of 30 June 2020, the M7 Group managed over 830 assets comprising 66 million sq. ft valued at approximately €5 billion on behalf of real estate investors such as Blackstone, Centerbridge, M&G and HIG Capital.

Since its inception, the M7 Group has worked with Starwood Capital, Oaktree Capital, Goldman Sachs, Blackstone, HIG Capital, Westbrook Partners, Europa Capital and M&G Real Estate among others.

The M7 Group currently operates a number of mandates in the form of joint ventures, managed funds and separate accounts. Joint venture mandates involve the M7 Group entering into joint ventures with partner investors and acting as the promoted asset manager for the joint venture. Fund mandates involve the M7 Group establishing and co-investing in funds alongside multiple investors and acting as the investment and asset manager to the fund. Separate account asset management mandates involve the M7 Group acting as third party asset manager for institutional, family office and high net worth investors' portfolios.

As at 30 June 2020, the M7 Group realised a cumulative net internal rate of return of 27.9 per cent. (post fees and taxes) and 2.12x on over €2.25 billion of assets held across 14 fully exited joint ventures and funds.

4. KEY MEMBERS

Richard Croft-Sharland – Executive Chairman

Richard Croft-Sharland (known as Richard Croft) is the Executive Chairman for M7. He is responsible for the strategic direction of the company, capital raising and leads the real estate fund management function. In this capacity he sits on the GP board and Investment Committees of all of the M7 Group funds in addition to numerous other M7 Group JV boards. Prior to co-founding M7 in April 2009, Richard founded Halverton REIM LLP (subsequently GPT Halverton), a European real estate fund management business which was sold to The GPT Group (an Australian listed property trust) in July 2007. From 2005 to early 2009 Richard was CEO of GPT Halverton which at the time of sale employed circa 180 people across ten European offices and managed €2 billion of assets. Before his time at Halverton, Richard was International Investment Director of Property Fund Management plc (now Valad), and was responsible for setting up their international infrastructure, including offices in Amsterdam, Paris, Berlin, Warsaw, Copenhagen and Madrid. Richard has been involved in over €8 billion of transactions across the UK and Europe during his 26 years of real estate experience.

Tony Edgley – Senior Independent Non-Executive Director

Tony has 40 years of international and domestic real estate experience both as an advisor and a principal investor. He is a former partner of Brockton Capital in 2018, where he was a member of a five-man Investment Committee with full delegated authority across three opportunistic funds (holding, collectively, approximately £5.25 billion of assets) for eight years. Tony was responsible for originating and leading approximately £2.25 billion of multi-sector transactions through the full life cycle of acquisition, asset management, design and redevelopment, leverage, joint venture management and sale. Before Brockton Capital, he was Managing Director of Jones Lang LaSalle Corporate Finance Ltd where he advised the firm's global clients on joint venture establishment, M&A, corporate disposal, debt advisory and equity raising. Major clients included Blackstone, ADIA, GIC, HSBC, Lloyds Bank and J Sainsbury. Tony lived and worked for eight years in New York and helped establish the first global real estate institutional investor club; The Prudential Global Programme.

David Ebbrell – Chief Executive Officer

David Ebbrell is the Chief Executive Officer for M7. He is responsible for sourcing new properties across Europe. Prior to co-founding the M7 Group in 2009, David was a Fund Director at GPT Halverton where he was responsible for funds with a combined value of €600m. These included BIP (which invested in German and Dutch multi-let industrial property) and DAF (which invested in Dutch multi-let industrial office properties). As Fund Director, David had responsibility for acquisitions, portfolio performance, client reporting and asset management strategy. He was also responsible for many of the acquisitions made by the Halverton Babcock Industrial fund; his primary responsibility being the German and French acquisitions. Whilst at GPT Halverton, David was involved with acquisitions with a combined purchase price of €900 million. Before that, David worked for Teesland iOG (now Valad) and undertook UK acquisitions for the Industrial Trust and the Industrial Investment Partnership. David is a member of the Royal Institution of Chartered Surveyors. David trained as a surveyor at Healey & Baker and has a degree in Estate Surveying.

David Simmonds – Chief Financial Officer

David Simmonds is the Chief Financial Officer for M7, with overall responsibility for M7's finance function. David joined the M7 Group in April 2016. He joined the M7 Group from APN Property Group where he was Finance Director of Industrial REIT, an Australian listed entity since its inception and IPO in December 2013. Prior to working in the Australian market, David held a series of senior positions across multiple geographies and real estate asset types, working in a number of European markets throughout his more than 20-year career. This included the role of Chief Financial Officer for Europe at APN's office in London, where he was responsible for APN's European business activities across 11 European jurisdictions and over 60 corporate entities. David also spent over three years from 2007 to 2010 as Financial Director for the Goodman Group, where he held responsibility for their European Business Parks Division. David is a Chartered Certified Accountant.

John Murnaghan – Head of UK and Ireland Real Estate

John is a Director and Head of UK Real Estate. He oversees the UK & Ireland portfolio and asset management strategies, develops the UK & Ireland business plan and leads new UK & Ireland business initiatives. Prior to joining the M7 Group in August 2014, John worked for UBS Global Asset Management where he was a Director in the UK Real Estate team responsible for the UBS Triton Property Fund, a UK balanced property unit trust. He was directly responsible for 30 assets, valued at circa £500 million across all sectors. In addition, John was responsible for the investment management of a collection of properties for private UBS Wealth Management clients. Prior to working at UBS, John worked at Land Securities Trillium as Senior Asset Manager where he undertook strategic asset management for an occupational portfolio of properties. John is a Chartered Surveyor, holds the Investment Management Certificate (IMC) and has over 19 years of real estate experience. John has a BSc Hons in Real Estate Management from Oxford Brookes University.

Ruth Miley – Asset Manager

Ruth is an Asset Manager at M7 Real Estate. Prior to joining M7 in October 2019, Ruth spent three years running her own investment brokerage and asset management consultancy, acting for numerous clients across multiple sectors. Her role involved sourcing PRS and Build to Rent development opportunities, hotel site acquisitions, leasing and sales transactions and various commercial opportunities for an array of investors, funds and private equity clients. Before this, Ruth worked as a leasing agent at GCW and JLL on a shopping centre portfolio. Ruth also spent 5 years in Australia, working for the GPT Group as an asset manager on various retail and office assets including 530 Collins, Melbourne Central & Highpoint Shopping Centre. Ruth has over thirteen years of real estate experience and is a member of the Royal Institution of Chartered Surveyors.

5. AIFM AGREEMENT

The Company, the AIFM and Propco, amongst others, have entered into the AIFM Agreement, under which the AIFM has been appointed to act as the AIFM of the Company for an initial period of 10 years, unless the AIFM Agreement is terminated earlier in accordance with its terms. The AIFM Agreement may be terminated if: (i) the Company gives written notice to that effect following certain events of default; (ii) the Company terminates such appointment by giving the AIFM not less than 6 months' written notice, provided that such notice may only be given after the second anniversary of the effective date of the AIFM Agreement and if the aggregate number of ordinary shares in the capital of the Company held by the AIFM and its Affiliates (as defined in the AIFM Agreement) equates to less than 20 per cent. of the aggregate ordinary issued share capital of the Company; or (iii) the giving of written notice to that effect from the AIFM or the Company to the other following either: (a) the termination of the Asset Management Agreement; or (b) the disposal of all of the Property and the Permitted Temporary Investments (as defined in the AIFM Agreement).

Following the expiry of the initial period of 10 years from the effective date of the AIFM Agreement, the AIFM Agreement shall automatically renew for successive five year terms, unless the Company or the AIFM provides six months' written notice of nonrenewal prior to the end of the then-current term, or unless otherwise terminated in accordance with the AIFM Agreement. The AIFM will provide risk management, investment management and portfolio management services, in all cases subject to the overall supervision of the Board. Further details of the AIFM Agreement, including details of the fees and expenses payable to the AIFM, other termination rights and limitations on liability are set out in paragraph 11.5 of Part XII (Additional Information) of this Prospectus.

6. ASSET MANAGEMENT AGREEMENT

The Company, the Propco, Archco, MBL, the AIFM and the Asset Manager, amongst others, have entered into the Asset Management Agreement, under which the Asset Manager has been appointed by Archco and MBL to act as the asset manager of the Property for an initial period of 10 years, unless the Asset Management Agreement is terminated earlier in accordance with its terms. The Asset Management Agreement may also be terminated if (i) the Propco or certain other parties give notice to that effect following certain events of default; or (ii) notice is given to that effect following termination of the AIFM Agreement.

Following the expiry of the initial period of 10 years from the effective date of the Asset Management Agreement, the Asset Management Agreement shall automatically renew for

successive five year terms, unless Archco, MBL or the Asset Manager provides six months' written notice of nonrenewal prior to the end of the then-current term, or unless otherwise terminated in accordance with the Asset Management Agreement. The Asset Manager will be responsible for the day-to-day management of the Property, providing to the AIFM such assistance as the AIFM may request in connection with the valuation of the Company, Archco, MBL and the Property and will provide certain administration services to the Company, in each case subject to the overall supervision of the Board. Further details of the Asset Management Agreement, including details of the fees and expenses payable to the Asset Manager, other termination rights and limitations on liability are set out in paragraph 11.6 of Part XII (Additional Information) of this Prospectus.

7. FEES AND EXPENSES OF THE AIFM AND THE ASSET MANAGER

Pursuant to the AIFM Agreement and the Asset Management Agreement the AIFM and the Asset Manager are (collectively) entitled to receive aggregate periodic fees at the rate of 0.5 per cent. per annum (on a quarterly basis) of the Company's then-current NAV (the "**Aggregate Periodic Fee**").

The Aggregate Periodic Fee shall be calculated quarterly in arrears, as a percentage of the NAV on the relevant quarter day (in respect of the preceding quarter), such quarter days being for the purposes of the Aggregate Periodic Fee: 31 March, 30 June, 30 September and 31 December.

The AIFM and the Asset Manager shall each be entitled to receive such portions of the Aggregate Periodic Fee as may be agreed from time to time between the AIFM and the Asset Manager. Such agreed portions of the Aggregate Periodic Fees shall be the "**AIFM Fee**" and the "**Asset Management Fee**" respectively. The AIFM Fee shall be payable by the Company and the Asset Management Fee shall be payable by the relevant member of the Group (noting that all Group members are jointly and severally liable for the Asset Management Fee).

Payment of the AIFM Fee and the Asset Management Fee may be deferred for up to one year in certain circumstances as set out in the AIFM Agreement and the Asset Management Agreement relating to the payment by the Company of certain dividends and the cash management resources of the relevant Group member(s) during the first two calendar years of the AIFM Agreement and the Asset Management Agreement.

The AIFM and the Asset Manager are each entitled to be reimbursed by the Company, the Archco or MBL, as applicable, for all reasonable out-of-pocket expenses, disbursements, fees and costs incurred by the AIFM or the Asset Manager on behalf of the Company, the Archco or MBL, as applicable, or in relation to any of their business.

8. CONFLICT MANAGEMENT

The M7 Group (including the Asset Manager and the AIFM) and any of its respective associates and each such person's respective members, directors, officers, consultants, agents and employees, agents and connected persons, and any person or company with whom they are affiliated or by whom any of them are employed ("**Interested Parties**") may be involved in other financial, investment or other professional activities which may cause potential conflicts of interest with the Company. Interested Parties may provide similar services to other persons and entities and will not be liable to account for any profit earned from any such services. In addition, an Interested Party may provide other professional services to members of the Group or hold Ordinary Shares and buy, hold and deal in any investments for their own accounts. In particular:

- the AIFM, which is under common control with the Asset Manager and other members of the M7 Group, may provide portfolio management, risk management, investment management, asset management, investment or other advisory or other services to other clients in the real estate sector;
- the Asset Manager, which is under common control with the AIFM and other members of the M7 Group, may provide property or asset management services to other clients in the real estate sector;
- it is expected that the Controlling Shareholder (a member of the M7 Group) will hold (through several investment vehicles) approximately 46 per cent. of the Ordinary Shares following Admission, and that certain directors, officers or employees of the Asset Manager (or other members of the M7 Group) will also subscribe for Ordinary Shares;

- M7, through a wholly owned subsidiary, holds approximately 13.4 per cent. of the share capital in IPSX;
- Richard Croft, Chairman of M7, holds approximately 0.51 per cent. of the share capital in IPSX; and
- 9 of the 21 shareholders of M7, through an investment vehicle, hold approximately 1.3 per cent. of the share capital of IPSX.

The Controlling Shareholder and the Company have entered into the Relationship Agreement (with effect from Admission) to ensure that the Controlling Shareholder and the M7 Group act on an arms' length basis towards the Company. Please refer to paragraph 11.4 of Part XII (*Additional Information*) for a description of the Relationship Agreement. The AIFM will have regard to its obligations under the AIFM Agreement and the AIFMD to act in the best interests of the Company, so far as is practicable having regard to their obligations to other funds or clients, should potential conflicts of interest arise. The AIFM's services are governed by the AIFMD and the FCA Handbook and in the event of a conflict of interest arising, the AIFM will ensure that it is resolved in accordance with the AIFMD and the FCA Handbook. In addition, the Directors have satisfied themselves that the M7 Group has in place a conflicts of interest policy and where a conflict arises it will be resolved in accordance with M7 Group's conflict of interest policy. The policy sets out a specific process to manage the potential conflicts including notification, management and mitigation, monitoring via a conflicts register and disclosure (if appropriate).

As the Property is the Group's only intended investment, neither the AIFM nor the Asset Manager is obliged to allocate any future investment opportunities to the Group and may allocate such potential investment opportunities to any other client of the M7 Group without first consulting the Board.

Please also see "*Risk Factors—Risks Associated with the Company and The Property—The Group is subject to risks relating to conflicts of interest*".

At the time of this Prospectus, and save as disclosed herein, there are no actual or potential conflicts of interest between any duties owed by the AIFM or the Asset Manager (as applicable) to the Company, the Directors or the Asset Manager or any of the Directors and their private interests or duties.

PART III

INFORMATION ON BIRMINGHAM REAL ESTATE

1. OVERVIEW

Birmingham is the UK's second largest city with a population of more than one million (2018 Birmingham City Council mid-year estimate), with 4.2 million people living within the wider West Midlands region. Birmingham has seen much change including the opening of Europe's largest library and the £600 million redevelopment of New Street train station. The city has the largest economy of any city outside London with an economic output of £28.1 billion in 2018 and a 28 per cent. growth rate in the last five years (Savills, December 2019). Outside of London, it has the UK's highest concentration of businesses with 43,950 based in the city in 2019 (Birmingham City Council, October 2019). Birmingham saw the largest growth (4.8 per cent.) in business numbers between 2018 and 2019 amongst the 10 UK core cities (Savills, December 2019). The city remains in the top three most visited places to shop in the UK with a £3.74 billion expenditure (Savills, December 2019).

Looking more widely, Birmingham is a key part of the 'Midlands Engine', a collaboration of 77 local authorities from across the West and East Midlands (plus a small number from surrounding regions). The Midlands Engine focusses on improving transport and skills, encouraging innovation, and promoting the Midlands as a major driver of the UK economy. Birmingham has benefitted from a series of infrastructure enhancements in recent years, including the tram extension linking Snow Hill and New Street train stations, the redevelopment of New Street station to provide a greatly enhanced passenger experience, the runway extension at Birmingham Airport, and HS2 which is predicted to be a major catalyst for further investment, regeneration and development. In terms of connectivity, HS2 will substantially increase rail capacity and reduce journey times to London from 1h 21min to 49min and with the completion of the second phase, will cut the journey time to Leeds by 1hr. It will also integrate Birmingham into Europe's high-speed rail network, providing better accessibility from European destinations. (Avison Young, February 2019)

2. BIRMINGHAM COMMERCIAL REAL ESTATE DYNAMICS

The total office take up in 2019 was 780,095 sq. ft in 116 deals in line with 10 year average take up for Birmingham's central business district. The highest ever rent in Birmingham was achieved at £34.50 per sq. ft on the pre-let to DLA Piper LLP at 2 Chamberlain Square for 40,277 sq. ft.

Existing new and refurbished Grade A stock remains low with only 330,000 sq. ft available as of 30 June 2020. At the end of February 2020 it was 213,500 sq ft and following the practical completion of 3 Snowhill and 103 Colemore Row, this sat at 330,000 at the end of June 2020. Even with 2 Chamberlain Square and Three Snowhill completing in 2020, a clear supply shortage is emerging which provides a compelling case for further speculative development. With this demand it is therefore predicted that rents will continue to rise.

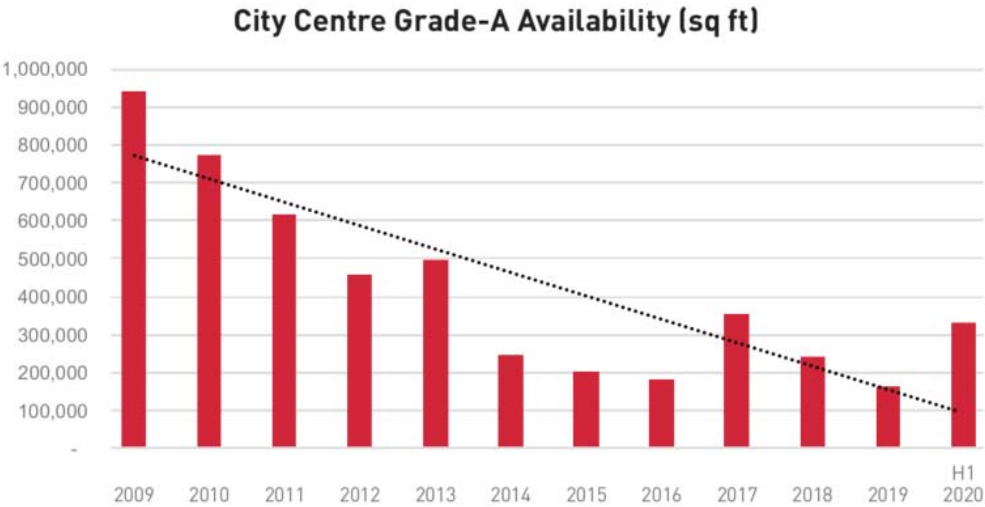
The UK's exit from the EU is anticipated to bring more focus on the decentralisation from London and in particular, the relocation of the public sector hubs to the regional cities. This is evidenced by the active HUB requirement for Birmingham where Government is seeking up to 900,000 sq. ft of accommodation in 3 phases, with occupation commencing in 2020.

However, the most striking event to happen in the Birmingham office market is the announcement of the BT pre-let at Three Snowhill, taking 283,000 sq. ft on a 20-year lease. This represents Birmingham's largest ever office letting and the largest ever city centre office development outside London. The deal highlights occupier demand for prime business accommodation in key UK cities.

It was reported that 2019 was a record year for Birmingham offices with investment volumes for Birmingham city centre offices expected to be marginally in excess of the 10 year average of £400 million. This level of activity is representative of the continued attractiveness of Birmingham to investors due to its strong underlying fundamentals. 2019 saw a broad range of investors acquire strategic holdings within the city including UK institutions, overseas capital and property companies. Transactional volumes in December 2019 stood at £367 million with Q4 2019 deals making up approximately 40 per cent. of 2019 total transactional volume. H1 2020 has been heavily impacted by Covid-19 with only £5 million going toward Birmingham offices. A stronger H2 is expected with a number of large transactions under offer.

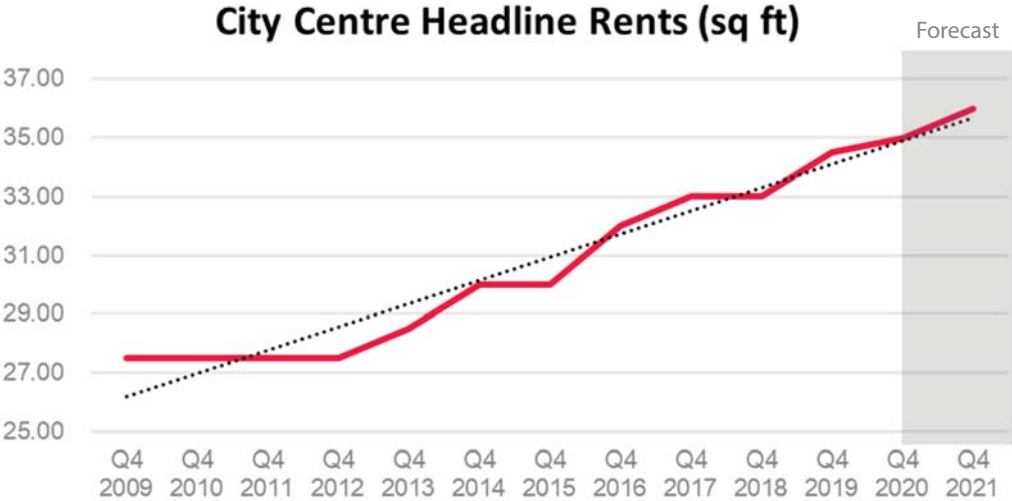
The availability of City Centre Grade-A office space has decreased by 6 per cent. per year since the end of 2009, leading to upward pressure on headline rents, increasing 2 per cent. per year over the last ten years and reaching £34.50 per sq. ft for the first time in the city centre.

The chart below sets out the decrease of City Centre Grade-A office space availability between 2009-2020:



Take up has amounted to an average of circa 840,000 sq. ft per annum over the last five years. As at Q2 2020, the City Centre Grade-A had a vacancy rate of 2.5 per cent. and the pipeline of active mandates would absorb over half of the current Grade A office availability.

The chart below sets out the increase in headline rents in the same time period, together with projections up to Q4 2021:



High-profile occupiers have identified central Birmingham as an attractive regional hub resulting in a number of active mandates in the market. The pipeline of active mandates would absorb over 57 per cent. of the current Grade-A office availability.

PART IV
PROPERTY VALUATION REPORT

Our Ref: RM20/01C000065

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30 September 2020

M7 Real Estate Limited
Mailbox REIT plc
Panmure Gordon (UK) Limited
WH Ireland Limited

Dear Sirs

Property: The Mailbox, Wharfside Street & Salvage Wharf, Birmingham, UK

In accordance with your instructions we now report formally our valuation of the above property ("the **Subject**"). We are instructed, as external valuers and IPSX approved valuers, to report to you our opinion of Market Value of the Subject as at 17 August 2020.

This valuation report has been prepared for the purposes of the proposed admission to trading on IPSX (the "admission") of a newly incorporated holding company Mailbox REIT plc (the "**Company**") which is the ultimate holding company of Mailbox (Birmingham) Limited which is the current owner of the property.

We draw your attention to the Terms of Appointment and Definitions and Reservations for Valuations to which our advice is subject and to the Letter of Appointment agreed between us.

Valuation

We are of the opinion that the Market Value of the freehold and part leasehold interests in The Mailbox, Birmingham, subject to the occupational leases as at 17 August 2020 was:-

£179,000,000
(One Hundred and Seventy Nine Million Pounds)

We are further of the opinion that the Market Rent of the freehold and part leasehold interests in The Mailbox, Birmingham, as at 17 August 2020 was:-

£12,816,000 per annum
(Twelve Million, Eight Hundred and Sixteen Thousand Pounds)

All valuations are reported exclusive of VAT.

Material Valuation Uncertainty Clause

The outbreak of Covid-19, declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted many aspects of daily life and the global economy – with some real estate markets experiencing significantly lower levels of transactional activity and liquidity. As at the valuation date, in the case of the subject property there is a shortage of market evidence for comparison purposes, to inform opinions of value. Our valuation of this property is therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty, and a higher degree of caution, should be attached to our valuation than would normally be the case.

For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that, in the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation. Given the unknown future impact that Covid-19 might have on the real estate market and the difficulty in differentiating between short term impacts and long-term structural changes, we recommend that you keep the valuation contained within this report under frequent review.

A Property & Valuation Summary is attached at Appendix 1 to this Part IV.

Basis of Value

The valuations have been prepared in accordance with the RICS Valuation – Global Standards effective from 31 January 2020 – ‘the Red Book’.

We further confirm that our valuations and report have been prepared in accordance with the relevant provisions of IPSX Prime Rules v 3.6.

The property is held for investment purposes and has been valued on the basis of Market Value, 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.

We have carried out the valuation on a traditional income capitalisation basis having regard to appropriate yields while reflecting the income profile, covenant strength, use, specification and location of the subject property. We have applied different capitalisation rates to each aspect of the property.

We have provided our opinion of the aggregate Market Rent of the Subject. Market Rent is defined as:

The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

No allowance has been made in our valuation for the expenses of realisation or for taxation that may arise in the event of disposal and our valuation is expressed exclusive of any VAT that may become chargeable. The reported valuation figure is net of the purchaser’s standard acquisition costs including stamp duty.

The property was inspected on 11 August 2020.

Conflicts of Interest

In assessing any potential conflicts, we have adhered to the RICS Professional Statement – Conflicts of Interest, (1st Edition, March 2017) and the RICS Rules of Conduct.

The Subject has previously been valued by Avison Young (UK) Limited for loan security purposes. We have previously provided rating and retail agency advice at the Subject and are currently instructed to provide office agency and planning advice. We are of the opinion that these previous/current involvements do not constitute a conflict of interest in providing valuation advice. We are

providing our advice as External Valuers in accordance with the provisions of the Red Book. Avison Young (UK) Limited is a regulated firm.

Status of Valuer

We confirm that all the valuers involved in this valuation have sufficient current knowledge of the particular market and the skills and understanding required to undertake the valuation competently and are RICS Registered Valuers. Avison Young are IPSX approved valuers.

The Valuation has been prepared jointly by Mark Shelley MRICS, a Director within Valuation Consultancy and Rebecca Millard MRICS, a Principal within Valuation Consultancy.

Nature and Source of information to be relied upon

Information relating to tenancies, change of planning use negotiations and all other on-going management issues has been supplied to us by M7 Real Estate Limited and their advisers, and we have relied upon the accuracy of this information when preparing our valuation.

We have had sight of a draft Certificate of Title and lease summary reports prepared by Simmons and Simmons during August 2020, the contents of which we have taken into account in preparing our valuation.

We have been provided with updated tenancy information provided by the managing agents, Jones Lang LaSalle, the contents of which we have taken into account in preparing our valuation.

We have had sight of a Building Inspection Report undertaken by CBRE dated July 2019, prepared on behalf of Mailbox (Birmingham) Limited. We have relied upon the findings of this report as being accurate.

We have relied upon the floor areas of the property prepared by Plowman & Craven as being accurate. Our valuations assume they were prepared in accordance with the RICS Professional Statement – RICS Property Measurement 2nd edition, January 2018 and in compliance with the RICS Code of Measuring Practice, 6th edition published by the RICS.

We have reviewed an EnviroRisk + Report conducted for the subject property by Waterman Infrastructure & Environment Ltd on behalf of Mailbox (Birmingham) Ltd dated July 2019.

We have commissioned Creditsafe Reports for the top 9 tenants to support the statement of tenant covenant strength at the valuation date.

Tenure

There are five interests that form the Mailbox, four of which are freehold and the fifth which is leasehold. The leasehold interest is registered at the Land Registry with title absolute under title number WM675784. The property is held on a 999 year lease granted 1st April 1998 at a peppercorn rent of £100 per annum. There is an option to acquire the freehold for £100 on six months' notice at any time on or after 1st April 2048.

As would be expected from a property of this nature and location, the title is complex with various easements, obligations and restrictions. To cover any defects in title an appropriate title indemnity policy has been secured.

Tenancies

The commercial leases contain standard institutional terms, including provisions for: upward only rent reviews; tenant internal repairing obligations with landlord's expenditure on the common parts and insurance through a service charge.

There are a number of retail leases on Level 2 that include turnover rents which have been disregarded for the purpose of this valuation.

There are three ground leases with peppercorn rents as detailed below.

Demise	Tenant	Lease start	Lease expiry
1 Wharfside Street	Legal & General Assurance (Pensions Management) Ltd – Malmaison (via an underlease)	15/08/2001	31/12/2130
160 Wharfside Street	BPH Acquisition 2 Mailbox (UK) Ltd – AC Hotel by Marriott	14/12/1999	31/12/2130
Residential – 144 Apartments	Royal Arch Management Limited apartments and residential car park	30/06/2007	03/01/2131

Tenant Covenant Strength

We have undertaken Creditsafe rating checks for the following 9 tenants, which represent the top tenants by incomes across the property. The tenth placed tenant are individuals who have been in occupation of Unit 132/134 since 2004. Their financial status is unknown.

Tenant	Company Number	Creditsafe Rating	Risk of Business Failure	International Score	Credit Limit
British Broadcasting Corporation (Royal Charter Company) BBC	RC000057	—	Very Low Risk*	—	—
Q- Park Limited	01721817	76	Very Low Risk	A	£2,450,000
Advanced Business Software and Solutions Limited trading as Advanced	03214465	99	Very Low Risk	A	£4,750,000
WSP UK Limited	01383511	100	Very Low Risk	A	£18,900,000
Harvey Nichols and Company Limited (Guarantor) trading as Harvey Nichols	01774537	100	Very Low Risk	A	£2,500,000
Vodafone Enterprise U.K.	01541957	96	Very Low Risk	A	£56,400,000
Everyman Media Group plc (Guarantor) trading as Everyman	08684079	48	Moderate Risk	C	£205,000
Ha Ha Bar & Grill Limited	06295359	81	Very Low Risk	A	£100,000
Cotswold Inns and Hotels Limited trading as Churchills	03309179	81	Very Low Risk	A	£270,00

* Creditsafe have not rated the BBC, however we are of the opinion that investors would regard the tenant as very low risk.

Creditsafe rate companies from 0 to 100, with 71 to 100 representing Very Low Risk and 51 to 70 representing Low Risk. The International Score is rated from A to E, with A representing Very Low Risk. This score represents a common risk scoring platform which enables companies to be compared on an international basis.

Town Planning and Highways

Where considered appropriate we have made oral enquiries of the relevant Town Planning and Highways Authorities in respect of matters that may have a material effect on value. No responsibility will be taken for the accuracy of the information given.

The main planning permission applicable to the original change of use is as follows:

<p><i>C/O2666/98/FUL (18/03/1999)</i></p>	<p><i>Relates to the site and adjacent area. Change of use, alteration and extension of former Royal Mail Sorting Office, Royal Mail Street and erection of new buildings on the land fronting Commercial Street to provide a mixed use scheme.</i></p>
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The permission authorised a mixed use scheme of up to 138,998 sq. m (1,496,162 sq. ft). Within that total floor area a variety of uses were permitted including offices, leisure, hotel, residential, retail and car parking. Each use is subject to certain thresholds, mainly based on floor areas as detailed in Conditions C6 and C7.

The latest planning permission applicable to the property is as follows:

<p><i>2020/01623/PA (14/05/2020)</i></p>	<p><i>Remodelling and flexible use of the floorspace on Level 1 for Class B1(a) /A1 / A3/ D1 uses and flexible use of floorspace on Level 2 for Class A1 / A3 / D1 uses together with the installation of external glazing and associated development.</i></p>
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Our valuation has reflected the permitted change of use and development of Level 1 from retail to offices.

Government has recently published the Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020 that will take effect on 1st September 2020. A change of use from one 'Class E' use (currently Class A1, A2, A3, B1 and certain Class D1 and D2 uses) to another 'Class E' use would, from 1st September, not constitute development that would require planning permission.

Condition C6 of the 1999 permission restricts the total amount of floorspace and floorspace in individual use classes in the building. It confirms that the 'uses' referred to in the condition are as defined in the Use Classes Order 1987 "or any Order revoking or re-enacting that Order, with or without modification".

On this basis, our view is that it ought to be possible for units in one 'Class E' use to change to another 'Class E' use without the need for permission (because it would not be 'development') and without breaching the requirements of Condition C6, provided that the total amount of 'Class E' uses in the building does not exceed the combined maximum floorspace figure for what will be 'Class E' uses identified in the schedule attached to Condition C6.

Drinking establishments (including those with expanded food provision), hot food takeaways, music venues, cinemas, concert/ bingo/ dance halls (i.e. which are currently Class A4, A5 and some Class D2 uses) will become 'sui generis' and so a change of use from these uses to another use (except where there are existing permitted development rights which remain in place until 31st July 2021) would require permission for a change of use.

We have assumed that the property has been constructed, and occupied or used within all the relevant consents and that there are no outstanding statutory notices.

Building Condition

The Building Inspection Report provides an overview stating 'the Property is considered to be in good to fair condition commensurate with its age of construction and services installations. The property appears to be receiving a good level of reactive and planned maintenance from the in-

house maintenance team. There were no observed defects suggesting fundamental inadequacies to the foundations or supporting strata. We do not anticipate any repair or maintenance works will be required within the next 10 years, provided that the ground conditions or use of the building do not significantly alter.'

We have not investigated the ground conditions and therefore have assumed that, subject to any comments related to environment issues below, the load bearing qualities of the site is sufficient to support the building constructed on the site without abnormal costs on foundations or services.

Environmental Matters

The main points of the environmental report are as follows:-

- *The site in its current use and layout is considered to represent a low to medium risk with respect to contaminative liabilities, costs and third party liabilities as defined under the Environmental Protection Act 1990.*
- *On this basis, and assuming the site remains in its current form and use, no further enquiries are considered necessary.*

Limitation of Liability and Professional Indemnity Insurance

For the purposes of Prospectus Regulation Rule 5.5.3R (2) (f) we accept responsibility for the information within this report and declare that we have taken all reasonable care to ensure that the information within this report, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Avison Young (UK) Limited has given and has not withdrawn its written consent to the inclusion of this valuation report in the Prospectus.

This report has been produced for inclusion in the Prospectus and may not be reproduced or used in connection with any other purposes without our prior consent.

Save for any responsibility arising under Prospectus Regulation Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this Valuation Report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation.

Avison Young (UK) Limited has given and has not withdrawn its written consent to the inclusion of this valuation report in the Prospectus.

Our prior consent in writing will be required if the Client intends to reproduce the Report or make any public reference to the valuation or the Report for any purpose other than as described above.

Avison Young's liability to the Company, M7 Real Estate Limited, Panmure Gordon (UK) Limited and WH Ireland Limited (being the addressees of this valuation report) under or in connection with our report shall be limited to £20,000,000 in total for all claims arising. Please see clause 7 of our Terms of Appointment, for more information about our limitations of liability. Avison Young acknowledges and agrees that its liability to any other party shall be unlimited.

Disclosures

Subject to the terms and conditions of our engagement and our approval of the form and context thereof, we hereby confirm that we will authorise and consent to the inclusion of:

- (a) the Report or extracts thereof in (i) the Approved Prospectus, (ii) drafts of the Prospectus that are to be used for marketing purposes, (iii) and any announcements substantially in the form of the launch announcement, which are released by the Company and which directly relate to the admission and (iv) investor presentations, (each of (i) to (iv) being the "Investor Documents"); and
- (b) references to the Report and to our name in the Investor Documents.

We can confirm that the fees generated from the Client is less than 5% of the total fee income for Avison Young (UK) Limited.

We draw your attention to our accompanying report, the Terms of Appointment and Definitions and Reservations for Valuations to which our advice is subject and the Letter of Appointment, both of which we attach at Appendix 2.

Yours faithfully

Mark Shelley MRICS
RICS Registered Valuer
Director, Valuation Consultancy
Mark.shelley@avisonyoung.com
0121 609 8050
For and on behalf of Avison Young (UK) Limited

Rebecca Millard MRICS
RICS Registered Valuer
Principal, Valuation Consultancy
Rebecca.millard@avisonyoung.com
0121 609 8044
For and on behalf of Avison Young (UK) Limited

APPENDIX 1

PROPERTY & VALUATION SUMMARY

Location	<p>The subject is situated on the western edge of Birmingham city centre core and occupies a highly prominent position overlooking the A38 Suffolk Street Queensway, which forms part of the A38 and is a major arterial route into the city centre.</p> <p>The site fronts on to Royal Mail Street and the Suffolk Street Queensway flyover to the north-east, Severn Street and Commercial Street to the South and Salvage Wharf to the west.</p> <p>The subject is located in a mixed use location, surrounded by commercial, residential and leisure developments.</p>																																	
Description	<p>The subject comprises a former Royal Mail sorting office that now provides a substantial, multi storey, mixed use development via two buildings linked by a terrace and piazza. The principal building is formed around the original multi-storey 1960's building structure with new build areas and upgraded elevations and finishes installed throughout. The second building comprises a purpose built detached extension overlooking Salvage Wharf.</p> <p>The property includes Grade A offices with retail and F&B/leisure accommodation (including a Harvey Nichols department store extending to 45,414 sqft and an Everyman cinema). Level 1 has planning permission for a change of use from retail to offices and remodelling works are due to commence October 2020.</p> <p>The property also includes 2 hotels, (Malmaison and AC Hotel by Marriott) providing 283 bedrooms in total, which have been sold on leases until 2130 at peppercorn rents, but add to the vibrancy of the location. This accommodation was fully fitted out from shell by the tenants.</p> <p>There are 144 residential apartments constructed in the Royal Arch residential development at roof level and let on a long lease to Royal Arch Management Ltd ("RAML").</p> <p>The building also includes parking for 687 vehicles, within the lower floors and basement.</p> <p>A telecommunication building, occupied by Vodafone and forming part of the property is also situated to the north of the Mailbox development, 16 Holliday Street.</p>																																	
Floor Area	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="width: 15%; text-align: right;">Sq m NIA</th> <th style="width: 15%; text-align: right;">Sq ft NIA</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td style="text-align: right;">18,582.39</td> <td style="text-align: right;">200,019</td> </tr> <tr> <td>Leisure</td> <td style="text-align: right;">7,493.57</td> <td style="text-align: right;">80,660</td> </tr> <tr> <td>Level 1 Office (after works)</td> <td style="text-align: right;">4,904.73</td> <td style="text-align: right;">52,794</td> </tr> <tr> <td>Level 2 Retail</td> <td style="text-align: right;">9,021.17</td> <td style="text-align: right;">97,103</td> </tr> <tr> <td>Car Park</td> <td style="text-align: right;">21,873.48</td> <td style="text-align: right;">235,444</td> </tr> <tr> <td>16 Holliday Street – Switching Station</td> <td style="text-align: right;">1,718.62</td> <td style="text-align: right;">18,499</td> </tr> <tr> <td>Lower Ground Floor Car Park – Car Valet</td> <td style="text-align: right;">361.3</td> <td style="text-align: right;">3,889</td> </tr> <tr> <td>First Floor Car Park – Concierge Area</td> <td style="text-align: right;">85.19</td> <td style="text-align: right;">917</td> </tr> <tr> <td>Basement storage</td> <td style="text-align: right;">816.24</td> <td style="text-align: right;">8,786</td> </tr> <tr> <td></td> <td style="text-align: right;">64,856.69</td> <td style="text-align: right;">698,111</td> </tr> </tbody> </table> <p>These floor areas exclude those parts of the property which have been sold on long leases.</p>		Sq m NIA	Sq ft NIA	Office	18,582.39	200,019	Leisure	7,493.57	80,660	Level 1 Office (after works)	4,904.73	52,794	Level 2 Retail	9,021.17	97,103	Car Park	21,873.48	235,444	16 Holliday Street – Switching Station	1,718.62	18,499	Lower Ground Floor Car Park – Car Valet	361.3	3,889	First Floor Car Park – Concierge Area	85.19	917	Basement storage	816.24	8,786		64,856.69	698,111
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Basement storage	816.24	8,786																																
	64,856.69	698,111																																

<p>Development Works</p>	<p>Planning permission reference 2020/01623/PA was approved 14 May 2020 for the <i>“Remodelling and flexible use of the floorspace on Level 1 for Class B1(a) /A1 / A3/ D1 uses and flexible use of floorspace on Level 2 for Class A1 / A3 / D1 uses together with the installation of external glazing and associated development.” The conditions attached to the permission are reasonable.</i></p> <p>In summary, the permitted development can be described as follows:</p> <ul style="list-style-type: none"> • re-modelling and re-use of the floorplate at Level 1 for a flexible range of uses (Class B1(a)/ A1 / A3 / D1); • integration of the unit on the south eastern corner of the building, at Level 1, with this space to provide offices or other related uses; • flexibility for a broader range of uses to be provided in existing units at Level 2 (Class A1 / A3 / D1); • alterations to the external elevations of the building including the installation of full height glazing along the northern elevation of the building at Level 1; and • the creation of enclosed internal ‘winter garden’ spaces on ‘Level 1’ in the location of the existing light wells from Level 2 which would allow natural light to filter into level 1 whilst providing amenity areas for tenants. <p>Vacant possession will be available on Level 1 by 1 October 2020 and the works to repurpose the floor to offices will commence.</p> <p>Four vacant units on Level 2 are currently finished to shell and core and require “white boxing”.</p> <p>Our valuation has allowed for the cost of these works.</p>														
<p>Tenant Profile</p>	<table border="1" data-bbox="443 1111 1426 1435"> <tr> <td>Number of tenants</td> <td>46</td> </tr> <tr> <td>Number of commercial leases</td> <td>56</td> </tr> <tr> <td>Number of ground leases</td> <td>8</td> </tr> <tr> <td>Total Gross Income per annum</td> <td>£9,313,313</td> </tr> <tr> <td>Total Net Income per annum</td> <td>£7,941,111</td> </tr> <tr> <td>Weighted Average Unexpired Lease Term</td> <td>14 years, 9 months</td> </tr> <tr> <td>Weighted Average Unexpired Term to Break</td> <td>14 years, 3 months</td> </tr> </table>	Number of tenants	46	Number of commercial leases	56	Number of ground leases	8	Total Gross Income per annum	£9,313,313	Total Net Income per annum	£7,941,111	Weighted Average Unexpired Lease Term	14 years, 9 months	Weighted Average Unexpired Term to Break	14 years, 3 months
Number of tenants	46														
Number of commercial leases	56														
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Total Net Income per annum	£7,941,111														
Weighted Average Unexpired Lease Term	14 years, 9 months														
Weighted Average Unexpired Term to Break	14 years, 3 months														

Top 10 Tenants			
	Tenant	% of Total Current Gross Rent	Contracted Rent⁽¹⁾
	British Broadcasting Corporation	23.01%	£2,143,004
	Q- Park Limited	18.74%	£1,744,863
	Advanced Business Software and Solutions Limited – trading as Advanced ⁽²⁾	12.76%	£1,187,966
	WSP UK Limited	12.39%	£1,153,525
	Harvey Nichols and Company Limited (Guarantor) – trading as Harvey Nichols ⁽³⁾	5.98%	£556,973
	Vodafone Enterprise U.K. ⁽⁴⁾	0.00%	£260,339
	Everyman Media Group plc (Guarantor) – trading as Everyman	2.18%	£203,105
	Ha Ha Bar & Grill	2.08%	£193,741
	Cotswold Inns and Hotels Limited – trading as Churchills	2.05%	£190,500
	Individuals T/A Pennyblacks	1.83%	£170,000
		81.02%	£7,804,016
	<p>(1) Contracted rent is the annualised gross rent before rent free incentives or phased rents have been deducted</p> <p>(2) Stepped total rent rises from £1,187,966 to £1,263,416 per annum on 29/9/2021, (excludes potential licence income from 30 car spaces)</p> <p>(3) Annual rent increases of 3% as at 31/7</p> <p>(4) Current rent free for 12 months ending 24/12/2020 followed by 6 months at 50% of contracted rent of £260,339 per annum</p>		
Tenant Use by Rent			
	Sector	% of Total Current Gross Rent	Current Gross Rent
	Offices & associated car spaces	47.55%	£4,428,691
	F&B, leisure	21.23%	£1,977,420
	Retail	11.35%	£1,057,026
	Q-Park, H2O	18.86%	£1,756,363
	Various	1.01%	£93,813
		100.00%	£9,313,313
Valuation			
	Market Value as at 17/08/2020		£179,000,000
	Market Rent as at 17/08/2020 per annum*		£12,816,000
	Standard purchaser's costs adopted		6.79%
	<p>* The Market Rent reflects the use of Level 1 as offices, assuming the remodelling works have been completed to a good standard.</p>		
Yield Profile			
	Initial Yield		4.17%
	Equivalent Yield		5.87%
	Reversionary Yield		6.23%

<p>SWOT Analysis</p>	<p>Strengths</p> <ul style="list-style-type: none"> ● Significant freehold interests in Central Birmingham location ● Prominent mixed use building within close proximity to New Street Station and Grand Central, fronting the A38 arterial route ● Landmark building ● The property provides significant on-site car parking provision at reasonable prices ● The five tenants paying the highest rents at the property, are all classified as low risk tenants and account for 72.85% of the total current gross rent ● Strong anchor tenants in both the office accommodation with the BBC & the retail accommodation with Harvey Nichols ● BBC use their offices as an integral part of the broadcasting network, as such it is unlikely they would vacate at lease expiry in June 2026 ● Strong F&B mix with attractive canal side frontage which appeals to customers ● WAULT 14.75 years, to break 14.3 years ● Good office occupier demand for Birmingham ● Reversionary investment from rental growth opportunities and from letting the vacant accommodation ● Planning permission obtained for a change of use of Level 1 to office accommodation <p>Opportunities</p> <ul style="list-style-type: none"> ● Undertake the works and change of use of Level 1 to offices and let up to strong tenants ● The changes to the Use Classes Order presents opportunities to change Level 2 retail use to office accommodation without the requirement of planning permission ● Rental growth in office rents in Birmingham City Centre ● Lack of supply of grade A office accommodation within central Birmingham ● Relocation of companies to Birmingham from London to reduce occupational costs ● Repositioning The Mailbox in the market as an office led investment ● The wider area is improving through significant regeneration and redevelopment ● Complete rent reviews, renewals and lettings ● Sell parts, eg 1 Severn Street, switching station and car park on long leases ● Creating a street market within the underpass to help the natural flow of consumers from New Street Station ● Increase commercialisation offer ● Should Vodafone vacate, their site could potentially be redeveloped, subject to planning
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	<p>Weaknesses</p> <ul style="list-style-type: none">● Retail occupier and investment markets struggling in general which may deter some investors who are actively de-investing in this sector● Large lot size, relatively rare in a regional location● Management intensive● Vacant retail and F&B units on Level 2 currently creating Landlord shortfalls <p>Threats</p> <ul style="list-style-type: none">● Tenant failure● BBC vacates the premises in June 2026● Clean Air Zone may reduce demand for parking● Economy weakens
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PART V

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in the Group's results of operations and financial condition. Historical results may not indicate future performance. Some of the information in this section, including information in respect of the Group's plans and strategies for the business and expected sources of financing, contains forward-looking statements that involve risk and uncertainties and is based on assumptions about the Group's future business. Actual results could differ materially from those contained in such forward-looking statements as a result of a variety of factors, including the risks discussed in the section titled ("Risk Factors") included elsewhere in this Prospectus. Potential investors should read the section titled ("Important Information — Forward-Looking Statements") for a discussion of the risks and uncertainties related to those statements and should also read the section titled ("Risk Factors") for a discussion of certain factors that may affect the business, results of operations or financial condition of the Company. The following discussion should be read in conjunction with the Historical Financial Information, including accompanying notes, included in Part VII (Historical Financial Information).

1. CURRENT TRADING AND PROSPECTS / FINANCIAL CONDITION

In the first quarter of 2020, the Property continued to operate in line with management expectations until the growing concerns concerning Covid-19 and the shut-down of offices and retail outlets on 23 March 2020. Rental receipts for the March 2020 Quarter Day were 82.3 per cent. of rent due and were 68.7 per cent. of rent due for the June 2020 Quarter Day as at 6 August 2020. This compares with rent collected for the December 2019 Quarter Day of 96.2 per cent. on a comparable basis.

The recent outbreak of Covid-19 has negatively impacted economic conditions globally and is having an adverse and disruptive effect on the UK economy both nationally and regionally. The Covid-19 outbreak has a direct impact on the key tenants of the Property and rent collections since the UK government instituted a lockdown on 23 March 2020. The Directors and the AIFM believe that the Property has performed well under adverse conditions, based on the rent collection figures discussed above.

Approximately 47.6 per cent. of passing rent is represented by office and a further 18.9 per cent. of the passing rent is represented by the car park and H2O at the Property as at August 2020. The Property's office tenants and car park tenant have continued to meet their rental obligations in full through the June 2020 Quarter Day. The remainder of the Property's passing rent is comprised of tenants in the leisure sector (21.2 per cent.) and retail sector (11.4 per cent.) both of which have been significantly affected by the government lockdown implemented on 23 March 2020 and consequently the Group has agreed rent deferrals with certain retail and leisure tenants.

The ability to collect rent has significant knock-on effects on a number of matters which affect the Group:

- The valuation of the Property is driven, intrinsically, by market sentiment, supply and demand, tenant covenant and the rent the asset generates and hence any reduction in rent collected could affect its value;
- Economic uncertainty resulting from Covid-19 would make it more difficult to re-let any space that becomes vacant and affects the ability to maintain or increase rental values with new tenants in the short to medium term. This is also relevant to the proposed development of the new office space on Level 1 of the Property should the demand for prime regional office accommodation decrease significantly;
- Reduced income also hinders the ability to pay dividends at the rate intended by the Board; and
- Cash constraints might hinder the ability to pay dividends at a rate that maintains the Group's REIT status, however the expectation of the collection of deferred 2020 rental income during 2021 will increase income during that period and increase the likelihood of reaching the proposed dividend target.

The Board as advised by the AIFM, believes that the return to work and to the office will continue to accelerate and they are confident of the prospects for the September quarter.

2. PRINCIPAL FACTORS AFFECTING RESULTS OF OPERATIONS

Rental income

Rental income is the primary source of revenue for the Group and is expected to remain the primary source of recurring revenue for the Group going forward.

Rental income is affected by a number of factors and may fluctuate from year-to-year and period-to-period. One of the key drivers of rental income is the underlying occupancy of the Property, with higher levels of occupancy generally having a positive impact on rental income. In the period under review, rental income at the Property has been impacted by the type of space occupied. Occupancy levels are, in part, influenced by general economic conditions as low or no growth in the economy often results in tenant failures and higher vacancy rates whereas economic growth is likely to lead to an increase in demand for office and retail space. Other factors which have influenced rental income include changing consumer shopping habits, such as the growth in online retailing, which has impacted the financial condition, in particular of retail tenants at the Property. For example, in 2019 two tenants entered administration (Tom's Kitchen and LK Bennett) which negatively impacted rental income at the Property until the space could be re-let. Only two tenants of the Property (under the current ownership) have gone into administration – Café Rouge and Zizzi earlier in 2020. In addition, in August 2020, Pizza Express announced a CVA proposal.

Rental income is also affected by rent reviews or lease renewals. Rents are typically fixed under the terms of a lease for a period of five years, after which the rent is adjusted through the rent review process. Rent reviews are generally structured to ensure that if adjustments are made to existing rents such adjustments are upwards only at the time of the rent review. Therefore, if market rental levels should fall, there is no downward adjustment to the rent payable under the lease. In addition, if a tenant wishes to renew a lease, new terms are agreed through a process of negotiation well in advance of lease expiry.

In addition, rental income can be impacted by the terms of a lease, including incentives payable to the tenant and the length of the lease. In improving markets and/or when the supply of space is increasingly limited, tenants may take longer leases to improve certainty of tenure and the level of incentives are generally reduced. In declining markets, leases may be shorter and incentives payable by the Property may be higher. Lease incentives are negotiated as part of the overall lease negotiation between the tenant and the Property and most commonly are in the form of a rent-free period, often to cater for a period while the new tenant is fitting out its new space and still occupies its old space.

Please see "Results of Operations" below for a discussion of year-on-year movements in revenue and rental income.

The table below sets out certain average lease terms for the Property's as at the dates indicated.

	As at 31 December		
	2019	2018	2017
		<i>(Years)</i>	
Average lease length to first break	14.0	13.0	11.7
Average lease length to expiry	14.3	13.9	12.6
Incentives/headline rent (%)	5.6	13.0	3.9

Movements in the market valuation of the Property

The market value of the Property has been assessed by the directors historically and going forward will be assessed by external independent valuers bi-annually. The valuation of the Property will be published and reflected in the Group's balance sheet. Revaluation gains and losses arising from movements in the valuation of the Property are reflected in the Group's income statement and thus have an impact on the Group's profit or loss for the period. For example, in the year ended 31 December 2017, the Group recognised a valuation gain of £10.8 million, compared to valuation losses of £31.6 million and £7.1 million, in the years ended 31 December 2018 and 2019, respectively. These movements resulted from changes in the valuation of the Property from

£226.5 million as at 31 December 2017 to £206.4 million as at 31 December 2018, to £200.0 million as at 31 December 2019.

The valuation of the Property is subject to change as a result of asset specific and macro-economic factors. On an asset level, these factors include capital expenditure, occupancy and rental income. Macro-economic factors include GBP growth, business and consumer confidence, demand for business goods and services, government spending, interest rates and the availability and cost of credit.

As set out in Part IV (*Property Valuation Report*) the valuation of the Property at 17 August 2020 was £179 million which is a marked reduction from the valuation as at 31 December 2019. The valuation report in Part IV (*Property Valuation Report*) and paragraph 4 of Part I (*Information on the Company and the Property*) highlights the impact of the outbreak of the Covid-19 pandemic. The Property valuation report notes the shortage of market evidence, available at the valuation date, for comparison purposes, to inform opinions of value. The valuation of the Property is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty, and a higher degree of caution, should be attached to the valuation than would normally be the case.

Cost and availability of funding

Funding is required to support the Group's development expenditure and to refinance maturing debt. Funding costs, recognised in the income statement as finance costs, are the result of the decision to finance certain activities of the Group with external financing, primarily a £120 million senior term loan facility with Deutsche Bank AG, London Branch ("**Deutsche Bank**"), entered into in December 2019 as amended and restated on 2 September 2020 (the "**DB Facility**") which refinanced the previous £147 million senior term loan from Deutsche Bank. The absolute cost of drawn funding depends on the level of debt drawn during a particular period and the interest rate charged on that debt. Going forward, as well as repaying a portion of the DB Facility from the net proceeds of the Offer to reduce the DB Facility to £70 million, it is intended to repay the DB Facility in full by drawing down on the Canada Life Facility shortly after Admission. The Group had £65.9 million (as at 31 December 2019) inter company loans which will be partially capitalised upon Admission (with the remainder being written off).

On acquisition, in December 2019, when MBL acceded to the DB Facility, the DB Facility was reduced to £120 million and the Controlling Shareholder provided finance as to £68 million to Holdco of which Holdco advanced £68 million to Propco which advanced £65.7 million to MBL. As at 31 December 2019 the balance owed by MBL was £65.9 million. All intercompany balances have an interest rate of 3.5 per cent. Immediately prior to Admission, all amounts owed by MBL to Propco, amounts owed by Propco to Holdco and Holdco to the Controlling Shareholder will be eliminated save for a balance of £2 million which will be left outstanding between HoldCo and the Controlling Shareholder (i) by repayment of the balance from a subscription for shares by the Controlling Shareholder into the Company for subscription monies of £52.5 million, which will fund repayment of the amounts owed to the Controlling Shareholder, and (ii) a waiver and release of the balance of that debt. The net proceeds of the Offer will be used to reduce the DB Facility by £50 million, and to repay the £2 million balance owed by the HoldCo to the Controlling Shareholder.

The table below sets out the Group's interest-bearing loans and borrowings and bank loan interest payable at the dates indicated.

	As at 31 December		
	2019⁽¹⁾	2018	2017
	<i>(£ millions)</i>		
Interest bearing loans and borrowings (net of capitalised fees)	118.6	147.5	139.5
Bank loan interest payable	6.2	6.1	5.6

Notes:

(1) On acquisition, in December 2019, the DB Facility was reduced to £120 million and the parent company provided a loan which, as at 31 December 2019, totaled £65.9 million. Upon Admission, the £65.9 million in parent company loan will be partially capitalised into equity (with the remainder being written off) and the net proceeds of the Offer will be used to reduce the DB Facility by £50 million.

Asset Management, capital expenditure and future development plans

An important component of the Property's valuation is the ability of the Group to invest in the Property to refurbish or enhance certain aspects of the Property. Major investments during the period under review were made both to common areas and for specific tenants. Common area investments included glazing over the outdoor retail space to expand usability, improving the Level 1 and Level 2 areas and the creation of an 'Urban Room' on Level 2, a relaxing drop in area for the public and retail customers alike to sit, have coffee and enjoy the expansive public areas improved by soft furnishings and comfortable seating. Improvements were also made for three new important tenants to the building, Advanced Computer Software, Q-Parks and WSP. Total capitalised investments at the Property were approximately £5.0 million, £9.5 million and £0.4 million, in the years ended 31 December 2017, 2018 and 2019, respectively.

Going forward, the AIFM has identified a number of asset management initiatives in order to further invest in the Property. In addition to the rent reviews discussed above, the AIFM intends to increase Grade A office space within the building by approximately 50,000 square feet, or by approximately 25 per cent., through the conversion of existing retail units. A planning application in relation to this conversion was submitted in February 2020 and consent granted in June 2020. As outlined in Part I (*Information on the Company and the Property*) above; up to £5.2 million of the net proceeds of the Offer is expected to be invested in the conversion.

The Property currently consists of office, retail, leisure and car park spaces. The level of rent achievable for units at the Property is generally determined by the type of space available. In the current macro-economic environment, office space is let at much higher rates than retail and leisure rates and the Directors and the AIFM believe that the conversion of retail space into office space will lead to higher rental income, based on market data for office space in the Birmingham area.

3. KEY PERFORMANCE INDICATORS

In light of the principal factors affecting the Group's results of operations discussed above, the following are expected to be the main key performance indicators of the Group used by the Directors to analyse the underlying results of the Group's business and financial performance between periods and to track the Group's progress and help develop long-term strategic plans.

The following table presents key performance indicators of the Group for the periods indicated.

	Year ended 31 December		
	2019	2018	2017
WAULT (years) ⁽¹⁾	13.5	13.0	11.7
Rent collection (%) ⁽²⁾	101.4	98.8	100.0
EPRA vacancy rate (%) ⁽³⁾	12.7	n/a	n/a
Adjusted operating profit ⁽⁴⁾ (£ thousands)	6,396	5,562	3,341

Note:

1. WAULT (weighted average unexpired lease term) to break expressed in years. This multiplies the contracted rent by the number of years remaining on each individual lease and to the point of break in the lease where applicable. The sum is divided by the total contracted rent.
2. Rent collection. This is the amount of rent collected as a percentage of the total amount of rent demanded
3. EPRA vacancy rate. This is the ERV of vacant space divided by the ERV of the entire Property, calculated in accordance with EPRA guidelines.
4. Please see "Important Information – Non-IFRS Measures" for a reconciliation of adjusted operating profit to the nearest IFRS line item.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. The preparation of this financial information requires management to make estimates and judgements that affect the reported amounts of income, expenses, assets and liabilities and the related disclosure of contingent assets and liabilities. Estimates are based on available information and experience. Actual results could differ from these estimates. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the Group's financial statements are described in note 2 to each set of financial statements in Part VII (*Historical Financial Information*). The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates

are significant to the historical financial information are set out in note 3 to each set of financial statements in Part VII (*Historical Financial Information*). The Group will adopt the accounting policies of MBL for the year ended 31 December 2020.

5. DESCRIPTION OF KEY IFRS LINE ITEMS

Revenue

Revenue comprises rental income, net of VAT, and is recognised on a straight-line basis over the term of the lease. Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Directors and the AIFM are reasonably certain that the tenant will exercise that option.

Other property operating expenses

Other property operating expenses comprises non-recoverable service charge, rates, provision for bad debts and other property costs. Non-recoverable service charge and rates are costs that cannot be passed onto tenants or relate to vacant areas of the Property. Other property costs relate to the costs directly associated with the generation of rental income and do not include general and administrative expenses.

Administrative expenses

Administrative expenses comprise legal and professional fees, asset management fees, directors' fees, other costs, accountancy fees and bank charges.

Valuation gain/(loss) on investment property

Valuation gain/(loss) on investment property comprises valuation movements in relation to the Property. The fair value of the Property during the periods under review has been determined using the direct capitalisation approach (yield method) under the accounting policy discussed in note 2.7 to Part VII (*Historical Financial Information*). The valuation model adopted is in accordance with the recommendations of the International Valuation Standards Committee and is consistent with the principles of IFRS. The valuation of the Property is reflected in the Group's IFRS income statement and the Group's consolidated balance sheet. As a result, the Group can have significant non-cash revenue gains and losses from period to period depending on the change in the valuation of the Property.

Finance costs

Finance costs principally comprises interest and fees related to bank loans and amortisation of finance costs (which are costs directly related to bank loans and are spread over the term of the loan).

6. RESULTS OF OPERATIONS

The selected financial information for MBL set out below has been extracted without material adjustment from the financial statements of MBL for the years ended 31 December 2017, 2018 and 2019, as set out in Part VII (*Historical Financial Information*) of this Prospectus.

	Year ended 31 December (audited, £'000)			
	2019	2018 ¹ Comparative (unaudited)	2018	2017
Revenue	9,868	9,822	9,193	9,412
Other property operating expenses	(2,505)	(3,550)	(3,135)	(4,105)
Gross profit	7,363	6,272	6,058	5,307
Administrative expenses	(967)	(513)	(496)	(1,966)
Profit on sale of investments	—	—	431	—
(Loss)/gain on investment property	(7,065)	(31,622)	(31,622)	10,754
Impairment provision on rent receivables	(304)	(117)	—	—
Operating (loss)/profit	(972)	(25,980)	(25,629)	14,095
Income from shares in Group companies	—	—	370	—
Finance costs (net)	(7,570)	(7,362)	(7,364)	(6,694)
(Loss)/profit for the year	(8,542)	(33,353)	(32,623)	7,401

Note:

1. The 2018 Comparative figures set out above represent the income statement of MBL adjusted for the following transaction:

MBL had a subsidiary – MCP – which operated the car park at the Property. In December 2018, MCP was sold by MBL and a new tenancy was granted to Q-Park Limited at an annual rental of £1.7 million for a period of 35 years. The 2019 financial statements for MBL reflect this new rental stream. The results for MCP for the financial years ended 31 December 2017 and 2018 are not included in the audited financial statements of MBL for those respective years, but the comparative 2018 figures in the 2019 audited accounts for MBL consolidate MCP in the period up to the date of sale in the year ended 31 December 2018. The inclusion of MCP in the comparative figures for 2018 results in an increase of £628,965 in revenue and net operating losses of £350,895 compared to the figures shown in the statutory audited accounts for MBL in 2018. Overall net assets have not changed as the accounting impact of the consolidation is to reverse profit on disposal and to account for trading results of MCP through operating reserves.

The Directors do not believe that providing separate accounts for MCP for the two years ended 31 December 2018 would add any useful information for an investor as the rental stream from the lease entered into with a third party has replaced MCP and hence the audited 2019 figures better reflect the current commercial reality.

Key Balance Sheet Items

	As at 31 December		
	2019	2018	2017
	<i>(audited, £'000)</i>		
Property value	200,000	206,400	226,500
Interest bearing loans and borrowings	(118,616)	(147,527)	(138,644)
Intercompany loan payable	(65,903)	(76,136)	(70,318)
Net assets/(liabilities)	15,759¹	(15,922)	16,701

Note:

1. MBL was acquired by Propco in December 2019, As part of the acquisition the pre-existing shareholder loan of £40.2 million with the former owner was written-off. The Company was recently incorporated for the purposes of the Offer and Admission and as at the date of this Prospectus has no historical operations of its own. Therefore, this Prospectus does not present any standalone financial information for the Company.

The Property was acquired by the Controlling Shareholder in December 2019 and as such the management of the Property was not under the control of the Directors, the AIFM or the Asset Manager during the period under review. The analysis presented is based on a review of the audited accounts and due enquiry made by the Asset Manager during the acquisition process.

The underlying feature of the period under review is that while the Property has remained substantially let, the smaller retail tenants have been a poorly performing element requiring incentives such as contributions to fit-outs and rent-free periods. This is consistent with retailing in the UK generally with a number of retailers going into administration (LK Bennett, Patisserie Valerie) as well as restaurants (Tom's Kitchen). This underscores the asset management strategy to relocate and change the mix of retail and food and beverage offering and seek to convert certain space to office use.

For the year ended 31 December 2017

The revenue for the year rose by approximately 5 per cent. to £9.4 million of which almost £1 million related to non-recurring dilapidation income which is reflected in the repair costs of approximately £1.5 million charged to "other property operating expenses" in that year. These costs relate to the car park which was let to Q-Park in September 2018. The results were further impacted by an increase in the administration expense due to legal fees resulting from a dispute with a contractor of approximately £1.2 million. Interest costs were £6.7 million and comprised interest on the DB Facility of £140.0 million at a rate of 3.6 per cent. above LIBOR together with the amortisation of the loan arrangement fees.

The property valuation by MBL's directors increased the holding cost of the property by £10.8 million with additional capital expenditure approaching £5.0 million. The year-end valuation was £226.5 million.

The cash flows reflected the high interest costs as well as the capital expenditure which together exceeded £10 million. This was largely financed by a loan received from the parent company of £8.8 million. The DB Facility remained at £140 million at year-end.

For the year ended 31 December 2018

The main highlights of the year were two substantial lettings: being the letting of the car park to Q-Park in September 2018 and the letting of 46,387 sq ft. to WSP in October 2018. The initial rentals for these lettings were £1.7 million and £1.1 million respectively but the impact of these new lettings was mainly reflected in the following year. The result for the year was also impacted by the non-recurrence of the dilapidation costs in the previous year. In the same way the property operating expenses reflect the completion of the refurbishment of the car park before Q-Park took occupation. The administrative expenses reflect reduced legal costs from the level incurred in the prior year.

The letting to Q-Park resulted in the former arrangements with a subsidiary company (MCP) being terminated on payment of a reverse premium resulting in an exceptional cost of £185,000. The subsidiary was sold to the former parent of MBL, Mailbox Birmingham Holdco Ltd giving rise to a profit on sale of £431,388.

The valuation of the Property by MBL's directors of £206.4 million reflected a write-down of £31.6 million which, the Directors and the AIFM believe, resulted from the increasing poor economic data in the retail sector as well as the increased vacancy levels within the retail sector in the Property. During the year there was £9.4 million of capital expenditure as well as lease incentives of £2.0 million capitalised at the year-end in part reflecting the rent-free given to WSP where rent only became payable in September 2019.

The cash flows benefited from a profit on the sale of the company which held the interest in the car park of £431,388 as well as income received from that source of £369,900. The capital expenditure of £9.4 million as well as the interest payable of over £7.3 million led to the need to increase the senior term loan from Deutsche Bank from £140 million to £147 million and further parent company loans of £5.8 million.

For the year ended 31 December 2019

Revenue increased due to the WSP letting in the fourth quarter of 2018 which provided a full year of income in 2019. This was offset by vacancies in the retail units partly caused by the tenants

vacating and partly as a result of insolvency – LK Bennett in the retail sector and Tom’s Kitchen in the food and beverage sector. There were a number of new lettings such as Associated Architects and Lord 9 whilst a revision to the terms of the lease for Vodafone resulted in an 18-month rent-free period in mid-lease from September 2019.

At the year-end the change of ownership was reflected in the external valuation of the Property by Avison Young at £200 million. The senior term loan from Deutsche Bank was refinanced with the DB Facility and reduced to £120 million, resulting in a lower margin at 2.75 per cent. compared to 3.6 per cent. previously, as well as a change in reference rate from LIBOR to SONIA. The balance of the funding for the Property was provided by a parent company loan of approximately £66 million.

Your attention is drawn to the audited accounts of MBL for the year ended December 2019 contained in Part VII (*Historical Financial Information*) which contains a reference in the audit report to a material uncertainty as to the going concern basis of the accounts. Note 2.2 of the accounts refer to the Covid-19 pandemic and the resultant uncertainty that the Company would continue to be able to comply with the covenants in the DB Facility.

7. CAPITAL EXPENDITURE

Major investments during the period under review were made both to common areas and to leased units. Common area investments included glazing over the outdoor retail space to expand usability, improving the level 1 and level 2 areas and the creation of an ‘Urban Room’ on Level 2. The majority of tenant improvements were for three new important tenants to the building, Advanced Computer Software, Q-Parks and WSP. Tenant improvements totalled approximately £ 26.8 million, £1.3 million and £0.3 million, in the years ended 31 December 2017, 2018 and 2019, respectively.

In addition, the Group capitalises certain lease incentives provided to tenants of the Property. The Group capitalised approximately £0.3 million, £1.3 million and £0.6 million, in the years ended 31 December 2017, 2018 and 2019, respectively of lease incentives, primarily comprised of lease incentives for Advanced Computer Software, Q-Parks and Harvey Nichols.

In the year ended 31 December 2019, the Group wrote-off £0.9 million of these lease incentives for three tenants whose leases were terminated during the year. Two tenants (Tom’s Kitchen and LK Bennet) entered administration during 2019 and terminated their leases early and a third tenant (Washington Green) took up space in a different unit under a new lease.

For a discussion of capital expenditure in relation to the Group’s asset management strategy please see paragraph 8 “*Asset Management Strategy and Capital Expenditure*” in Part I (*Information on the Company and the Property*).

8. OFF-BALANCE SHEET ARRANGEMENTS

The Group has no material off-balance sheet arrangements as determined under IFRS.

9. OPERATING LEASE COMMITMENTS

As at 31 December 2019, the Group’s future minimum rental receivables under non-cancellable operating lease were as follows:

	Payments due by period			
	Total	1 Year	2-5 Years	> 5 Years
		(£’000)		
Future minimum rental receivable	151,505	10,168	39,317	102,020

10. QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

The Group’s major market risk exposures include market risk, interest rate risk, credit risk and liquidity risk. For more detail, see notes 20, 20 and 19 in the accounts for the three years ended 31 December 2019 respectively in Part VII (*Historical Financial Information*).

PART VI:

CAPITALISATION AND INDEBTEDNESS STATEMENT

CAPITALISATION

The capitalisation information as at 31 December 2019 set out below has been extracted without material adjustment from the financial information set out in Part VII (*Historical Financial Information*) of this Prospectus.

	As at 31 December 2019
	<i>(£ millions)</i>
Shareholders' equity	
Share capital	—
Legal reserve	—
Retained earnings	15.8
Total	15.8

There has been no material change in MBL's capitalisation since 31 December 2019. At 31 December 2019 MBL had share capital of £1.0.

INDEBTEDNESS

The following table sets out MBL's indebtedness as at 30 June 2020 which has been extracted from the unaudited management financial information as at that date.

	As of 30 June 2020 (unaudited)
	<i>(£ millions)</i>
Total current debt	
Guaranteed	—
Secured	—
Unsecured	64.4
Total non-current debt (excluding current portion of long-term debt)	
Guaranteed	—
Secured	120.0
Unsecured	—

NET FINANCIAL INDEBTEDNESS

The following table sets out MBL's net financial indebtedness as at 30 June 2020 which has been extracted from the unaudited management financial information as at that date.

	As at 30 June 2020
	<u>(£ millions)</u>
Cash	0.4
Cash equivalents	—
Trading securities	—
	<hr/>
Liquidity	0.4
Current financial receivable	—
	<hr/>
Current bank debt	—
Current portion of non-current debt	—
Other current financial debt	(64.4)
	<hr/>
Current financial debt	(64.4)
	<hr/>
Net current financial indebtedness	(64.0)
	<hr/>
Non-current bank loans	(120.0)
Bonds issued	—
Other non-current loans	—
	<hr/>
Non-current financial indebtedness	(120.0)
	<hr/>
Net financial indebtedness	(184.0)
	<hr/> <hr/>

MBL had no other indirect or contingent liabilities, or contingent commitments as at 30 June 2020.

PART VII

HISTORICAL FINANCIAL INFORMATION

The historical financial information presented below is in respect of MBL for the three years ended 31 December 2019.

MBL had a subsidiary – Mailbox Car Parks Limited (“MCP”) which operated the car park at the Property. In December 2018, MCP was sold by MBL. A new tenancy was granted by MBL to an external tenant, Q-Park Limited at an annual rental of £1.7 million for a period of 35 years.

In December 2019, the Controlling Shareholder acquired ownership of MBL. Prior to ownership by the Controlling Shareholder, MBL and MCP were included in the consolidated accounts of the previous ultimate owners. The 2018 audited financial statements show an accounting profit on disposal of the sale of MCP being the net asset value of MCP at disposal.

The comparative 2018 figures in the 2019 audited financial statements for MBL consolidate the financial interest in MCP held by MBL in the period up to the date of sale in the year ended 31 December 2018 to better reflect the commercial reality.

The inclusion of MCP in the comparative 2018 figures set out in the 2019 audited financial statements of MBL result in a net increase of £628,965 in revenue and an increase net operating losses of £350,895 compared to the figures shown in the statutory audited accounts for MBL in 2018. Overall net assets have not changed as the accounting impact of the consolidation is to reverse profit on disposal and to account for trading results of MCP through operating reserves.

The Directors do not consider that inclusion of separate accounts for MCP for the two years ended 31 December 2018 is appropriate, because MBL no longer holds an interest in MCP and the rental stream from Q-Park Limited is reflected in the 2019 historical financial information.

As used in this Part VII, the term “Directors” refers to the directors of MBL.

SECTION A: YEAR ENDED 31 DECEMBER 2017

Mailbox (Birmingham) Limited

Report and Financial Statements

Year Ended

31 December 2017

Company Number 53266

Company Information

Directors	M Biddlecombe S Taylor C McErlane C Gibbons (alternate to C McErlane)
Registered number	53266
Registered office	PO Box 656 East Wing, Trafalgar Court Les Banques St Peter Port Guernsey GY1 3PP
Administrators	Aztec Financial Services (Guernsey) Limited East Wing, Trafalgar Court Les Banques St Peter Port Guernsey GY1 3PP
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

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Mailbox (Birmingham) Limited

Directors' Report For the Year Ended 31 December 2017

The Directors present their annual report and the financial statements of Mailbox (Birmingham) Limited for the year ended 31 December 2017.

Principal activity

The principal activity of the Company is that of property investment in Birmingham.

Ultimate controlling parties

The Company is ultimately controlled by Brockton Capital Fund II GP (Guernsey) Limited, the General Partner of Brockton Capital Fund II (Scotland) L.P., the General Partner of Brockton Capital Fund II L.P.

Results and dividends

The results for the year are shown in the Statement of Comprehensive Income on page 86.

The Directors do not recommend the payment of a dividend (2016: £Nil).

Administrators

Aztec Financial Services (Guernsey) Limited is the Administrator of the Company.

Directors

The Directors who served during the year and to the date of this report were:

M Biddlecombe (appointed 08 February 2018)

S Taylor

C Gibbons (alternate to C McErlane) (appointed 14 August 2017)

C McErlane

L Jager (alternate to C McErlane) (resigned 14 August 2017)

N Duquemin (ceased to hold office 7 February 2018)

Disclosure of information to auditors

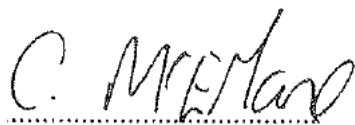
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, BDO LLP, have expressed their willingness to continue in office and will be proposed for reappointment in accordance with The Companies (Guernsey) Law 2008.

This report was approved by the Board on 27 June 2018 and signed on its behalf.



Chris McErlane

Director

Mailbox (Birmingham) Limited

Directors Responsibility Statement

The Directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with applicable Guernsey law and International Financial Reporting Standards as adopted by the European Union, of the state of affairs of the Company and of the profit or loss for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Mailbox (Birmingham) Limited

Independent Auditor's report to the members of Mailbox (Birmingham) Limited

Opinion

We have audited the financial statements of Mailbox (Birmingham) Limited ("the Company") for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Mailbox (Birmingham) Limited

Independent Auditor's report to the members of Mailbox (Birmingham) Limited

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

BDO LLP
Chartered Accountants
55 Baker Street
London
W1U 7EU
United Kingdom

27 June 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Mailbox (Birmingham) Limited

Statement of Comprehensive Income For the Year Ended 31 December 2017

	Note	2017 £	2016 £
Revenue	4	9,412,415	8,965,077
Other property operating expenses	6	(4,105,429)	(4,407,605)
Gross profit / (loss)		5,306,986	4,557,472
Administrative expenses	7	(1,966,452)	(773,299)
Valuation gain / (loss) on investment property	13	10,754,027	1,425,292
Operating profit / (loss)		14,094,561	5,209,465
Income from shares in Group companies		—	310,001
Finance income	8	17,987	2,441
Finance costs	9	(6,712,074)	(6,857,465)
Profit / (loss) on ordinary activities before taxation		7,400,474	(1,335,558)
Taxation on profit / (loss) on ordinary activities	10	—	140
Profit / (loss) and total comprehensive income/ (loss) for the year		7,400,474	(1,335,418)

All results shown in the Statement of Comprehensive Income are from continuing operations.

All profit / (loss) and total comprehensive income / (loss) is attributable to the equity holders of the Company.

The notes on pages 90 to 107 form part of these financial statements.

Mailbox (Birmingham) Limited
Registered number 53266

Statement of Financial Position
As at 31 December 2017

	Note	2017 £	2016 £
Assets			
Non-current assets			
Investments	12	1	1
Investment property	13	226,500,000	210,120,000
		226,500,001	210,120,001
Current assets			
Derivative financial instruments	11	83	241
Trade and other receivables	15	3,628,119	2,221,042
Cash and cash equivalents		1,813,359	4,177,751
		5,441,561	6,399,034
Total assets		231,941,562	216,519,035
Liabilities			
Current liabilities			
Interest bearing loans and borrowings	16	138,643,785	138,779,177
Trade and other payables	17	6,277,943	6,891,567
Intercompany loan payables	18	70,318,651	61,547,582
		215,240,379	207,218,326
Total liabilities		215,240,379	207,218,326
Net assets / (liabilities)		16,701,183	9,300,709
Equity attributable to equity holders of the Company			
Share capital	21	1	1
Retained earnings		16,701,182	9,300,708
Total equity		16,701,183	9,300,708

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 27 June 2018



Chris McErane

Director

The notes on pages 90 to 107 form part of these financial statements.

Mailbox (Birmingham) Limited

Statement of Changes in Equity For the Year Ended 31 December 2017

	Share capital £	Retained earnings £	Total equity £
At 1 January 2017	1	9,300,708	9,300,709
Comprehensive income / (loss) for the year			
Profit / (loss) for the year	—	7,400,474	7,400,474
Other comprehensive income / (loss) for the year	—	—	—
Total comprehensive income/ (loss) for the year	—	7,400,474	7,400,474
Total transactions with owners	—	—	—
At 31 December 2017	1	16,701,182	16,701,183

Statement of Changes in Equity For the Year Ended 31 December 2016

	Share capital £	Retained earnings £	Total equity £
At 1 January 2016	1	10,636,126	10,636,127
Comprehensive income / (loss) for the year			
Profit / (loss) for the year	—	(1,335,418)	(1,335,418)
Other comprehensive income / (loss) for the year	—	—	—
Total comprehensive income / (loss) for the year	—	(1,335,418)	(1,335,418)
Total transactions with owners	—	—	—
At 31 December 2016	1	9,300,708	9,300,709

The notes on pages 90 to 107 form part of these financial statements.

Mailbox (Birmingham) Limited

Statement of Cash Flows For the Year Ended 31 December 2017

	2017 £	2016 £
Cash flows from / (used in) operating activities		
Profit / (loss) for the financial year	7,400,474	(1,335,418)
Adjustments for:		
Fair value adjustment of investment property	(10,754,027)	(1,425,292)
Amortisation of lease incentives	(634,081)	158,358
Net change in fair value of financial instruments at fair value through profit or loss	38,158	(511,492)
Finance costs	6,673,916	7,368,957
Finance income	(17,987)	(2,441)
Income from shares in Group companies	—	(310,001)
Taxation	—	(140)
(Increase) / decrease in trade and other receivables	(1,390,942)	814,379
Increase / (decrease) in trade and other payables	(761,584)	(378,767)
Net cash generated from / (used in) operating activities	553,927	4,378,143
Cash flows from / (used in) investing activities		
Lease incentives – capital contribution	(26,813)	(2,606,694)
Subsequent expenditure on investment property	(4,740,413)	(8,663,272)
Income from shares in Group companies	—	310,001
Net cash generated from / (used in) investing activities	(4,767,226)	(10,959,965)
Cash flows from / (used in) financing activities (Note 19)		
Loans received from Parent undertakings (net)	8,771,069	10,073,454
Loans to Group undertakings (net)	(16,135)	196,332
Proceeds from external borrowings	140,000,000	109,895,842
Repayment of external borrowings	(138,958,750)	(106,187,967)
Loan issue costs paid	(2,300,052)	(271,472)
Interest paid	(5,627,212)	(7,521,981)
Acquisition of interest rate cap	(38,000)	(58,749)
Interest received	17,987	2,441
Net cash generated from / (used in) financing activities	1,848,907	6,127,900
Net increase / (decrease) in cash and cash equivalents	(2,364,392)	(453,922)
Cash and cash equivalents at beginning of year	4,177,751	4,631,673
Cash and cash equivalents at the end of year	1,813,359	4,177,751

The notes on pages 90 to 107 form part of these financial statements.

Mailbox (Birmingham) Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

1. General information

The Company was incorporated on 30 March 2011 and is domiciled and registered as a limited company in Guernsey.

2. Significant accounting policies

The financial statements of the Company have been prepared in accordance with The Companies (Guernsey) Law, 2008 and International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (IFRIC) as adopted by the European Union, except complying with IFRS 10 as disclosed in the basis of preparation of financial statements.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Company management to exercise judgement in applying the Company’s accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

The principal accounting policies adopted in these financial statements are set out below:

2.1 Basis of preparation of financial statements

The financial statements have been prepared on the historical cost basis except for investment property and derivative financial instruments which have been measured at fair value.

The Company is the parent of a group (note 24) however it has elected to depart from the requirements of IFRS 10 paragraph 19 and has not prepared consolidated financial statements.

2.2 Going concern

The financial statements have been prepared on the going concern basis. After making enquiries and taking into consideration the profitability and net current liability position of the Company, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future based on the letter of financial support from Brockton Capital Fund II LP. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

2.3 Changes in accounting policy and disclosures

New and revised standards adopted by the EU that are mandatorily effective for the year ending 31 December 2017

The following standards and amendments have been adopted by the Company for the first time for the financial year beginning on or after 1 January 2017:

- Amendments to IAS 12: Recognition of deferred tax assets for unrealised losses
- Amendments to IAS 7: Disclosure initiative
- Annual improvements to IFRSs – 2014-2016 Cycle: IFRS 12 Disclosure of Interests in Other Entities

The adoption of IAS 12 and IFRS 12 amendments did not have any impact on the financial statements of the Company for the current year or any prior period and is not likely to affect future periods. Disclosure for the amendments to IAS 7 can be seen in note 19.

New and revised IFRSs adopted by the EU that are not mandatorily effective for the year ending 31 December 2017

The following standards and amendments have been adopted by the EU and are not yet mandatorily effective for the year ended 31 December 2017. Accordingly, they have not been applied in preparing these financial statements:

- IFRS 15: Revenue from contracts with customers (effective 1 January 2018)
- IFRS 9: Financial instruments (effective 1 January 2018)
- IFRS 16: Leases (effective 1 January 2019)
- Annual improvements to IFRSs – 2014-2016 Cycle: IAS 28 Investments in Associates and Joint Ventures

The Company is continuing to assess the impact of the new standards above and at present is confident that none will have a material impact on the financial statements of the Company.

New and revised standards and interpretations issued by the IASB but not yet adopted by the EU

A number of new standards and amendments to standards and interpretations have been issued by the IASB but have not yet been adopted by the EU. Accordingly, they have not been applied in preparing these financial statements:

- Amendments to IAS 40: Transfers of investment property
- Amendments to IAS 28: Long-term interests in associates and joint ventures
- Annual improvements to IFRSs – 2015-2017 Cycle
- IFRIC 23: Uncertainty over income tax treatments

The Company is assessing the impact of the new standards and interpretations above but none of these are expected to have a significant effect on the financial statements of the Company.

2.4 Revenue

Revenue comprises of rental income, net of Value Added Tax, and is recognised on a straight line basis over the term of the lease.

Rental income arising from operating leases on investment property is accounted for on a straight line basis over the lease term and is included in revenue in the Statement of Comprehensive Income due to its operating nature, except for contingent rental income which is recognised when it arises.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Directors and the AIFM are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the Statement of Comprehensive Income when the right to receive them arises.

2.5 Investments

Investments in subsidiaries are not consolidated. They are measured at cost less provision for impairment. Where there is an indication that an investment is impaired, an impairment review is carried out by comparing the carrying value of the investment against its recoverable amount, which is the higher of its estimated value in use and fair value. Recoverable amount is determined by reference to the net asset value of the subsidiary.

2.6 Investment property

Investment property comprises completed property and property under construction or redevelopment that is held to earn rentals or for capital appreciation or both. Property held under an operating lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is measured initially at cost including transaction costs. Subsequent to initial recognition, investment property is stated at fair value.

Gains or losses arising from changes in the fair values are included in the Statement of Comprehensive Income in the year in which they arise, including any corresponding tax effect. For the purposes of these financial statements, in order to avoid double counting, the assessed carrying value is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses on the retirement or disposal of investment property. Any gains or losses on derecognition of the investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period's financial statements.

2.7 Trade and other receivables

Financial assets recognised in the Statement of Financial Position as trade and other receivables are classified as loans and receivables. Trade and other receivables include rents due from tenants of the investment property and cash held by the managing agent collected from tenants. Trade receivables are initially recognised at their fair value and subsequently measured at amortised cost. A provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits held at call and short notice with banks with original maturity of less than 90 days.

2.9 Fair value estimations

The Company measures certain financial instruments such as derivatives, and non-financial assets such as investment property, at fair value at the end of each reporting year. In addition, the fair value of financial instruments measured at amortised cost is disclosed in the financial statements.

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants, acting in their economic best interest, at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Company must be able to access the principal or the most advantageous market at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In determining fair value, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs significant to the fair value measurement as a whole. The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair values of derivative financial instruments are calculated using a discounted cash flow analysis performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Inputs used in determining fair value measurement are categorised into different levels based on how observable the inputs used are:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

The fair value of investment properties is determined by using one of the following valuation techniques:

- Sales comparison approach: Properties valued using this approach take into account comparable properties in close proximity that are similar to the property valued which have been sold within the last year in an open and competitive market, and sold under typical market conditions. These values are adjusted for differences in key attributes such as property size and quality of interior fittings. The most significant input into this valuation approach is price per square metre/ft.
- Investment method: The investment method is used to value the properties which are let and producing income. Conventionally, investment value is a product of rent and yield. Each of these elements is derived using comparison techniques. Within this method, there are two valuation approaches applied; direct capitalisation and discounted cash flow.
 - Direct capitalisation approach (yield method): This method is based on the relationship between the rate of return an investor requires and net income that a property produces. The estimated rate of return (i.e. the capitalisation rate) is applied to the property's net operating income to form an estimate of the property's value. The most significant input into this valuation is the capitalisation rate which takes into account the actual location, size and quality of the property valued as well as the market data at the valuation date.

- Discounted cash flows (“DCF”) approach: Under the DCF method, a property’s fair value is estimated using the projection of a series of cash flows. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the cash inflows. The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods, reletting, redevelopment, or refurbishment. In the case of investment properties, periodic cash flow is typically estimated as gross income less directly attributable property expenditure. The series of periodic net cash inflows, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted. The cash flow projections are based on the following significant unobservable inputs including; future rental cash inflows, discount rates, estimated vacancy rates, maintenance costs, capitalisation rates and terminal value.
- Residual method: The residual method is used to value an investment property under construction or re-development. In addition to the estimates and inputs used in the above methods, this valuation method also takes into account costs to complete including a reasonable profit margin and the completion dates.

There are inter-relationships between unobservable inputs. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields. For investment property under construction, increases in construction costs that enhance the property’s features may result in an increase in future rental values. An increase in the future rental income may be linked with higher costs. If the remaining lease term increases the yield may decrease.

2.10 Derivative financial instruments

Derivative financial instruments are designated as fair value through profit or loss and as such are initially and subsequently measured at fair value, determined using valuation techniques as described below.

The Company may from time to time use derivative financial instruments such as interest rate caps and swaps to hedge its interest rate risk. All derivatives are initially recognised at fair value at the date the derivative is entered into and are subsequently remeasured at fair value. The gains and losses on derivatives, which are not designated as hedge instruments, are recognised as profit or loss in the Statement of Comprehensive Income immediately. The Company does not apply hedge accounting.

2.11 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instruments.

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets, as appropriate. The classification depends on the nature and purpose of the financial assets. The Company determines the classification of its financial assets at initial recognition.

All purchases and sales of financial assets are recognised on the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Company transfers substantially all risks and rewards of ownership.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss (i.e. derivatives) or other liabilities, as appropriate. All loans and borrowings and trade and other payables are classified as other liabilities.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.12 Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers and are initially recognised at fair value and subsequently measured at amortised cost.

2.13 Provisions

Provisions are recognised when:

- The Company has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of economic resources will be required to settle the obligation; and
- The amount can be reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

2.14 Finance costs

Financial costs incurred relating to the arrangement of loans are capitalised and amortised to the Statement of Comprehensive Income on a straight line basis over the term of the loans. The unamortised portion of these finance costs is deducted from the carrying amount of borrowings.

2.15 Finance income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.16 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in other comprehensive income or equity – in which case, the tax is also recognised in other comprehensive income or equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the Statement of Financial Position.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the Statement of Financial Position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Company is registered in Guernsey, Channel Islands and is subject to local taxation at the standard rate of 0%. The Company is subject to UK income tax on net property revenue at a rate of 20%.

2.17 Loans and borrowings

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense over the period of the borrowings using the effective interest method.

Loans and borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

2.18 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. The Company does not capitalise borrowing costs on qualifying investment properties.

2.19 Functional currency

The Company's financial statements are presented in pounds sterling, which is also the Company's functional currency.

2.20 Principles for the Statement of Cash Flows

The Statement of Cash Flows has been drawn up according to the indirect method, separating the cash flows from operating activities, investing activities and financing activities (where applicable). The net result has been adjusted for amounts in the Statement of Comprehensive Income and movements in the Statement of Financial Position which have not resulted in cash income or expenditure in the period.

3. Critical accounting estimates and judgements

The preparation of financial statements requires the use of critical judgement, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. Estimates and assumptions concerning the future, and the accounting results of those estimates will, by definition, rarely equal the related actual results. In particular, the estimation of the value of investment property and derivative financial instruments requires considerable judgement.

i) Valuation of investment property

The Directors have performed the valuation of the investment property. The valuation methodology is disclosed in note 2.9.

ii) Valuation of derivative financial instruments

The valuations are based on prevailing market data and derived from proprietary models based on well recognised financial principles and reasonable estimates about relevant future market conditions.

Any reasonable changes in the above estimates are not expected to have a material impact on the financial statements.

4. Revenue

	2017 £	2016 £
Rental income	8,364,573	8,963,676
Other income	1,047,842	1,401
	<u>9,412,415</u>	<u>8,965,077</u>

All revenue in the current and preceding year arose within the United Kingdom.

5. Operating leases – Company as lessor

The Company has entered into leases on its property portfolio. The commercial property leases typically have remaining lease terms between 2 and 31 years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December 2017 are as follows:

	2017 £	2016 £
Within 1 year	9,214,891	8,584,524
After 1 year, but not more than 5 years	35,475,159	32,824,506
More than 5 years	60,454,602	64,229,376
	<u>105,144,652</u>	<u>105,638,406</u>

6. Other property operating expenses

	2017 £	2016 £
Non-recoverable service charge	583,001	1,211,949
Rates	97,062	(1,358)
Property management fees	—	23,000
Provision for bad debts	235,630	—
Other property costs	3,189,736	3,174,014
	<u>4,105,429</u>	<u>4,407,605</u>

7. Administrative expenses

Operating profit / loss is stated after charging:

	2017 £	2016 £
Legal and professional fees	1,426,689	345,807
Asset management fees	343,333	270,000
Directors' fees	2,500	2,000
Other costs	124,908	109,188
Accountancy fees	64,868	45,064
Bank charges	4,154	1,240
	<u>1,966,452</u>	<u>773,299</u>

8. Finance income

	2017 £	2016 £
Bank interest	<u>17,987</u>	<u>2,441</u>

9. Finance costs

	2017 £	2016 £
Bank loan fees	95,678	121,007
Amortisation of finance costs	1,027,732	553,385
Bank loan interest payable	5,550,506	6,694,565
Fair value adjustment on derivative instruments	38,158	(511,492)
	<u>6,712,074</u>	<u>6,857,465</u>

10. Taxation

	2017 £	2016 £
Over provision for prior periods	—	(140)
Total current tax	<u>—</u>	<u>(140)</u>

Factors affecting tax credit for the year

The tax on the Company's profit / (loss) differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits / (losses) of the Company as follows:

	2017 £	2016 £
Profit / (loss) on ordinary activities before tax	<u>7,400,474</u>	<u>(1,335,558)</u>
Profit / (loss) on ordinary activities multiplied by standard rate of income tax in the UK of 20% (2016: 20%)	1,480,095	(267,112)
Effects of:		
Non-taxable items	(2,154,342)	(601,300)
Non-deductible expenditure	668,635	701,163
Unutilised losses carried forward	5,612	167,249
Over provision for prior periods	—	(140)
Total tax credit for the year	<u>—</u>	<u>(140)</u>

There is a potential deferred tax asset in respect of tax losses of £2,688,437 (2016: £2,681,932). However, it is not considered that this asset should be recognised in the accounts given the uncertainty over the timing of when it will reverse.

There are no other deferred tax balances at 31 December 2017 (2016: £Nil).

11. Derivative financial instruments

Counterparty	Notional value	Cap rate	Maturity date	Fair value 2017 £	Fair value 2016 £
Commonwealth Bank of Australia	£111,558,750	2.0%	30 November 2017	—	241
Commonwealth Bank of Australia	£140,000,000	0.75%	24 March 2018	83	—
				<u>83</u>	<u>241</u>

The Company entered into hedging agreements in order to hedge the risk associated with interest rate fluctuations. Derivative financial instruments used to hedge interest rate risk are recognised in the financial statements at fair value, under the accounting policy disclosed in note 2.10.

The Company's derivative financial instruments (classified as level 2 in the fair value hierarchy) were valued at 31 December 2017 at £83 (2016: £241) using valuation techniques as disclosed in note 2.9.

12. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2017	1
Net book value	
At 31 December 2017	<u>1</u>
At 31 December 2016	<u>1</u>

Details of the principal subsidiaries can be found under note 24.

13. Investment property

	2017 £	2016 £
At 1 January	<u>210,120,000</u>	197,400,000
Subsequent expenditure on investment property (*)	4,965,078	8,846,372
Unamortised lease incentives	660,895	2,448,336
Fair value gain / (loss) during the year	<u>10,754,027</u>	1,425,292
At 31 December	<u><u>226,500,000</u></u>	<u>210,120,000</u>

Investment property relates to the Mailbox in Birmingham, one of UK's largest mixed-use buildings, which was acquired for a total of £132.8m (inclusive of £5.7m of acquisition costs) in May 2011. The property has five separate uses consisting of offices, retail units, leisure/restaurants, public car park, and other (storage, auto valeting etc.). The property is held on a virtual freehold basis.

The fair value of investment properties is determined using the direct capitalisation approach (yield method) under the accounting policy disclosed in note 2.9.

The fair value has been determined by the Directors.

The valuation model adopted is in accordance with the recommendations of the International Valuation Standards Committee and is consistent with the principles in IFRS 13. Investment property has been classified as Level 3 under the fair value hierarchy.

More information about the fair value measurement is set out in note 2.9.

The company's capital commitments at the year end contracted for but not provided were £4,841,505 (2016: £8,256,344).

(*) In the prior year, the Directors identified assets with a carrying value of £183,100 that had previously been classified as property, plant and equipment which relate to the investment property. This amount has been transferred to investment property and is represented within capital expenditure.

14. Fair value measurement – investment property

The Directors determine the Company's valuation policies.

The investment advisor performs the internal valuation annually. Individuals performing the calculation hold relevant internationally recognised professional qualifications and are experienced in valuing property in the applicable location.

At each reporting date, the investment advisor analyses the movements in the property's value. For this analysis, the investment advisor verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts (e.g. rent amounts in rental contracts), market reports (e.g. market rent, cap rates in property market reports) and other relevant documents.

The property's change in fair value is also compared to evidence from relevant external sources (such as bank valuations, investment property database or other relevant benchmarks) to determine whether the change is reasonable.

Highest and best use

The current use of the property is considered the highest and best use.

The significant assumptions made relating to the valuation at 31 December 2017 are set out below:

<u>Class of property</u>	<u>Valuation technique</u>	<u>Key unobservable inputs</u>
Mixed-use building consisting of retail, leisure, office, parking and storage units	Direct capitalisation approach (Yield method)	Capitalisation rates 4.00% – 6.75%

15. Trade and other receivables

	<u>2017</u>	<u>2016</u>
	£	£
Rent and service charge	983,225	1,333,233
Amounts due from Group company	16,135	—
Other receivables	1,907,487	440,609
Prepayments and accrued income	721,272	447,200
	<u>3,628,119</u>	<u>2,221,042</u>

The amounts due from Group company of £16,135 (2016: £Nil) consists of advances to Mailbox (Car Park) Limited, the subsidiary of the Company.

Rent receivables are neither past due nor impaired. The Company holds collateral in respect of rent and service charge receivables.

16. Interest bearing loans and borrowings

	Effective interest rate	Maturity date	2017 £	2016 £
£108,958,750 Senior loan from Aareal Bank AG	Libor + 2.4%	26 March 2017	—	108,958,750
£30,000,000 Mezzanine Pramerica Real Estate Capital A S.A R.L.	8% for Tranche A 10% for Tranche B	26 March 2017	—	30,000,000
£140,000,000 Senior loan from Deutsche Bank AG	Libor + 3.6%	23 March 2018	140,000,000	—
Unamortised finance costs			(1,356,215)	(179,573)
			138,643,785	138,779,177

On the 23 March 2017 the Company entered into a loan agreement with Deutsche Bank AG based on the terms above. At the same date the loans with Areal Bank AG for £108,958,750 and Pramerica Real Estate Capital A S.A.R.L. for £30,000,000 were repaid. Arch (Holdco) Limited, a subsidiary of Brockton Capital Fund II LP, and Mailbox (Car Park) Limited both stand as guarantors of the facility.

The loan is secured by a fixed charge over the property (note 13).

17. Trade and other payables

	2017 £	2016 £
Trade payables	852,018	2,458,910
VAT payable	482,979	406,765
Other payables	655,140	484,883
Accrued expenditure	1,854,386	817,245
Accrued interest	728,029	804,735
Deferred income	1,705,391	1,919,029
	6,277,943	6,891,567

Trade payables are non-interest bearing and are normally settled on 30 day terms.

18. Intercompany loan payables

	Interest rate	Terms	2017 £	2016 £
£39,351,130 Intercompany loan	0%	Payable on demand	57,608,651	48,837,582
£12,710,000 Intercompany loan	0%	Payable on demand	12,710,000	12,710,000
			70,318,651	61,547,582

The intercompany loans are payable to Mailbox (Birmingham) Holdco Limited, the immediate parent company.

At 31 December 2017, the amount payable under the £39,351,130 intercompany loan exceeds the facility amount. The loan documentation is under review and due to be updated.

19. Note supporting statement of cash flows

	Interest bearing loans and borrowings (Note 16) £	Intercompany loans (Note 18) £	Accrued interest (Note 17) £	Interest rate cap asset (Note 11) £	Total £
At 1 January 2017	(138,958,750)	(61,547,582)	(804,735)	241	(201,310,826)
Cash flows	(1,041,250)	(8,771,069)	804,735	38,000	(8,969,584)
Fair value movements	—	—	—	(38,158)	(38,158)
Interest accruing in the year	—	—	(728,029)	—	(728,029)
At 31 December 2017	(140,000,000)	(70,318,651)	(728,029)	83	(211,046,597)

20. Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of the Company's loans and borrowings is to finance the acquisition, maintenance and improvement of the Company's property. The Company has various financial assets such as derivative financial asset, rent and other receivables and cash and short-term deposits that arise directly from its operations.

The Board of Directors reviews and agrees policies for managing each of the following risks which are summarised below:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risks arise from open positions in interest bearing assets and liabilities, to the extent that these are exposed to general and specific market movements. Management sets limits on the exposure to interest rate risk that may be accepted, which are monitored on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

The Company enters into interest rate hedging agreements to manage the interest rate risks arising from the Company's operations and its sources of finance.

The Company is exposed to price risk other than in respect of financial instruments, such as property price risk (which includes property rentals risk when the property is available for let). The Company is exposed to the risk that the revenue from properties may be adversely affected by the general economic climate, local conditions such as oversupply of properties or a reduction in demand for properties in the market in which the Company operates, the attractiveness of the properties to tenants, the quality of the management, competition from other available properties and increased operating costs (including real estate taxes). This risk is managed by monitoring the indicators of market direction and forward planning of investment decisions; where possible, selection of a large and diversified tenant base; review of tenant covenants before new leases are signed; long-term leases and active credit control process; good relationships with tenants and property managers and active asset management of the properties to control the operating costs and ensure their continuing attractiveness to the market and existing tenants.

The Company does not have any exposure to foreign currencies and therefore is not exposed to foreign exchange risk.

The Company is not exposed to commodity or security price risk.

Interest rate risk

The Company is not exposed to interest rate risk on its intercompany loans (note 18).

The Company is exposed to interest rate risk on its long term borrowings (note 16). Note 11 sets out the financial instruments the Company has acquired to reduce interest rate risk.

A reasonable change in the interest rate at the reporting date is not expected to have a material effect on the Company's interest expense due to the use of a hedging instrument (note 11). Changes in interest rates will affect the fair value measurements of derivatives and therefore have an effect on the profit or loss.

The following table demonstrates the sensitivity to a reasonable change in interest rates on loans and borrowings, while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated. The analysis is prepared assuming the amount of liability outstanding at the Statement of Financial Position date was outstanding for the whole year. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase / decrease in basis points	Effect on profit before tax 2017 £	Effect on profit before tax 2016 £
Interest basis			
Libor	-25 basis points	349,917	272,192
Libor	+25 basis points	(302,676)	(271,497)
Libor	+50 basis points	(267,974)	(540,847)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company has no significant concentrations of credit risk. The Company is exposed to credit risks from both its leasing activities and financing activities, including deposits with banks and financial institutions. The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties.

Credit risk is managed by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. Cash balances are held and derivatives are agreed only with financial institutions with high credit ratings. The Company has policies that limit the amount of credit exposure to any financial institution. The utilisation of credit limits is regularly monitored.

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial assets and liabilities based on contractual undiscounted cash flows:

Financial assets

	On demand £	< 1 year £	1 to 5 years £	> 5 years £	Total £
Year ended 31 December 2017					
Trade and other receivables	—	2,906,847	—	—	2,906,847
Derivative financial instruments	—	83	—	—	83
Cash and cash equivalents	1,813,359	—	—	—	1,813,359
Total assets	1,813,359	2,906,930	—	—	4,720,289

Financial liabilities

	On demand £	< 1 year £	1 to 5 years £	> 5 years £	Total £
Year ended 31 December 2017					
Interest bearing loans and borrowings	—	140,000,000	—	—	140,000,000
Trade and other payables	—	4,089,573	—	—	4,089,573
Intercompany loan payables	70,318,651	—	—	—	70,318,651
Total liabilities	70,318,651	144,089,573	—	—	214,408,224

Financial assets

	On demand £	< 1 year £	1 to 5 years £	> 5 years £	Total £
Year ended 31 December 2016					
Trade and other receivables	—	1,773,842	—	—	1,773,842
Derivative financial instruments	—	241	—	—	241
Cash and cash equivalents	4,177,751	—	—	—	4,177,751
Total assets	4,177,751	1,774,083	—	—	5,951,834

Financial liabilities

	On demand £	< 1 year £	1 to 5 years £	> 5 years £	Total £
Year ended 31 December 2016					
Interest bearing loans and borrowings	—	138,779,177	—	—	138,779,177
Trade and other payables	—	4,565,773	—	—	4,565,773
Intercompany loan payables	61,547,582	—	—	—	61,547,582
Total liabilities	61,547,582	143,344,950	—	—	204,892,532

The Directors have assessed that the carrying values of the Company's financial instruments approximate to their fair values.

21. Share capital

	2017 £	2016 £
Authorised, issued and fully paid		
1 ordinary share of £1	1	1

On 30 March 2011, the date of incorporation, the Company issued 1 ordinary £1 share at par to Memberco One Limited. Subsequently, on 6 May 2011, this share was transferred to Mailbox (Birmingham) Holdco Limited for consideration of £1.

22. Reserves

A description of the Company's reserves is as follows:

The share capital reserve represents the nominal value of the shares issued.

The retained earnings reserve represents cumulative profit and losses, net of dividends paid and other adjustments.

23. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Included in intercompany loans (note 18) is the loan received from the parent entity, which the Company considers subordinated to all the liabilities and manages it as capital.

The Directors monitor capital on the basis of the net assets attributable to the owners of the parent.

24. Related party transactions

Mailbox (Birmingham) Holdco Limited, a Guernsey registered company, is the immediate parent and sole owner of the issued share capital of the Company.

The Company's investment in subsidiaries is listed in the following table:

<u>Subsidiary</u>	<u>Country of incorporation</u>	<u>% ownership 2017</u>	<u>% ownership 2016</u>
Mailbox (Car Park) Limited	United Kingdom	100%	100%

As at 31 December 2017, loans of £70,318,651 (2016: £61,547,583) were due to Mailbox (Birmingham) Holdco Limited (see note 18).

Milligan BVI LP is a convertible bond holder in the Company's parent company. During the year, management and other fees of £366,851 (2016: £299,116) were incurred from Milligan Mailbox LLP and Milligan Limited, related parties to Milligan BVI LP.

The Company has granted a lease of the car park to Mailbox (Car Park) Limited, a related party. During the year, the Company charged an amount of £1,694,176 (2016: £1,583,477) for rent and £180,756 (2016: £146,877) for service charges to Mailbox (Car Park) Limited. In addition, the Company accrued for rent top-up income of £111,637 (2016: £48,140) receivable from Mailbox (Car Park) Limited.

During the year, the Company received a dividend of £Nil (2016: £310,001) from Mailbox (Car Park) Limited.

Transactions and balances with the related parties during the year and as at the Statement of Financial Position date, respectively, have been disclosed in notes 7, 12, 18 and 21.

25. Ultimate parent undertaking and controlling party

In the opinion of the Directors the ultimate parent undertaking and controlling party is Brockton Capital Fund II GP (Guernsey) Limited, the General Partner of Brockton Capital Fund II (Scotland) L.P., the General Partner of Brockton Capital Fund II L.P.

26. Subsequent events

On 22 March 2018 the Company agreed an extension to the existing loan facility with Deutsche Bank AG to 23 March 2019 based on the same terms as disclosed in note 16.

SECTION B: YEAR ENDED 31 DECEMBER 2018

Mailbox (Birmingham) Limited

Report and Financial Statements

Year Ended

31 December 2018

Company Number 53266

Company Information

Directors	M Biddlecombe S Taylor C McErlane C Gibbons (alternate to C McErlane)
Registered number	53266
Registered office	PO Box 656 East Wing, Trafalgar Court Les Banques St Peter Port Guernsey GY1 3PP
Administrators	Aztec Financial Services (Guernsey) Limited East Wing, Trafalgar Court Les Banques St. Peter Port Guernsey GY1 EPP
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

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Directors' Report

For the Year Ended 31 December 2018

The Directors present their annual report and the financial statements of Mailbox (Birmingham) Limited for the year ended 31 December 2018.

Principal activity

The principal activity of the Company is property investment in Birmingham.

Ultimate controlling parties

The Company is ultimately controlled by Brockton Capital Fund II GP (Guernsey) Limited, the General Partner of Brockton Capital Fund II (Scotland) L.P., the General Partner of Brockton Capital Fund II L.P.

Results and dividends

The results for the year are shown in the Statement of Comprehensive Income on page 115.

The Directors do not recommend the payment of a dividend (2017: £Nil).

Administrators

Aztec Financial Services (Guernsey) Limited is the administrator of the Company.

Directors

The Directors who served during the year and to the date of this report were:

M Biddlecombe (appointed 08 February 2018)
S Taylor
C Gibbons (alternate to C McErlane)
C McErlane
N Duquemin (ceased to hold office 7 February 2018)

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, BDO LLP, have expressed their willingness to continue in office and will be proposed for reappointment in accordance with The Companies (Guernsey) Law, 2008.

This report was approved by the Board on 28 JUNE 2019 and signed on its behalf.



Cassie Gibbons
Director Alternate Director

Directors' Responsibilities Statement

The Directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with applicable Guernsey law and International Financial Reporting Standards as adopted by the European Union, of the state of affairs of the Company and of the profit or loss for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's report to the members of Mailbox (Birmingham) Limited

Opinion

We have audited the financial statements of Mailbox (Birmingham) Limited ("the Company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

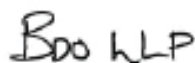
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



BDO LLP
Chartered Accountants
55 Baker Street
London
W1U 7EU
United Kingdom

Date: 28 June 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income

For the Year Ended 31 December 2018

	Note	2018 £	2017 £
Revenue	4	9,193,245	9,412,415
Other property operating expenses	6	<u>(3,135,326)</u>	<u>(4,105,429)</u>
Gross profit / (loss)		6,057,919	5,306,986
Administrative expenses	7	(496,019)	(1,966,452)
Profit / (loss) on sale of investments		431,386	—
Valuation gain / (loss) on investment property	13	<u>(31,622,448)</u>	<u>10,754,027</u>
Operating profit / (loss)		(25,629,162)	14,094,561
Income from shares in Group companies		369,900	—
Finance income	8	1,790	17,987
Finance costs	9	<u>(7,365,620)</u>	<u>(6,712,074)</u>
Profit / (loss) on ordinary activities before taxation		(32,623,092)	7,400,474
Taxation on profit / (loss) on ordinary activities	10	<u>—</u>	<u>—</u>
Profit / (loss) and total comprehensive income/ (loss) for the year		<u>(32,623,092)</u>	<u>7,400,474</u>

All results shown in the Statement of Comprehensive Income are from continuing operations.

All profit / (loss) and total comprehensive income / (loss) is attributable to the equity holders of the Company.

The notes on pages 119 to 135 form part of these financial statements.

Statement of Financial Position

As at 31 December 2018

	Note	2018 £	2017 £
Assets			
Non-current assets			
Investments	12	1	1
Investment property	13	206,400,000	226,500,000
		<u>206,400,000</u>	<u>226,500,001</u>
Current assets			
Derivative financial instruments	11	4,134	83
Trade and other receivables	15	2,004,333	3,628,119
Cash and cash equivalents		3,228,760	1,813,359
		<u>5,237,227</u>	<u>5,441,561</u>
Total assets		<u>211,637,227</u>	<u>231,941,562</u>
Liabilities			
Current liabilities			
Interest bearing loans and borrowings	16	146,696,027	138,643,785
Trade and other payables	17	4,726,754	6,277,943
Intercompany loan payables	18	76,136,355	70,318,651
		<u>227,559,136</u>	<u>215,240,379</u>
Total liabilities		<u>227,559,136</u>	<u>215,240,379</u>
Net assets / (liabilities)		<u>(15,921,909)</u>	<u>16,701,183</u>

	Note	2018 £	2017 £
Equity attributable to equity holders of the Company			
Share capital	21	1	1
Retained earnings		(15,921,910)	16,701,182
Total equity		<u>(15,921,909)</u>	<u>16,701,183</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 28 JUNE 2019



Cassie Gibbons

Director Alternate Director

The notes on pages 119 to 135 form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 31 December 2018

	Share capital £	Retained earnings £	Total equity £
At 1 January 2018	1	16,701,182	16,701,183
Comprehensive income / (loss) for the year			
Profit / (loss) for the year	—	(32,623,092)	(32,623,092)
Other comprehensive income / (loss) for the year	—	—	—
Total comprehensive income / (loss) for the year	—	(32,623,092)	(32,623,092)
Total transactions with owners	—	—	—
At 31 December 2018	1	(15,921,910)	(15,921,909)

Statement of Changes in Equity
For the Year Ended 31 December 2017

	Share capital £	Retained earnings £	Total equity £
At 1 January 2017	1	9,300,708	9,300,709
Comprehensive income / (loss) for the year			
Profit / (loss) for the year	—	7,400,474	7,400,474
Other comprehensive income / (loss) for the year	—	—	—
Total comprehensive income / (loss) for the year	—	7,400,474	7,400,474
Total transactions with owners	—	—	—
At 31 December 2017	1	16,701,182	16,701,183

The notes on pages 119 to 135 form part of these financial statements.

Statement of Cash Flows
For the Year Ended 31 December 2018

	2018 £	2017 £
Cash flows from / (used in) operating activities		
Profit / (loss) for the financial year	(32,623,092)	7,400,474
Adjustments for:		
Fair value adjustment on investment property	31,622,448	(10,754,027)
Amortisation of lease incentives	(765,548)	(634,081)
Income from shares in Group companies	(369,900)	—
Gain on disposal of investment	(431,387)	—
Net change in fair value of financial instruments	35,449	38,158
Finance costs	7,330,171	6,673,916
Finance income	(1,790)	(17,987)
(Increase) / decrease in trade and other receivables	1,623,786	(1,407,077)
Increase / (decrease) in trade and other payables	(1,741,333)	(761,584)
Net cash generated from / (used in) operating activities	4,678,804	537,792
Cash flows from / (used in) investing activities		
Subsequent expenditure on investment property	(9,379,897)	(4,740,413)
Lease incentives – capital contribution	(1,290,000)	(26,813)
Income from shares in Group companies	369,900	—
Proceeds from sale of investment	431,388	—
Net cash generated from / (used in) investing activities	(9,868,609)	(4,767,226)
Cash flows from / (used in) financing activities (note 19)		
Loans received from / (repaid to) Parent undertakings (net)	5,817,704	8,771,069
Proceeds from external borrowings	7,000,000	140,000,000
Repayment of external borrowings	—	(138,958,750)
Loan issue costs paid	(176,510)	(2,300,052)
Interest paid	(5,998,278)	(5,627,212)
Acquisition of interest rate cap	(39,500)	(38,000)
Interest received	1,790	17,987
Net cash generated from / (used in) financing activities	(6,605,206)	1,865,042
Net increase / (decrease) in cash and cash equivalents	1,415,401	(2,364,392)
Cash and cash equivalents at beginning of year	1,813,359	4,177,751
Cash and cash equivalents at the end of year	3,228,760	1,813,359

The notes on pages 119 to 135 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2018

1. General information

The Company was incorporated on 30 March 2011 and is domiciled and registered as a limited company in Guernsey.

2. Significant accounting policies

The financial statements of the Company have been prepared in accordance with The Companies (Guernsey) Law, 2008 and International Financial Reporting Standards (“IFRSs”) as adopted by the European Union, and also in accordance with IFRSs as issued by the International Accounting Standards Board (“IASB”) except complying with IFRS 10 as disclosed in the basis of preparation of financial statements.

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires Company management to exercise judgement in applying the Company’s accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effects are disclosed in note 3.

The principal accounting policies adopted in these financial statements are set out below:

2.1 Basis of preparation of financial statements

The financial statements have been prepared on the historical cost basis except for investment property and derivative financial instruments which have been measured at fair value.

During the reporting periods, the Company was a parent of a group (note 24) and has elected to depart from the requirements of IFRS 10 paragraph 19 and has not prepared consolidated financial statements.

2.2 Going concern

The financial statements have been prepared on the going concern basis. After making enquiries and taking into consideration the loss and net current liability position of the Company, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future based on the letter of financial support from Brockton Capital Fund II LP. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

2.3 Changes in accounting policy and disclosures

New and revised standards adopted by the EU that are mandatorily effective for the year ending 31 December 2018

The following standards and amendments have been adopted by the Company for the first time for the financial period beginning on or after 1 January 2018:

- IFRS 15: Revenue from contracts with customers
- IFRS 9: Financial instruments
- Annual Improvements to IFRSs (2014-2016 Cycle)
- Amendments to IAS 40: Transfers of Investment Property
- Amendments to IAS 2: Classification and measurement of share-based payment transactions
- IFRIC 22: Foreign Currency Transactions and Advance Consideration

IFRS 15 Revenue from Contracts with Customers

IFRS 15 has replaced IAS 11 Construction Contracts and IAS 18 Revenue. The standard introduces a new revenue recognition model that recognises the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Directors are satisfied the standard has no material impact on the financial statements as rental income is outside the scope of the standard and the Company's revenue is currently comprised of rental income derived from leases that do not contain any service components.

IFRS 9 — Financial Instruments

IFRS 9 has replaced IAS 39 Financial Instruments: Recognition and Measurement and introduces a single model that has initially only two classification categories rather than the multiple classification and measurement models in the previous standard. The new models are amortised cost and fair value. IFRS 9 also introduces a new impairment model which requires the recognition of impairment provisions based on expected credit losses rather than incurred credit losses under IAS 39.

Due to the nature and quantum of the Company's financial instruments, the adoption of IFRS 9 does not have a material impact on the Company's results or financial position and does not require there to be a restatement of comparative figures.

Amendments to IAS 40: Transfers of Investment Property

The amendment to IAS 40 states that an entity shall transfer a property to or from investment property when, and only when, there is evidence of a change in use. A change in management's intentions for the use of a property by itself does not constitute a change in use. There have been no such changes in use of the Company's investment property during the reporting period.

Other standards and amendments

The adoption of the remaining standards and amendments listed above did not have any impact on the financial statements of the Company for the current or any prior period and is not likely to affect future periods.

New and revised standards adopted by the EU that are not mandatorily effective for the year ending 31 December 2018

The following standards and amendments have been adopted by the EU but are not mandatorily effective for the year ending 31 December 2018. Accordingly, they have not been applied in preparing these financial statements:

- IFRS 16: Leases (effective 1 January 2019)
- Annual improvements to IFRSs — 2015 2017 Cycle (effective 1 January 2019)
- IFRIC 23: Uncertainty over Income Tax Treatments (effective 1 January 2019)
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (effective 1 January 2019)
- Amendments to IAS 28: Long-term interests in Associates and Joint Ventures (effective 1 January 2019)
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (effective 1 January 2019)

The Company is continuing to assess the impact of the new standards above and at present is confident that none will have a material impact on the financial statements of the Company. The Company does however expect that the adoption of IFRS 16 will result in an increased level of disclosure in its financial statements surrounding its leasing arrangements.

New and revised standards and interpretations issued by the IASB but not yet adopted by the EU

A number of new standards and amendments to standards and interpretations have been issued by the IASB but they have not yet been adopted by the EU. Accordingly they have not been applied in preparing these financial statements:

- Amendments to References to the Conceptual Framework in IFRS Standards
- IFRS 17: Insurance contracts

The Company is assessing the impact of the new standards and interpretations above but none of these are expected to have a significant effect on the financial statements.

2.4 Revenue

Revenue comprises rental income, net of Value Added Tax, and is recognised on a straight line basis over the term of the lease.

Rental income arising from operating leases on investment property is accounted for on a straight line basis over the lease term and is included in revenue in the Statement of Comprehensive Income due to its operating nature, except for contingent rental income which is recognised when it arises.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Directors and the AIFM are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the Statement of Comprehensive Income when the right to receive them arises.

2.5 Investments

Investments in subsidiaries are not consolidated. They are measured at cost less provision for impairment. Where there is an indication that an investment is impaired, an impairment review is carried out by comparing the carrying value of the investment against its recoverable amount, which is the higher of its estimated value in use and fair value. Recoverable amount is determined by reference to the net asset value of the subsidiary.

2.6 Investment property

Investment property comprises completed property and property under construction or redevelopment that is held to earn rentals or for capital appreciation or both. Property held under an operating lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is measured initially at cost including transaction costs. Subsequent to initial recognition, investment property is stated at fair value.

Gains or losses arising from changes in the fair values are included in the Statement of Comprehensive Income in the year in which they arise, including any corresponding tax effect. For the purposes of these financial statements, in order to avoid double counting, the assessed carrying value is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses on the retirement or disposal of investment property. Any gains or losses

on derecognition of the investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period's financial statements.

2.7 Financial assets and liabilities

Financial assets

The Company classifies its financial assets into one of the categories set out below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

The Company may from time to time use derivative financial instruments such as interest caps and swaps to hedge its interest rate risk. Where it does, in-the-money derivatives and out-of-the-money derivatives where the time value offsets the negative intrinsic value are classified as fair value through profit or loss. They are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Income in the finance income or costs line.

The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

The Company does not apply hedge accounting.

Amortised cost

The Company's financial assets measured at amortised cost in the Statement of Financial Position comprise trade and other receivables and cash and cash equivalents.

These assets arise principally from the leasing of property to tenants (e.g. rent and service charge receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest method, less provision for impairment. Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Impairment provisions for rent and service charge receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the rent and service charge receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for these receivables. For these receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within other property costs in the Statement of Comprehensive Income. On confirmation that the rent and service charge receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents includes cash in hand and deposits held at call with banks.

Financial liabilities

The Company classifies its financial liabilities as 'other financial liabilities'. The Company's accounting policy for other financial liabilities is outlined below.

Other financial liabilities include the following items:

- Bank borrowings, which are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Statement of Financial

Position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2.8 Fair value estimations

The Company measures certain financial instruments such as derivatives, and non-financial assets such as investment property, at fair value at the end of each reporting year. In addition, the fair value of financial instruments measured at amortised cost is disclosed in the financial statements.

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants, acting in their economic best interest, at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Company must be able to access the principal or the most advantageous market at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In determining fair value, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs significant to the fair value measurement as a whole. The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair values of derivative financial instruments are calculated using a discounted cash flow analysis performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Inputs used in determining fair value measurement are categorised into different levels based on how observable the inputs used are:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

The fair value of investment properties is determined by using one of the following valuation techniques:

- Sales comparison approach: Properties valued using this approach take into account comparable properties in close proximity that are similar to the property valued which have been sold within the last year in an open and competitive market, and sold under typical market conditions. These values are adjusted for differences in key attributes such as property size and quality of interior fittings. The most significant input into this valuation approach is price per square metre/ft.
- Investment method: The investment method is used to value the properties which are let and producing income. Conventionally, investment value is a product of rent and yield. Each of these elements is derived using comparison techniques. Within this method, there are two valuation approaches applied; direct capitalisation and discounted cash flow.
 - Direct capitalisation approach (yield method): This method is based on the relationship between the rate of return an investor requires and net income that a property produces. The estimated rate of return (i.e. the capitalisation rate) is applied to the property's net operating income to form an estimate of the property's value. The most significant input into this valuation is the capitalisation rate which takes into account the actual location, size and quality of the property valued as well as the market data at the valuation date.
 - Discounted cash flows ("DCF") approach: Under the DCF method, a property's fair value is estimated using the projection of a series of cash flows. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the cash inflows. The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods, reletting, redevelopment, or refurbishment. In the case of investment properties, periodic cash flow is typically estimated as gross income less directly attributable property expenditure. The series of periodic net cash inflows, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted. The cash flow projections are based on the following significant unobservable inputs including; future rental cash inflows, discount rates, estimated vacancy rates, maintenance costs, capitalisation rates and terminal value.
- Residual method: The residual method is used to value an investment property under construction or re-development. In addition to the estimates and inputs used in the above methods, this valuation method also takes into account costs to complete including a reasonable profit margin and the completion dates.

There are inter-relationships between unobservable inputs. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields. For investment property under construction, increases in construction costs that enhance the property's features may result in an increase in future rental values. An increase in the future rental income may be linked with higher costs. If the remaining lease term increases the yield may decrease.

2.9 Provisions

Provisions are recognised when:

- The Company has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of economic resources will be required to settle the obligation; and

- The amount can be reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

2.10 Current and deferred tax income

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case, the tax is also recognised in other comprehensive income or equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the Statement of Financial Position.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the Statement of Financial Position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Company is registered in Guernsey, Channel Islands and is subject to local taxation at the standard rate of 0%. The Company is subject to UK income tax on net property revenue at a rate of 20%.

2.11 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. The Company does not capitalise borrowing costs on qualifying investment properties.

2.12 Functional currency

The Company's financial statements are presented in pounds sterling, the Company's functional currency, and are generally rounded to the nearest pound.

2.13 Principles for the Statement of Cash Flows

The Statement of Cash Flows has been drawn up according to the indirect method, separating the cash flows from operating activities, investing activities and financing activities (where applicable). The net result has been adjusted for amounts in the Statement of Comprehensive Income and movements in the Statement of Financial Position which have not resulted in cash income or expenditure in the period.

3. Critical accounting estimates and judgements

The preparation of financial statements requires the use of critical judgement, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. Estimates and assumptions concerning the future, and the accounting results of those estimates will, by definition, rarely equal the related actual results. In particular, the estimation of the value of investment property and derivative financial instruments requires considerable judgement.

i) Valuation of investment property

The Directors have performed the valuation of the investment property. The valuation methodology is disclosed in note 2.8.

ii) Valuation of derivative financial instruments

The valuations are based on prevailing market data and derived from proprietary models based on well recognised financial principles and reasonable estimates about relevant future market conditions.

Any reasonable changes in the above estimates are not expected to have a material impact on the financial statements.

4. Revenue

	2018 £	2017 £
Rental income	9,085,125	8,364,573
Other income	108,120	1,047,842
	<u>9,193,245</u>	<u>9,412,415</u>

All revenue in the current and preceding year arose within the United Kingdom.

5. Operating leases – Company as lessor

The Company has entered into leases on its property. The commercial property leases typically have remaining lease terms between 1 and 35 years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December 2018 are as follows:

	2018 £	2017 £
Within 1 year	9,334,038	9,214,891
After 1 year, but not more than 5 years	34,209,494	35,475,159
More than 5 years	93,758,393	60,454,602
	<u>137,301,925</u>	<u>105,144,652</u>

6. Other property operating expenses

	2018 £	2017 £
Non-recoverable service charge	862,005	583,001
Rates	270,733	97,062
Provision for bad debts	116,537	235,630
Other property costs	1,886,051	3,189,736
	<u>3,135,326</u>	<u>4,105,429</u>

7. Administrative expenses

Operating profit / loss is stated after charging:

	2018 £	2017 £
Legal and professional fees	87,284	1,426,689
Asset management fees	266,667	343,333
Directors' fees	1,750	2,500
Other costs	68,396	124,908
Accountancy fees	71,246	64,868
Bank charges	676	4,154
	<u>496,019</u>	<u>1,966,452</u>

8. Finance income

	2018 £	2017 £
Bank interest	1,165	732
Other interest	625	17,255
	<u>1,790</u>	<u>17,987</u>

9. Finance costs

	2018 £	2017 £
Bank loan fees	66,378	95,678
Amortisation of finance costs	1,162,374	1,027,732
Bank loan interest payable	6,101,419	5,550,506
Fair value adjustment on derivative instruments	35,449	38,158
	<u>7,365,620</u>	<u>6,712,074</u>

10. Taxation

Factors affecting tax charge for the year

The tax on the Company's profit / (loss) differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits / (losses) of the Company as follows:

	2018 £	2017 £
Profit/(loss) on ordinary activities before tax	(32,623,092)	7,400,474
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2018 – 20%)	(6,524,618)	1,480,095
Effects of:		
Non-taxable items	(1,226,785)	(2,154,342)
Non-deductible expenditure	6,745,876	668,635
Unutilised losses carried forward	1,005,527	5,612
To be adjusted	—	—
Total tax charge for the year	—	—

There is a potential deferred tax asset in respect of tax losses of £4,443,141 (2017: £2,688,437). However, it is not considered that this asset should be recognised in the accounts given the uncertainty over the timing of when it will reverse. There are no other deferred tax balances (2017: £Nil).

11. Derivative financial instruments

	Fair value 2018 £	Fair value 2017 £
Counterparty Notional value (£) Cap rate Maturity date		
Commonwealth Bank of Australia 140,000,000 0.75% 24 March 2018	—	83
Commonwealth Bank of Australia 147,000,000 1.00% 24 March 2019	4,134	
	4,134	83

The Company entered into an interest rate cap agreement in order to hedge the risk associated with interest rate fluctuations. Derivative financial instruments used to hedge interest rate risk are recognised in the financial statements at fair value, under the accounting policy disclosed in note 2.7.

The Company's derivative financial instruments (classified as level 2 in the fair value hierarchy) were valued at 31 December 2018 at £4,134 (2017: £83) using valuation techniques as disclosed in note 2.8.

12. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2018	1
Disposals	(1)
At 31 December 2018	—
Net book value	—
At 31 December 2018	—
At 31 December 2017	1

Details of the principal subsidiaries can be found under note 24.

13. Investment property

	2018 £	2017 £
At 1 January	226,500,000	210,120,000
Subsequent expenditure on investment property	9,466,901	4,965,078
unamortised lease incentives	2,055,547	660,895
Fair value gain / (loss) during the year	(31,622,448)	10,754,027
At 31 December	206,400,000	226,500,000

Investment property relates to the Mailbox in Birmingham, one of UK's largest mixed-use buildings, which was acquired for a total of £132.8m (inclusive of £5.7m of acquisition costs) in May 2011. The property has five separate uses consisting of offices, retail units, leisure/restaurants, public car park, and other (storage, auto valeting etc.). The property is held on a virtual freehold basis.

The fair value of investment properties is determined using the direct capitalisation approach (yield method) under the accounting policy disclosed in note 2.8.

The fair value has been determined by the Directors.

The valuation model adopted is in accordance with the recommendations of the International Valuation Standards Committee and is consistent with the principles in IFRS 13. Investment property has been classified as Level 3 under the fair value hierarchy.

More information about the fair value measurement is set out in note 2.8.

The Company's capital commitments at the year end contracted for but not provided were £1,608,017 (2017: £4,841,505).

14. Fair value measurement investment property

The Directors determine the Company's valuation policies.

The investment advisor performs the internal valuation annually. Individuals performing the calculation hold relevant internationally recognised professional qualifications and are experienced in valuing property in the applicable location.

At each reporting date, the investment advisor analyses the movements in the property's value. For this analysis, the investment advisor verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts (e.g. rent amounts in rental contracts), market reports (e.g. market rent, cap rates in property market reports) and other relevant documents.

The property's change in fair value is also compared to evidence from relevant external sources (such as bank valuations, investment property database or other relevant benchmarks) to determine whether the change is reasonable.

Highest and best use

The current use of the property is considered the highest and best use.

The significant assumptions made relating to the valuation at 31 December 2018 are set out below:

Class of property	Valuation technique	Key unobservable inputs
Mixed-use building consisting of retail, leisure, office, parking and storage units	Direct capitalisation approach (Yield method)	Capitalisation rates 4.50% – 6.00%

15. Trade and other receivables

	2018	2017
	£	£
Tenant arrears	643,334	983,225
VAT receivable	5,454	16,135
Other debtors	1,031,656	1,907,487
Prepayments and accrued income	323,889	721,272
	2,004,333	3,628,119

The amounts due from Group company of £Nil (2017: £16,135) consists of advances to Mailbox (Car Park) Limited, the subsidiary of the Company.

16. Interest bearing loans and borrowings

	Effective interest rate	Maturity date	2018	2017
			£	£
£147,000,000 Senior loan from Deutsche Bank AG	Libor + 3.6%	24 March 2019	147,000,000	140,000,000
Unamortised finance costs			(303,973)	(1,356,215)
			146,696,027	138,643,785

On the 23 March 2017 the Company entered into a loan agreement with Deutsche Bank AG based on the terms above. At the same date the loans with Aareal Bank AG for £108,958,750 and Pramerica

Real Estate Capital A S.A.R.L. for £30,000,000 were repaid. On 24 March 2018 the Company agreed an extension of the loan facility to £147,000,000 and extended the repayment date to 24 March 2019.

All other terms remained the same.

Arch (Holdco) Limited, a subsidiary of Brockton Capital Fund II LP, stands as a guarantor of the facility. Mailbox (Car Park) Limited, a company under common control, also stood as guarantor until 9 January 2019 when it was released from the bank security.

The loan is secured by a fixed charge over the property (note 13).

17. Trade and other payables

	2018 £	2017 £
Trade payables	794,728	852,018
VAT payable	—	482,979
Other payables	386,778	655,140
Accrued expenditure	757,984	1,854,386
Accrued interest on bank loan	831,170	728,029
Deferred income	1,956,094	1,705,391
	4,726,754	6,277,943

Trade payables are non-interest bearing and are normally settled on 30 day terms.

18. Intercompany loan payables

	2018 £	2017 £
Interest rate Terms		
£39,351,130 Intercompany loan 0% Payable on demand	63,426,355	57,608,651
£12,710,000 Intercompany loan 0% Payable on demand	12,710,000	12,710,000
	76,136,355	70,318,651

The intercompany loans are payable to Mailbox (Birmingham) Holdco Limited, the immediate parent company.

At 31 December 2018, the amount payable under the £39,351,130 intercompany loan exceeds the facility amount. The loan documentation is under review and due to be updated.

19. Note supporting statement of cash flows

	Interest bearing loans and borrowings (Note 16) £	Intercompany loans (Note 18) £	Accrued interest (Note 17) £	Interest rate cap asset (Note 11) £	Amounts due from Group company (Note 15) £	Total £
At 1 January 2017	(138,958,750)	(61,547,582)	(804,735)	241	—	(201,310,826)
Cash flows	(1,041,250)	(8,771,069)	804,735	38,000	16,135	(8,953,449)
Fair value movements	—	—	—	(38,158)	—	(38,158)
Interest accruing in the year	—	—	(728,029)	—	—	(728,029)
At 31 December 2017	(140,000,000)	(70,318,651)	(728,029)	83	16,135	(211,030,462)
Cash flows	(7,000,000)	(5,817,704)	728,029	39,500	(16,135)	(12,066,310)
Fair value movements	—	—	—	(35,449)	—	(35,449)
Interest accruing in the year	—	—	(831,170)	—	—	(831,170)
At 31 December 2018	(147,000,000)	(76,136,355)	(831,170)	4,134	—	(223,963,391)

20. Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of the Company's loans and borrowings is to finance the acquisition, maintenance and improvement of the Company's property. The Company has various financial assets such as derivative financial assets, rent and other receivables and cash and short-term deposits that arise directly from its operations.

The Board of Directors reviews and agrees policies for managing each of the following risks which are summarised below:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risks in the reporting periods arose from open positions in interest bearing assets and liabilities, to the extent that these positions were exposed to general and specific market movements. Management sets limits on the exposure to interest rate risk that may be accepted, which are monitored on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

The Company enters into interest rate hedging agreements to manage the interest rate risks arising from the Company's operations and its sources of finance.

During the reporting periods the Company was exposed to price risk other than in respect of financial instruments, such as property price risk (which includes property rentals risk when the property is available for let). The Company was exposed to the risk that the revenue from properties and property values may be adversely affected by the general economic climate, local conditions such as oversupply of properties or a reduction in demand for properties in the market in which the Company operates, the attractiveness of the properties to tenants, the quality of the property management, competition from other available properties and increased operating costs (including real estate taxes). The Company manages the risk by monitoring the indicators of market direction and forward planning of investment decisions; where possible, selection of a large and diversified tenant base; review of tenant covenants before new leases are signed; long-term leases and active credit control process; good relationships with tenants and property managers and active asset management of the properties to control the operating costs and ensure their continuing attractiveness to the market and existing tenants.

The Company does not have any exposure to foreign currencies and therefore is not exposed to foreign exchange risk.

The Company is not exposed to commodity or security price risk.

Interest rate risk

The Company is not exposed to interest rate risk on its intercompany loans (note 17).

During the reporting periods the Company was exposed to interest rate risk on its long term borrowings (note 16). Note 11 sets out the financial instruments the Company acquired to reduce interest rate risk.

A reasonable change in the interest rate at the reporting date is not expected to have a material effect on the Company's interest expense due to the use of a hedging instrument (note 11). Changes in interest rates will affect the fair value measurements of derivatives and therefore have an effect on the profit or loss.

The following table demonstrates the sensitivity to a reasonable change in interest rates on loans and borrowings, while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated. The analysis is prepared assuming the amount of liability outstanding at the Statement of Financial Position date was outstanding for the whole year. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase / decrease in basis points	Effect on profit before tax 2018 £	Effect on profit before tax 2017 £
Interest basis			
Libor	-25 basis points	363,408	349,917
Libor	+25 basis points	(141,593)	(302,676)
Libor	+50 basis points	(104,298)	(267,974)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company has no significant concentrations of credit risk. During the reporting periods the Company was exposed to credit risks from both its leasing activities and financing activities, including deposits held with banks and financial institutions. The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties.

The Company manages credit risk by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. Cash balances are held and derivatives are agreed only with financial institutions with high credit ratings. The Company has policies that limit the amount of credit exposure to any financial institution. The utilisation of credit limits is regularly monitored.

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial assets and liabilities based on contractual undiscounted cash flows:

Financial assets

	On demand £	< 1 year £	1 to 5 years £	> 5 years £	Total £
Year ended 31 December 2018					
Trade and other receivables	—	1,674,990	—	—	1,674,990
Cash and cash equivalents	3,228,760	—	—	—	3,228,760
Derivative financial instruments	—	4,134	—	—	4,134
Total assets	3,228,760	1,679,124	—	—	4,907,884

Financial liabilities

	On demand £	< 1 year £	1 to 5 years £	> 5 years £	Total £
Year ended 31 December 2018					
Trade and other payables	—	2,770,660	—	—	2,770,660
Intercompany loan payables	76,109,243	—	—	—	76,109,243
Interest bearing loans and borrowings	—	—	147,000,000	—	147,000,000
Interest payable on interest bearing loans and borrowings	—	1,481,651	—	—	1,481,651
Total liabilities	76,109,243	151,252,311	—	—	227,361,554

Financial assets

	On demand £	< 1 year £	1 to 5 years £	> 5 years £	Total £
Year ended 31 December 2017					
Trade and other receivables	—	2,906,847	—	—	2,906,847
Cash and cash equivalents	1,813,359	—	—	—	1,813,359
Derivative financial instruments	—	83	—	—	83
Total assets	1,813,359	2,906,930	—	—	4,720,289

Financial liabilities

	On demand £	< 1 year £	1 to 5 years £	> 5 years £	Total £
Year ended 31 December 2017					
Trade and other payables	—	4,089,573	—	—	4,089,573
Intercompany loan payables	70,318,651	—	—	—	70,318,651
Interest bearing loans and borrowings	—	140,000,000	—	—	140,000,000
Interest payable on interest bearing loans and borrowings	—	1,309,192	—	—	1,309,192
Total liabilities	70,318,651	145,398,765	—	—	215,717,416

The Directors have assessed that the carrying values of the Company's financial instruments approximate to their fair values.

21. Share capital

	2018 £	2017 £
Authorised, issued and fully paid		
1 ordinary share of £1	1	1

On 30 March 2011, the date of incorporation, the Company issued 1 ordinary £1 share at par to Memberco One Limited. Subsequently, on 6 May 2011, this share was transferred to Mailbox (Birmingham) Holdco Limited for consideration of £1.

22. Reserves

A description of the Company's reserves is as follows:

The share capital reserve represents the nominal value of the shares issued.

The retained earnings reserve represents cumulative profit and losses, net of dividends paid and other adjustments.

23. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide dividends for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Included in intercompany loans (note 18) is the loan received from the parent entity, which the Company considers subordinated to all the liabilities and manages it as capital.

The Directors monitor capital on the basis of the net assets attributable to the owners of the parent.

24. Related party transactions

Mailbox (Birmingham) Holdco Limited, a Guernsey registered company, is the immediate parent and sole owner of the issued share capital of the Company.

The Company's investment in subsidiaries is listed in the following table:

<u>Subsidiary</u>	<u>Country of incorporation</u>	<u>% ownership 2018</u>	<u>% ownership 2017</u>
Mailbox (Car Park) Limited	United Kingdom	—	100%

On 19 December 2018, the Company disposed of its investment in subsidiary to Mailbox (Birmingham) Holdco Limited for consideration of £431,387, by way of reduction in the Company's loan payable to Mailbox (Birmingham) Holdco Limited.

As at 31 December 2018, loans of £76,109,243 (2017: £70,318,651) were due to Mailbox (Birmingham) Holdco Limited (see note 18).

Milligan BVI LP is a convertible bond holder in the Company's parent company (note 16). During the year, management and other fees of £334,168 (2017: £366,851) were incurred from Milligan Mailbox LLP and Milligan Limited, related parties to Milligan BVI LP.

The Company has granted a lease of the car park to Mailbox (Car Park) Limited, a related party. During the year, the Company charged an amount of £1,201,639 (2017: £1,694,176) for rent and £195,780 (2017: £180,756) for service charges to Mailbox (Car Park) Limited. In addition, the Company accrued for rent top-up income of £Nil (2017: £111,637) receivable from Mailbox (Car Park) Limited. On 10 September 2018 the Company paid a surrender premium of £185,000 to Mailbox (Car Park) Limited as consideration for the surrender to it of that company's lease interest in the car park.

During the year, the Company received a dividend of £369,900 (2017: £Nil) from Mailbox (Car Park) Limited.

Transactions and balances with the related parties during the year and as at the Statement of Financial Position date, respectively, have been disclosed in notes 7, 12, 16, 18 and 21.

25. Ultimate parent undertaking and controlling party

In the opinion of the Directors the ultimate parent undertaking and controlling party is Brockton Capital Fund II GP (Guernsey) Limited, the General Partner of Brockton Capital Fund II (Scotland) L.P., the General Partner of Brockton Capital Fund II L.P.

26. Subsequent events

On 14 May 2019 the Company agreed an extension to the existing loan facility with Deutsche Bank AG to 15 November 2019 based on the same terms as disclosed in note 16.

SECTION C: YEAR ENDED 31 DECEMBER 2019

Mailbox (Birmingham) Limited

Report and Financial Statements

Year Ended

31 December 2019

Company Number 53266

Company Information

Directors	T Amy J Latham H Dunnell
Registered number	53266
Registered office	PO Box 656 East Wing, Trafalgar Court Les Banques St Peter Port Guernsey GY1 3PP
Administrators	Alter Domus (Guernsey) Limited First Floor, Albert House South Esplanade St. Peter Port, Guernsey Channel Islands GY1 1AJ
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

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Directors' Report

For the Year Ended 31 December 2019

The Directors present their annual report and the financial statements of Mailbox (Birmingham) Limited for the year ended 31 December 2019.

Principal activity

The principal activity of the Company is property investment in Birmingham, namely the freehold of the property known as The Mailbox Shopping Centre, Birmingham.

Ultimate controlling parties

Since the change of ownership on 20th December 2019, the Company is ultimately controlled by M7 Real Estate Investment Partners MB Propco Limited (formerly Brockton Capital Fund II GP (Guernsey) Limited).

Results and dividends

The results for the year are shown in the Statement of Comprehensive Income on page 145.

The Directors do not recommend the payment of a dividend (2018: £Nil).

Administrators

Alter Domus (Guernsey) Limited is the administrator of the Company who were appointed on 20 December

2019. Prior to this Aztec Financial Services (Guernsey) Limited were the administrator of the Company.

Directors

The Directors who served during the year and to the date of this report were:

M Biddlecombe (resigned 20 December 2019)

C McErlane (resigned 20 December 2019)

S Taylor (resigned 20 December 2019)

M Santos (alternate to C McErlane) (appointed 1 October 2019, resigned 20 December 2019)

C Gibbons (alternate to C McErlane) (resigned 1 October 2019)

T Amy (appointed 20 December 2019)

J Latham (appointed 20 December 2019)

H Dunnell (appointed 20 December 2019)

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, BDO LLP, have expressed their willingness to continue in office and will be proposed for reappointment in accordance with The Companies (Guernsey) Law, 2008 as amended (the "Law").

This report was approved by the Board on 23 July 2020 and signed on its behalf.

A handwritten signature in black ink, consisting of a series of fluid, connected strokes.

24 July 2020
Director

Directors' Responsibilities Statement

For the Year Ended 31 December 2019

The Directors are responsible for preparing consolidated financial statements for each financial year which give a true and fair view, in accordance with applicable Guernsey law and International Financial Reporting Standards as adopted by the European Union, of the state of affairs of the Company and of the profit or loss for that period.

In preparing these consolidated financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards as adopted by the EU have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the consolidated financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the consolidated financial statements comply with the Law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's report to the members of Mailbox (Birmingham) Limited

Opinion

We have audited the consolidated financial statements of Mailbox (Birmingham) Limited ("the Company") for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the consolidated financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.2 to the financial statements which explains the Directors' consideration of going concern in particular relating to the potential impact of Covid-19 on Company's compliance with covenants in respect of its bank borrowings. As stated in note 2.2, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the consolidated financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's report to the members of Mailbox (Birmingham) Limited

For the Year Ended 31 December 2019

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the consolidated financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view and for such internal control as the Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

BDO LLP
Chartered Accountants
55 Baker Street
London
W1U 7EU
United Kingdom

Date: 24 July 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number 0C305127).

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2019

	Note	Company 2019 £	Group 2018 £
Revenue	4	9,867,917	9,822,210
Property operating expenses	6	<u>(2,504,672)</u>	<u>(3,549,905)</u>
Gross profit		7,363,245	6,272,305
Administrative expenses	7	(967,300)	(513,396)
Valuation loss on investment property	12	(7,064,396)	(31,622,448)
Impairment provision on rent receivables		(303,541)	(116,518)
Operating loss		(971,992)	(25,980,057)
Finance income	8	1,815	4,056
Finance costs	9	(7,571,737)	(7,365,620)
Loss on ordinary activities before taxation		(8,541,914)	(33,341,621)
Taxation on loss on ordinary activities	10		(11,367)
Loss and total comprehensive loss for the year		<u>(8,541,914)</u>	<u>(33,352,988)</u>

On 19 December 2018 the Company disposed of its investment in subsidiary and therefore the current year figures are for Company only.

The notes on pages 149 to 167 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2019

	Note	2019 £	2018 £
Assets			
Non-current assets			
Investment property	12	<u>200,000,000</u>	<u>206,400,000</u>
		200,000,000	206,400,000
Current assets			
Derivative financial instruments	11		4,134
Trade and other receivables	14	4,151,589	2,004,333
Cash and cash equivalents		<u>264,599</u>	<u>3,228,760</u>
		4,416,188	5,237,227
Total assets		<u>204,416,188</u>	<u>211,637,227</u>
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	15	<u>118,616,034</u>	<u>—</u>
		118,616,034	—
Current liabilities			
Interest bearing loans and borrowings	15	—	147,527,197
Trade and other payables	16	4,138,421	3,895,584
Intercompany loan payables	17	<u>65,902,967</u>	<u>76,136,355</u>
		70,041,388	227,559,136
Total liabilities		<u>188,657,422</u>	<u>227,559,136</u>
Net assets / (liabilities)		<u>15,758,766</u>	<u>(15,921,909)</u>
Equity attributable to equity holders of the Company			
Share capital	20	1	1
Retained earnings		<u>15,758,765</u>	<u>(15,921,910)</u>
Total equity		<u>15,758,766</u>	<u>(15,921,909)</u>

The consolidated financial statements were approved and authorised for issue by the Board and were signed on its behalf on 24 July 2020.



Director

The notes on pages 149 to 167 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2019

	Share capital £	Retained earnings £	Total equity £
At 1 January 2019	1	(15,921,910)	(15,921,909)
Comprehensive loss for the year			
Loss for the year	—	(8,541,914)	(8,541,914)
Other comprehensive income for the year	—	—	—
Total comprehensive loss for the year	—	(8,541,914)	(8,541,914)
Capital contribution — release from intercompany debt	—	40,222,589	40,222,589
Total transactions with owners	—	40,222,589	40,222,589
At 31 December 2019	1	15,758,765	15,758,766

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2018

	Share capital £	Retained earnings £	Total equity £
At 1 January 2018	1	17,431,078	17,431,079
Comprehensive loss for the year			
Loss for the year	—	(33,352,988)	(33,352,988)
Other comprehensive income for the year	—	—	—
Total comprehensive loss for the year	—	(33,352,988)	(33,352,988)
Total transactions with owners	—	—	—
At 31 December 2018	1	(15,921,910)	(15,921,909)

The notes on pages 149 to 167 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2019

	Company	Group
	2019	2018
	£	£
	<hr/>	<hr/>
Cash flows used in operating activities		
Loss for the financial year	(8,541,914)	(33,352,988)
Adjustments for:		
Fair value adjustment on investment property (note 12)	7,064,396	31,622,448
Amortisation of lease incentives	74,663	(765,548)
Net change in fair value of financial instruments	4,134	35,449
Finance costs (note 9)	7,567,603	7,330,171
Finance income (note 8)	(1,815)	(4,056)
Taxation		11,367
(Increase) / decrease in trade and other receivables (note 14)	(2,147,256)	2,361,629
Increase / (decrease) in trade and other payables (note 16)	212,332	(2,011,458)
Corporation tax paid		(56,275)
	<hr/>	<hr/>
Net cash generated from operating activities	4,232,143	5,170,739
	<hr/>	<hr/>
Cash flows used in investing activities		
Subsequent expenditure on investment property	(397,260)	(9,379,897)
Lease incentives – capital advanced	(311,294)	(1,290,000)
Proceeds from sale of investment		431,388
Cash to subsidiary on disposal		(124,338)
	<hr/>	<hr/>
Net cash used in investing activities	(708,554)	(10,362,847)
	<hr/>	<hr/>
Cash flows (used in) / from financing activities (note 18)		
Loans received from Parent undertakings	29,810,934	5,817,704
(Repayment) / proceeds from external borrowings	(27,000,000)	7,000,000
Loan issue costs paid	(2,350,880)	(176,510)
Interest paid (note 9)	(6,949,619)	(5,998,278)
Acquisition of interest rate cap		(39,500)
Interest received (note 8)	1,815	4,056
	<hr/>	<hr/>
Net cash (used in) / generated from financing activities	(6,487,750)	6,607,472
	<hr/> <hr/>	<hr/> <hr/>
	2019	2018
	£	£
	<hr/>	<hr/>
Net (decrease) / increase in cash and cash equivalents	(2,964,161)	1,415,364
Cash and cash equivalents at beginning of year	3,228,760	1,813,396
	<hr/>	<hr/>
Cash and cash equivalents at the end of year	264,599	3,228,760
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 149 to 167 form part of these consolidated financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2019

1. General information

The Company was incorporated on 30 March 2011 and is domiciled and registered as a limited company in Guernsey.

2. Significant accounting policies

The consolidated financial statements of the Company have been prepared in accordance with Law and IFRSs as adopted by the European Union, and also in accordance with IFRSs as issued by the International Accounting Standards Board (“IASB”).

The preparation of consolidated financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires Company management to exercise judgement in applying the Company’s accounting policies. The areas where significant judgements and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in note 3.

The principal accounting policies adopted in these consolidated financial statements are set out below:

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared on the historical cost basis except for investment property and derivative financial instruments which have been measured at fair value.

2.2 Going concern

In assessing the Company’s going concern assumptions, the Directors have also considered the impact of the Covid-19 global pandemic on the performance of the Company’s business.

The Directors have projected the Company’s cash flows for the period up to 31 December 2021, challenging and sensitising inputs and assumptions to ensure that the cash forecast reflects a realistic outcome given the economic uncertainties associated with the pandemic. The Company’s main financing is from its senior lender and from its parent Company, who has confirmed that it will not seek repayment of the intercompany loans of £65.9m in the next 12 months.

The Company’s borrowings from its senior lender includes covenants relating to loan to value and interest cover.

The Company has obtained a covenant waiver from its senior lender in relation to the July and October 2020 covenant test dates.

In projecting the Company’s cash flow forecast the Directors have factored into it the impact of decreasing rental income and an increase in non-recoverable costs. The main impact of the decrease in rental income and increase in non-recoverable costs is on the compliance with the debt servicing covenant obligations to the senior lender. A waiver has been obtained for the next two covenant testing dates after which further waivers may be required unless there is an improvement in performance to enable the Company to remain compliant with subsequent covenants. If there was not an improvement income or there was a significant fall in value of the Company’s investment property then the covenants could potentially be breached and the senior lender could require the loan to be repaid. The Directors are confident that were this to be the case then then senior lender would be supportive of the Company and also that other sources of funds may be available should they be required.

While circumstances are changing rapidly and the actual impact on the Company is hard to determine with a high degree of certainty, the Company determines that it is well placed to manage the negative impact faced from the Covid-19 outbreak. However, in light of the uncertainty in respect of the magnitude of the adverse impact of Covid 19 a

material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include any adjustments should the going concern basis of preparation be inappropriate

Having assessed the heightened risks as well as mitigating factors and management strategies available to reduce such risks, as well as support from the parent company, the Directors have determined that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary ('the Group') as at 31 December 2018. The subsidiary was disposed of on 19 December 2018.

(a) Subsidiaries

Control

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary entities are fully consolidated from the date on which control is transferred to the Group, being the date on which the Group gains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the Group using consistent accounting policies. All intra group balances, transactions and unrealised gains and losses resulting from intra group transactions are eliminated in full.

Accounting for business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary that meets the definition of a business is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, including that resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Accounting for acquisition of subsidiaries treated as asset acquisitions

For acquisition of a subsidiary not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisition. Such transactions or events do not give rise to goodwill.

(b) Change in ownership interest in a subsidiary without change of control

Transactions with non-controlling interest holders that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(c) Loss of control of a subsidiary

The loss of control of a subsidiary usually occurs when the Group sells or otherwise transfers its controlling interest in a single transaction or as a result of multiple transactions. However, other events may also result in the loss of control such as a subsidiary issuing shares that dilutes the Group's controlling interest, expiration of a

contractual agreement that conferred control of the subsidiary, or when a subsidiary becomes subject to the control of a government, court, administrator or regulator (without any change in the ownership interest in the subsidiary).

In some situations, a single transaction that does not lead to loss of control in isolation may in fact be part of a series of linked transactions that will have this effect when considered together. In such situations, the Group considers the terms and conditions of the transactions and their economic effects to determine whether two or more transactions should be considered as a single transaction for accounting purposes.

When the Group ceases to have control, any retained interest in the investment (former subsidiary) is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset in accordance with the relevant IFRSs. In addition, any amounts previously recognised in other comprehensive income in respect of that investment are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.4 Changes in accounting policy and disclosures

New and revised standards adopted by the EU that are mandatorily effective for the year ending 31 December 2019

The following standards and amendments have been adopted by the Company for the first time for the financial period beginning on or after 1 January 2019:

- IFRS 16: Leases

IFRS 16: Leases

IFRS 16 eliminated the classification of leases for lessees as either operating or finance leases as per IAS 17, and introduced a single lessee accounting model, requiring a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of a low value. In relation to the property owned by the Company the headlease rent is peppercorn and as such there are no material lease liabilities to recognise on the Consolidated Statement of Financial Position. No changes have therefore been identified in respect of this lessee relationship.

For lessors, IFRS 16 does not contain substantial changes compared to IAS 17 with the effect considered to be little to none. A lessor still has to classify leases as either finance or operating, depending on whether substantially all the risks and rewards incidental to ownership of the underlying asset have been transferred.

The Directors have given due consideration to the impact on the consolidated financial statements of IFRS 16 and have concluded that the adoption of this standard did not have a material impact on the consolidated financial statements. The Company leases its investment property to tenants, classifying all its leases as operating leases, the income from which continues to be straight-lined over the lease term in the Consolidated Statement of Comprehensive Income. The Company's adoption of this standard has given rise to changes in the Company's accounting policies and will not materially change.

There are no new and revised standards and interpretations issued by the IASB and not yet endorsed by the EU that are to have a significant effect on the consolidated financial statements in future periods.

2.5 Revenue

Revenue comprises rental income, net of Value Added Tax, and is recognised on a straight line basis over the term of the lease.

Rental income arising from operating leases on investment property is accounted for on a straight line basis over the lease term and is included in revenue in the Consolidated Statement of Comprehensive Income due to its operating nature, except for contingent rental income which is recognised when it arises.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Directors and the AIFM are reasonably certain that the tenant will exercise that option.

When lease incentives are granted they are recognised in the Consolidated Statement of Financial Position by being capitalised within the value of the investment property.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the Consolidated Statement of Comprehensive Income when the right to receive them arises.

Income received in advance is recognised in the Consolidated Statement of Financial Position as a deferred income liability.

2.6 Investment property

Investment property comprises completed property and property under construction or redevelopment that is held to earn rentals or for capital appreciation or both. Property held under an operating lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is measured initially at cost including transaction costs. Subsequent to initial recognition, investment property is stated at fair value.

Gains or losses arising from changes in the fair values are included in the Consolidated Statement of Comprehensive Income in the year in which they arise, including any corresponding tax effect. For the purposes of these consolidated financial statements, in order to avoid double counting, the assessed carrying value is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses on the retirement or disposal of investment property. Any gains or losses on derecognition of the investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period's consolidated financial statements.

2.7 Financial assets and liabilities

Financial assets

The Company classifies its financial assets into one of the categories set out below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

The Company may from time to time use derivative financial instruments such as interest rate caps and swaps to hedge its interest rate risk. Where it does, in-the-money derivatives and out-of-the-money derivatives where the time value offsets the negative intrinsic value are classified as fair value through profit or loss. They are carried in the Consolidated Statement of Financial Position at fair value with changes in fair value recognised in the Consolidated Statement of Comprehensive Income in the finance income or costs line.

The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

The Company does not apply hedge accounting.

Amortised cost

The Company's financial assets measured at amortised cost in the Consolidated Statement of Financial Position comprise trade and other receivables and cash and cash equivalents.

These assets arise principally from the leasing of property to tenants (e.g. rent and service charge receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest method, less provision for impairment. Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

Impairment provisions for rent and service charge receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the rent and service charge receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for these receivables. For these receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within other property operating expenses in the Consolidated Statement of Comprehensive Income. On confirmation that the rent and service charge receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents includes cash in hand and deposits held at call with banks.

Financial liabilities

The Company classifies its financial liabilities as 'other financial liabilities'. The Company's accounting policy for other financial liabilities is outlined below.

Other financial liabilities include the following items:

- Bank borrowings, which are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Consolidated Statement of Financial Position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2.8 Fair value estimations

The Company measures certain financial instruments such as derivatives, and non-financial assets such as investment property, at fair value at the end of each reporting year. In addition, the fair value of financial instruments measured at amortised cost is disclosed in the consolidated financial statements.

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants, acting in their economic best interest, at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Company must be able to access the principal or the most advantageous market at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In determining fair value, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs significant to the fair value measurement as a whole. The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair values of derivative financial instruments are calculated using a discounted cash flow analysis performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Inputs used in determining fair value measurement are categorised into different levels based on how observable the inputs used are:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

The fair value of investment properties is determined by using one of the following valuation techniques:

- Sales comparison approach: Properties valued using this approach take into account comparable properties in close proximity that are similar to the property valued which have been sold within the last year in an open and competitive market, and sold under typical market conditions. These values are adjusted for differences in key attributes such as property size and quality of interior fittings. The most significant input into this valuation approach is price per square metre/ft.
- Investment method: The investment method is used to value the properties which are let and producing income. Conventionally, investment value is a product of rent and yield. Each of these elements is derived using comparison techniques. Within this method, there are two valuation approaches applied; direct capitalisation and discounted cash flow.
 - Direct capitalisation approach (yield method): This method is based on the relationship between the rate of return an investor requires and net income that a property produces. The estimated rate of return (i.e. the capitalisation

rate) is applied to the property's net operating income to form an estimate of the property's value. The most significant input into this valuation is the capitalisation rate which takes into account the actual location, size and quality of the property valued as well as the market data at the valuation date.

- Discounted cash flows (“DCF”) approach: Under the DCF method, a property's fair value is estimated using the projection of a series of cash flows. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the cash inflows. The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods, reletting, redevelopment, or refurbishment. In the case of investment properties, periodic cash flow is typically estimated as gross income less directly attributable property expenditure. The series of periodic net cash inflows, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted. The cash flow projections are based on the following significant unobservable inputs including; future rental cash inflows, discount rates, estimated vacancy rates, maintenance costs, capitalisation rates and terminal value.
- Residual method: The residual method is used to value an investment property under construction or re-development. In addition to the estimates and inputs used in the above methods, this valuation method also takes into account costs to complete including a reasonable profit margin and the completion dates.

There are inter-relationships between unobservable inputs. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields. For investment property under construction, increases in construction costs that enhance the property's features may result in an increase in future rental values. An increase in the future rental income may be linked with higher costs. If the remaining lease term increases the yield may decrease.

2.9 Provisions

Provisions are recognised when:

- The Company has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of economic resources will be required to settle the obligation; and
- The amount can be reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

2.10 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case, the tax is also recognised in other comprehensive income or equity. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the Consolidated Statement of Financial Position.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the Consolidated Statement of Financial

Position and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Company is registered in Guernsey, Channel Islands and is subject to local taxation at the standard rate of 0%. During the reporting periods the Company was subject to UK income tax on net property revenue at a rate of 20%.

2.11 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the period in which they are incurred. The Company does not capitalise borrowing costs on qualifying investment properties.

2.12 Functional currency

The Company's consolidated financial statements are presented in pounds sterling, the Company's functional currency, and are generally rounded to the nearest pound.

2.13 Principles for the Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows has been drawn up according to the indirect method, separating the cash flows from operating activities, investing activities and financing activities (where applicable). The net result has been adjusted for amounts in the Consolidated Statement of Comprehensive Income and movements in the Consolidated Statement of Financial Position which have not resulted in cash income or expenditure in the period.

3. Critical accounting estimates and judgements

The preparation of consolidated financial statements requires the use of critical judgement, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. Estimates and assumptions concerning the future, and the accounting results of those estimates will, by definition, rarely equal the related actual results. In particular, the estimation of the value of investment property and derivative financial instruments requires considerable judgement.

i) Valuation of investment property

The Directors have performed the valuation of the investment property. The valuation methodology is disclosed in note 2.8.

ii) Valuation of derivative financial instruments

The valuations are based on prevailing market data and derived from proprietary models based on well recognised financial principles and reasonable estimates about relevant future market conditions.

Any reasonable changes in the above estimates are not expected to have a material impact on the consolidated financial statements.

4. Revenue

	Company 2019 £	Group 2018 £
Rental income	9,890,179	7,883,486
Car park operations		1,830,604
Other income	(22,262)	108,120
	9,867,917	9,822,210

All revenue in the current and preceding year arose within the United Kingdom.

5. Operating leases – Company as lessor

The Company has entered into leases on its property. The commercial property leases typically have remaining lease terms between 1 and 34 years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions. Some leases contain options to break before the end of the lease term.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December 2019 are as follows:

	2019 £	2018 £
Within 1 year	10,168,004	9,334,038
After 1 year, but not more than 5 years	39,317,276	34,209,494
More than 5 years	102,019,539	93,758,393
	151,504,819	137,301,925

Revenue includes £42,935,579 (2018: £33,906,039) due from variable lease payments not dependent on an index or rate.

6. Property operating expenses

	Company 2019 £	Group 2018 £
Non-recoverable service charge	1,106,324	1,051,348
Rates	127,394	582,341
Management fees		12,150
Other property costs	1,270,954	1,904,066
	2,504,672	3,549,905

7. Administrative expenses

Operating profit / loss is stated after charging:

	Company 2019 £	Group 2018 £
Legal and professional fees	110,307	87,284
Asset management fees	270,000	266,667
Directors' fees	1,720	1,750
Other costs	488,600	68,396
Accountancy fees	87,391	88,299
Bank charges	9,282	1,000
	<u>967,300</u>	<u>513,396</u>

8. Finance income

	Company 2019 £	Group 2018 £
Bank interest	1,717	3,431
Other interest	98	625
	<u>1,815</u>	<u>4,056</u>

9. Finance costs

	Company 2019 £	Group 2018 £
Interest expense on loans and borrowings	7,389,336	7,330,171
Intercompany interest payable	178,267	
Fair value adjustment on derivative instruments	4,134	35,449
	<u>7,571,737</u>	<u>7,365,620</u>

10. Taxation

	Company 2019 £	Group 2018 £
Corporation tax		
Current tax on losses for the year	—	11,708
Under provision in respect of prior years	—	(341)
Total tax charge for the year	<u>—</u>	<u>11,367</u>

Factors affecting tax charge for the year

The tax on the Company's loss differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the Company as follows:

	Company 2019 £	Group 2018 £
Loss on ordinary activities before tax	(8,541,914)	(33,341,621)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2018 – 20%)	(1,708,383)	(6,668,324)
Effects of:		
Non-taxable items	(363)	(1,070,911)
Non-deductible expenditure	1,952,261	6,746,032
Tax rate differences	—	(616)
Under provision in respect of prior years	—	(341)
Capital allowances in the period in excess of depreciation	(853,027)	
Unutilised losses carried forward	609,512	1,005,527
Total tax charge for the year	—	11,367

There is a potential deferred tax asset in respect of tax losses of £4,851,176 (2018: £4,443,141). However, it is not considered that this asset should be recognised in the accounts given the uncertainty over the timing of when it will reverse. There are no other deferred tax balances (2018: £Nil).

11. Derivative financial instruments

Counterparty	Notional value (£)	Cap rate	Maturity date	Fair value 2019 £	Fair value 2018 £
Commonwealth Bank of Australia	147,000,000	1.00%	24 March 2019	—	4,134

No hedging agreement had been entered into by the Company as at 31 December 2019.

12. Investment Property

	2019 £	2018 £
At 1 January	206,400,000	226,500,000
Subsequent expenditure on investment property	427,764	9,466,901
Movement in unamortised lease incentives	236,632	2,055,547
Fair value loss during the year	(7,064,396)	(31,622,448)
At 31 December	200,000,000	206,400,000

The property has five separate uses consisting of offices, retail units, leisure/restaurants, public car park, and other (storage, auto valeting etc.). The property is held on a virtual freehold basis.

The fair value of investment properties is determined using the direct capitalisation approach (yield method) under the accounting policy disclosed in note 2.8.

Independent professionally qualified external valuers, Avison Young, have performed the valuation of the investment property as at 31 December 2019. The valuation was completed in February 2020 prior to the development of the Covid-19 situation.

The valuations have been prepared in accordance with the Royal Institution of Chartered Surveyors (“RICS”) Valuation – Professional Standards – January 2014 (“the Red Book”). The valuation has been carried out on the basis of fair value (as defined under IVS 2011 and IFRS13) as settled by the International Valuation Standards Councils set out in Valuation Practice Statement 4 of the Red Book. Investment property has been classified as level 3 under the fair value hierarchy.

More information about the fair value measurement is set out in note 2.8.

The Company’s capital commitments at the year end contracted for but not provided were £Nil (2018: £1,608,017).

13. Fair value measurement – investment property

At each reporting date, the independent valuers analyse the movements in the investment property fair value. For this analysis, the independent valuer verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts (e.g. rent amounts in rental contracts), market reports (e.g., market rent, cap rates in property market reports) and other relevant documents.

The property’s change in fair value is also compared to evidence from relevant external sources (such as investment property database or other relevant benchmarks) to determine whether the change is reasonable.

Highest and best use

A change of use to the 1st floor from retail to office is considered the highest and best use.

The significant assumptions made relating to the valuation at 31 December 2019 are set out below:

Class of property	Valuation technique	Key unobservable inputs
Mixed-use building consisting of retail, leisure, approach (Yield office, parking and storage method) units	Direct capitalisation	Capitalisation rates 4.75% – 10%

14. Trade and other receivables

	2019	2018
	£	£
Trade receivables	3,155,222	783,156
Less: provision for impairment of trade receivables	(364,250)	(139,822)
Trade receivables – net	2,790,972	643,334
VAT receivable	—	5,454
Other debtors	1,313,773	1,031,656
Prepayments and accrued income	46,844	323,889
	4,151,589	2,004,333

Movements in the impairment allowance for trade receivables are as follows:

	2019 £	2018 £
Opening provision for impairment of trade receivables	139,822	—
Increase during the year	364,249	139,839
Receivables written off during the year as uncollectable	(139,821)	(17)
Impairment loss during the year	224,428	139,822
At 31 December	<u>364,250</u>	<u>139,822</u>

2019

	0 to 1 month 0% £	1 to 3 months 0% £	3 to 6 months 85% £	6 months upwards 67% £	Total 12% £
Trade receivables	2,493,130	172,761	203,677	285,654	3,155,222
Provision	—	—	173,439	190,811	364,250

As at 31 December 2019, the Company's policy is to provide for all overdue rent greater than 90 days. Receivables due at the end of the financial year relate to Insurance and Other Tenant recharges, and tenants on agreed payment plans

2018

	0 to 1 month 6% £	1 to 3 months 25% £	3 to 6 months 46% £	6 months upwards 67% £	Total 18% £
Trade receivables	550,561	67,232	92,250	73,111	783,154
Provision	31,931	16,521	42,495	48,875	139,822

15. Interest bearing loans and borrowings

	Interest rate	Maturity date	2019 £	2018 £
£147,000,000 Senior loan from Deutsche Bank AG	Libor + 3.6%	24 March 2019	—	147,000,000
£120,000,000 Senior loan from Deutsche Bank AG	SONIA + 2.75%	20 January 2023	120,000,000	—
Accrued interest on bank loan			128,315	831,170
Unamortised finance costs			(1,512,281)	(303,973)
			<u>118,616,034</u>	<u>147,527,197</u>

On the 20 December 2019, having extended the existing loan with Deutsche Bank AG, the Company entered into a new loan agreement with Deutsche Bank AG based on the terms above. At the same time, the outstanding balance of the existing loan of £139,849,777 was repaid. Prior to the final repayment of the existing facility, the Company made principal repayments during the year amounting to £7,150,223.

The obligor's to the loan are the Company, the Company's immediate parent, M7 Real Estate Investment Partners MB Propco Limited, and M7 Real Estate Investment Partners MB Archco Limited, a related party by virtue of common control with the Company's immediate parent.

Arch (Holdco) Limited, a subsidiary of Brockton Capital Fund II LP, stood as guarantor until 20 December 2019 when it was released from the bank security upon repayment of the existing loan with Deutsche Bank AG.

The loan is secured by a fixed charge over the property (note 12). Loan issuance costs are initially recorded as a deduction of the loan carrying amount with the costs subsequently amortised over the term of the loan. The amortisation of loan issuance costs is reported as an interest expense in the Consolidated Statement of Comprehensive Income.

16. Trade and other payables

	2019 £	2018 £
Trade payables	138,504	794,728
VAT payable	1,003,643	
Other payables	366,230	386,778
Accrued expenditure	401,723	757,984
Deferred income	2,228,321	1,956,094
	4,138,421	3,895,584

Trade payables are non-interest bearing and are normally settled on 30 day terms.

17. Intercompany loan payables

	Interest rate	Terms	2019 £	2018 £
£39,351,130 Intercompany loan	0%	Payable on demand		63,426,355
£12,710,000 Intercompany loan	0%	Payable on demand		12,710,000
Intercompany loan	9%	Payable on demand	31,724,700	
£34,000,000 Intercompany loan	9%	Payable on demand	34,000,000	
Interest payable			178,267	
			65,902,967	76,136,355

On 20 December 2019, existing loans of £35,913,766 were repaid upon acquisition of the Company by M7 Real Estate Investments Partners MB Propco Limited. At the same time, loans amounting to £40,222,589 were released by the Company's parent with the subsequent credit being recorded in equity.

18. Note supporting consolidated statement of cash flows

	Interest bearing loans and borrowings (Note 15) E	Intercompany loans (Note 17) E	Interest rate cap asset (Note 11) E	Amounts due from Group company E	Total E
At 1 January 2018	(140,728,029)	(70,318,651)	83	16,135	(211,030,462)
Cash flows	(7,000,000)	(5,817,704)	39,500	(16,135)	(12,794,339)
Interest paid	5,998,278			—	5,998,278
Fair value movements		(35,449)	(35,449)		
Interest accruing in the year	(6,101,419)			(6,101,419)	
At 31 December 2018	(147,831,170)	(76,136,355)	4,134	—	(223,963,391)
Cash flows	27,000,000	(29,810,934)			(2,810,934)
Interest paid	6,949,619				6,949,619
Fair value movements		(4,134)	(4,134)		
Intercompany loan impairment credit		40,222,589			40,222,589
Interest accruing in the year	(6,246,764)	(178,267)			(6,425,031)
At 31 December 2019	(120,128,315)	(65,902,967)		—	(186,031,282)

19. Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of the Company's loans and borrowings is to finance the acquisition, maintenance and improvement of the Company's property. The Company has various financial assets such as derivative financial assets, rent and other receivables and cash and short-term deposits that arise directly from its operations.

The Board of Directors reviews and agrees policies for managing each of the following risks which are summarised below:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risks in the reporting periods arose from open positions in interest bearing assets and liabilities, to the extent that these positions were exposed to general and specific market movements. Management sets limits on the exposure to interest rate risk that may be accepted, which are monitored on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

The Company enters into interest rate hedging agreements to manage the interest rate risks arising from the Company's operations and its sources of finance.

During the reporting periods the Company was exposed to price risk other than in respect of financial instruments, such as property price risk (which includes property rentals risk when the property is available for let). The Company was exposed to the risk that the revenue from properties and property values may be adversely affected by the general economic climate, local conditions such as oversupply of properties or a reduction in demand for properties in the market in which the Company operates, the attractiveness of the properties to tenants, the quality of the property management, competition from other available properties and increased operating costs (including real estate taxes). The Company manages the risk by monitoring the indicators of market direction and forward planning of investment decisions; where possible, selection of a large and diversified tenant base; review of tenant covenants before new leases are signed; long-term leases and active credit control process; good relationships with tenants and property managers and active asset management of the properties to control the operating costs and ensure their continuing attractiveness to the market and existing tenants.

The Company does not have any exposure to foreign currencies and therefore is not exposed to foreign exchange risk.

The Company is not exposed to commodity or security price risk.

Interest rate risk

The Company is not exposed to interest rate risk on its intercompany loans (note 17) as a result of the interest rate being a fixed percentage.

During the reporting period the Company was exposed to interest rate risk on its long term borrowings (note 15). Although there was no hedging instrument in place as at 31 December 2019, a reasonable change in the interest rate at the reporting date is not expected to have a material effect on the interest payable by the Company. There is currently no significant interest rate cash flow risk, however there may be some future exposure to fair value risk which is not expected to have any significant impact on cashflows.

The following table demonstrates the sensitivity to a reasonable change in interest rates on loans and borrowings, while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated. The analysis is prepared assuming the amount of liability outstanding at the Consolidated Statement of Financial Position date was outstanding for the whole year. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase / decrease in basis points	Effect on profit before tax 2019 £	Effect on profit before tax 2018 £
Interest basis			
SONIA / Libor	-25 basis points	300,000	363,408
SONIA / Libor	+25 basis points	(300,000)	(141,593)
SONIA / Libor	+50 basis points	(600,000)	(104,298)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company has no significant concentrations of credit risk. During the reporting periods the Company was exposed to credit risks from both its leasing activities and financing activities, including deposits held with banks and financial institutions. The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties.

The Company manages credit risk by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored. Cash balances are held and derivatives are agreed only with financial institutions with high credit ratings. The Company has policies that limit the amount of credit exposure to any financial institution. The utilisation of credit limits is regularly monitored.

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial assets and liabilities based on contractual undiscounted cash flows:

Financial assets

Year ended 31 December 2019	On demand £	< 1 year £	1 to 5 years £	> 5 years £	Total £
Trade and other receivables	—	4,104,745	—	—	4,104,745
Cash and cash equivalents	264,599	—	—	—	264,599
Total assets	264,599	4,104,745	—	—	4,369,344

Financial liabilities

Year ended 31 December 2019	On demand £	< 1 year £	1 to 5 years £	> 5 years £	Total £
Trade and other payables	—	906,457	—	—	906,457
Intercompany loan payables	65,902,967	—	—	—	65,902,967
Interest bearing loans and borrowings	—	—	120,128,315	—	120,128,315
Interest payable on interest bearing loans and borrowings	—	7,245,549	8,375,460	—	15,621,009
Total liabilities	65,902,967	8,152,006	128,503,775	—	202,558,748

Financial assets

Year ended 31 December 2018	On demand £	< 1 year £	1 to 5 years £	> 5 years £	Total £
Trade and other receivables	—	1,674,990	—	—	1,674,990
Cash and cash equivalents	3,228,760	—	—	—	3,228,760
Derivative financial instruments	—	4,134	—	—	4,134
Total assets	3,228,760	1,679,124	—	—	4,907,884

Financial liabilities

Year ended 31 December 2018	On demand £	< 1 year £	1 to 5 years £	> 5 years £	Total £
Trade and other payables	—	1,939,490	—	—	1,939,490
Intercompany loan payables	76,109,243	—	—	—	76,109,243
Interest bearing loans and borrowings	—	147,831,170	—	—	147,831,170
Interest payable on interest bearing loans and borrowings	—	1,481,651	—	—	1,481,651
Total liabilities	76,109,243	151,252,311	—	—	227,361,554

The Directors have assessed that the carrying values of the Company's financial instruments approximate to their fair values.

20. Share capital

	2019	2018
	£	£
Authorised, issued and fully paid		
1 ordinary share of £1	1	1

On 30 March 2011, the date of incorporation, the Company issued 1 ordinary £1 share at par to Memberco One Limited. Subsequently, on 20 December 2019, this share was transferred to M7 Real Estate Investment Partners **MB** Propco Limited.

21. Reserves

A description of the Company's reserves is as follows:

The share capital reserve represents the nominal value of the shares issued.

The retained earnings reserve represents cumulative profit and losses, net of dividends paid and other adjustments.

22. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Included in intercompany loans (note 17) is the loan received from the parent entity, which the Company considers subordinated to all the liabilities and manages it as capital.

The Directors monitor capital on the basis of the net assets attributable to the owners of the parent.

23. Related party transactions

M7 Real Estate Investment Partners MB Propco Limited, a Jersey registered company, is the immediate parent and sole owner of the issued share capital of the Company.

As at 31 December 2019, loans of £65,902,967 (2018: £Nil) were due to M7 Real Estate Investment Partners MB Propco Limited (see note 17).

24. Disposal of investment in subsidiary

On 19 December 2018, the Company disposed of its investment in subsidiary to Mailbox (Birmingham) Holdco Limited for consideration of £431,387, by way of reduction in the Company's loan payable to Mailbox (Birmingham) Holdco Limited.

25. Ultimate parent undertaking and controlling party

M7 Real Estate Investment Partners MB Propco Limited, a Jersey registered company, is the immediate parent and sole owner of the issued share capital of the Company.

26. Post balance sheet event

Covid-19

The impact of the Covid-19 outbreak is far-reaching and there will be few businesses which are not negatively impacted in the short to medium term.

The Directors anticipate there will be a rise in payment difficulties from the tenants of the Company, which will in-turn, have an adverse effect on the Company's operations.

The directors understand that maintaining strong and positive relationships with tenants is vital to the overall success of the Company as well as in meeting the Company's debt obligations over the short to medium term.

The coronavirus outbreak has a direct impact on the key tenants of the Mailbox:

- Offices (50% of NOI): Apart from key workers, the government lockdown has meant most offices in the Mailbox have been operating at minimum capacity since 23rd March 2020. The BBC have remained in operation throughout the pandemic, with the other office occupiers utilising their space for essential workers only. All office occupiers have continued to make rental payments on time and in full.
- Car Park (20% of NOI): The requirement for office employees to stay at home, along with the closure of cinemas, theatres, restaurants, bars and non essential retail has resulted in a significant reduction in traffic on the roads, and a reduced need for car parking facilities nationally. While this has impacted the income of car park operators, Q Park at The Mailbox have continued to meet their rental obligations on time and in full. Q Park remained open and trading throughout the lockdown, albeit at heavily reduced occupancy rates.
- Leisure (21% of NOI): the UK Government's action on 23rd March 2020 closed most hospitality operators having a big impact on the food, beverage & leisure industry nationally. In line with Government guidelines, easing of restrictions for the sector from 4th July 2020 has been implemented.
- Retail (9% of NOI): Like the hospitality industry, the UK Government's action on 23rd March 2020 closed most non essential retail operators, having a significant impact on trading ability. The Government confirmed the gradual reopening of non essential retail from 15th June 2020, providing social distancing protocols are put in place.

As a result of the above, the following policy is being adopted by the Company in managing requests for support by tenants:

- a) support is provided as lender of 'last resort' with tenants who can demonstrate that they have explored all other options i.e. business owners, banks other lenders and the State;
- b) support is fully justified as required through provision of supporting documentation; and
- c) support is on a short-term basis and appropriately documented.

At a macro level the UK Government is intervening at unprecedented levels to support the UK economy. The measures include financial support to businesses and employees as well as tax breaks. The Government has reacted quickly to introduce new rounds of quantitative easing and other stimulus packages.

Bank and other lenders are providing additional support to borrowers in the form of interest holidays and deferring amortisation payments. The Directors are in regular contact with the Company's lenders, providing regular updates of the Company's performance.

PART VIII

PRO FORMA FINANCIAL INFORMATION

SECTION A: ACCOUNTANT'S REPORT ON THE UNAUDITED *PRO FORMA* INFORMATION



The Directors
Mailbox REIT plc
C/O Alter Domus (UK) Limited
18 St Swithin's Lane
London
United Kingdom
EC4N 8AD

30 September 2020

Dear Directors

Mailbox REIT plc

We report on the *pro forma* statement of net assets (the "***Pro forma financial information***") set out in this Part VIII of the prospectus dated 30 September 2020, which has been prepared on the basis described for illustrative purposes only, to provide information about how the offering of existing and new ordinary shares might have affected the financial information presented on the basis of the accounting policies to be adopted by Mailbox REIT plc in preparing the financial statements for the period ending 31 December 2020. This report is required by Section 3 of Annex 20 of Commission Delegated Regulation (EU) 2019/980 (the '**PR Regulation**') and is given for the purpose of complying with that Section and for no other purpose.

Responsibilities

It is the responsibility of the directors of Mailbox REIT plc to prepare the *Pro forma* financial information in accordance with Annex 20 of the PR Regulation.

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of the PR Regulation, as to the proper compilation of the *Pro forma* financial information and to report that opinion to you. Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Item 1.3 of Annex 1 of the PR Regulation, consenting to its inclusion in the Prospectus.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the *Pro forma* financial information with the directors of Mailbox REIT plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the *Pro forma* financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies to be adopted by Mailbox REIT plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the *Pro forma* financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Mailbox REIT plc.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R (2)(f) we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Item 1.2 of Annex 1 of the PR Regulation.

Yours faithfully

SECTION B: UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

The unaudited *pro forma* statement of net assets set out below has been prepared to illustrate the impact of the issue of Ordinary Shares in the Company as at Admission on the net assets of MBL. The unaudited *pro forma* statement of net assets has been prepared on the basis of, and should be read in conjunction with, the notes set out below.

The unaudited *pro forma* statement of net assets of the Group is based on the net assets of MBL as at 31 December 2019 and has been prepared on the basis that (i) the issue of Ordinary Shares in the Company was effective as of 31 December 2019; and (ii) in a manner consistent with the accounting policies to be adopted by Mailbox REIT plc in preparing the audited financial statements for the period ending 31 December 2020.

The unaudited *pro forma* statement of net assets of the Group is based on the net assets of MBL as at 31 December 2019 and does not reflect the introduction of the Company as a new holding company on 26 August 2020. The Company has not traded since its incorporation on 18 March 2020 and accordingly its net assets which comprise cash on hand of £50,000 and its shareholding in Holdco as at the date of this Prospectus have not been included in the unaudited *pro forma* statement of net assets of the Group.

Similarly, the unaudited *pro forma* statement of net assets of the Group does not include the net assets of Holdco, Propco or Archco which are wholly owned subsidiaries of the Company as set out in paragraph 2.2 of Part XII (*Additional Information*) of this Prospectus. The net assets of these entities substantially comprise intercompany balances which will be eliminated prior to Admission.

The unaudited *pro forma* statement of net assets has been prepared for illustrative purposes only and in accordance with Annex 20 of the PR Regulation. Because of its nature the unaudited *pro forma* statement of net assets addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results. It may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future.

The unaudited *pro forma* statement of net assets does not constitute a statutory account within the meaning of section 434 of the Companies Act. Prospective investors should read the whole of this Prospectus and not rely solely on the summarised financial information contained in this Part VIII (*Unaudited Pro Forma Financial Information*).

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP

	Net assets of MBL as at 31 December 2019	Adjustment to valuation of Property	Adjustment for issuance of Ordinary Shares and transaction costs	Refinancing of the external loan and write off of capitalised costs	Conversion to Share Capital, write-off of interco loan and partial repayment of M7 loan	Unaudited Pro forma Statement of Net Assets of the Group
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6
Assets						
Non-current assets						
Investment properties	200,000,000	(21,000,000)	—	—	—	179,000,000
	<u>200,000,000</u>	<u>(21,000,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>179,000,000</u>
Current assets						
Trade and other receivables	4,151,589	—	—	—	—	4,151,589
Cash and cash equivalents	264,599	—	59,376,200	(50,000,000)	(2,000,000)	7,640,799
	<u>4,416,188</u>	<u>—</u>	<u>59,376,200</u>	<u>(50,000,000)</u>	<u>(2,000,000)</u>	<u>11,792,388</u>
Total assets	<u><u>204,416,188</u></u>	<u><u>(21,000,000)</u></u>	<u><u>59,376,200</u></u>	<u><u>(50,000,000)</u></u>	<u><u>(2,000,000)</u></u>	<u><u>190,792,388</u></u>
Liabilities						
Non-current liabilities						
Interest bearing loans and borrowings	120,000,000	—	—	(50,000,000)	—	70,000,000
Capitalised finance costs	(1,383,966)	—	—	1,383,966	—	—
	<u>118,616,034</u>	<u>—</u>	<u>—</u>	<u>(48,616,034)</u>	<u>—</u>	<u>70,000,000</u>
Current liabilities						
Trade and other payables	4,138,421	—	—	—	—	4,138,421
Intercompany loan payables	65,902,967	—	—	—	(65,902,967)	—
	<u>70,041,388</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(65,902,967)</u>	<u>4,138,421</u>
Total liabilities	<u><u>188,657,422</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>(48,616,034)</u></u>	<u><u>(65,902,967)</u></u>	<u><u>74,138,421</u></u>
Net assets	<u><u>15,758,766</u></u>	<u><u>(21,000,000)</u></u>	<u><u>59,376,200</u></u>	<u><u>(1,383,966)</u></u>	<u><u>63,902,967</u></u>	<u><u>116,653,967</u></u>

Notes

- The net assets of MBL as at 31 December 2019 have been extracted without adjustment from the audited historical financial information included in Part VII (*Historical Financial Information*) of this Prospectus.
- The adjustment in Note 2 reflects the decrease in the valuation of the Property from £200 million as per the audited accounts of MBL as at 31 December 2019 as set out in Part VII (*Historical Financial Information*) of this Prospectus to £179 million per the valuation report included in Part IV (*Property Valuation Report*) of this Prospectus.
- The adjustment in Note 3 reflects the net cash proceeds from the issuance of Ordinary Shares in the Company, net of transaction costs:

<i>Issuance of Ordinary Shares</i>	62,500,000
<i>Transaction costs</i>	<u>(3,123,800)</u>
<i>Net proceeds</i>	<u><u>59,376,200</u></u>
- The adjustment in Note 4 reflect:
 - the repayment in full of MBL's DB Facility, partly funded by drawing down in full on the Company's £70 million Canada Life Facility in addition to utilising £50 million of net proceeds of the Offer
 - The write off of £1.4 million of capitalised costs in relation to the DB Facility

<i>Repayment of DB Facility</i>	£(120,000,000)
<i>Drawdown of Canada Life Facility</i>	<u>70,000,000</u>
<i>Net repayment</i>	<u><u>(50,000,000)</u></u>
- The adjustment in Note 5 reflects the restructuring of an intercompany loan of £65.9 million held with Propco:

<i>Partial repayment</i>	2,000,000
<i>Conversion of debt to shareholder loan</i>	52,500,000
<i>Write-off of residual balance</i>	<u>11,402,967</u>
<i>Intercompany loan</i>	<u><u>65,902,967</u></u>
- Other than the revaluation of the Property detailed in note 2 no adjustment has been made to reflect the trading results of MBL since 31 December 2019 or any change in its financial position in this period.

PART IX

THE REIT REGIME AND TAXATION

1. SUMMARY

1.1 *Principal tax advantage of REIT status*

The principal tax advantage of REIT status is that the REIT, which in this case, and for the purposes of this Part IX, will be the Company as principal company of a REIT Group following Admission and notification to HMRC, and relevant other members of the REIT Group will be exempt from UK corporation tax on both rental profits and chargeable gains on direct and certain indirect disposals of the Property where this is held for the purposes of the REIT Group's Property Rental Business. This will remove the effective double tax charge currently suffered by many investors in UK companies (see paragraph 2.1 of this Part IX for more information). The Company has taken tax advice, and on the basis of that advice the Directors confirm that the Company expects to meet the REIT conditions with effect from Admission.

1.2 *Principal tax disadvantages of REIT status*

The principal tax disadvantages of REIT status are as follows:

1.2.1 in order for it to remain a REIT, the REIT will have to comply with the various tests outlined in paragraph 2.2 of this Part IX on an ongoing basis; and

1.2.2 withholding tax of 20 per cent. must be deducted from certain dividends made to certain Shareholders (see paragraph 3 of this Part IX for further details).

Overall, the Board believes that the tax advantage of REIT status outweighs the tax disadvantages.

1.3 *Dividend policy under REIT regime*

The Company will have to meet a minimum distribution test for each accounting period that it is a REIT or the principal company of a REIT Group. This minimum distribution test requires the Company to distribute 90 per cent. of the income profits of the Property Rental Business for each accounting period. As a REIT Group, the REIT's Property Rental Business profits are the sum of the group's Property Rental Business profits as shown in the REIT Group's group financial statement. See further paragraphs 2.1 and 2.3.3 below. The Board believes that the Company's dividend policy should enable the Company to meet this minimum distribution requirement.

1.4 *The Substantial Shareholder rules*

Under the REIT regime, a tax charge may be levied on the Company if it makes a distribution to or in respect of a Substantial Shareholder, unless the Company has taken "reasonable steps" to avoid such a distribution being paid. This tax charge may be imposed only if, after joining the REIT regime, the Company pays a dividend in respect of a Substantial Shareholding and the dividend is paid to or beneficially owned by a person who is a Substantial Shareholder. The charge is not triggered merely because a Shareholder is a Substantial Shareholder, or if the person beneficially entitled to the dividend is a Substantial Shareholder. The amount of the charge is calculated by reference to the whole dividend paid to the Substantial Shareholder, and not just that part of the dividend attributable to Ordinary Shares held by the Substantial Shareholder in excess of 10 per cent. of the Company's issued share capital. See further paragraph 2.3.2 below. A summary of the Articles is set out at paragraph 5 of Part XII (*Additional Information*) and the relevant provisions intended to give the Board the powers it needs to demonstrate to HMRC that "reasonable steps" have been taken to avoid making dividends to Substantial Shareholders are set out in paragraphs 4 and 5 of this Part IX. See further paragraph 2.3 of Part XII (*Additional Information*) regarding the status of the Controlling Shareholder.

1.5 Non-close company condition

As mentioned below in paragraph 2.2.1 of this Part IX, the Company must not be a close company other than only by virtue of having as a participator an “institutional investor”. An institutional investor includes the trustee or manager of an authorised unit trust (or overseas equivalent) or a pension scheme, an insurance company, a charity, a person who holds on behalf of a limited partnership which is a collective investment scheme, a registered social landlord, an open-ended investment company or the foreign equivalent of an open-ended investment company, a person with sovereign immunity from UK corporation or income tax, and a UK REIT or the foreign equivalent of a UK REIT. However, the Company may be close for tax purposes for up to three years after joining the regime. If the non-close company requirement is not met at the start of the first day after the end of the first three-year period, the Company will lose its REIT status at the end of the three-year period. If the non-close company requirement is not met at any time after the first day following the first three-year period, the Company will generally cease to be a REIT at the end of the accounting period preceding the accounting period in which the breach began or, if later, the end of the first three-year period. Loss of REIT status would have a material impact on the Company because of the loss of tax benefits conferred by the REIT regime.

Although the Board does not expect the close company condition to be breached in the ordinary course of events, there is a risk that the Company may fail to meet this condition for reasons beyond its control. However, under certain circumstances a breach of this condition may be disregarded if the reason for the breach is because the Company, and any subsidiaries, become members of another group REIT or if the breach is the result of anything done (or not done) by a person other than the Company and the Company remedies the breach before the end of the accounting period after that in which the breach began.

1.6 Exit from the REIT regime

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

If the Company voluntarily leaves the REIT regime within ten years of joining and disposes of any property or other asset that was involved in its Property Rental Business within two years of leaving, any uplift in the base cost of any property held by the Company as a result of the deemed disposal on entry into the REIT regime, movement into the ring fence or exit from the REIT regime would be disregarded in calculating the gain or loss on the disposal. It is important to note that the Company cannot guarantee continued compliance with all of the REIT conditions and that the REIT regime may cease to apply in some circumstances.

HMRC may require the Company or REIT Group to exit the REIT regime if:

- 1.6.1 it regards a breach of the conditions (including failure to satisfy the conditions relating to the Property Rental Business), or an attempt to avoid tax, as sufficiently serious;
- 1.6.2 the Company or members of its REIT Group have committed a certain number of breaches of the conditions within a specified period; or
- 1.6.3 HMRC has given the Company or members of its REIT Group two or more notices in relation to the avoidance of tax by the Company or members of its REIT Group within a ten year period.

The Company or REIT Group may lose its status as a REIT from the first day of joining the REIT regime if during the first accounting period certain conditions have not been met. In such circumstances the REIT status may not apply for the whole period.

In addition, the Company or REIT Group would automatically lose REIT status if any of the following were to occur:

- 1.6.4 the Company ceases to be solely UK resident for tax purposes;
- 1.6.5 the Company becomes an open-ended investment company;
- 1.6.6 the conditions for REIT status relating to the share capital of the Company are breached;

- 1.6.7 the conditions for REIT status relating to the prohibition on entering into loans with abnormal returns or certain other equity-like features are breached;
- 1.6.8 the shares forming the Company's ordinary share capital are not admitted to trading on a recognised stock exchange on the first day of accounting period 1 and throughout the remainder of that period. If this condition is not met in relation to an accounting period and the failure has not arisen as a result of the principal company of the REIT Group becoming a member of another group UK REIT, the REIT Group will be treated as having ceased to be a UK REIT at the end of the previous accounting period. Therefore, shareholders should note that it is possible that the Company or REIT Group could lose its status as a REIT as a result of actions by third parties (for example, if the Company is taken over by a company that is not itself a REIT); or
- 1.6.9 throughout an accounting period the shares forming the ordinary share capital are not either (i) included in the Official List or officially listed in a qualifying country outside the United Kingdom in accordance with provisions corresponding to those generally applicable in EEA states; or (ii) traded on a recognised stock exchange. Although note that this listing/trading requirement is relaxed in the REIT Group's first three accounting periods.

Future changes in legislation may cause the Company to lose its REIT status.

If the Company or REIT Group is required to leave the REIT regime within 10 years of joining, HMRC has wide powers to direct how the Company or REIT Group should be taxed, including in relation to the date on which the Company or REIT Group is treated as exiting the REIT regime. In some circumstances HMRC can impose a charge which claws back all benefits of having been within the REIT regime.

2. THE REIT REGIME

The following paragraphs are intended as a general guide only and constitute a high-level summary of the Company's understanding of current UK law and HMRC practice, each of which is subject to change. They do not constitute advice.

2.1 Overview

The REIT regime is intended to encourage greater investment in the UK property market and follows similar legislation in other European countries, as well as the long-established regime in the United States.

Investing in property through a corporate investment vehicle (such as a UK company) has the disadvantage that, in comparison to a direct investment in property assets, some categories of shareholders (but not most UK companies) effectively suffer tax twice on the same income: first, indirectly, when the vehicle pays UK direct tax on its profits; and secondly, directly when the shareholder receives a dividend. Non-tax paying entities, such as UK pension funds, suffer tax indirectly when investing through a corporate vehicle that is not a REIT whereas they do not suffer tax if they invest directly in the property assets.

Provided certain conditions and tests are satisfied (see "Qualification as a REIT" below), REITs will not pay UK corporation tax on the profits of their Property Rental Business. Instead, dividends in respect of the Property Rental Business will be treated for UK tax purposes as property income in the hands of shareholders. However, UK corporation tax will still be payable in the normal way in respect of income and gains from any Residual Business (generally including any property trading business) not included in the Property Rental Business.

While within the REIT regime, the Property Rental Business will be treated as a separate business for UK corporation tax purposes to the Residual Business, and a loss incurred by the Property Rental Business cannot be set off against profits of the Residual Business (and vice versa).

A REIT will be required to distribute to its shareholders (by way of a dividend in cash or by way of an issue of share capital in lieu of a cash dividend), generally on or before the filing date for the REIT's tax return for the accounting period in question, at least 90 per cent. of the REIT Group's income profits (calculated using normal tax rules) of the Property Rental

Business arising in each accounting period and 100 per cent. of any property income dividends received from other UK REITs. Failure to meet this requirement will result in a UK corporation tax charge calculated by reference to the extent of the failure, although this charge can be avoided if an additional dividend is paid within a specified period which brings profits distributed up to the required level.

In this Part IX, references to a company's accounting period are to its accounting period for tax purposes. This period can differ from a company's accounting period for other purposes.

Subject to certain exceptions, PIDs will be subject to withholding tax at the basic rate of income tax (currently 20 per cent.). Further details of the UK tax treatment of Shareholders after entry into the REIT regime are contained in paragraph 3 of this Part IX.

2.2 Qualification as a REIT

A company or group becomes a REIT by correctly serving notice on HMRC before the date from which it wishes to come under the REIT regime. In order to qualify as a REIT, the Company and/or REIT Group must satisfy certain conditions set out in Part 12 of CTA 2010. A non-exhaustive summary of the material conditions is set out below. Broadly, the Company and/or REIT Group must satisfy the conditions set out in paragraphs 2.2.1 to 2.2.4 below.

2.2.1 Company conditions

The principal company of a REIT Group must be a solely UK tax-resident company whose Ordinary Shares are admitted to trading on a recognised stock exchange, which includes IPSX, and the principal company of a REIT Group must not be an open-ended investment company. Additionally, throughout an accounting period the shares forming the ordinary share capital of the principal company of the REIT Group must either be (i) included in the Official List or officially listed in a qualifying country outside the United Kingdom in accordance with provisions corresponding to those generally applicable in EEA states; or (ii) traded on a recognised stock exchange. This listing/trading requirement is relaxed in the REIT Group's first three accounting periods. After the first three years, the principal company of a REIT Group must also not be a close company for UK tax purposes other than by virtue of having as a participator an institutional investor (as to the meaning of institutional investor see paragraph 1.5 above). Broadly, a close company is a UK resident company controlled by five or fewer participators, or by participators who are directors. A participator is a person having a share or interest in the income or capital of a company.

2.2.2 Share capital restrictions

The principal company of a REIT Group must have only one class of Ordinary Shares in issue and the only other shares it may issue are particular types of non-voting restricted preference shares.

2.2.3 Interest restrictions

The principal company of a REIT Group must not be party to any loan in respect of which the lender is entitled to interest which exceeds a reasonable commercial return on the consideration lent or where the interest depends to any extent on the results of any of its business or on the value of any of its assets. A loan is not treated as carrying results-dependent interest by reason only that the terms of the loan provide for interest to reduce if the results improve or to increase if the results deteriorate. In addition, the amount repayable must either not exceed the amount lent or must be reasonably comparable with the amount generally repayable (in respect of an equal amount lent) under the terms of issue of securities listed on a recognised stock exchange.

2.2.4 Conditions relating to the Property Rental Business and Residual Business

The Property Rental Business must satisfy the conditions summarised below in respect of each accounting period during which the Company is to be treated as a REIT or the principal company of a REIT Group:

- the Property Rental Business must, throughout the accounting period, involve at least three properties (for these purposes, each part of a multi-occupancy building such as the Property which is capable of being separately rented is treated as a single property);
- throughout the accounting period, no one property may represent more than 40 per cent. of the total value of all the properties involved in the Property Rental Business. Assets must be valued in accordance with IFRS, and at fair value when IFRS offers a choice between a cost basis and a fair value basis;
- at least 90 per cent. of the amounts shown in the financial statements of the REIT Group as income profits (broadly, calculated using normal tax rules) and 100 per cent. of any property income distributions received from other UK REITs must be distributed to shareholders of the REIT in the form of a PID on or before the filing date for the REIT's tax return for the accounting period (the "**90 per cent. distribution test**"). For the purpose of satisfying the 90 per cent. distribution test, any dividend withheld in order to comply with the rule relating to Substantial Shareholders (as described in paragraph 2.3.2 below) will be treated as having been paid. The issue of stock dividends will count towards the 90 per cent. distribution test;
- the income profits arising from the Property Rental Business must represent at least 75 per cent. of the REIT Group's total profits for the accounting period (the "**75 per cent. profits test**"). Profits for this purpose means profits before deduction of tax and excludes realised and unrealised gains and losses (for example, gains and losses on the disposal of property, and gains and losses on the revaluation of properties) calculated in accordance with IFRS; and
- at the beginning of the accounting period the value of the assets in the Property Rental Business must represent at least 75 per cent. of the total value of assets held by the REIT Group (the "**75 per cent. assets test**"). Cash held on deposit and gilts may be added to the value of assets relating to the Property Rental Business for the purpose of meeting the 75 per cent. assets test. Non-cash assets must be valued in accordance with IFRS and at fair value where IFRS offers a choice of valuation between cost basis and fair value. In applying this test, no account is to be taken of liabilities secured against or otherwise relating to assets (whether generally or specifically).

2.2.5 Investment in other REITs

Any distribution of profits or gains of the Property Rental Business by a REIT received by another REIT are treated as tax exempt profits of the Property Rental Business of the investing REIT. The investing REIT would be required to distribute 100 per cent. of such dividends to its shareholders. For the purposes of the 75 per cent. assets test, the investment by a REIT in the shares of another REIT will be included as an asset of the investing REIT's Property Rental Business.

2.3 Effect of becoming a REIT

2.3.1 Tax savings

As a REIT, the member or members of the REIT Group will not pay UK corporation tax on profits and gains from the Property Rental Business. UK corporation tax will still apply in the normal way in respect of the Residual Business which includes certain trading activities, incidental letting in relation to property trades and letting of administrative property which is temporarily surplus to requirements.

The member or members of the REIT Group would also continue to pay indirect taxes such as VAT, stamp duty land tax and stamp duty and payroll taxes (such as national insurance) in the normal way.

2.3.2 *The Substantial Shareholder rules*

A REIT will become subject to an additional tax charge if it pays a dividend to, or in respect of, a Substantial Shareholder. The additional tax charge will be calculated by reference to the whole dividend paid to a Substantial Shareholder, and not just by reference to the proportion which exceeds the 10 per cent. threshold. It should be noted that this restriction only applies to shareholders that are bodies corporate and to certain entities which are deemed to be bodies corporate for tax purposes in accordance with the law of an overseas jurisdiction with which the UK has a double taxation agreement or in accordance with such a double taxation agreement. It does not apply to nominees.

This tax charge will not be incurred if the REIT has taken “reasonable steps” to avoid paying dividends to such a shareholder. HMRC guidance describes certain actions that a REIT may take to show it has taken such “reasonable steps”. One of these actions is to include restrictive provisions in the REIT’s articles of association to address this requirement. The Articles are consistent with such provisions.

2.3.3 *Dividends*

When a REIT pays a dividend (including a stock dividend), that dividend will be a PID to the extent necessary to satisfy the 90 per cent. distribution test. If the dividend exceeds the amount required to satisfy that test, the REIT may determine that all or part of the balance is a Non-PID Dividend paid out of the profits of the activities of the Residual Business. Any remaining balance of the dividend (or other distribution) will be deemed to be a PID: firstly, in respect of the income profits out of which a PID can be paid and which have not been distributed in full; and secondly, a PID paid out of certain chargeable gains which are exempt from tax by virtue of the REIT regime. Any remaining balance will be attributed to any other profits and will be a Non-PID Dividend.

2.3.4 *Interest cover ratio*

A tax charge will arise if, in respect of any accounting period, the ratio of the Company’s income profits (before the offset of capital allowances, losses from previous accounting periods and certain other financing costs) in respect of its Property Rental Business to the financing costs incurred in respect of the Property Rental Business is less than 1.25. The ratio is based on the cost of debt finance taking into account interest, amortisation of discounts or premiums and the financing expense implicit in payments made under finance leases. The corporation tax charge is capped at a maximum of 20 per cent. of the profits of the Property Rental Business for the accounting period in question.

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

Following recommendations from the Organisation for Economic Co-operation and Development (OECD) as part of its Base Erosion and Profit Shifting (BEPS) project and two consultations, the United Kingdom introduced a new corporate interest restriction (“CIR”) regime in 2017.

The key features of the CIR are that the “tax-interest expense” is restricted to 30 per cent. of a UK group’s “tax-EBITDA”, with an optional substitution of the fixed 30 per cent. ratio with a worldwide group ratio equalling net “qualifying group-interest expense” divided by “group-EBITDA”. The pre-existing debt cap rules were also replaced with modified rules limiting deductible tax-interest to net accounting finance expenses after certain adjustments. A de minimis of £2 million applies (with only the excess being subject to restriction).

The CIR applies to REITs and section 452 of the Taxation (International and Other Provisions) Act 2010 (“**TIOPA 2010**”) provides that for the purposes of the interest deductibility rules:

- (a) the REIT’s Property Rental Business and Residual Business are treated as two separate group companies.
- (b) the profits of the Property Rental Business are assumed not to be exempt from corporation tax when calculating tax-interest expense and tax-EBITDA.

Section 452 of TIOPA 2010 sets out five steps to be followed to calculate how the restricted interest should be allocated between the REIT's Property Rental Business and Residual Business, and will provide that any disallowed amounts allocated to the Property Rental Business must not be so great that the Company would be entitled to ignore the distribution requirement due to having insufficient reserves.

These proposals do not affect the operation of the interest cover ratio rule at 2.3.4.

2.3.6 Property development and property trading by a REIT

A property development undertaken by the REIT for the purposes of the investment business can be within the Property Rental Business provided certain conditions are met. However, if the costs of the development exceed 30 per cent. of the fair value of the asset at the later of: (a) the date on which the relevant company becomes or becomes a member of a REIT; and (b) the date of the acquisition of the development property, and the REIT sells the development property within three years of completion of the development, the property will be treated as never having been part of the Property Rental Business for the purposes of calculating any gain arising on disposal of the property. Any gain will be chargeable to corporation tax.

If the REIT disposes of a property (whether or not a development property) in the course of a trade, the property will be treated as never having been within the Property Rental Business for the purposes of calculating any profit arising on disposal of the property. Any profit will be chargeable to corporation tax.

2.3.7 Certain tax avoidance arrangements

If HMRC believes that a member of a REIT has been involved in certain tax avoidance arrangements, it may cancel the tax advantage obtained and, in addition, impose a tax charge equal to the amount of the tax advantage. These rules apply to both the Residual Business and the Property Rental Business.

2.3.8 Movement of assets in and out of the Property Rental Business

In general, where an asset owned by a REIT and used for the Property Rental Business begins to be used for the Residual Business, there will be a tax-free step up in the base cost of the property. Where an asset used for the Residual Business begins to be used for the Property Rental Business, this will generally constitute a taxable market value disposal of the asset, except for capital allowances purposes. Special rules apply to disposals by way of a trade and of development property.

2.3.9 Joint ventures

If a REIT is beneficially entitled to at least 40 per cent. of the profits available for distribution to equity holders in a joint venture company and at least 40 per cent. of the assets of the joint venture company available to equity holders in the event of a winding up, that joint venture company is carrying on a qualifying property rental business which satisfies the 75 per cent. profits test and the 75 per cent. assets test (the "**JV company**") and certain other conditions are satisfied, the REIT may, by giving notice to HMRC, elect for the relevant proportion of the assets and income of the JV company to be included in the Property Rental Business for tax purposes. In such circumstances, the income and assets of the JV company will count towards the 90 per cent. distribution test, the 75 per cent. profits test and the 75 per cent. assets test to the extent of the REIT's interest in the JV company. Note that these rules also apply to joint venture groups.

The REIT's share of the underlying income and gains arising from any interest in a tax transparent vehicle carrying on a Property Rental Business, including offshore trusts or partnerships, should automatically fall within the REIT tax exemption, and will count towards the 75 per cent. profits and assets tests, provided the REIT is entitled to at least 20 per cent. of the profits and assets of the relevant tax transparent vehicle. The REIT's share of the Property Rental Business profits arising will count towards the 90 per cent. distribution test.

2.3.10 Acquisitions and takeovers

If a REIT is taken over by another REIT, the acquired REIT does not necessarily cease to be a REIT and will, provided the conditions are met, continue to enjoy tax exemptions in respect of the income profits of its Property Rental Business and chargeable gains on direct and certain indirect disposals of properties in the Property Rental Business.

The position is different where a REIT is taken over by an acquirer which is not a REIT. In these circumstances, the acquired REIT is likely in most cases to fail to meet the requirements for being a REIT and will therefore be treated as leaving the REIT regime at the end of its accounting period preceding the takeover and ceasing from the end of this accounting period to benefit from tax exemptions on the income profits of its Property Rental Business and chargeable gains on direct and certain indirect disposals of property forming part of its Property Rental Business. The properties in the Property Rental Business are treated as having been sold and reacquired at market value for the purposes of UK corporation tax on chargeable gains immediately before the end of the preceding accounting period. These disposals should be tax-free as they are deemed to have been made at a time when the company was still in the REIT regime and future chargeable gains on the relevant assets will, therefore, be calculated by reference to a base cost equivalent to this market value. If the REIT ends its accounting period immediately prior to the takeover becoming unconditional in all respects, dividends paid as PIDs before that date should not be re-characterised retrospectively as normal dividends.

3. UNITED KINGDOM TAX TREATMENT OF SHAREHOLDERS UNDER REIT STATUS

3.1 Introduction

The following paragraphs are intended as a general guide only and are based on the Company's understanding of current UK tax law and HMRC practice, each of which is subject to change, possibly with retrospective effect. They do not constitute advice.

The following paragraphs relate only to certain limited aspects of the United Kingdom taxation treatment of PIDs and Non-PID Dividends paid by the Company, and to disposals of Ordinary Shares, in each case, after the Company achieves and maintains REIT status. Except where otherwise indicated, they apply only to Shareholders who are resident for tax purposes solely in the United Kingdom. They apply only to Shareholders who are the absolute beneficial owners of both their PIDs and their Ordinary Shares and who hold their Ordinary Shares as investments. They do not apply to Substantial Shareholders. They do not apply to certain categories of Shareholders, such as dealers in securities or distributors, persons who have or are deemed to have acquired their Ordinary Shares by reason of their or another employment, persons who hold their Ordinary Shares as part of hedging or conversion transactions, or persons who hold their Ordinary Shares in connection with a UK branch, agency or permanent establishment. Except where otherwise indicated at paragraph 3.3.4 (Withholding tax) below, they do not apply to persons holding Ordinary Shares by virtue of an interest in any partnerships, insurance companies, life insurance companies, mutual companies, collective investment schemes, charities, trustees, local authorities, or pension scheme administrators.

Shareholders who are in any doubt about their tax position, or who are subject to tax in a jurisdiction other than the United Kingdom, should consult their own appropriate independent professional adviser without delay, particularly concerning their tax liabilities on PIDs, whether they are entitled to claim any repayment of tax, and, if so, the procedure for doing so.

3.2 UK taxation of Non-PID Dividends

3.2.1 Individual Shareholders

A UK resident individual Shareholder does not pay income tax on any Non-PID Dividend income they receive in a tax year which is below the tax-free dividend allowance (currently £2,000). The rates of income tax for Non-PID Dividends received above the tax-free dividend allowance will be:

- (a) 7.5 per cent. for dividend income within the basic rate income tax band;
- (b) 32.5 per cent. for dividend income within the higher rate income tax band; and

(c) 38.1 per cent. for dividend income within the additional rate band.

3.2.2 Corporate Shareholders

A Shareholder within the charge to UK corporation tax which is a “small company” (for the purposes of UK taxation of dividends) will not generally be subject to tax on Non-PID Dividends from the Company, provided certain conditions are met.

Other Shareholders within the charge to UK corporation tax will not be subject to tax on Non-PID Dividends from the Company so long as they fall within an exempt class and do not fall within certain specified anti-avoidance provisions. Examples of dividends that are within an exempt class are dividends paid on “non-redeemable Ordinary Shares” for UK tax purposes and dividends in respect of portfolio holdings, where the recipient owns less than 10 per cent. of the issued share capital of the payer (or any class of that share capital).

3.3 UK taxation of PIDs

3.3.1 UK taxation of individual Shareholders

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are individuals as the profit of a single UK property business (as defined in Section 264 of the Income Tax (Trading and Other Income) Act 2005). A PID is, together with any property income distribution from any other company to which Part 12 of the CTA 2010 applies, treated as a separate UK property business from any other UK property business (a “**different UK property business**”) carried on by the relevant Shareholder. This means that surplus expenses from a Shareholder’s different UK property business cannot be offset against a PID as part of a single calculation of the profits of the Shareholder’s UK property business.

Please see also paragraph 3.3.4 (Withholding tax) below.

3.3.2 UK taxation of corporate Shareholders

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are within the charge to UK corporation tax as profit of a UK property business (as defined in Section 205 of the Corporation Tax Act 2009). This means that, subject to the availability of any exemptions or reliefs, such Shareholders should be liable to UK corporation tax on income on the entire amount of their PID. A PID is, together with any property income distribution from any other company to which Part 12 of the CTA 2010 applies, treated as a different UK property business carried on by the relevant Shareholder. This means that any surplus expenses from a Shareholder’s different UK property business cannot be off-set against a PID as part of a single calculation of the Shareholder’s UK property profits.

Please see also paragraph 3.3.4 (Withholding tax) below.

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

Where a Shareholder who is resident outside the UK receives a PID, the PID will generally be chargeable to UK income tax as profit of a UK property business and this tax will generally be collected by way of a withholding by the Company.

Please see also paragraph 3.3.4 (Withholding tax) below.

3.3.4 Withholding tax

- **General**

Subject to certain exceptions summarised below, the Company is required to withhold income tax at source at the basic rate (currently 20 per cent.) from its PIDs. The Company will provide Shareholders with a certificate setting out the amount of tax withheld.

- **Shareholders solely resident in the UK**

Where UK income tax has been withheld at source, Shareholders who are individuals may, depending on their circumstances, either be liable to further tax on their PID at their applicable marginal rate, or be entitled to claim repayment of

some or all of the tax withheld on their PID. Shareholders who are bodies corporate may, depending upon their circumstances, be liable to pay UK corporation tax on their PID but they should note that, where income tax is (exceptionally) withheld at source, the tax withheld can be set against the Shareholder's liability to UK corporation tax in the accounting period in which the PID is received.

- Shareholders who are not resident for tax purposes in the UK

It is not possible for a Shareholder to make a claim under a relevant double taxation treaty with the UK for a PID to be paid by the Company gross or at a reduced rate. However, the Shareholder may be able to claim repayment of any part of the tax withheld from a PID, depending on the existence and terms of any such double taxation treaty between the UK and the country in which the Shareholder is resident for tax purposes.

- Exceptions to requirement to withhold income tax

Shareholders should note that in certain circumstances the Company may not be obliged to withhold UK income tax at source from a PID. These include where the Company reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the UK, a charity, or a body mentioned in Section 468 of the CTA 2010 which is allowed the same exemption from tax as a charity. They also include where the Company reasonably believes that the PID is paid to the scheme administrator of a registered pension scheme, or the subscheme administrator of certain pension sub-schemes or the account manager of an individual savings account (“ISA”), provided the Company reasonably believes that the PID will be applied for the purposes of the relevant scheme or account.

The Company will also not be required to withhold income tax at source from a PID where the Company reasonably believes that the body beneficially entitled to the PID is a partnership, each member of which is a body described in the paragraph above.

In order to pay a PID without withholding tax, the Company will need to be satisfied that the Shareholder concerned is entitled to that treatment. For that purpose, the Company will require such Shareholders to submit a valid claim form.

3.4 UK taxation of chargeable gains

Individual Shareholders who are resident in the UK for tax purposes will generally be subject to UK capital gains tax in respect of any gain arising on a disposal of their Ordinary Shares. Each such individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £12,300 for the tax year 2020-2021. Capital gains tax chargeable will be at the current rate of 10 per cent. (for basic rate tax payers) and 20 per cent. (for higher and additional rate tax payers) during the tax year 2020-2021.

Shareholders who are individuals and who are temporarily non-resident in the UK (“**Temporary Non-Residents**”) may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

Corporate Shareholders who are resident in the UK for tax purposes will generally be subject to UK corporation tax on chargeable gains arising on a disposal of their Ordinary Shares. The indexation allowance is no longer available.

Shareholders who are not resident in the United Kingdom and who are not Temporary Non-Residents may be subject to UK tax on chargeable gains arising on a sale or other disposal of share that derive at least 75 per cent. of their value from UK land where the person making the disposal has a “substantial indirect interest” in the UK land. It is expected that the Ordinary Shares will derive at least 75 per cent. of their value from UK land for this purpose and, on the basis that the Company is a REIT at the time of any relevant disposal, all Shareholders will be regarded as having a substantial indirect interest in UK land, irrespective of the size of

their shareholding. Were the Company not to be a REIT at the time of any relevant disposal, then a Shareholder will only be regarded as having a substantial interest in UK land if (broadly) they hold 25 per cent. or more of the Shares in the Company.

Accordingly, a non-UK resident Shareholder may be liable to UK tax on chargeable gains in respect of a Sale or other disposal of Ordinary Shares depending on the Shareholder's circumstances, including the availability of any exemption or relief (including exemption under the terms of an applicable double taxation agreement).

3.5 UK stamp duty and stamp duty reserve tax

Transfers on a sale of Ordinary Shares will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer, rounded up to the nearest £5. The purchaser normally pays the stamp duty.

An agreement to transfer Ordinary Shares will normally give rise to a charge to stamp duty reserve tax ("**SDRT**") at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Paperless transfers of Ordinary Shares within the CREST system will generally be liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of Ordinary Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration.

3.6 ISAs and SIPPs

Ordinary Shares acquired by a UK resident individual Shareholder pursuant to the Offer for Subscription or in the secondary market (but not Ordinary Shares acquired directly under the Placing) should be eligible to be held in an ISA, subject to applicable annual subscription limits.

Investments held in ISAs will be free of UK tax on both capital gains and income. Sums received by a Shareholder on a disposal of Ordinary Shares would not count towards the Shareholder's annual limit; but a disposal of Ordinary Shares held in an ISA will not serve to make available again any part of the annual subscription limit that has already been used by the Shareholder in that tax year.

Individuals wishing to invest in Ordinary Shares through a ISA should contact their professional advisers regarding their eligibility.

Subject to the rules of the trustees of the self-invested pension plan ("**SIPP**"), the Ordinary Shares should be eligible for inclusion in a SIPP provided, broadly, that the pension scheme member (or a connected person) does not occupy or use any residential property held by the Company and the SIPP in question does not hold (directly or indirectly) more than 10 per cent. of any of the Ordinary Shares or the Company's voting rights or rights to income or amounts on a distribution or rights to the assets on a winding up.

4. DESCRIPTION OF THE REIT PROVISIONS INCLUDED IN THE ARTICLES

4.1 Introduction

The Articles contain provisions designed to enable the Company to demonstrate to HMRC that it has taken "reasonable steps" to avoid paying a dividend (or making any other distribution) to any Substantial Shareholder.

If a distribution is paid to a Substantial Shareholder and the Company has not taken reasonable steps to avoid doing so, the Company would become subject to a UK corporation tax charge.

The Articles contain special articles for this purpose (the "**Special Articles**"). The text of the Special Articles is set out in paragraph 5 of this Part IX.

The Special Articles:

- provide Directors with powers to identify its Substantial Shareholders (if any);
- prohibit the payment of dividends on Ordinary Shares that form part of a Substantial Shareholding, unless certain conditions are met;
- allow dividends to be paid on Ordinary Shares that form part of a Substantial Shareholding where the Shareholder has disposed of sufficient interests in all or some of the shares concerned, including the rights to dividends on its Ordinary Shares; and
- seek to ensure that if a dividend is paid on Ordinary Shares that form part of a Substantial Shareholding and arrangements of the kind referred to in the preceding paragraph are not met, the Substantial Shareholder concerned does not become beneficially entitled to that dividend.

The effect of the Special Articles is explained in more detail below.

4.2 Identification of Substantial Shareholders

The share register of the Company records the legal owner and the number of Ordinary Shares they own but does not identify the persons who are beneficial owners of the Ordinary Shares or are entitled to control the voting rights attached to the Ordinary Shares or are beneficially entitled to dividends. While the requirements for the notification of interests in shares provided in Part VI of the Companies Act and the Board's rights to require disclosure of such interests (pursuant to Part 22 of the Companies Act and Article 43.1(A) of the Articles) should assist in the identification of Substantial Shareholders, those provisions are not on their own sufficient.

Accordingly, the Special Articles require a Substantial Shareholder and any registered Shareholder holding Ordinary Shares on behalf of a Substantial Shareholder to notify the Company if his Ordinary Shares form part of a Substantial Shareholding. Such a notice must be given as soon as reasonably practicable but not later than the earlier of (i) two business days following the relevant Ordinary Shares forming part of a Substantial Shareholding; or (ii) prior to the Company making a distribution. The Special Articles give the Board the right to require any person to provide information in relation to any Ordinary Shares in order to determine whether the Ordinary Shares form part of a Substantial Shareholding. If the required information is not provided within the time specified (which is seven days after a request is made or such other period as the Board may decide), the Board is entitled to impose sanctions, including withholding dividends (as described in paragraph 4.3 below) and/or requiring the transfer of the Ordinary Shares to another person who is not, and does not thereby become, a Substantial Shareholder (as described in paragraph 4.6 below).

4.3 Preventing payment of a dividend to a Substantial Shareholder

The Special Articles provide that a dividend will not be paid on any Ordinary Shares that the Board believes may form part of a Substantial Shareholding unless the Board is satisfied that the Substantial Shareholder is not beneficially entitled to the dividend.

If in these circumstances payment of a dividend is withheld, the dividend will be paid subsequently if the Board is satisfied that:

- the Substantial Shareholder concerned is not beneficially entitled to the dividends (see also paragraph 4.4 below);
- the shareholding is not part of a Substantial Shareholding;
- all or some of the Ordinary Shares and the right to the dividend have been transferred to a person who is not, and does not thereby become, a Substantial Shareholder (in which case the dividends will be paid to the transferee); or
- sufficient Ordinary Shares have been transferred (together with sufficient rights including the right to the dividends) such that the Ordinary Shares retained are no longer part of a Substantial Shareholding (in which case the dividends will be paid on the retained Ordinary Shares).

For this purpose, references to the “transfer” of an Ordinary Share include the disposal (by any means) of beneficial ownership of, control of voting rights in respect of and beneficial entitlement to dividends in respect of, that Ordinary Share.

4.4 *Payment of a dividend where rights to it have been transferred*

The Special Articles provide that dividends may be paid on Ordinary Shares that form part of a Substantial Shareholding if the Board is satisfied that the right to the dividend has been transferred to a person who is not, and does not thereby become, a Substantial Shareholder and the Board may be satisfied that the right to the dividend has been transferred if it receives a certificate containing appropriate confirmations and assurances from the Substantial Shareholder. Such a certificate may apply to a particular dividend or to all future dividends in respect of Ordinary Shares forming part of a specified Substantial Shareholding, until notice rescinding the certificate is received by the Company. A certificate that deals with future dividends will include undertakings by the person providing the certificate:

- to ensure that the entitlement to future dividends will be disposed of; and
- to inform the Company immediately of any circumstances which would render the certificate no longer accurate.

The Directors may require that any such certificate is copied or provided to such persons as they may determine, including HMRC.

If the Board believes a certificate given in these circumstances is or has become inaccurate, then it will be able to withhold payment of future dividends (as described in paragraph 4.3 above). In addition, the Board may require a Substantial Shareholder to pay to the Company the amount of any tax payable (and other costs incurred) as a result of a dividend having been paid to a Substantial Shareholder in reliance on the inaccurate certificate. The Board may require a sale of the relevant Ordinary Shares and retain the amount claimed from the proceeds.

Certificates provided in the circumstances described above will be of considerable importance to the Company in determining whether dividends can be paid. If the Company suffers loss as a result of any misrepresentation or breach of undertaking given in such a certificate, it may seek to recover damages directly from the person who has provided it. Any such tax may also be recovered out of dividends to which the Substantial Shareholder concerned may become entitled in the future or from the proceeds of selling the relevant shares.

The effect of these provisions is that there is no restriction on a person becoming or remaining a Substantial Shareholder provided that the person who does so makes appropriate arrangements to divest itself of the entitlement to dividends.

4.5 *Trust arrangements where rights to dividends have not been disposed of by a Substantial Shareholder*

The Special Articles provide that if a dividend is in fact paid on Ordinary Shares forming part of a Substantial Shareholding (which might occur, for example, if a Substantial Shareholding is split among a number of nominees and is not notified to the Company prior to a dividend payment date) the dividends so paid are to be held on trust by the recipient for any person (who is not a Substantial Shareholder) nominated by the Substantial Shareholder concerned. The person nominated as the beneficiary could be the purchaser of the Ordinary Shares if the Substantial Shareholder is in the process of selling down their holding so as not to cause the Company to breach the Substantial Shareholder rule. If the Substantial Shareholder does not nominate anyone within 12 years, the dividend concerned will be held on trust for the Company or such charity as the Board may nominate.

If the recipient of the dividend passes it on to another without being aware that the Ordinary Shares in respect of which the dividend was paid were part of a Substantial Shareholding, the recipient will have no liability as a result. However, the Substantial Shareholder who receives the dividend should do so subject to the terms of the trust and as a result may not claim to be beneficially entitled to those dividends.

4.6 Mandatory sale of Substantial Shareholdings

The Special Articles also allow the Board to require the disposal of Ordinary Shares forming part of a Substantial Shareholding if:

- a Substantial Shareholder has been identified and a dividend has been announced or declared and the Board has not been satisfied that the Substantial Shareholder has transferred the right to the dividend (or otherwise is not beneficially entitled to it);
- there has been a failure to provide information requested by the Board; or
- any information provided by any person proves materially inaccurate or misleading.

In these circumstances, if the Company incurs a charge to tax as a result of one of these events or the requirements of a disposal notice are not complied with to the satisfaction of the Board within the specified period, the Board may, instead of requiring the Shareholder to dispose of the Ordinary Shares, arrange for the sale of the relevant Ordinary Shares and for the Company to retain from the sale proceeds an amount equal to any tax so payable.

4.7 Takeovers

The Special Articles do not prevent a person from acquiring control of the Company through a takeover or otherwise, although as explained above, such an event may cause the Company to cease to qualify as a REIT.

4.8 Other

The Special Articles also give the Company power to require any Shareholder who applies to be paid dividends without any tax withheld to provide such certificate or declarations as the Board may require from time to time.

The Special Articles may be amended by special resolution passed by the Shareholders in the future, including to give powers to the Directors to ensure that the Company can comply with the close company condition described in paragraphs 1.5 and 2.2.1 of this Part IX, which powers may include the ability to arrange for the sale of Ordinary Shares on behalf of Shareholders.

5. THE SPECIAL ARTICLES

“Real Estate Investment Trust”

138 Cardinal principle

138.1 It is a cardinal principle that, for so long as the Company qualifies as a REIT, it should not be liable to pay tax under Section 551 of the CTA 2010 on or in connection with the making of a Distribution.

138.2 Articles 139 to 143 support such cardinal principle by, among other things, imposing restrictions and obligations on the members and, indirectly, certain other persons who may have an interest in the Company, and shall be construed accordingly so as to give effect to such cardinal principle.

138.3 The Board will use reasonable diligence to ensure that the provisions of Articles 139 to 143 are followed.

139 Notification of Substantial Shareholder and other status

139.1 Each member and any other relevant person shall serve notice in writing on the Company at the Office on:

- (A) his becoming a Substantial Shareholder (together with the percentage of voting rights, share capital or dividends he controls or is beneficially entitled to (in either case whether directly or indirectly), details of the identity of the member(s) who hold(s) the relevant Substantial Shareholding and such other information, certificates or declarations as the Board may require from time to time, such other information, certificates or declarations to be provided promptly following a request therefor);

- (B) his becoming a Relevant Registered Shareholder (together with such details of the relevant Substantial Shareholder and such other information, certificates or declarations as the Board may require from time to time, such other information, certificates or declarations to be provided promptly following a request therefor); and
- (C) any change to the particulars contained in any such notice under (A) or (B) above (or in such other information, certificates or declarations), including on the relevant person ceasing to be a Substantial Shareholder or a Relevant Registered Shareholder.

Any such notice shall be delivered as soon as reasonably practicable but not later than the earlier of (i) by the end of the second Business Day after the day on which the person becomes a Substantial Shareholder or a Relevant Registered Shareholder or the change in relevant particulars; or (ii) prior to the Company making a Distribution; or (iii) within such shorter or longer period as the Board may specify from time to time.

139.2 the Board may at any time give notice in writing to any person requiring him, within such period as may be specified in the notice (being seven days from the date of service of the notice or such shorter or longer period as the Board may specify in the notice), to deliver to the Company at the Office such information, certificates and declarations as the Board may require to establish whether or not he is a Substantial Shareholder or a Relevant Registered Shareholder or to comply with any Reporting Obligation. Each such person shall deliver such information, certificates and declarations within the period specified in such notice.

140 Distributions in respect of substantial shareholdings

140.1 In respect of any Distribution, the Board shall, if the Board determines that the condition set out in Article 140.2 is satisfied in relation to any shares in the Company, withhold payment of such Distribution on or in respect of such shares. Any Distribution so withheld shall be paid as provided in Article 140.3 and until such payment the persons who would otherwise be entitled to the Distribution shall have no right to the Distribution or its payment.

140.2 The condition referred to in Article 140.1 is that, in relation to any shares in the Company and any Distribution to be paid or made on and in respect of such shares:

- (A) the Board believe that such shares comprise all or part of a Substantial Shareholding of a Substantial Shareholder, and
- (B) the Board are not satisfied that such Substantial Shareholder would not be beneficially entitled to the Distribution if it was paid, and, for the avoidance of doubt, if the shares comprise all or part of a Substantial Shareholding in respect of more than one Substantial Shareholder this condition is not satisfied unless it is satisfied in respect of all such Substantial Shareholders.

140.3 If a Distribution has been withheld on or in respect of any shares in the Company in accordance with Article 140.1, provided that one of the following criteria applies, it shall be paid as follows:

- (A) if it is established to the satisfaction of the Board that the condition in Article 140.2 is not satisfied in relation to such shares, in which case the whole amount of the Distribution withheld shall be paid; and
- (B) if the Board is satisfied that sufficient interests in all or some of the shares concerned, including the rights to the Distribution attributable to such shares, have been transferred to a third party so that such transferred shares no longer form part of the Substantial Shareholding, in which case the Distribution attributable to such shares shall be paid (provided the Board is satisfied that following such transfer such shares concerned do not form part of a Substantial Shareholding); and

- (C) if the Board is satisfied that as a result of a transfer of interests in shares referred to in Article 140.3(B) above the remaining shares no longer form part of a Substantial Shareholding, in which case the Distribution attributable to such remaining shares shall be paid.

In this Article 140, references to the “transfer” of a share include the disposal (by any means) of beneficial ownership of, control of voting rights in respect of and beneficial entitlement to dividends in respect of, that share.

140.4 A Substantial Shareholder may satisfy the Board that he is not beneficially entitled to a Distribution by providing a Distribution Transfer Certificate. The Board shall be entitled to (but shall not be bound to) accept a Distribution Transfer Certificate as evidence of the matters therein stated and the Board shall be entitled to (i) require such other information, certifications or declarations as they think fit; or (ii) continue to withhold payment of a Distribution where they believe that such Distribution Transfer Certificate will or may not be complied with or has become inaccurate.

140.5 The Board may withhold payment of a Distribution on or in respect of any shares in the Company if any notice given by the Board pursuant to Article 140.2 in relation to such shares shall not have been complied with to the satisfaction of the Board within the period specified in such notice. Any Distribution so withheld will be paid when the notice is complied with to the satisfaction of the Board unless the Board withholds payment pursuant to Article 140.1 and until such payment the persons who would otherwise be entitled to the Distribution shall have no right to the Distribution or its payment.

140.6 If the Board decides that payment of a Distribution should be withheld under Article 140.1 or Article 140.5, they shall within seven Business Days give notice in writing of that decision to the Relevant Registered Shareholder. If the Board decide that payment of a Distribution should be made under Article 140.2, they shall inform the recipient of such Distribution in writing explaining the reason that they have decided to pay such Distribution.

140.7 If any Distribution shall be paid on or in respect of a Substantial Shareholding and an Excess Charge becomes payable, the Substantial Shareholder shall indemnify the Company (on an after tax basis) against and on demand pay to the Company an amount (calculated on an after-tax basis) equal to the amount of such Excess Charge and all costs and expenses incurred by the Company in connection with the recovery of such amount to the Company. Without prejudice to the right of the Company to claim such amount from the Substantial Shareholder, such recovery may be made out of the proceeds of any disposal pursuant to Article 142.2 or out of any subsequent Distribution in respect of the shares to such person or to the holders of all shares in relation to or by virtue of which the Board believes that person has an interest in the Company (whether that person is at that time a Substantial Shareholder or not).

141 Distribution trust

141.1 If a Distribution is paid on or in respect of a Substantial Shareholding (except where the Distribution is paid in circumstances where the Substantial Shareholder is not otherwise beneficially entitled to the Distribution or the Board has determined that they are satisfied that no Excess Charge will arise in connection with payment thereof), the Distribution and any income arising from it shall be held by the payee or other recipient to whom the Distribution or right to it is transferred by the payee on trust absolutely for the sole benefit of the persons nominated by the relevant Substantial Shareholder under Article 141.2 in such proportions as the relevant Substantial Shareholder shall in the nomination direct. In the absence of a valid nomination under Article 141.2 being made (which may only be made in the 12 years following the Distribution), the Distribution and any income arising from it shall be held by the payee on trust absolutely for the sole benefit of the Company or, where this would or in the opinion of the Board may cause any condition of the REIT Legislation to be breached, for such UK registered charity as may be nominated by the Board at that time.

- 141.2 The relevant Substantial Shareholder of shares in the Company on or in respect of which a Distribution is paid shall be entitled within 12 years following the Distribution to nominate in writing any two or more persons (not being Substantial Shareholders) to be the beneficiaries of the trust on which the Distribution is held under Article 141.1 and the Substantial Shareholder may in any such nomination state the proportions in which the Distribution is to be held on trust for the nominated persons, failing which the Distribution shall be held on trust for the nominated persons in equal proportions. No person may be nominated under this Article 142.2 who is or would, on becoming a beneficiary in accordance with the nomination, become a Substantial Shareholder. If the Substantial Shareholder making the nomination is not by virtue of Article 141.1 the trustee of the trust, the nomination shall not take effect until it is delivered to the person who is the trustee.
- 141.3 Any income arising from a Distribution which is held on trust under Article 141.1 shall until the earlier of (i) the making of a valid nomination under Article 141.2 and (ii) the expiry of the period of 12 years from the date when the Distribution is paid be accumulated as an accretion to the Distribution. Income shall be treated as arising when payable, so that no apportionment shall take place. The Company shall be entitled to deduct and pay to HMRC any tax due on the income arising for which it or any member of the Group is liable to account.
- 141.4 No person who by virtue of Article 141.1 holds a Distribution on trust shall be under any obligation to invest the Distribution or to deposit it in an interest-bearing account.
- 141.5 No person who by virtue of Article 141.1 holds a Distribution on trust shall be liable for any breach of trust unless due to his own wilful fraud or wrongdoing or, in the case of an incorporated person, the fraud or wilful wrongdoing of its directors, officers or employees.

142 Obligation to dispose

142.1 If at any time, the Board believes that:

- (A) in respect of any Distribution declared or announced, the condition set out in Article 140.1 is satisfied in respect of any shares in the Company in relation to that Distribution; or
- (B) a notice given by the Board pursuant to Article 139.2 in relation to any shares in the Company has not been complied with to the satisfaction of the Board within the period specified in such notice; or
- (C) any information, certificate or declaration provided by a person in relation to any shares in the Company for the purposes of this Article 142.1 was materially inaccurate or misleading,

the Board may give notice in writing (a “**Disposal Notice**”) to any persons they believe are Relevant Registered Shareholders in respect of the relevant shares requiring such Relevant Registered Shareholders within 21 days of the date of service of the notice (or such longer or shorter time as the Board considers to be appropriate in the circumstances) to dispose of such number of shares the Board may in such notice specify or to take such other steps as will cause the condition set out in Article 140.1 no longer to be satisfied. The Board may, if they think fit, withdraw a Disposal Notice.

142.2 If:

- (A) the requirements of a Disposal Notice are not complied with to the satisfaction of the Board within the period specified in the relevant notice and the relevant Disposal Notice is not withdrawn; or
- (B) a Distribution is paid on a Substantial Shareholding and an Excess Charge becomes payable, the Board may arrange for the Company to sell all or some of the shares to which the Disposal Notice relates or, as the case may be, that form part of the Substantial Shareholding concerned. For this purpose, the Board may make such arrangements as they deem appropriate. In particular, without limitation, they may authorise any officer or employee of the Company to execute any transfer

or other document on behalf of the holder or holders of the relevant shares and, in the case of a share in uncertificated form, may make such arrangements as they think fit on behalf of the relevant holder or holders to transfer title to the relevant share through a relevant system.

- 142.3 Any sale pursuant to Article 142.2 above shall be at the price which the Board considers is the best price reasonably obtainable and the Board shall not be liable to the holder or holders of the relevant share for any alleged deficiency in the amount of the sale proceeds or any other matter relating to the sale.
- 142.4 The net proceeds of the sale of any share under Article 142.2 (less any amount to be retained pursuant to Article 140.5 and the expenses of sale) shall be paid over by the Company to the former holder or holders of the relevant share upon surrender of any certificate or other evidence of title relating to it, without interest. The receipt of the Company shall be a good discharge for the purchase money.
- 142.5 The title of any transferee of shares shall not be affected by an irregularity or invalidity of any actions purportedly taken pursuant to this Article 142.

143 General

- 143.1 the Board shall be entitled to presume without enquiry, unless any Director has reason to believe otherwise, that a person is not a Substantial Shareholder or a Relevant Registered Shareholder.
- 143.2 the Board shall not be required to give any reasons for any decision or determination (including any decision or determination not to take action in respect of a particular person) pursuant to Articles 138.1 to 143 and any such determination or decision shall be at the absolute discretion of the Board and shall be final and binding on all persons unless and until it is revoked or changed by the Board. Any disposal or transfer made or other thing done by or on behalf of the Board or any Director pursuant to Articles 139 to 143 shall be binding on all persons and shall not be open to challenge on any ground whatsoever.
- 143.3 Without limiting their liability to the Company, the Board shall be under no liability to any other person, and the Company shall be under no liability to any member or any other person, for identifying or failing to identify any person as a Substantial Shareholder or a Relevant Registered Shareholder.
- 143.4 the Board shall not be obliged to serve any notice required under Articles 139 to 145 upon any person if they do not know either his identity or his address. The absence of service of such a notice in such circumstances or any accidental error in or failure to give any notice to any person upon whom notice is required to be served under Articles 138 to 143 shall not prevent the implementation of or invalidate any procedure under Articles 138 to 143.
- 143.5 The provisions of Articles 114 to 124 and Article 125 shall apply to the service upon any person of any notice required by Articles 138 to 143. Any notice required by Articles 138 to 143 to be served upon a person who is not a member or upon a person who is a member but whose address is not within the United Kingdom shall be deemed validly served if such notice is sent through the post in a pre-paid cover addressed to that person or member at the address if any, at which the Board believes him to be resident or carrying on business or, in the case of a holder of depositary receipts or similar securities, to the address, if any, in the register of holders of the relevant securities Service shall, in such a case be deemed to be effected on the day of posting and it shall be sufficient proof of service if that notice was properly addressed, stamped and posted.
- 143.6 Any notice required or permitted to be given pursuant to Articles 138 to 143 may relate to more than one share and shall specify the share or shares to which it relates.
- 143.7 The Company may withhold amounts on account of tax from any amount payable in connection with these Articles where so required by law or FATCA or where it believes it is so required by law or FATCA. The Board may require from time to time any person who is or claims to be a person to whom a Distribution may be paid without deduction

of tax under Regulation 7 of the Real Estate Investment Trusts (Assessment and Recovery of Tax) Regulations 2006 to provide such certificates or declarations as they may require from time to time.

143.8 Any of Articles 138 to 143 may be amended by special resolution from time to time, including to give powers to the Board to take such steps as they may require in order to ensure that the Company can satisfy Condition D of Section 528 of the CTA 2010 which relates to close company status, which powers may include the ability to arrange for the sale of shares on behalf of members.

143.9 Where any certificate or declaration may be or is required to be provided by any person (including, without limitation, a Distribution Transfer Certificate) pursuant to any of Articles 138 to 143, such certificate or declaration may be required by the Board (without limitation):

- (A) to be addressed to the Company, the Board or such other persons as the Board may determine (including HMRC);
- (B) to include such information as the Board considers is required for the Company to comply with any Reporting Obligation;
- (C) to contain such legally binding representations and obligations as the Board may determine;
- (D) to include an undertaking to notify the Company if the information in the certificate or declaration becomes incorrect, including prior to such change;
- (E) to be copied or provided to such persons as the Board may determine (including HMRC); and
- (F) to be executed in such form (including as a deed or deed poll) as the Board may determine.

The provisions of Articles 138 to 143 shall apply notwithstanding any provisions to the contrary in any other Article (including, without limitation, Articles 102 to 113).

6. AUTOMATIC EXCHANGE OF INFORMATION

The United Kingdom has signed a Model 1 inter-governmental agreement with the United States (the “**US-UK IGA**”) to give effect to the United States Foreign Account Tax Compliance Act provisions contained in sections 1471 to 1474 of the United States Internal Revenue Code and US Treasury Regulations promulgated thereunder (together, as amended from time to time, “**FATCA**”). Pursuant to the US-UK IGA and the related UK legislation, regulations and guidance, the Company is required to report certain information about “Specified U.S. Persons” (as defined in the US-UK IGA) that own, directly or indirectly, an interest in the Company. If the Company does not comply with these obligations, it may be subject to a 30 per cent withholding tax on certain payments to it of US source income (including interest and dividends) (a “**FATCA Deduction**”), and to financial penalties under the relevant UK legislation.

Under the terms of the current US-UK IGA, the Company will generally not be required to withhold tax on payments made to an account holder (i.e. a Shareholder) or to close recalcitrant accounts. The Company will be required to report certain information in respect of any “Specified U.S. Persons” to HMRC and HMRC will exchange this information, on an automatic basis annually, with the US Internal Revenue Service.

A number of other jurisdictions have entered into or are committed to entering into inter-governmental agreements for the automatic cross-border exchange of tax information similar to the US-UK IGA, including, in particular, under a regime known as the OECD Common Reporting Standard (“**CRS**”). The United Kingdom has signed, along with over 100 other countries, a multilateral competent authority agreement to implement the CRS, and has issued regulations and guidance to give effect to the CRS. These regulations require United Kingdom “Financial Institutions”, including the Company, to identify specified persons in participating jurisdictions under the CRS, and to report related information to HMRC (for automatic exchange with the relevant tax authorities in such jurisdictions). The Company may be subject to financial penalties if it fails to comply with the requirements of the UK regulations giving effect to CRS.

While the Company will seek to satisfy its obligations under FATCA, the US-UK IGA, the CRS and the associated implementing legislation in the United Kingdom to avoid the imposition of any FATCA Deductions and financial penalties, the ability of the Company to satisfy such obligations will depend on receiving relevant information and/or documentation about each Shareholder and the direct and indirect beneficial owners of the Ordinary Shares (if any). There can be no assurance that the Company will be able to satisfy such obligations. If a Shareholder, or any related party, causes the Company to suffer a FATCA Deduction, financial penalty, or other cost, expense or liability, or the Company is required to make a FATCA Deduction from such Shareholder, the Company may take any action available to it to ensure that the FATCA Deduction or financial penalty and other associated costs, expenses and liabilities are economically borne by such Shareholder. Such action may (without limitation) include the compulsory sale of any Ordinary Shares held by such Shareholder and the Company reducing or refusing to make payment to such Shareholder of any dividends or other amounts.

All Shareholders and prospective investors should consult with their own tax advisers regarding the possible implications of FATCA, the US-UK IGA, CRS and the associated implementing legislation in the United Kingdom any other similar legislation and/or regulations on their investments in the Company.

PART X

REGULATION

The Group is subject to a number of directives, rules and regulations, including, but not limited to the AIFMD, the AIFMD Rules, MiFID 2 Directive, MiFID2 and PRIIPs Regulation. The Company will not be regulated as a collective investment scheme by the FCA however, the Company will, from Admission, be subject to the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation. A summary of each of the AIFMD, MiFID 2 and PRIIPs directives, rules and regulations and their application to the Company, Group, Asset Manager and AIFM are included below. In addition, a summary of the continuing obligations imposed on the Group by IPSX is included below.

The AIFMD and AIFMD Rules

Under the AIFMD, the Company, as an alternative investment fund must appoint an AIFM, which is duly authorised and has the appropriate permissions from the FCA.

The AIFMD imposes requirements on EU alternative investment fund managers, such as the AIFM, which manage and/or market alternative investment funds to professional investors within the European Economic Area. AIFMD imposes, *inter alia*, additional disclosure, internal organisation, depositary and reporting requirements in relation to the AIFM, the Company and the Property. The AIFM will be subject to certain transparency obligations and asset stripping restrictions in respect of the Company under AIFMD.

The AIFMD Rules impose, *inter alia*, additional disclosure, internal organisation, depositary and reporting requirements in relation to the AIFM, the Company and the Property. In particular, as the AIFM of the Company, M7 Real Estate Financial Services Limited, is required to comply with on-going capital, reporting and transparency obligations and a range of organisational requirements and conduct of business rules. The AIFM must also adopt a range of policies and procedures addressing areas such as risk management, liquidity management, conflicts of interest, valuations, compliance, internal audit and remuneration. If the AIFM were to fail to comply with the legal and other regulatory requirements applicable to an authorised AIFM or otherwise cease to hold the authorisations or permissions necessary for the proper performance of its duties in respect of the Company, the AIFM would not be permitted to continue to undertake the investment management of the Company and a successor AIFM (duly authorised and with appropriate permissions) would need to be appointed to perform this function.

MiFID 2

In addition, the AIFM is subject to the MiFID 2 Directive and MiFID 2, which imposes additional regulatory obligations on the AIFM, including but not limited to general organisational rules, product governance, information security, telephone taping and retention of e-comms, transaction record keeping, inducements and receipt of research, best execution, costs and charges disclosures and financial promotion rules.

PRIIPs

As the Ordinary Shares are to be made available to “retail” investors in the United Kingdom, the PRIIPs Regulation requires the Company; as PRIIP manufacturer, to prepare a key information document (“KID”) in respect of the Ordinary Shares. This KID must be made available to retail investors in the United Kingdom prior to them making any investment decision and is available in the required language for such retail investors on the Company website. It should be noted that Ordinary Shares will not be available to retail investors in the EEA other than in the United Kingdom.

IPSX Prime Rules and IPSX Continuing Obligations

The rules imposed by IPSX for admission to trading on the Prime segment include the appointment of an IPSX lead advisor, an IPSX approved valuer and an IPSX market maker, in each case as such terms are defined in IPSX Prime Rules.

Following Admission, the Group must comply with the Disclosure Guidance and Transparency Rules and the disclosure obligations (as defined in the FCA Handbook). Under IPSX Prime Rules,

the Company must also publish half-yearly and annually the executive summary of a Red Book Valuation Report (as such term is defined in IPSX Prime Rules) prepared by an IPSX Approved Valuer. The half yearly valuation report must be published as soon as possible, but no later than 60 calendar days after the end of the period to which the report relates and, in any event, no later than the publication of the Group's half-yearly financial report.

Under IPSX Prime Rules, the Group's applications and submissions to the UK Land Registry are required to be filed in accordance with the HM Land Registry guidance and kept up to date.

IPSX Prime Rules also impose continuing obligations with regards to significant transactions, related party transactions and reverse takeovers.

The IPSX Rules (Rule 1.24) require an issuer's LTV ratio to not exceed a maximum of 40 per cent., both at Admission and following Admission as an ongoing requirement. Given that the intention is for the Company to reduce its loan facilities from £120 million to £70 million (and therefore reduce its LTV ratio to less than 40 per cent.) shortly following Admission, IPSX has agreed to defer this requirement for 15 business days from Admission to allow time for the DB Facility to be paid down using £50 million of the net proceeds of the Offer.

Should either the Company be unable to pay down the DB Facility by £50 million within the 15 business day period, or a subsequent reduction in the valuation of the Property causes the Company's LTV ratio to exceed the 40 per cent. limit, the Company would be in breach of Rule 1.24 of the IPSX Rules, and would accordingly approach IPSX to request a temporary waiver or deferral of Rule 1.24, in particular if there are mitigating circumstances such as decline in valuation of the Property caused by Covid-19, extraordinary economic conditions or other mitigating circumstances. Should such waiver or deferral not be granted by IPSX, IPSX could decide to suspend trading in the Company's Ordinary Shares, until such time as it could meet the requirements of Rule 1.24, and further IPSX could cancel trading in the Company's Ordinary Shares on IPSX.

Other Rules, Directives and Regulations

While the Group is subject to various other directives, rules and regulations, including but not limited to local and national environmental and health and safety rules and regulations, the Directors do not believe that any of these rules and regulations are individually material to the Group's business or operations.

While the Company intends to become a REIT, it is doing so voluntarily to achieve certain tax advantages and may voluntarily leave the REIT regime at any time. Therefore the Directors do not consider the REIT regime to be part of the regulatory environment applicable to the Company or Group. For details of the REIT regime, please see Part IX (*The REIT Regime and Taxation*).

PART XI

DETAILS OF THE OFFER

1. THE OFFER

The Company is targeting an issue of 62.5 million Ordinary Shares pursuant to the Offer at the Offer Price of £1.00 per Ordinary Share. The Target Gross Proceeds that the Company is seeking to raise is £62.5 million. In this Prospectus, the Placing, the Offer for Subscription and the Intermediaries Offer are together referred to as the “Offer”. **In the event that the Minimum Net Proceeds of £59.4 million are not raised, the Offer, and subsequent Admission, will not proceed and subscription monies will be returned without interest at the risk of the applicant.**

Where application monies for Ordinary Shares have been banked and/or received, and if any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional (including in the event that the Minimum Net Proceeds of the Offer are not raised and hence the Offer does not proceed), the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest by cheque, or by crossed cheque in favour of the applicant, by post at the risk of the person(s) entitled thereto, without interest within 14 days. In the meantime, application monies will be retained by the Receiving Agent in a separate non-interest bearing account. The actual number of Ordinary Shares to be issued pursuant to the Offer, and therefore the Gross Proceeds, are not known as at the date of this Prospectus but will be notified by the Company via a Regulatory Information Service announcement prior to Admission. The Offer is not being underwritten. The Offer size should not be taken as an indication of the number of Ordinary Shares to be issued.

Immediately following Admission, it is expected that more than 25 per cent. of the Company's issued Ordinary Share capital will be held in public hands.

2. THE PLACING

The Joint Bookrunners have agreed to use their respective reasonable endeavours to procure subscribers pursuant to the Placing for the Ordinary Shares on the terms and subject to the conditions set out in the Placing Agreement. The Offer is not being underwritten. Details of the Placing Agreement are set out in paragraph 11.1 of Part XII (*Additional Information*) of this Prospectus.

The Placing will close at 11 a.m. on 15 October 2020 (or such later date, as the Company, the AIFM and the Asset Manager and the Joint Bookrunners may agree). If the Placing is extended, the revised timetable will be notified through a Regulatory Information Service.

Each Placee agrees to be bound by the Articles of Association (as amended from time to time) once the Ordinary Shares, which the Placee has agreed to subscribe for pursuant to the Placing, have been acquired by the Placee. The contract to subscribe for the Ordinary Shares under the Placing and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Company, the Joint Bookrunners and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.

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

3. THE OFFER FOR SUBSCRIPTION

The Directors are also proposing to offer Ordinary Shares under the Offer for Subscription, subject to the terms and conditions of the Offer for Subscription set out in Annex A of this Prospectus. These terms and conditions and the Offer for Subscription Application Form attached as the Appendix to this Prospectus should be read carefully before an application is made. The Offer for Subscription will close at 11.00 a.m. on 15 October 2020. If the Offer for Subscription is extended, the revised timetable will be notified through a Regulatory Information Service.

Applications under the Offer for Subscription must be for Ordinary Shares with a minimum subscription of £1,000 Ordinary Shares and then in multiples of 100 Ordinary Shares thereafter. Multiple applications will be accepted. Application Forms accompanied by a cheque or banker's draft in sterling made payable to "Equiniti Limited re: Mailbox REIT plc Offer for Subscription a/c" (crossed A/c payee only) for the appropriate sum should be returned to Equiniti by no later than 11.00 a.m. on 15 October 2020. For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by no later than 1.00 p.m. on 20 October 2020. Please contact Equiniti by email at offer@equiniti.com and Equiniti will provide applicants with the bank account details, together with a unique reference number which must be used when sending payment.

Applicants choosing to settle via CREST on a delivery versus payment basis ("DVP"), will need to match their instructions to Equiniti's participant account 2RA30 by no later than 1.00 p.m. on 20 October 2020, allowing for the delivery and acceptance of Ordinary Shares to be made against payment of the Offer Price per Ordinary Share, following the CREST matching criteria set out in the Application Form.

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

Please also refer to paragraph 7 below titled "CREST".

4. THE INTERMEDIARIES OFFER

In connection with the Offer for Subscription, the Company has appointed Intermediaries to market the Ordinary Shares to potential retail investors in the United Kingdom.

Each Intermediary will, on appointment, agree to terms and conditions which will regulate, *inter alia*, the conduct of the Intermediaries in relation to the offering of Ordinary Shares on market standard terms and provide for the payment of commission to any such Intermediaries that elect to receive commission from the Company.

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

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

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

5. ALLOCATIONS AND SCALE BACK

In the event that commitments under the Offer exceed the maximum number of Ordinary Shares available, applications under the Offer will be scaled back at the Company's discretion in consultation with the Joint Bookrunners. There will be no priority given to applications under the Placing, applications under the Offer for Subscription or applications under the Intermediaries Offer pursuant to the Offer.

6. COSTS AND EXPENSES OF THE OFFER

The aggregate proceeds of the Offer, after deduction of expenses relating to the incorporation of the Company, the Offer and Admission, are expected to be £59.4 million on the assumption that the Target Gross Proceeds are £62.5 million.

7. CREST

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

8. PLACING AGREEMENT

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

The Placing Agreement provides for the Joint Bookrunners to be paid commission by the Company in respect of the Ordinary Shares to be allotted pursuant to the Offer. Any Ordinary Shares subscribed for by either Joint Bookrunner may be retained or dealt in by them for their own benefit.

The Joint Bookrunners are also entitled under the Placing Agreement to retain agents.

Further details of the terms of the Placing Agreement are set out in paragraph 11.1 of Part XII (*Additional Information*) of this Prospectus.

9. DEALINGS

Application will be made to IPSX for all of the Ordinary Shares of the Company issued and to be issued in connection with the Offer to be admitted to trading on IPSX. It is expected that admission will become effective and that dealings in the Ordinary Shares will commence at 9.00 a.m. (London time) on 21 October 2020. Ordinary Shares will be issued in registered form and may be held in either certificated or uncertificated form. In the case of Ordinary Shares to be issued in uncertificated form pursuant to the Offer, these will be transferred to successful applicants through the CREST system.

Where applicable, definitive share certificates in respect of the Ordinary Shares are expected to be despatched by post at the risk of recipients to the relevant holders in the week beginning 2 November 2020. Prior to the despatch of definitive share certificates in respect of any Ordinary Shares which are held in certificated form, transfer of those Ordinary Shares will be certified against the Register. No temporary documents of title will be issued.

The ISIN number of the Ordinary Shares is GB00BM9BWM32 and the SEDOL code is BM9BWM3.

The Company does not guarantee the price at which a market will be made in the Ordinary Shares. Accordingly, the dealing price of the Ordinary Shares may not necessarily reflect changes in the Net Asset Value per Ordinary Share.

10. LOCK-UP AND ORDERLY MARKET ARRANGEMENTS

Pursuant to the Placing Agreement, the Company has given certain undertakings to the Joint Bookrunners including an undertaking that it will not, subject to certain exceptions, without the prior written consent of the Joint Bookrunners, issue, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Ordinary Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing during the period which expires on the date which is 12 months after Admission.

As required by the IPSX Rules, pursuant to the Placing Agreement, each of the Controlling Shareholder, M7 and each of the Limited Partners of the Controlling Shareholder have (as required by the IPSX Rules) agreed that, during the 12 month period following Admission, subject to certain exceptions, it will not, directly or indirectly, offer, sell or contract to sell, or otherwise dispose of Ordinary Shares (or any interest in therein or in respect thereof) without the prior written consent of the Joint Bookrunners and IPSX. The Joint Bookrunners will give their consent to any disposal permitted by IPSX and under the IPSX Rules, IPSX may permit disposals where it is satisfied the disposal will not disadvantage other Ordinary Shareholders in the Company.

Pursuant to the Placing Agreement, each of the Directors and each of the directors of M7 has agreed that, during the 12 month period following Admission, subject to certain exceptions, s/he will not, directly or indirectly, offer, sell or contract to sell or otherwise dispose of, any Ordinary Shares (or any interest in therein or in respect thereof) without the prior written consent of the Joint Bookrunners and IPSX. The Joint Bookrunners will give their consent to any disposal permitted by IPSX and under the IPSX Rules, IPSX may permit disposals where it is satisfied the disposal will not disadvantage other Ordinary Shareholders in the Company.

11. RELATIONSHIP AGREEMENT

The Company has entered into a relationship agreement (the “**Relationship Agreement**”) with the Controlling Shareholder dated 30 September 2020, and effective at Admission. Please refer to 11.4 of Part XII (*Additional Information*) for further details of the Relationship Agreement.

12. OVERSEAS PERSONS

Potential investors in any territory other than the United Kingdom should refer to the notices set out in paragraph 18 of Part XII (*Additional Information*) the section entitled “*Important Information*” of this Prospectus.

The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary Shares under the Offer if it appears to the Company, the Joint Bookrunners or their respective agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

PART XII

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Company and each of the Directors, whose names appear on pages 207 and 208 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of their knowledge, the information contained in this Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect the import of such information.

2. THE ISSUER GROUP

2.1 *Incorporation of the Company*

The Company's name is Mailbox REIT plc and the Company has an indefinite life.

The Company was incorporated in England and Wales on 18 March 2020 with registered number 12524041 as a public company limited by shares under the Companies Act.

The principal place of business and registered office of the Company is C/O Alter Domus (UK) Limited, 18 St Swithin's Lane, London, United Kingdom, EC4N 8AD and its telephone number is +44 (0)20 3657 5500.

The principal legislation under which the Company operates is the Companies Act. The Company will not be regulated as a collective investment scheme by the FCA, nor will the Ordinary Shares be admitted to the Official List. The Ordinary Shares will be admitted to trading on the prime segment of IPSX. The Company will be subject to the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the rules of IPSX.

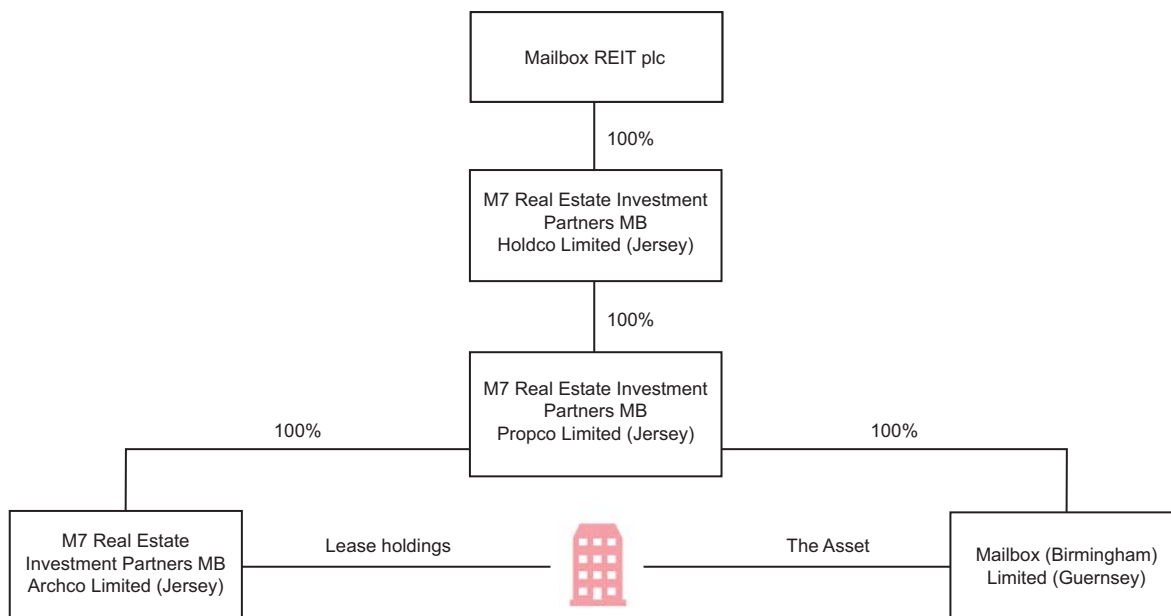
The Company's accounting period will end as of 31 December each year.

The Company is domiciled in England and Wales and, as at the date of this Prospectus, does not have any employees.

2.2 *Group structure*

The Company currently has the following subsidiaries and set out below is a simplified structure chart:

- M7 Real Estate Investment Partners MB Holdco Limited ("**Holdco**"), incorporated in Jersey, with registration number 129132. Holdco operates as an intermediate holding company and is wholly owned by the Company.
- M7 Real Estate Investment Partners MB Propco Limited ("**Propco**"), incorporated in Jersey with registration number 129133. Propco operates as an intermediate holding company and is wholly owned by Holdco.
- Mailbox (Birmingham) Limited ("**MBL**"), incorporated in Guernsey with registration number 53266. MBL owns the Property and is wholly owned by Propco.
- M7 Real Estate Investment Partners MB Archco Limited ("**Archco**"), incorporated in Jersey with registration number 130428. Archco is wholly owned by Holdco.



Above: structure upon Admission

2.3 Controlling Shareholder

The Controlling Shareholder is M7 Real Estate Investment Partners MB LP, a limited partnership established in Jersey, Channel Islands, acting by its general partner, M7 Real Estate Investment Partners MB General Partner Limited. The limited partners of the Controlling Shareholder are all members of the M7 Group. On the basis that the Controlling Shareholder is a tax transparent limited partnership, that the general partner is not entitled to any amounts representing dividends or other distributions declared by the Company and that no limited partner has an indirect entitlement to 10 per cent. or more of any such dividends or other distributions, no charge is expected to arise for the Company under the Substantial Shareholder rules (see further paragraph 1.4 of Part IX (*The Reit Regime and Taxation*) for more information) in respect of the Controlling Shareholder's shareholding in the Company.

2.4 AIFM and Asset Manager

The AIFM, M7 Real Estate Financial Services Limited, is a limited liability company incorporated in England and Wales on 17 January 2014 under the Companies Act with company number 8850690. The address of the registered office of the AIFM is 10 Queen Street Place London, EC4R 1AG and its telephone number is +44 (0) 20 3657 5500. The AIFM, as the Company's AIFM, will cover potential professional liability risks resulting from its activities as AIFM by holding professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered, in accordance with the AIFMD Rules.

The Asset Manager, M7 Real Estate Ltd, is a limited liability company incorporated in England and Wales on 18 July 2013 under the Companies Act with company number 8614287. The address of the registered office of the Asset Manager is 10 Queen Street Place, London EC4R 1AG and its telephone number is +44 (0)20 3657 5500.

2.5 Depositary and Administrator

Alter Domus Depositary Services (UK) Limited has been appointed as Depositary to provide depositary services to the Company, which will include cash monitoring activities, safekeeping of the assets of the Company. The Depositary is authorised and regulated by the FCA to carry out such depositary services (firm reference number 605561). The Depositary is permitted to delegate (and authorise its delegates to sub-delegate) the custody and/or safekeeping of the assets of the Company subject to the satisfaction of certain requirements under the terms of the Depositary Agreement (the "**Delegation Requirements**"). If the law of a third country requires that certain Financial Instruments (as defined under the FCA Rules) be held in custody by a local entity and no local entity satisfies the Delegation Requirements, the

Depository may nonetheless appoint such a local entity only to the extent required by the law of the third country and only for as long as there are no local entities that satisfy the Delegation Requirements, provided that the Company or the AIFM has instructed the Depository in writing to appoint such local entity to provide custody of such Financial Instruments (as defined under the FCA Rules). Details of the Depository Agreement are set out in paragraph 11.11 of this Part XII.

Alter Domus Fund Services (UK) Limited has been appointed to provide ongoing administration services including general fund administration services. The Administrator may delegate any obligations under the Administration Agreement to any of its Affiliates without the prior written consent from the Company. The Administrator may not delegate any obligation under this Agreement to any other person without the prior written consent from the Company (such consent may not be unreasonably withheld or delayed). Details of the Administration Agreement are set out in paragraph 11.10 of this Part XII.

3. SHARE CAPITAL

3.1 History

On incorporation, the Company issued 50,000 ordinary shares with £1.00 nominal value, one quarter of which (up to the value of £12,500) were issued fully paid for the purposes of incorporation to the Controlling Shareholder.

On 26 August 2020 at a general meeting of the Company, the Directors were granted authority by the Controlling Shareholder to allot ordinary shares to the Controlling Shareholder in relation to the share for share exchange by which the Controlling Shareholder transferred the shares in Holdco to the Company.

On 26 August 2020, the entirety of the ordinary shares were fully paid up by the Controlling Shareholder, and the Company and the Controlling Shareholder entered into a share for share exchange whereby the Controlling Shareholder swapped its shares in Holdco for shares in the Company, with 50,000 ordinary shares in the Company issued to the Controlling Shareholder as consideration for the transfer of the Controlling Shareholder's shares in Holdco to the Company. Following these transactions the Company's issued share capital was £100,000 comprising 100,000 issued ordinary shares of £1.00.

At a general meeting held on 26 August 2020 an ordinary resolution was passed to subdivide the ordinary shares into Ordinary Shares of £0.10, following which the Company's issued share capital was £100,000 divided into 1,000,000 Ordinary Shares, all of which were held by the Controlling Shareholder.

On 22 September 2020 at a general meeting of the Company ahead of Admission, the Directors were granted authority by the Controlling Shareholder (i) to allot Ordinary Shares to the Controlling Shareholder in connection with certain pre-Admission subscriptions for Ordinary Shares to enable the capitalisation of balances owed by the Company's subsidiary Holdco to the Controlling Shareholder (ii) to allot Ordinary Shares in relation to Admission, (iii) conditional on Admission, to allot Ordinary Shares up to the equivalent of 30 per cent. of the Company's share capital following Admission; and (iv) special resolutions of the Controlling Shareholder waiving its rights of pre-emption granted under the Company's articles of association for Ordinary Shares allotted pursuant to the authorities referred to in (i) and (ii) above and, conditional on Admission, the allotment of Ordinary Shares in the Company up to the equivalent of 10 per cent. of the Company's share capital following Admission (again, conditional on Admission occurring).

The Company will, prior to Admission, issue 52,500,000 new Ordinary Shares to the Controlling Shareholder for cash to enable Holdco to repay to the Controlling Shareholder £52.5 million owed by Holdco to the Controlling Shareholder, with all bar £2,000,000 of the balance waived by the Controlling Shareholder, such that as at Admission save for the £2,000,000 owed by Holdco to the Controlling Shareholder no amounts are owed by any member of the Group to the Controlling Shareholder. As a result of this issue, the issued share capital of the Company prior to Admission and prior to the issue of Ordinary Shares pursuant to the Offer is £5,350,000 comprising 53,500,000 Ordinary Shares.

Following Admission, the Company will undertake a court-approved reduction of capital in accordance with the Companies Act to cancel the share premium account, in order to provide it with distributable reserves to pay dividends in the future. The reduction of capital was approved (conditional upon Admission) by resolutions of the Company's Shareholders passed on 22 September 2020 and will require the approval of the court following Admission.

Set out below is the issued share capital of the Company: (i) as at the date of this Prospectus; and (ii) immediately following the Offer (assuming the Offer is in respect of 62.5 million Ordinary Shares):

	Ordinary Shares	
	Aggregate nominal value (£)	Number
(i) As at the date of this Prospectus	5,350,000	53,500,000
(ii) Immediately following the Offer ⁽¹⁾	11,600,000	116,000,000

Notes:

1. All Ordinary Shares will be fully paid at Admission.

3.2 Capitalisation of Shareholder Loans

As set out above, on 22 September 2020, and so as to take effect immediately prior to Admission, 52,500,000 Ordinary Shares were subscribed for by the Controlling Shareholder at £1.00 per Ordinary Share. These subscription monies will be used by the Company to subscribe for shares in Holdco, which in turn will subscribe for shares in Propco and Propco will subscribe for shares in MBL. The proceeds of the Subscriptions will be applied by which MBL to repay £52.5 million of the balance owed by MBL to Propco, which will use this amount to repay £52.5 million of the balance owed to Holdco, which will then use this amount to repay £52.5 million of the balance owed by Holdco to the Controlling Shareholder. Of the remaining amount owed by the Holdco to the Controlling Shareholder, £2 million will be left outstanding and the balance will be written off pursuant to a waiver and release entered into on 22 September 2020 and effective immediately prior to Admission. Each of Holdco and Propco have also entered into waivers and releases with, respectively, Propco and MBL waiving and releasing all remaining amounts owed to them after the repayments referred to above. As at Admission, save for this £2 million balance, there will be no amounts owed by any member of the Group to the Controlling Shareholder and no amounts owed by any member of the Group to any other member of the Group. The balance of £2,000,000 will be repaid after Admission by the Company, on Holdco's behalf, out of the net proceeds of the Offer. It is expected that this repayment will take place on or around the date on which the DB Facility is refinanced by the Canada Life Facility.

4. CORPORATE GOVERNANCE

The Board has considered the principles and recommendations of the 2019 AIC Code of Corporate Governance (the "**AIC Code**"). The Board intends to apply to be a member of the AIC as it considers that reporting against the principles and recommendations of the AIC Code (which incorporates the UK Code) will provide better information to Shareholders and is more appropriate for the Company and its Shareholders.

The AIC Code provides a framework of best practice for listed investment companies and addresses all the principles set out in the UK Corporate Governance Code (the "**UK Code**"), as well as setting out additional principles and recommendations on issues that are of specific relevance to listed investment companies. The Company considers that given the nature of its business the AIC Code is more appropriate to the Company's business.

As a recently incorporated company, the Company does not yet comply with the UK Code or the principles of good governance contained in the AIC Code. However, the Company intends to apply to join the AIC as soon as practicable following Admission and arrangements have been put in place so that, with effect from Admission, the Company will report against the AIC Code.

The Board considers the reporting against the principles and recommendations of the AIC Code, and by references to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to Shareholders. The Company expects to comply with the recommendations of the AIC Code with effect from Admission, except in respect of the provisions relating to:

Remuneration Committee

There will not be separate nomination, management engagement or remuneration committees, as the board of the Company is comprised entirely of three independent non-executive directors. Nomination and remuneration matters will therefore be dealt with by the independent board of directors as a whole. This is consistent with the practice of other listed REITs and in accordance with the AIC Corporate Governance Code, which states that such committees are not required if in view of the size and make-up of the board it is unnecessarily burdensome to establish separate committees.

Senior Independent Director

The Company has deemed that it does not need to appoint a Senior Independent Director but it has appointed an independent chair and two other independent directors. This provision is not deemed relevant to the position of the Company, being an externally managed real estate investment company, with an entirely non-executive board of directors.

The Financial Reporting Council has confirmed that member companies who report against the AIC Code will be meeting their obligations in relation to the UK Code. This endorsement means that AIC member companies may make a statement that, by reporting against the AIC Code they are meeting their obligations under the UK Code and as such do not need to report further on issues contained in the UK Code which are irrelevant to them. As recommended under the AIC Code, the Directors will be subject to re-election on an annual basis.

In addition, the Disclosure Guidance and Transparency Rules require the Company to: (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and (ii) describe its internal control and risk management arrangements.

The Company's Audit Committee will be chaired by Mickola Wilson and, due to the size and independent nature of the Board, will consist of all the Directors. The Audit Committee will meet at least twice a year. The Board considers that the members of the Audit Committee have the requisite skills and experience to fulfil the responsibilities of the Audit Committee. The Audit Committee will examine the effectiveness of the Company's risk management and internal control systems. It will review the half-yearly and annual reports and also receive information from the AIFM and the Asset Manager. It will also review the scope, results, cost effectiveness, independence and objectivity of the external auditor.

In compliance with the FCA Handbook, the AIFM is also subject to the rules requiring the AIFM to treat all customers fairly. The AIFM has implemented a Treating Investors Fairly Policy, in which it sets out how it abides by the general principles of Article 12 of AIFMD, with FCA Principle 6 regarding the fair treatment of customers and with the FCA six consumer outcomes concerning fair treatment of customers.

5. ARTICLES

5.1 Objects

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

5.2 Variation of rights

Subject to the provisions of the Companies Act as amended and every other statute for the time being in force concerning companies and affecting the Company (the "**Statutes**"), if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class (but not otherwise) and may be so varied either whilst the Company is a

going concern or during or in contemplation of a winding-up. At every such separate general meeting the necessary quorum shall be at least two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question (but at any adjourned meeting any holder of shares of the class present in person or by proxy shall be a quorum), any holder of shares of the class present in person or by proxy may demand a poll and every such holder shall on a poll have one vote for every share of the class held by him. Where the rights of some only of the shares of any class are to be varied, the foregoing provisions apply as if each group of shares of the class differently treated formed a separate class whose rights are to be varied.

5.3 Transfer of shares

A share in certificated form may be transferred by an instrument of transfer, which may be in any usual form or in any other form approved by the Directors, executed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee. A share in uncertificated form may be transferred by means of the relevant electronic system concerned. The Ordinary Shares are freely transferable although they are subject to the restrictions in the Articles described below.

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

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

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

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

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

If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors: (i) would cause the assets of the Company to be treated as “plan assets” of any Benefit Plan Investor; (ii) would or might result in the Company and/or its shares and/or any of its appointed investment managers or investment advisers being required to be registered or qualified under the US Investment Company Act and/or the US Investment Advisers Act of 1940 and/or the US Securities Act of 1933 and/or the US Exchange Act of 1934 and/or any similar legislation (in any jurisdiction) that regulates the offering and sale of securities; (iii) may cause the Company not to be considered a “Foreign Private Issuer” under the US Exchange Act of 1934; (iv) may cause the Company to be a “controlled foreign corporation” for the purpose of the US Code; or (v) may cause the Company to become subject to any withholding tax or reporting obligation under FATCA or any similar legislation in any territory or jurisdiction (including the United Kingdom’s International Tax Compliance Regulations 2015 (SI 2015/878)), or to be unable to avoid or reduce any such tax or to be unable to comply with any such reporting obligation (including by reason of the failure of the shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with such reporting obligation), then the Directors may declare the Shareholder in question a “Non-

Qualified Holder” and the Directors may require that any shares held by such Shareholder (“**Prohibited Shares**”) shall (unless the Shareholder concerned satisfies the Directors that he is not a Non-Qualified Holder) be transferred to another person who is not a Non-Qualified Holder, failing which the Company may itself dispose of such Prohibited Shares at the best price reasonably obtainable and pay the net proceeds to the former holder.

5.4 Alteration of share capital

The Company may by ordinary resolution:

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

5.5 Issue of shares

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

5.6 Dividends

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

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

5.7 Voting rights

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

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

5.8 Distribution of assets on a winding-up

If the Company is wound up, with the sanction of a special resolution and any other sanction required by law and subject to the Act, the liquidator may divide among the shareholders in specie the whole or any part of the assets of the Company and for that purpose may value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders. With the like sanction, the liquidator may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the shareholders as he may with the like sanction determine, but no shareholder shall be compelled to accept any shares or other securities upon which there is a liability.

5.9 Restrictions on rights: failure to respond to a Section 793 notice

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

5.10 Untraced shareholders

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

5.11 Appointment and retirement of Directors

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

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

Each Director shall retire from office at the third Annual General Meeting after the Annual General Meeting or General Meeting (as the case may be) at which he was previously appointed or re-elected. A retiring Director shall be eligible for re-election. A Director retiring at a meeting shall, if he is not re-elected at such meeting, retain office until the conclusion of the meeting or adjourned meeting at which he is due to retire. Where a Director is (i) a non-executive director and has been in office for nine years or more; or (ii) a director, partner, other officer or employee of or professional advisor to the AIFM and/or the Asset Manager or any other company in the same group as the AIFM or the Asset Manager, he shall retire from office at every Annual General Meeting and shall be eligible for re-election.

5.12 Powers of Directors

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

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

5.13 Borrowings

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

5.14 Voting at board meetings

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

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

5.15 Restrictions on voting

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

5.16 Directors' interests

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

5.17 Indemnity

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

5.18 General meetings

In the case of the annual general meeting, twenty-one clear days' notice at the least shall be given to all the members and to the auditors. All other general meetings shall be convened by not less than fourteen clear days' notice to all those members and to the auditors.

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

A shareholder is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company. A shareholder may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to

exercise the rights attached to a different share or shares held by him. Subject to the provisions of the Act, any corporation (other than the Company itself) which is a shareholder may, by resolution of its directors or other governing body, authorise such person(s) to act as its representative(s) at any meeting of the Company, or at any separate meeting of the holders of any class of shares.

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

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

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

6. REIT PROVISIONS

A summary of the REIT provisions included in the Articles is set out in paragraph 5 of Part IX (*The REIT Regime and Taxation*) of this Prospectus.

7. DIRECTORS

The directors of the Company are Stephen Barter, Mickola Wilson and Ian Womack:

Stephen Barter

Stephen Barter has over 40 years' experience in real estate during which time he has held a number of senior leadership roles. He is now Chairman of his own firm Wilton Capital Advisers. Until March 2018, he was Chairman of Real Estate Advisory at KPMG LLP. Previously, he was UK Chief Executive Officer of Qatari Diar, the property arm of the Qatar Investment Authority, Group Projects Director at Grosvenor, the Duke of Westminster's private international property company (and a member of its Executive Committee), Head of European Real Estate at Babcock & Brown and an equity partner at Richard Ellis (now CBRE). Stephen's experience extends to property investment and financing, large-scale placemaking development and strategic advice to major multinational companies and Governments. He has worked extensively in the US, Canada, Asia, the Middle East and Australia, as well as across Europe. He is a non-executive director of the UK Atomic Energy Authority, Nexus Group and Cambridge University's West & North West Cambridge Estate Board. He also serves on the Investments Committee of Gonville & Caius College Cambridge and chairs its Investment Property Sub-Committee. He is Chairman of the Advisory Board of Thomas's London Day Schools. Among other pro bono appointments, he is Vice-Chairman of the Gabrieli Consort and a member of the London Symphony Orchestra Advisory Council.

Among other previous appointments, he has served on the UK Prime Minister's Property Consultative Committee, the UK Ministry of Defence Estates Committee, and the Bank of England Property Forum. He is a former UK Chairman of the Urban Land Institute and a former Deputy Chairman of the University of the Arts London. Stephen is a graduate of Cambridge University, a Fellow of the Royal Institution of Chartered Surveyors and a Fellow of the Royal Society of Arts.

Mickola Wilson

Mickola Wilson is a highly experienced real estate fund and asset manager, former CEO of Teesland plc and MD of Guardian Properties, and now has a wide portfolio of roles. She is a non-executive director of the Government Property Agency (GPA), and Palace Capital plc (REIT) and is a member of the investment committee at the Health Foundation and BLME, an Associate Non-Executive Director of the Kent and Medway Partnership Trust (NHS) and Non-executive Director of her family's estate agency Kalmars. She is a co-owner of Seven Dials

Fund Management which provides investment management services, research and analysis for private clients and currently acts as the fund manager for the owners of the Princes Quay Shopping Centre in Hull.

As part of Seven Dials her roles have included Non-Executive Chairman of Cushman and Wakefield Investors, advisor to a number of private investors and manager of the BLME light industrial Fund. Prior to joining Seven Dials she was CEO of Teesland plc, a listed property fund and asset management company with a capital value of £200m, with over £5bn of funds under management across UK and Europe. For over 20 years she worked for Guardian Royal Exchange and was MD of Guardian Properties for the last five years with responsibility for their property investment funds with a value of over £1bn and their global occupational property portfolio.

Ian Womack

Ian retired as Chief Executive, Real Estate at Aviva Investors in June 2015. Amongst other roles he is currently Chair of International Property Fund Management (IPFM), an Australian Property Fund Manager, an Independent Director of Grosvenor Liverpool Limited and was until recently a Senior Advisor to International Property Securities Exchange (IPSX). He is also Vice Chairman and Chairman of the fundraising committee of the Story of Christmas. He joined the finance industry in 1978 and Aviva Investors (then Norwich Union) in April 1980. Ian has over 40 years' experience in the Real Estate sector. The majority of his career was with Aviva Investors working in a variety of roles within Real Estate before being appointed to lead the business in 1998.

He is an active and engaged participant in the broader Real Estate community and was Chairman of the highly respected Investment Property Forum from 2006 to 2007. Ian has an Honours degree in Urban Land Economics and is a Fellow of the Royal Institution of Chartered Surveyors.

- 7.1 There will be no options or awards over shares held by the Directors and the Directors do not hold any shares in the Company at the date of this Prospectus.
- 7.2 During the period from incorporation of the Company to the date of this Prospectus, the Directors have not acquired any shares in the Company. It is expected that the Directors will acquire shares in the Offer, as detailed below:

The Directors intend to apply for Ordinary Shares in the Offer. The Company anticipates that immediately following Admission the Directors will be directly or indirectly interested in the following Ordinary Shares:

Director	Direct or indirect holding	No. of Ordinary Shares to be acquired under the Offer	% of total issued share capital immediately following Admission
Stephen Barter	Direct	10,000	0.008
Mickola Wilson	Direct	25,000	0.02
Ian Womack	Direct	25,000	0.02

7.3 During the five years immediately prior to the date of this Prospectus the Directors are or have been directors or partners or members of the administrative, management or supervisory bodies of the companies or partnerships listed below:

Director	Current directorships/ partnerships	Former directorships/ partnerships
Stephen Barter	Wilton Capital Advisers Ltd UK Atomic Energy Authority Nexus Tradeco Holdings Ltd Cambridge University's West & North West Cambridge Estate Board Masonic Housing Association Gabrieli Ltd	None
Mickola Wilson	Government Property Agency Palace Capital plc Seven Dials Fund Management Ltd Seven Dials Financial Ltd	None
Ian Womack	Womack Partners Ltd Grosvenor Liverpool Ltd IPFM Pty Ltd Methak Investment Holding Story of Christmas	None

7.4 As at the date of this Prospectus, there are no loans or guarantees provided by the Company for the benefit of any Director. There are no potential conflicts of interest between any duties owed by the Directors to the Company and their private interests or other duties. For potential conflicts of interests in relation to the AIFM, the Asset Manager, and the M7 Group, please see paragraph 8 in Part II (*Information on the AIFM and the Asset Manager*).

7.5 During the five years immediately prior to the date of this Prospectus no Director has:

- a) any convictions in relation to fraudulent offences;
- b) been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any of his assets
- c) been a director of any company which, while he was a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors;
- d) been a partner of any partnership which, while he was a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset;
- e) received any public criticism and/or sanction by statutory or regulatory authorities (including designated professional bodies); or
- f) (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 any company.

8. DIRECTORS' LETTERS OF APPOINTMENT

8.1 Particulars of the Directors' current letters of appointment with the Company are set out below:

Director	Date of letter of appointment	Notice period from either party	Fee (£)	Benefits in kind
Stephen Barter	7 July 2020	At any time by the director and at least one months' notice from the Company	35,000	None
Mickola Wilson	7 July 2020	At any time by the director and at least one months' notice from the Company	25,000	None
Ian Womack	7 July 2020	At any time by the director and at least one months' notice from the Company	25,000	None

9. MAJOR SHAREHOLDERS

9.1 Insofar as is known to the Company at the date of this Prospectus, the Company anticipates that immediately following the Admission, the following persons will be directly or indirectly interested in three per cent. or more of the Company's issued share capital:

Shareholder	Direct or indirect holding	No. of Ordinary Shares to be acquired under the Offer	% of total issued share capital immediately following Admission
Controlling Shareholder	Direct	N/A	46.1

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

10. PROPERTY

For a description of the real property owned by the Company, please see Part I (*Information on the Company and the Property*).

11. MATERIAL CONTRACTS

11.1 Placing Agreement

On 30 September 2020 the Company, AIFM, the Asset Manager and the Directors entered into a placing and lead adviser agreement (the "**Placing Agreement**") with the Joint Bookrunners pursuant to which the Joint Bookrunners were appointed bookrunner in relation to the Offer and WH Ireland was appointed as lead adviser in connection with the Admission.. Pursuant to the terms and conditions of the Placing Agreement, the Joint Bookrunners agreed, subject to certain conditions, to use reasonable endeavours to procure subscribers for the new Ordinary Shares to be used in connection with the Placing.

In connection with the Placing, the Company agreed to pay a corporate finance fee to WH Ireland and commissions to the Joint Bookrunners. The Company, the Directors, the AIFM and the Asset Manager have given customary representations, warranties and undertakings to the Joint Bookrunners as to the accuracy of the information contained in this document and other

relevant documents, and in respect of other matters relating to the Company. In addition, the Company has given customary indemnities to the Joint Bookrunners and to certain indemnified persons connected with each of them.

11.2 Lock-up Agreements

Please refer to paragraph 10 of Part XI (*Details of the Offer*) for details of the lock-up agreements.

11.3 Lead Adviser Agreement

Following Admission, the Company expects to enter into an agreement with WH Ireland appointing WH Ireland as IPSX Lead Adviser to the Company. The agreement provides for WHI to be paid an annual retainer fee of £40,000. The agreement can be terminated by either party on three months' notice and for cause.

11.4 Relationship Agreement

The Company has entered into the Relationship Agreement with the Controlling Shareholder, dated 30 September 2020. The Relationship Agreement contains undertakings from the Controlling Shareholder that (i) transactions and arrangements with the Controlling Shareholder (and/or any of its associates) will be conducted at arm's length and on normal commercial terms; and where applicable subject to IPSX Prime Rules in particular as regards transactions between a company and its related parties; (ii) neither the Controlling Shareholder nor any of its associates will take any action that would have the effect of preventing the Company from complying with its obligations under IPSX Prime Rules; and (iii) neither the Controlling Shareholder nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of IPSX Prime Rules.

11.5 AIFM Agreement

The AIFM Agreement was entered into on 30 September 2020 between the Company, the AIFM, the Asset Manager, Holdco, Propco, Archco and MBL pursuant to which the Company has appointed the AIFM as the AIFM of the Company. Thereafter, the AIFM's appointment shall continue unless the AIFM Agreement is terminated in the manner described below. The AIFM will provide risk management, investment management and portfolio management services to the Company, in all cases subject to the overall supervision of the Board.

The AIFM is entitled to a portion of the Aggregate Periodic Fee (such portion, the AIFM Fee) as described in paragraph 5 of Part II (*Information on the AIFM and the Asset Manager*), together with reimbursement of reasonable out-of-pocket expenses, disbursements, fees and costs incurred by it on behalf of the Company or in relation to the Company's business. No performance fee will be payable to the AIFM. The AIFM shall bear its own day-to-day operating expenses and overheads. This includes, without limitation, compensation of its own professional staff, the cost of office space, office equipment, communications, utilities and other normal overhead expenses.

The AIFM may delegate or sub-contract certain of its obligations provided that: (a) it has obtained the prior written consent of the Company; (b) the AIFM may not delegate both portfolio management and risk management to another person (and may not delegate to the extent so to do would render it a "letterbox entity" for the purposes of the AIFMD); and (c) notwithstanding any delegation, the AIFM will remain liable to the Company for the performance of services as provided by the AIFM Agreement.

The AIFM will provide certain risk management services to the Company, including establishing, implementing and reviewing a risk management system in order to identify, measure, manage and monitor all risks which are relevant and to which the Company is or may be exposed.

Following the expiry of the initial period of 10 years from the effective date of the AIFM Agreement, the AIFM Agreement shall automatically renew for successive five year terms, unless the Company or the AIFM provides six months' written notice of nonrenewal prior to the end of the then-current term (a "**nonrenewal notice**"), or unless otherwise terminated in accordance with the AIFM Agreement.

Notwithstanding the foregoing, the AIFM Agreement may be terminated: (i) with immediate effect on the occurrence of certain default events, including the insolvency of the AIFM; the AIFM's fraudulent, wilful or material breach of the AIFM Agreement; or the AIFM ceasing to be authorised by the FCA or ceasing to be able lawfully to continue to provide the services under the AIFM Agreement; (ii) if the Company terminates such appointment by giving not less than 6 months' written notice, provided that such notice may only be given after the second anniversary of the effective date of the AIFM Agreement and if the aggregate number of ordinary shares in the capital of the Company held by the AIFM and its Affiliates (as defined in the AIFM Agreement) equates to less than 20 per cent of the aggregate ordinary issued share capital of the Company; or (iii) from the giving of written notice to that effect from the AIFM or the Company to the other following either (a) the termination of the Asset Management Agreement; or (b) the disposal of all of the Property and the Permitted Temporary Investments (as defined in the AIFM Agreement). In the event that the AIFM Agreement is terminated in accordance with (ii) above or by way of a nonrenewal notice, the AIFM shall be paid an amount equal to 6 months' of the AIFM Fee calculated as if the date of termination were a Quarter Day (as defined in the AIFM Agreement) as well as any costs or expenses incurred by the AIFM in taking reasonable steps to facilitate the handover of the services under the AIFM Agreement to any replacement alternative investment fund manager selected by the Company in accordance with the AIFM Agreement.

The liability of the AIFM or its Related Persons (as defined in the AIFM Agreement) incurred by reason of any action performed or omitted in connection with the activities of the Company or in dealing with third parties on behalf of the Company is expressly limited to fraud, wilful default or gross negligence of the AIFM, or any material breach of the AIFM Agreement by the AIFM, or a material breach of a FCA rule by the AIFM except to the extent the AIFM retains or is subject to a higher or greater degree of liability with respect to the Portfolio Management Services or Risk Management Services (both as defined in the AIFM Agreement) provided under the AIFM Agreement in accordance with the mandatory, non-derogable provisions of the AIFMD Rules.

The Company has agreed to indemnify and hold harmless, to the maximum extent permitted by law, the AIFM and the Related Persons against any liabilities, claims and related expenses (including attorneys' fees) incurred by reason of any action performed or omitted in connection with the services under the AIFM Agreement to the Company, provided that such action does not constitute fraud, wilful default or gross negligence of the AIFM, or any material breach of the AIFM Agreement by the AIFM, or a material breach of an FCA rule by the AIFM.

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

11.6 Asset Management Agreement

The Asset Management Agreement was entered into on 30 September 2020 between the Company, the Asset Manager, the AIFM, Holdco, Propco, Archco and MBL pursuant to which Archco and MBL (together with any of their subsidiaries from time to time, the "**Property Companies**") have appointed the Asset Manager as their asset manager. The Asset Manager will be responsible for the day-to-day management of the Property, and will provide certain administration services to the Group, in each case subject to the overall supervision of the Board.

The Asset Manager is entitled to a portion of the Aggregate Periodic Fee (such portion, the Asset Management Fee) as described in paragraph 7 of Part II (Information on the AIFM and the Asset Manager), together with reimbursement of reasonable out-of-pocket expenses incurred by it in the performance of its duties together with reimbursement of reasonable out-of-pocket expenses, disbursements, fees and costs incurred by it on behalf of the Company and/or the Mailbox Companies (as defined in the Asset Management Agreement) or in relation to their business. No performance fee will be payable to the Asset Manager. The Asset Manager shall bear its own day-to-day operating expenses and overheads. This includes, without limitation, compensation of its own professional staff, the cost of office space, office equipment, communications, utilities and other normal overhead expenses.

The Asset Manager may not sub-contract or delegate its duties or obligations under the Asset Management Agreement without the prior written consent of each of Archco and MBL, such consent not to be unreasonably withheld if to another member of the Asset Manager's group,

or to a third party if it has received the prior written consent of each of Archco and MBL, which consent Archco and MBL may in their absolute discretion withhold. Except in the case of any delegate which is an Affiliate of the Asset Manager, the Asset Manager shall not be liable to the Archco or MBL, as applicable, for any losses arising from the acts or omission of such a delegate. Subject to the receipt of such prior written consent, the Asset Manager may delegate or sub-contract any of the Services or any of its duties and obligations under the Asset Management Agreement, in whole or in part, provided that the Asset Manager shall use due skill, care and attention in the selection, appointment and monitoring of any delegate. The Asset Manager shall not be liable to the relevant Property Company for any losses arising from the acts or omission of a delegate appointed in accordance with the Asset Management Agreement.

Following the expiry of the initial period of 10 years from the effective date of the Asset Management Agreement, the Asset Management Agreement shall automatically renew for successive five year terms, unless Archco, MBL or the Asset Manager provides six months' written notice of nonrenewal prior to the end of the then-current term, or unless otherwise terminated in accordance with the Asset Management Agreement.

Notwithstanding the foregoing, the Asset Management Agreement may be terminated: (i) with immediate effect on the occurrence of certain events, including the insolvency of the Asset Manager; the Asset Manager's fraudulent, wilful or material breach of the Asset Management Agreement; or the Asset Manager ceasing to be able lawfully to continue to provide the services under the Asset Management Agreement; (ii) from the giving of written notice to that effect from the Asset Manager, the Company or any Property Company to the other parties following the termination of the AIFM Agreement. In the event that the Asset Management Agreement is terminated by way of: (ii) above or a nonrenewal notice, the Asset Manager shall be paid an amount equal to 6 months' of the Asset Management Fee, provided that an equivalent fee is payable to the AIFM under the terms of the AIFM Agreement in the case of (i) as if the date of termination were a Quarter Day (as defined in the Asset Management Agreement) as well as any costs or expenses incurred by the Asset Manager in taking reasonable steps to facilitate the handover of the services under the Asset Management Agreement to any replacement asset manager selected by the Company in accordance with the Asset Management Agreement.

The liability of the Asset Manager or any of its Related Persons (as defined in the Asset Management Agreement) incurred by reason of any action performed or omitted in connection with the activities of each of Archco and MBL or in dealing with third parties on behalf of each of Archco and MBL is expressly limited to fraud, wilful default or gross negligence of the Asset Manager, or any material breach of this Agreement by the Asset Manager except to the extent the Asset Manager retains or is subject to a higher or greater degree of liability with respect to the Services provided hereunder in accordance with the mandatory, non-derogable provisions of the AIFMD Rules. For the avoidance of doubt, to the extent legally permitted the maximum liability of the Asset Manager to the other parties to the Asset Management Agreement in relation to the services thereunder and the Asset Management Agreement shall be limited to an amount equal to the aggregate of the Asset Management Fees payable in respect of the preceding four Quarter Days (as defined in the Asset Management Agreement).

The Company has agreed to indemnify and hold harmless, to the maximum extent permitted by law, the Asset Manager and its Related Persons against any liabilities, claims and related expenses (including attorneys' fees) incurred by reason of any action performed or omitted in connection with the provision of the services under the Asset Management Agreement, provided that such action does not constitute fraud, wilful default or gross negligence of the Asset Manager, or any material breach of the Asset Management Agreement by the Asset Manager.

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

11.7 Property Management Agreement

The Group has appointed Jones Lang LaSalle Limited (the "**Property Manager**") to provide property management services in respect of the Property pursuant to an agreement dated 9 July 2020 made between MBL and the Property Manager for a term expiring on 31 July 2021 (the "**Property Management Agreement**"). Pursuant to the agreement, the Property

Manager is required to maintain at its own cost professional indemnity insurance of £10 million in aggregate and the Property Manager's total aggregate liability in respect of all losses arising out of or in connection with the Property Management Agreement is limited to this amount.

The Property Manager has agreed to provide or procure services to deal with the day to day running of the Property. These services include financial and record management, client reporting, assisting with any relevant acquisitions, sale or new lettings, management of relations with any occupiers of the Property, inspecting the condition of the Property, providing on-site staff, administering the service charge in compliance with legislation, liaising with the Company's insurance broker, and procuring and managing facilities management services for the Property.

Under the Property Management Agreement, the Property Manager is entitled to a fee of £260,000 per annum together with 10 per cent. of reasonable expenditure related to the on-site staff (which includes salaries, holiday pay, statutory payments, bonuses and commission payments, employer's national insurance contributions, pensions and other benefits).

The Property Management Agreement may be terminated:

- (A) by MBL on three months' written notice to the Property Manager at any time;
- (B) by either party by giving notice in the event of material breach and the other party fails to remedy the breach within 28 days;
- (C) by either party giving written notice to the other party if the other party becomes insolvent;
- (D) if MBL fails (after being given no less than two reminders in writing each providing at least ten working days' notice and where no genuine dispute exists as to the outstanding sum) fails to pay any sum due to the Property Manager under the Property Management Agreement; and
- (E) if MBL sells the Property or its interest in the Property.

Under the Property Management Agreement, MBL indemnifies and keeps fully indemnified the Property Manager from and against any and all third party claims, demands, proceedings, damages, losses, costs and expenses which the Property Manager suffers as a result of the provision of the services and any breach of the Property Management Agreement by MBL.

The Property Management Agreement is governed by English Law.

11.8 Facilities Management Agreement

MBL has appointed Interserve Limited (the "**Facilities Manager**") to provide facilities management services in respect of the Property pursuant to an agreement dated 9 September 2020 made between MBL and the Facilities Manager for a term expiring on 31 July 2021 (the "**Facilities Management Agreement**"). Pursuant to the agreement, the Facilities Manager is required to maintain, as a minimum, at its own cost public liability insurance of £20 million per claim, employer's liability insurance of £10 million per claim and third party legal liability insurance of £5 million per claim and the Facilities Manager's liability in respect of all losses arising out of or in connection with the Facilities Management Agreement is limited to the higher of (i) two times the value of the sums due to the Facilities Manager under the Facilities Management Agreement in the applicable year, (ii) £1 million and (iii) where the relevant liability is as per the insurance obligations above, the relevant minimum level of insurance.

The Facilities Manager has agreed to provide or procure both hard and soft services and facilities management including responsibility for general management of the Property, internal and external cleaning, housekeeping, waste management and maintenance including mechanical, electrical and engineering tasks and reactive and remedial repairs, landscaping, pest control, site health & safety providing a site management team, a duty manager and control room officer (both 24 hours a day and seven days a week), supervisor, receptionist, housekeepers and security officers, and ensuring the prescribed software management system is maintained in an accurate and up to date condition.

Under the Facilities Management Agreement, the Facilities Manager is entitled to a fee of approximately £2 million per year, based upon the detailed cost breakdown annexed to the Facilities Management Agreement, with the Facilities Manager indemnifying MBL against any overspend.

The Facilities Management Agreement may be terminated:

- (A) by MBL on 1 month's written notice to the Facilities Manager at any time;
- (B) by MBL by giving notice in the event of an Event of Default defined as (a) material breach and the Facilities Manager fails to remedy the breach within 14 days (b) abandonment by the Facilities Manager of any or all of the services (c) suspension of the services without due cause (d) the repeat of a non-material breach where MBL has served notice identifying the breach and stating that if the breach is repeated within 3 months it will be an event of default (e) the Facilities Manager having received a KPI score of less than 80 per cent. for 3 consecutive months and (f) the Facilities Manager or any sub-contractor committing fraud or corruption;
- (C) by either party giving written notice to the other party if the other party becomes insolvent or in the event of force majeure extending for a period of 90 days or more;
- (D) if MBL sells the Property or its interest in the Property;
- (E) by the Facilities Manager if MBL fails to pay any sum within 60 days of receiving a notice specifying the unpaid sum and stating that the contract will terminate if payment is not made within 60 days.

The Facilities Management Agreement is governed by English Law.

11.9 Administration Agreement

Alter Domus Fund Services (UK) Limited has been appointed as Administrator to the Company for the purposes of the AIFM Directive pursuant to an agreement between the Administrator, the Company and the AIFM dated 30 September 2020, the (the "**Administration Agreement**").

The Administrator will be entitled to range of fees under the Administration Agreement which shall be variable based on the actual services to be provided during any period subject to a minimum fee of £40,000 per annum (excluding VAT). In addition, the Administrator shall be entitled to receive its reasonable and documented out-of-pocket expenses incurred by it in the performance of the Services, and such other costs and expenses as may be agreed between the parties from time to time.

The Administrator may delegate any obligations under the Administration Agreement to any of its affiliates without the prior written consent from the Company. The Administrator may not delegate any obligation under the Administration Agreement to any other person without the prior written consent from the Company (such consent may not be unreasonably withheld or delayed). The Administrator shall remain at all times liable for the acts and omissions of any person to whom obligations are delegated pursuant to the Administration Agreement.

The Administration Agreement shall continue until terminated by either the Administrator, the AIFM or the Company in accordance with the Administration Agreement. The Administrator, the AIFM or the Company may terminate the Administration Agreement: (i) at any time, without cause or liability, by giving not less than three months' notice in writing to the other parties; (ii) immediately on written notice where: (a) another party commits a material breach, as set out in the Administration Agreement, which is not capable of remedy or, if it is capable of remedy, is not remedied within 28 days following notice of the same; (b) another party undergoes an Insolvency Event (as defined in the Administration Agreement); (c) a party ceases to be authorised and regulated by an applicable regulator to carry out its respective regulated activities (where applicable); (d) another party commits gross negligence, wilful default, fraud, material breach of applicable laws and regulations or the FCA Rules or failure to act with reasonable care and diligence with regards to its obligations under the Administration Agreement; or (e) any representations and/or warranties provided by a party become false or inaccurate. Where the continued performance of the services under the Administration Agreement becomes unlawful, any party may terminate the Administration

Agreement with immediate effect by notice in writing to the other parties. Upon termination of the Administration Agreement, the Administrator shall be entitled to receive all fees and other expenses accrued or incurred up to the date of such termination and the Company shall procure the reimbursement to the Administrator of its reasonable costs, expenses and disbursements in accordance with the Administration Agreement.

The Administrator shall perform its duties under the Administration Agreement to the best of its ability and knowledge and with the degree of care and diligence customarily exercised by professional operators providing the services under the Administration Agreement.

In respect of any liability arising out of the Administrator's obligations under the Administration Agreement, the Administrator shall have no liability towards the Company except on account of gross negligence, wilful default, fraud, material breach of the Administration Agreement, applicable laws and regulations or the FCA Rules or failure to act with reasonable care and diligence of the Administrator or its officers, directors and employees and/or agents as may be appointed from time to time by the Administrator.

The Company shall indemnify and hold harmless the Administrator and its officers, directors, employees and/or duly appointed agents against all liabilities, costs, expenses, damages and losses (excluding any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other reasonable professional costs and expenses) suffered or incurred by the Administrator directly arising out of or in connection with the fact that the Administrator has acted pursuant to the Administration Agreement or in accordance with any Proper Instruction (as defined in the Administration Agreement) where required, except if such costs, damages, liabilities, claims and expenses arise from gross negligence or wilful default or fraud or material breach of the Administration Agreement, applicable laws and regulations or the FCA Rules or failure to act with reasonable care and diligence of the Administrator or its officers, directors and employees and/or agents as may be appointed from time to time by the Administrator and for which the Administrator shall be liable in accordance with the Administration Agreement and the applicable laws.

The Administrator shall indemnify and hold harmless the Company against all liabilities, costs, expenses, damages and losses (excluding any indirect, special or consequential damages or losses, loss of profit or loss of reputation) and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other reasonable professional costs and expenses, suffered or incurred by the Company directly resulting or arising from the gross negligence, wilful breach or default, fraud, material breach or failure to act with reasonable care and diligence, breach of the Administration Agreement, applicable laws and regulations or the FCA Rules on the part of the Administrator or its officers, directors, employees and/or agents as may be appointed from time to time by the Administrator and for whose actions the Administrator shall be liable in accordance with the Administration Agreement and the applicable laws. The Administration Agreement is governed by the laws of England and Wales.

11.10 Depositary Agreement

Alter Domus Depositary Services (UK) Limited has been appointed as Depositary to the Company for the purposes of the AIFM Directive pursuant to an agreement between the Depositary, the Company and the AIFM dated 30 September 2020, the (the "**Depositary Agreement**").

The Depositary will be entitled to an annual fee of £30,000 per annum (excluding VAT) payable quarterly in arrears, as well as an initial set up fee of £5,000. In addition, the Depositary shall be entitled to receive its reasonable and documented out-of-pocket expenses incurred by it in the performances of the services under the Depositary Agreement, and such other costs and expenses as may be agreed between the parties to the Depositary Agreement from time to time.

The Depositary is permitted to delegate (and authorise its delegates to sub-delegate) the custody and/or safekeeping of the assets of the Company subject to the satisfaction of certain requirements under the terms of the Depositary Agreement including but not limited to: (a) the Depositary may only appoint a delegate that is not an affiliate of the Depositary with the written consent of the AIFM; (b) a delegate shall not be appointed with the intention of

avoiding the requirements of the AIFMD Rules; (c) the Depositary can demonstrate there is an objective reason for the appointment; (d) the Depositary has exercised all due skill, care and diligence in the selection and the appointment of any delegate and keeps exercising all due skill, care and diligence in the periodic review and ongoing monitoring of any Delegate and of the arrangements of the delegate in respect of the matters it is appointed to carry on; and (e) the Depositary ensures that the delegate meets the certain conditions at all time during the appointment (the “**Delegation Requirements**”). If the law of a third country requires that certain Financial Instruments be held in custody by a local entity and no local entity satisfies the Delegation Requirements, the Depositary may nonetheless appoint such a local entity only to the extent required by the law of the third country and only for as long as there are no local entities that satisfy the Delegation Requirements, provided that the investors have been informed of the situation and the circumstances justifying such appointment, prior to their appointment, and the Company or the AIFM has instructed the Depositary in writing to appoint such local entity to provide custody of such Financial Instruments. The appointment of a third party by the Depositary in accordance with the Depositary Agreement does not affect the liability of the Depositary to the AIFM and/or the Company except if the Depositary has discharged itself of liability by way of a special agreement between the Depositary, the delegate, and with the AIFM and/or the Company, in accordance with the requirements of the AIFMD Rules.

The Depositary Agreement shall continue until terminated by the Depositary, the AIFM or the Company in accordance with the Depositary Agreement. The Administrator, the AIFM or the Company may terminate the Depositary Agreement: (i) at any time, without cause or liability, by giving not less than three months’ notice in writing to the other parties; (ii) immediately on written notice where: (a) another party commits a material breach, as set out in the Depositary Agreement, which is not capable of remedy or, if it is capable of remedy, is not remedied within 28 days following notice of the same; (b) another party undergoes an Insolvency Event (as defined in the Depositary Agreement); (c) either the AIFM or the Depositary ceases to be authorised and regulated by the FCA (or such other regulator as may be applicable) to carry out its respective regulated activities; (d) any party’s warranties become false or inaccurate; or (e) the AIFM ceases to be the AIFM of the Company. The Depositary may also terminate the Depositary Agreement if a Relevant Matter (as defined under the Depositary Agreement) is not resolved within 30 business days of the Depositary notifying such Relevant Matter to the AIFM and the Company.

Where in the sole opinion of the Depositary the circumstances surrounding the AIFM’s operations (including but not limited to any breaches or potential breaches by the AIFM of any applicable law) render the continued provision of the Services by the Depositary impracticable or unlawful, the Depositary may terminate the Depositary Agreement with immediate effect by notice in writing to the AIFM.

Where Applicable Law and Regulation (as defined in the Depositary Agreement) requires the AIFM to ensure that a depositary is appointed for an AIF that it manages, the Depositary’s appointment may not be terminated except upon the appointment of a replacement depositary. In the event the AIFM has not appointed a replacement depositary within 45 days of the expiry of the termination notice period (if any), the Depositary may escalate the matter in accordance with the terms of the Depositary Agreement, which may include escalation to the FCA.

In respect of any liability arising out of the Depositary’s obligations under the Depositary Agreement, the Depositary shall have no liability to the Company or the AIFM except: (a) on account of gross negligence, wilful default or fraud, material breach of the Depositary Agreement; and (b) to the extent that any such limitation or exclusion would limit or exclude any obligation or liability under the AIFMD Rules.

The Company agrees that it will indemnify and hold harmless the Depositary and its officers, directors, employees and/or duly appointed agents against any and all costs, liabilities, claims and expenses suffered or incurred by the Depositary directly arising out of or in connection with the fact that the Depositary has acted pursuant to the Depositary Agreement or in accordance with any instruction where required, except if such costs, damages, liabilities, claims and expenses arise from gross negligence or wilful default or fraud or material breach of the Depositary Agreement, of the Depositary or its officers, directors and employees and/or

agents as may be appointed from time to time by the Depositary and for which the Depositary shall be liable in accordance with Applicable Laws. The Depositary Agreement is governed by the laws of England and Wales.

11.11 Sale and Purchase Agreement

Propco, as purchaser and (2) Mailbox (Birmingham) Holdco Limited (the “**Seller**”) entered into a share purchase agreement dated 10 December 2019 (the “**SPA**”) pursuant to which Propco acquired the entire issued share capital (being 1 ordinary share of £1) of MBL from the Seller. A deposit of £4 million was paid by Propco to the Seller on exchange. Completion occurred on 20 December 2019. The total consideration amount paid by Propco to the Seller on completion, following adjustment, was £184.8 million. The sale and purchase agreement contains customary warranties from the Seller, subject to fair disclosure. Customary tax warranties were included in a separate tax deed. The Seller’s liability under the SPA for warranty claims is capped at £1. The Seller’s liability for contractual claims (other than warranty claims) is capped at the amount of consideration paid. As is standard, the limits on liability do not apply in the case of fraud of the Seller. Propco has the benefit of a warranty and indemnity insurance policy from Ambridge Europe Limited, as described below.

11.12 W&I Policy

Propco has the benefit of a warranty and indemnity insurance policy from Ambridge Europe Limited (the “**W&I Policy**”). The W&I Policy has a limit on liability of £39 million for warranty claims, except in respect of certain title to shares warranties for which there is cover of £156 million. No deductible/retention applies. A total premium of £340,400 was paid under the W&I Policy. The W&I Policy provides coverage for standard business warranties for a period of 3 years from completion of the SPA and for fundamental warranties, tax warranties and the tax deed for 7 years from completion of the SPA (in the case of the tax deed, the cover is limited to actual cash tax liabilities not otherwise excluded by disclosure or the standard limitations on liability in the tax deed itself). A *de minimis* of £18,500 applies to all claims.

11.13 Deutsche Bank AG, London Branch Facility Agreement

Propco and MBL, as borrower, are party to a term loan facility (the “**DB Facility**”) with Deutsche Bank AG, London Branch (the “**Original Lender**”). The DB Facility was entered into on 5 December 2019 and was then amended and restated on 2 September 2020 (the “**Amendment Date**”). The DB Facility has a termination date of 20 January 2023, subject to options to extend the initial termination date by 12 months and then by an additional 12 months (subject to certain conditions being satisfied).

The DB Facility is secured by security agreements entered into by Propco, MBL and Archco, share security agreements in respect of the shares in MBL and Archco, an account security agreement entered into by MBL and a subordinated creditor’s security agreement entered into by Propco, Archco and MBL.

The margin on the DB Facility is the aggregate of 2.75 per cent. per annum plus the reference rate (as calculated in accordance with the formula set out in Schedule 10 of the DB Facility). The margin will reduce to 2.55 per cent. per annum from the first interest payment date following the date on which the outstanding loan is less than or equal to £100,000,000.

In the event that the DB Facility is prepaid prior to the termination date, MBL shall pay to Situs Asset Management Limited (the “**Agent**”) on the early repayment date, a fee in an amount equal to: (a) for an early repayment date falling on or before 20 December 2020, the greater of (i) an amount equal to 2 per cent. of the loan amount prepaid and any part of the total commitments cancelled, and (ii) the amount of interest (excluding the reference rate) which would have accrued on the loan amount prepaid or any part of the total commitments cancelled, had no such prepayment or cancellation taken place, from the date of that prepayment or cancellation to (and including) 20 December 2020; and (b) for an early repayment date falling from (but not including) 20 December 2020 to 20 December 2021, an amount equal to 1 per cent. of the loan amount prepaid and any part of the total commitments cancelled. If the early repayment date falls on any date after (but not including) 20 December 2021, no prepayment or cancellation fee will be payable.

The total commitment of the Original Lender under the DB Facility is £120 million and it was fully drawn on 20 December 2019. The Borrower is required to repay the loan in full on its termination date, unless it is repaid on an earlier date.

The DB Facility contains certain financial covenants, restrictions and other customary positive and negative covenants. The financial covenants in the DB Facility require that the debt yield is at least 6.75 per cent. on each interest payment date and that the loan to value does not exceed 74.9 per cent at any time, subject to a cure right. The cure right cannot be used more than two times in aggregate during the life of the DB Facility. A waiver letter was entered into on 17 July 2020 pursuant to which the Original Lender agreed to waive any breaches of the financial covenants in respect of the interest payment dates falling on 20 July 2020 and 20 October 2020.

The DB Facility contains an obligation on MBL to enter into hedging agreements to ensure that not less than 80 per cent. of the aggregate amount of the loan subject to interest rate hedging arrangements in the form of an interest rate cap with a strike rate not exceeding 1.5 per cent. per annum. With effect from the Amendment Date, the Borrower has obtained an extension to 30 October 2020 to enter into the hedging agreements.

Within 90 days of the date of the DB Facility, MBL was required to deliver to the Agent an insurance valuation and reinstatement cost analysis in respect of the Property. If the insurance valuation and reinstatement cost analysis shows that the insured value of the Property is below the full replacement value of the Property, MBL shall within 20 business days deliver to the Agent a letter from the Company's insurance broker as evidence that insurance cover is maintained in respect of the Property for the full replacement value. Within 60 days of the date of the DB Facility, MBL shall deliver to the Agent evidence that the account held in its name designated "Interest Reserve Account" has been closed. With effect from the Amendment Date, the Original Lender has confirmed that each of these requirements has been satisfied. The Borrower shall use its reasonable endeavours to procure that the Arch Lease Deed of Variation, Arch Conveyances in respect of the Arch Lease and RAML Conveyances in respect of the RAML Underlease (each as defined in the DB Facility) are completed as soon as reasonably practicable.

Restrictions in the DB Facility include limitations on the ability of MBL to assign or transfer its obligations, rights or benefits under the DB Facility. The Borrower has obtained a waiver of the change of control condition from DB in relation to the Offer.

The DB Facility is governed by English law.

The IPSX Rules (Rule 1.24) require an issuer's LTV ratio to not exceed a maximum of 40 per cent., both at Admission and following Admission as an ongoing requirement. Given that the intention is for the Company to reduce its loan facilities from £120 million to £70 million (and therefore reduce its LTV ratio to less than 40 per cent.) shortly following Admission, IPSX has agreed to defer this requirement for 15 business days from Admission to allow time for the DB Facility to be paid down using £50 million of the net proceeds of the Offer.

Should either the Company be unable to pay down the DB Facility by £50 million within the 15 business day period, or a subsequent reduction in the valuation of the Property causes the Company's LTV ratio to exceed the 40 per cent. limit, the Company would be in breach of Rule 1.24 of the IPSX Rules, and would accordingly approach IPSX to request a temporary waiver or deferral of Rule 1.24, in particular if there are mitigating circumstances such as decline in valuation of the Property caused by Covid-19, extraordinary economic conditions or other mitigating circumstances. Should such waiver or deferral not be granted by IPSX, IPSX could decide to suspend trading in the Company's Ordinary Shares, until such time as it could meet the requirements of Rule 1.24, and further IPSX could cancel trading in the Company's Ordinary Shares on IPSX.

11.14 Canada Life Facility

MBL, as the borrower, has at the date of this Prospectus agreed the terms of a loan agreement with Canada Life Limited and/or members of the Canada Life/Great-West LifeCo Group (the "**Canada Life Facility**") which is intended to refinance the outstanding balance of the DB Facility following the prepayment of £50 million on the DB Facility after Admission. The Canada Life Facility is a 10-year sterling term loan facility in an aggregate principal amount not

to exceed £70 million, based on a valuation report by Canada Life's valuers in September 2020. The interest rate payable is a fixed percentage rate per annum which is the aggregate of: (a) the margin (which is 1.95 per cent. per annum); and (b) the gross redemption yield on the UK Treasury 0.375 per cent. 2030 Gilt, subject to a minimum all-in rate of 1.95 per cent. per annum. Interest is payable quarterly in arrears on 20 January, 20 April, 20 July and 20 October in each year.

Given the secured nature of this loan agreement, the Canada Life Facility contains certain financial covenants, which will remain in force during the term of the Canada Life Facility. The financial covenants in the Canada Life Facility require: the amount of the loan not at any time to exceed 65 per cent. of the market value of the Property; actual net rental income for each quarter to be no less than 190 per cent. of actual interest costs for that quarter; and projected net rental income for each year to be no less than 180 per cent. of projected interest costs for that year. The Canada Life Facility contains cure rights which entitle MBL to cure any financial covenant breaches. The cure rights cannot be used more than five times in aggregate during the term of the Canada Life Facility. In addition to the financial covenants, if at any time the amount of the loan exceeds 60 per cent. of the market value of the Property, any surplus cash after payment of Canada Life's interest and fees on each quarterly interest payment date will be placed into a blocked deposit account, until such time as Canada Life is satisfied that such breach has been cured, during which time these funds will not be available for distribution.

If: (a) the Company ceases to be the legal and beneficial owner (directly or indirectly through wholly-owned subsidiaries) of the entire issued share capital of any of Propco, MBL or Archco; (b) Holdco ceases to be the legal and beneficial owner of the entire issued share capital of Propco; or (c) Propco ceases to be the legal and beneficial owners of the entire issued share capital of the MBL or Archco, MBL shall promptly inform Canada Life European Real Estate Limited and, if the Majority Lenders (as defined in the Canada Life Facility) so require, Canada Life European Real Estate Limited shall by giving not less than 20 business days' notice to the MBL, cancel the loan and declare the loan, together with accrued interest, and all other amounts accrued under the Canada Life Facility immediately due and payable, whereupon the loan will be cancelled and all such outstanding amounts will be come immediately due and payable.

The Directors and the AIFM expect that, following the £50 million prepayment of the DB Facility and the refinancing of the DB Facility with the Canada Life Facility, the Company will have a LTV ratio which remains less than 40 per cent., in line with the IPSX Rules.

The Company is required to deliver to Canada Life a copy of each half yearly valuation prepared by Avison Young (or any other valuer appointed by the Company). Canada Life is entitled to recover the costs of its own valuation from any other valuer it may appoint once in each consecutive period of 12 months, the first of which periods will begin on the second anniversary of the utilisation date, and only to the extent that Canada Life has reasonable grounds to believe that the latest half yearly valuation delivered to it by the Company is inaccurate in any material respect.

If the Canada Life Facility is not entered into or drawn down following Admission, the DB Facility will remain in place in an amount of £70 million following the prepayment of £50 million from the proceeds of the Offer. The Canada Life Facility will not exceed £70 million and therefore the Company expects, on drawdown of the Canada Life Facility, to be compliant with the maximum 40 per cent. LTV ratio required by the IPSX Rules.

11.15 Intercompany loan from the Controlling Shareholder to Holdco

On 20 December 2019 the Controlling Shareholder advanced the sum of £68 million to Holdco in connection with the Controlling Shareholder's acquisition of the Property. Holdco advanced £66.5 million to Propco and Propco advanced £64.5 million to MBL. Interest at a rate of 3.5 per cent. accrues on these balances. On 22 September 2020 the Controlling Shareholder entered into a waiver and release agreement with Holdco pursuant to which, with effect immediately prior to Admission, the Controlling Shareholder waived the repayment of all sums due to the Controlling Shareholder (other than those repaid pursuant to the arrangements referred to in paragraph 11.17 below and the sum of £2 million which was to be left outstanding between Holdco and the Controlling Shareholder); Holdco entered into a waiver and release agreement with Propco pursuant to which, with effect immediately prior to

Admission, Holdco waived the repayment of all sums due to the Holdco (other than those repaid pursuant to the arrangements referred to in paragraph 11.17 below); Propco entered into a waiver and release agreement with MBL pursuant to which, with effect immediately prior to Admission, Propco waived the repayment of all sums due to Propco (other than those repaid pursuant to the arrangements referred to in paragraph 11.17 below). The £2 million owed by HoldCo to the Controlling Shareholder will be repaid out of the net proceeds, shortly after Admission.

11.16 Subscription Agreement

On 22 September 2020, the Company and the Controlling Shareholder entered into a subscription letter pursuant to which the Controlling Shareholder agreed to subscribe, with effect immediately prior to Admission, for 52,500,000 new Ordinary Shares in the capital of the Company for aggregate subscription monies of £52.5 million. On 22 September 2020 the Company and Holdco entered into a subscription letter pursuant to which the Company agreed to subscribe, with effect immediately prior to Admission, for new ordinary shares in the capital of Holdco for subscription monies of £52.5 million. On 22 September 2020 Holdco and Propco entered into a subscription letter pursuant to which Holdco agreed to subscribe, with effect immediately prior to Admission, for new ordinary shares in the capital of Propco for subscription monies of £52.5 million. On 22 September 2020 Propco and MBL entered into a subscription letter pursuant to which the Company agreed to subscribe, with effect immediately prior to Admission, for new ordinary shares in the capital of MBL for subscription monies of £52.5 million. MBL, Propco, Holdco, Propco, and the Controlling Shareholder, on 22 September 2020, entered into a payment direction letter pursuant to which the MBL agreed to pay £52.5 million of the sums owed by MBL to Propco, Propco agreed to pay £52.5 million of the sums owed by Propco to Holdco, Holdco agreed to pay £52.5 million of the sums owed by Holdco to the Controlling Shareholder, in each case immediately prior to Admission and from the proceeds of the share subscriptions.

12. AIFMD DISCLOSURES

The Company is an AIF for the purposes of the AIFMD Rules and has appointed M7 Real Estate Financial Services Limited as its AIFM. This Prospectus contains, to the extent applicable, the information required by Article 23 of the AIFMD to be made available to investors before they invest in the Company. Any material changes in this information after the date of this Prospectus will be notified separately to potential investors. The table below has been included to indicate to investors the relevant parts of the Prospectus which contain this information.

This paragraph, when read together with the other parts of the Prospectus, is intended by the AIFM to satisfy the disclosure requirements specified in Article 23 AIFMD (as implemented in the AIFMD Rules) in respect of the Company. By subscribing for Ordinary Shares, prospective investors are deemed to have confirmed that this information has been made available to them prior to their investment in the Company, in accordance with the AIFMD Rules.

The AIFM shall inform investors of any material changes to the information contained in this paragraph in accordance with the AIFMD Rules. The latest paragraph of this section is available for inspection upon request to the AIFM. Investors who are making additional investments in the Company (by subscribing for additional Ordinary Shares or otherwise) should ensure that they obtain and review the latest version of this paragraph prior to making such additional investments.

Further information is available from the AIFM at:

M7 Real Estate Financial Services Limited
 The Monument Building, 11 Monument Street, London, EC3R 8AF
 Attention: Tom Pearman
 Email: tom.pearman@m7re.eu

AIFMD REFERENCE	INFORMATION OR CROSS REFERENCE	
Art. 23(1)(a) & (b)	Investment Strategy and Policy	
1.	Description of the investment strategy and objectives of the Company	Please refer to paragraphs 1 and 8 in Part I (<i>Information on the Company and the Property</i>).
2.	A description of the types of assets in which the Company may invest, the techniques it may employ and all associated risks.	Please refer to paragraphs 8 and 15 in Part I (<i>Information on the Company and the Property</i>).!!overhang r!! Please refer to the section titled " <i>Risk Factors</i> ".
3.	Information on where any master AIF is established.	N/A
4.	Description of any applicable investment restrictions.	The Company will invest solely in the Property and any certain temporary permitted investments, which will be used for cash management and related purposes.
5.	A description of the procedures by which the Company may change its investment strategy or investment policy or both.	No material change will be made to the investment policy and investment restrictions without the approval of Shareholders by ordinary resolution. Any change to the investment policy or investment restrictions which does not amount to a material change to the investment policy may be made by the Company without the approval of Shareholders.
Art. 23 (1) (a)	Leverage	
6.	A description of the circumstances in which the Company may use leverage, the types and sources of leverage permitted and the associated risks, any restrictions on the use of leverage and any collateral and asset reuse arrangements, and the maximum level of leverage which the AIFM is entitled to employ on behalf of the Company.	AIFMD defines "leverage" as any method by which an AIFM increases the exposure of an AIF it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. There are no restrictions on the Company's use of leverage or borrowing, other than those set out in this Prospectus and those which may be imposed by applicable statutes and regulations. Please refer to paragraph 5.13 of Part XII (<i>Additional Information</i>) and notes 20, 20 and 19 in the accounts for

the three years ended 31 December 2017, 31 December 2018 and 31 December 2019 respectively in Part VII (*Historical Financial Information*).

Pursuant to its regulatory obligations, the AIFM is required to express the level which the Company's 'leverage' will not exceed. For the purposes of this disclosure leverage is any method by which a fund's exposure is increased. A fund's exposure may be increased by using derivatives, by reinvesting cash borrowings, through positions within repurchase or reverse repurchase agreements, through securities lending or securities borrowing arrangements, or by any other means (such increase referred to herein as the "**Incremental Exposure**"). AIFMD prescribes two methods of measuring and expressing leverage, the "gross methodology" and the "commitment methodology" (as opposed to gearing) and requires disclosure of the maximum amount of 'leverage' the Company might be subject to. The definition of leverage is wider than that of gearing and includes exposures that are not considered to be gearing. The commitment methodology takes account of the hedging and netting arrangements employed by a fund at any given time (purchased and sold derivative positions will be netted where both relate to the same underlying asset). This calculation of exposure includes all Incremental Exposure as well as a fund's own physical holdings; and cash. By contrast, the gross methodology does not take account of the netting or hedging arrangements employed by a company. This calculation of exposure includes all Incremental Exposure as well as the Company's own physical holdings. Cash is excluded.

Without prejudice to the foregoing, the Company has set a maximum leverage limit of 150x on a "commitment basis" and 300x on a "gross" basis.

Art. 23 (1) (c)

Legal Implications

7.

Description of the main legal implications of the contractual relationship entered into for the purpose of investment, providing the following information:

- information on jurisdiction;
- information on the applicable law; and
- information on the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the Company is established.

Please refer to the paragraphs I.b. *“Identity and contact details of the Company”* and II.a.i. *“Domicile and legal form, LEI, applicable legislation and country of incorporation”* in the section of this Prospectus titled *“Summary”*.

The main legal implications of the contractual relationship entered into for the purpose of investment in the Company are as follows:

(a) The Company is a public limited company established in accordance with the laws of England and is intended to qualify as a REIT.

(b) By submitting the Application Form attached as an Appendix to this Prospectus or otherwise published by the Company, the investor makes an offer to subscribe for Ordinary Shares which, once it is accepted by the Company, has the effect of a binding contract. The terms of such contract are governed by the Application Form, read together with this Prospectus and the Articles.

(c) Upon the issue of Ordinary Shares, such investor becomes a member of the Company and the memorandum of association and the Articles take effect as a statutory contract between the Shareholder and the Company.

(d) The Articles may only be amended by way of a special resolution in accordance with the Companies Act 2006.

(e) Subject to a Shareholder agreeing otherwise (including, but not limited to, in its Application Form or any separate contractual arrangement), a Shareholder’s liability to the Company will generally be limited to the amount, if any, unpaid on the Ordinary Shares held by such Shareholder.

(f) The memorandum of association and the Articles are governed by, and construed in accordance with, the laws

of England. The Application Form of the Company is generally expressed to be governed by, and construed in accordance with, the laws of England.

(g) The rights and restrictions that apply to a Shareholder's Shares may be modified and/or additional terms agreed by way of side letter agreements ("**Side Letters**") (subject to such terms being consistent with the Articles). These Side Letters may be governed by the laws of a different jurisdiction. However such Side Letters may not contravene the terms of the memorandum of association and the Articles or the laws of England generally.

(h) English law generally provides for the recognition of foreign money judgments when under the law of the foreign country where rendered, the judgment is final, conclusive, and enforceable. However, English courts may not enforce certain foreign-country money judgments for certain procedural, fairness and public policy reasons, and have discretion not to enforce foreign-country money judgments for other certain procedural, fairness and public policy reasons.

Art. 23 (1)(d) **Information about the identity of the AIFM and of other service providers**

8.	Identity of the AIFM and description of its duties.	M7 Real Estate Financial Services Limited has been appointed as the Company's AIFM under the AIFM Agreement. The AIFM is authorised and regulated by the FCA (as defined below) with Firm Reference Number 618047.
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A general description of the AIFM and its duties is set out at Part II (*Information on the AIFM and the Asset Manager*).

9.	Identity of the depositary and description of its duties.	Alter Domus Depositary Services (UK) Limited has been appointed as depositary to provide depositary services to the Company, which will include safekeeping of the assets of the Company. The Depositary is permitted to delegate (and authorise its delegates to sub-delegate) the
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AIFMD REFERENCE	INFORMATION OR CROSS REFERENCE
	<p>safekeeping of the assets of the Company.</p> <p>A general description of the Depositary and its duties is set out at paragraph 2.4 of this Part XII.</p>
10.	<p>Identity of the auditor.</p> <p>BDO LLP, whose registered address is at 55 Baker Street, London W1U 7EU, have been appointed as the statutory auditor to the Company.</p>
11.	<p>Identity of any other service providers and description of their duties.</p> <p>A. Asset Manager: M7 Real Estate Limited.</p> <p>The Asset Manager will provide asset management services to the Group and will be responsible for the day-to-day asset management of the Property. A general description of the Asset Manager and its duties is set out at Part II (<i>Information on the AIFM and the Asset Manager</i>). The Asset Manager is appointed by the Group under the Asset Management Agreement.</p> <p>B. Administrator: Alter Domus Fund Services (UK) Limited</p> <p>C. IPSX Lead Adviser: WH Ireland Limited</p> <p>D. Joint Bookrunners: (i) WH Ireland Limited; and (ii) Panmure Gordon (UK) Limited</p> <p>E. Solicitors to the Company as to English law: Simmons & Simmons LLP</p> <p>F. Solicitors to IPSX Lead Adviser and Joint Bookrunners as to English law: Pinsent Masons LLP</p> <p>G. Company Secretary: Alter Domus Fund Services (UK) Limited</p> <p>H. Reporting Accountants: KPMG LLP</p> <p>I. Registrars to the Company: Equiniti Limited</p> <p>J. Communications Consultant: FTI Consulting Ltd</p>

AIFMD REFERENCE**INFORMATION OR CROSS REFERENCE**

		<p>K. Property Manager: Jones Lang LaSalle Limited</p> <p>L. Facilities Manager: Interserve Limited</p> <p>Please refer to the part of the Prospectus titled “<i>Directors, Registered Office, Company Secretary and Advisers</i>”; paragraph 11 of Part I (<i>Information on the Company and the Property</i>); and paragraph 11 of Part XII (<i>Additional Information</i>).</p>
12.	Description of the investors’ rights.	<p>None of the agreements appointing the AIFM, the Asset Manager, the Depositary, the Administrator, the Property Manager, the Facilities Manager, the auditors, legal counsel or any other of the Company’s service providers provides for any third party rights for investors.</p> <p>Absent a direct contractual relationship between the Shareholder and the relevant service provider, Shareholders generally have no direct rights against the relevant service provider and there are only limited circumstances in which a Shareholder may potentially bring a claim against the relevant service provider. Instead, in an action where a wrongdoing is alleged to have been committed against the Company, by the relevant service provider, prima facie, the proper plaintiff is the Company itself. Accordingly, investors would have no direct contractual right against the relevant service provider for breach of the agreement governing its appointment by the Company. The foregoing disclosure is without prejudice to such other rights of action (for example, under tort law or in respect of breach of fiduciary or legal duty, if any) which might in certain situations be separately available to investors.</p>
Art. 23 (1)(e)	Compliance of the AIFM with Professional Risk	
13.	Description of how the AIFM is complying with the requirements relating to professional liability risk by either:	The AIFM will cover potential professional liability risks resulting from its activities as AIFM by holding professional indemnity insurance against liability arising from

AIFMD REFERENCE	INFORMATION OR CROSS REFERENCE	
	<ul style="list-style-type: none"> • having additional own funds which are appropriate to cover potential liability risks arising from professional negligence; or • holding a professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered. 	<p>professional negligence which is appropriate to the risks covered, in accordance with the AIFMD Rules.</p>
Art.23 (1)(f)	Delegation by the AIFM and by the Depositary	
14.	<p>A description of any delegation of management function by the AIFM, and of any safekeeping function delegated by the depositary, the identification of the delegate and any conflicts of interest that may arise from such delegation.</p>	<p>Neither the AIFM nor the Depositary have appointed any delegates. Please refer to Part II (<i>Information on the AIFM and the Asset Manager</i>).</p>
Art. 23 (1)(g)	Valuation	
15.	<p>Description of the Company's:</p> <ul style="list-style-type: none"> • valuation procedure; and • pricing methodology for valuing assets, including the methods used in valuing hard-to-value assets. 	<p>The AIFM will ensure that (i) a proper and independent desktop valuation on a semi-annual basis; and (ii) a proper and independent full valuation (involving inspection) on an annual basis, are performed on a timely basis in accordance with the Company's valuation policy, the Articles, the Prospectus and the AIFMD Rules and in both cases such valuations comply with the requirements of a "Red Book Valuation" as set out in the IPSX Rules for Prime Issuers dated January 2020 (and as amended from time to time). The AIFM has appointed the Asset Manager to calculate the NAV and NAV per Ordinary Share, but the determination of the NAV and NAV per Ordinary Share shall remain the responsibility of the AIFM. The NAV and the NAV per Ordinary Share shall be calculated on a quarterly basis as at 31 March, 30 June, 30 September and 31 December by the Asset Manager and determined by the AIFM. Calculations will be made in accordance with IFRS. The AIFM's valuation committee formed to approve such valuations will be functionally independent from the portfolio management function (within the meaning of the AIFMD Rules). Please refer to paragraph 9 of Part I (<i>Information on the Company and the Property</i>).</p>

AIFMD REFERENCE	INFORMATION OR CROSS REFERENCE	
Art. 23 (1)(h)	Liquidity Risk Management	
16.	<p>Description of the Company's liquidity risk management, including:</p> <ul style="list-style-type: none"> • the redemption rights both in normal and in exceptional circumstances; and • the existing redemption arrangements with investors. 	<p>The Ordinary Shares are freely transferable and there are no restrictions on transfer.</p> <p>The Company is a closed-end investment company and, as such, Shareholders have no right to redeem their Ordinary Shares.</p> <p>Liquidity risk is therefore the risk that a position held by the Company cannot be realised at a reasonable value sufficiently quickly to meet the obligations (primarily, debt) of the Company as they fall due. In managing the Company's assets therefore the AIFM seeks to ensure that the Company holds at all times sufficient assets to enable it to discharge its payment obligations in accordance with the liquidity management policy of the AIFM as in effect from time to time.</p> <p>Please refer also to paragraph IV.a.i of the part of the Prospectus titled "Summary" and paragraph 5.3 of Part XII (<i>Additional Information</i>).</p>
Art. 23 (1)(i)	Fees, Charges and Expenses	
17.	<p>A description of all fees, charges and expenses and of the maximum amounts thereof which are directly or indirectly borne by investors.</p>	<p>There are no fees, charges or expenses paid directly by investors in the Company.</p> <p>For the fees, charges and expenses which are indirectly borne by investors (i.e., which are paid by the Company or deducted from the assets of the Company) please refer to paragraph II.b.i. of the part of the Prospectus titled "Summary"; the part of the Prospectus titled "Risk Factors"; paragraph 7 of Part II (<i>Information on the AIFM and the Asset Manager</i>); paragraph 5 and 6 of Part V (<i>Operating and Financial Review</i>); Part VII (<i>Historical Financial Information</i>); paragraph 6 of Part XI (<i>Details of the Offer</i>); and paragraph 11 of Part XII (<i>Additional Information</i>).</p>

AIFMD REFERENCE**INFORMATION OR CROSS REFERENCE**

Art. 23 (1)(j)

Fair Treatment of Investors

18.

Description of how the AIFM ensures a fair treatment of investors and, in case an investor obtains preferential treatment or the right to obtain preferential treatment:

- a description of that preferential treatment;
- a description of the type of investors with such preferential treatment; and
- a description of the legal or economic links of investors with preferential treatment to the Fund or AIFM.

As a general matter under English law, it is the Directors of the Company (and not the AIFM or the Asset Manager) who owe certain fiduciary duties to the Company. Such fiduciary duties require the Directors to, among other things, act in good faith and in what it considers to be in the best interests of the Company. In doing so, the Directors will generally act in a manner that ensures the fair treatment of Shareholders of the Company. In exercising their discretion (including in determining to cause the Company to enter into any side letters), the Directors will act in accordance with such fiduciary duties. This requires the Directors to ensure that their actions (including, without limitation, in entering into side letters) do not result in the unfair treatment of Shareholders.

Pursuant to the AIFM Agreement, the AIFM owes duties to the Company, and not directly to individual Shareholders. The AIFM takes general steps to ensure the fair treatment of Shareholders. This includes the timely dissemination of material information to Shareholders, mechanisms for Shareholders to make queries and complaints, and the monitoring of those matters which require notification to Shareholders. The AIFM ensures that any preferential treatment identified does not result in an overall material disadvantage to other Shareholders.

Art.23 (1)(k)

Financial Information

19.

Latest annual report.

The Company is newly established and therefore has no historical financial performance or annual report. As this information becomes available, it will be made available to investors.

Under AIFMD, the AIFM is required to make available the annual report of the Company that it markets in the EEA. This must be prepared by no later than six months following the end of the financial year.

AIFMD REFERENCE	INFORMATION OR CROSS REFERENCE	
		Please refer to paragraph 16 of Part I (<i>Information on the Company and the Property</i>).
Art. 23 (1)(l)	Information about the Offer and the Sale of Ordinary Shares	
20.	Procedure and conditions for the issue and sale of shares.	In respect of the Offer for Subscription, please refer to Annex A (<i>Terms and Conditions of the Offer for Subscription</i>).
Art.23 (1)(m)	Net Asset Value of the Company	
21.	Latest net asset value of the Company or the latest market price of the shares of the Company.	<p>The Company is newly established and therefore has no historical valuation information.</p> <p>The Company has not yet published a Net Asset Value in accordance with Article 19 of the AIFM Directive.</p> <p>Please refer to Part IV (<i>Property Valuation Report</i>) for details of historical valuation information for the Property.</p> <p>The Net Asset Value and NAV per Ordinary Share will be calculated by the Asset Manager but remain the responsibility of, and will be determined by, the AIFM. The NAV and the NAV per Ordinary Share shall be calculated on a quarterly basis as at 31 March, 30 June, 30 September and 31 December.</p> <p>When published, Net Asset Value announcements can be found on the Company's website: www.themailboxreit.com</p>
Art. 23 (1)(n)	Performance of the Company	
22.	Where available, the historical performance of the Company.	<p>Please refer to Part IV (<i>Property Valuation Report</i>) for details of historical valuation information for the Property.</p> <p>The Company is newly established and therefore has no historical financial performance or annual report. As this information becomes available, it will be made available to investors via the Company's website.</p>
Art. 23 (1)(o)	Information about the Prime Broker	
23.	Identity of the prime broker.	

AIFMD REFERENCE		INFORMATION OR CROSS REFERENCE
		N/A. The Company does not intend to use a prime broker.
24.	Description of any material arrangements of the Fund with its prime brokers.	N/A
25.	Description of the way the conflicts of interest in relation thereto are managed.	N/A
26.	Description of any provisions in the contract with the Depositary on the possibility of transfer and reuse of Fund assets.	N/A. Transfer and reuse of the assets of the Company is not permitted
27.	Information about any transfer of liability to the prime broker that may exist.	N/A
Art. 23 (1)(p)	Additional AIFM Disclosures	
28.	<p>Description of manner and frequency of specific disclosures relating to the following:</p> <ul style="list-style-type: none"> ● percentage of the Fund's assets which are subject to special arrangements arising from their illiquid nature; ● new arrangements for managing the liquidity of the Fund; and ● current risk profile of the Fund and the risk management systems employed by the AIFM to manage the above risks. 	<p>With effect from the date on which the AIFM becomes subject to the obligation to make such information available to Shareholders, the following information will be disclosed to Shareholders, by way of a separate disclosure at least annually or sooner if required by law, in each case only to the extent applicable to the Company:</p> <p>(A) the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature;</p> <p>(B) new arrangements for managing the liquidity of the Company;</p> <p>(C) the current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks,</p> <p>and the AIFM shall manage these arrangements and risks in accordance with the liquidity management policy of the AIFM as in effect from time to time.</p>
29.	<p>In case of leverage employed by the Fund:</p> <ul style="list-style-type: none"> ● changes to the maximum level of leverage which the AIFM may employ on behalf of the Fund as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangement; and 	<p>The following information will be disclosed to Shareholders by way of a separate disclosure by the AIFM without undue delay, in each case only to the extent applicable to the Company:</p> <p>(A) any changes to the maximum level of leverage which the AIFM may</p>

AIFMD REFERENCE	INFORMATION OR CROSS REFERENCE
<ul style="list-style-type: none"> ● total amount of leverage employed by the Fund. 	<p>employ on behalf of the Company, if applicable;</p> <p>(B) any changes to the right of reuse of collateral;</p> <p>(C) any changes to any guarantee granted under any leveraging arrangement; and</p> <p>(D) the total amount of leverage employed by the Company, and the AIFM shall manage these obligations in accordance with the leverage policy of the AIFM in effect from time to time.</p>
Art. 23 (2)	Information on Discharge of Liability
30	<p>Description of any arrangement made by the Depositary to contractually discharge itself of liability.</p> <p>Please refer to paragraph 11.11 of Part XII (<i>Additional Information</i>) for further details on the Depositary Agreement.</p>

13. RELATED PARTY TRANSACTIONS

Save as described in notes 29, 24 and 23 of the Company's audited financial information set out in Part VII (*Historical Financial Information*), and save for (i) the AIFM Agreement, (ii) the Asset Management Agreement and (iii) the arrangements between the Controlling Shareholder and the Group to effect elimination of the inter company balance between the Controlling Shareholder and the Group prior to Admission as set out in "*Capitalisation of Shareholder Loans*" in paragraph 3.2 of this Part XII (*Additional Information*) there are no related party transactions between the Company and the members of the Group that were entered into during the years 31 December 2017, 2018 and 2019 and during the period between 31 December 2019 and the date of this Prospectus.

14. THE INTERMEDIARIES TERMS AND CONDITIONS

The Intermediaries Terms and Conditions regulate the relationship between the Company, the Joint Bookrunners and each of the Intermediaries that is accepted by the Company to act as an Intermediary after making an application for appointment in accordance with the Intermediaries Terms and Conditions.

Capacity and liability

The Intermediaries have agreed that, in connection with the Intermediaries Offer, they will be acting as agent for retail investors in the United Kingdom who wish to acquire Ordinary Shares under the Intermediaries Offer, and not as representative or agent of the Company, or the Joint Bookrunners, none of whom will have any responsibility for any liability, costs or expenses incurred by any Intermediary, regardless of the process or outcome of the Offer.

Eligibility to be appointed as an Intermediary

In order to be eligible to be considered for appointment as an Intermediary, each Intermediary must be authorised by the FCA or the Prudential Regulation Authority in the United Kingdom or authorised by a competent authority in another EEA State with the appropriate authorisations to carry on the relevant activities in the United Kingdom, and in each case have appropriate permissions, licences, consents and approvals to act as an intermediary in the United Kingdom. Each Intermediary must also be a member of CREST or have arrangements with a clearing firm that is a member of CREST.

Each Intermediary must also have (and is solely responsible for ensuring that it has) all licences, consents and approvals necessary to enable it to act as an intermediary in the United Kingdom and must be, and at all times remain, of good repute and in compliance with all laws, rules and regulations applicable to it.

Application for Ordinary Shares

A minimum application amount of £1,000 per underlying applicant will apply under the Intermediaries Offer. There is no maximum limit on the monetary amount that underlying applicants may invest. The Intermediaries have agreed not to make more than one application per underlying applicant. Any application made by investors through any Intermediary is subject to the terms and conditions agreed with each Intermediary.

Allocations of Ordinary Shares under the Intermediaries Offer will be at the absolute discretion of the Company and the Joint Bookrunners. If there is excess demand for Ordinary Shares in the Offer, allocations of Ordinary Shares may be scaled down to an aggregate value which is less than that applied for. Each Intermediary will be required by the Company to apply the basis of allocation to all allocations to underlying applicants who have applied through such Intermediary.

Effect of Intermediaries Offer Application Form

By completing and returning an Application Form, an Intermediary will be deemed to have irrevocably agreed to invest or procure the investment in Ordinary Shares of the aggregate amount stated on the Application Form or such lesser amount in respect of which such application may be accepted. The Company reserves the right to reject, in whole or in part, or to scale down, any application for Ordinary Shares under the Intermediaries Offer.

Fees

The Intermediaries Terms and Conditions provide that an Intermediary may not receive a commission but that Intermediaries can charge their customary fees to clients. Intermediaries must not pay to any underlying applicant any of the fees received from the Company.

Information and communications

The Intermediaries have agreed to give certain undertakings regarding the use of information provided to them in connection with the Intermediaries Offer. The Intermediaries have given certain undertakings regarding their role and responsibilities in the Intermediaries Offer and are subject to certain restrictions on their conduct in connection with the Intermediaries Offer, including in relation to their responsibility for information, communications, websites, advertisements and their communications with clients and the press.

Representations and warranties

The Intermediaries have given representations and warranties that are relevant for the Intermediaries Offer, and have agreed to indemnify the Company and the Joint Bookrunners against any loss or claim arising out of any breach by them of the Intermediaries Terms and Conditions or as a result of a breach of any duties or obligations under FSMA or under any rules of the FCA or any applicable laws or as a result of any breach by the Intermediary of any of its representations, warranties, undertakings or obligations contained in the Intermediaries Terms and Conditions.

Governing law

The Intermediaries Terms and Conditions are governed by the laws of England and Wales.

15. WORKING CAPITAL

Working Capital Statement

The Company is of the opinion that, taking into account the Minimum Net Proceeds of the Offer and the existing facilities available to it, the working capital available to the Group is sufficient for its present requirements, that is, for a period of at least 12 months from the date of the Prospectus.

Reasonable worst case scenario relating to the Covid-19 pandemic

In preparing the working capital statement above, the Company is required to identify, define and consider a reasonable worst case scenario, which has involved making certain assumptions regarding the evolution of the Covid-19 pandemic and its potential impact on the Group.

The Board notes the uncertainty which falls as a result of the current Covid-19 pandemic and which may impact how the Group operates going forward. Consequently, the Company has made its working capital statement based on a model that covers a reasonable worst case scenario modelling the potential impact of the Covid-19 pandemic.

The Company has made assumptions in relation to the collection rates for the September 2020 Quarter Day. This is because, at the date of this Prospectus, it will not be in possession of full information in relation to rent and service charge collections for this quarter. It anticipates being in possession of such information in mid-October 2020 at which point, should such collections be materially different to those assumed, the Company intends to publish a supplementary prospectus as required.

Assumptions in respect of the impact of Covid-19

The underlying assumption for the reasonable worst case scenario is that Covid-19 will have a continuing impact on the Property and tenants of the Property through to the end of Q1 2021. The actual impact will be driven by the health of the local population, the financial status of the tenants and the restrictions implemented by the Government. In order to determine a reasonable worst case scenario, the Directors have made a series of assumptions at a tenant sector level. This includes assumptions regarding the way in which tenants adapt their operations in order to comply with ongoing social-distancing restrictions. The Directors have assumed in the reasonable worst case scenario there will not be a further extended national level “lockdown” as was imposed in March 2020 across the UK, but that there will likely be local and national level restrictions until 31 March 2021 including curfews and restrictions on households mixing, but that these will not include widespread closures of all categories of business premises.

The overall impact on the Property, in the reasonable worst case scenario, is expected to reduce during the first three months of 2021 with most tenants’ ability to pay contracted rental and service charge payments returning by the March 2021 Quarter Day (in respect of the second quarter of 2021). It is assumed that tenants and users of tenants’ facilities adapt to a new way of operating under continuing Covid-19 social-distancing restrictions.

The key elements assumed in such reasonable worst case scenario are presented for each sector of the Property’s activity as follows:

Leisure

Food and beverage (“F&B”)

- No F&B rent and service charge will be collected for the September 2020 and December 2020 Quarter Days.
- During the first quarter of 2021, the negative impact of Covid-19 upon tenants’ normal operations within the Property is assumed to reduce. This is expected as a result of the increase in propensity for special incentives to be offered, an increase in physical footfall as customers adapt to new conditions and an increase in take-away or alternative ‘click and collect’ models. As a result, a return to full collection of base contracted rent and service charges is expected from the March 2021 Quarter Day.
- No turnover rent is assumed to be collected over the working capital forecast period.

The cinema

- Cinema contracted rent and service charge collections recommence fully from the September 2020 Quarter Day due to significant landlord support provided up to this point.
- The arrears in respect of the March and June 2020 Quarter Days will be collected over the 24 months from September 2020.

Office space

- September and December 2020 Quarter Days will be impacted by the effects of measures taken to mitigate the Covid-19 pandemic resulting in reduced rent and service charge collection rates.

- Office rent and service charge collections for the September 2020 and December 2020 Quarter Days will be 75 per cent. of the contracted rent and service charges for those quarters.
- A return to full collection of contracted rent and service charges is expected for the March 2021 Quarter Day.

Retail space

- No retail rent and service charges are assumed to be collected until the December 2020 Quarter Day (including no rent or service charge for the September 2020 Quarter Day) due to the impact on the September 2020 Quarter Day of measures taken to mitigate the Covid-19 pandemic.
- Contracted rental and service charge payments are assumed to return to full base contracted rent for the December 2020 Quarter Day due to the Christmas trading period and significant landlord support provided up to this point.
- No turnover rent is assumed to be collected over the working capital forecast period.

The car park

- September and December 2020 Quarter Days will be impacted by the effects of measures taken to mitigate the Covid-19 pandemic resulting in reduced rent and service charge collection rates.
- Car park rent and service charge collections for the September 2020 and December 2020 Quarter Days are assumed to be 50 per cent. of the contracted rent.
- The office population is assumed to continue to adapt under Covid-19 social-distancing restrictions. As a result, the demand for the Car Park is expected to increase further resulting in the ability for the car park tenant to pay the full contracted rent due from the March 2021 Quarter Day onwards.

Asset management strategy

- The start date of the asset management plan to inject capital expenditure into the Property and convert level 1 retail space into office space will be delayed by six months from Admission.
- Additionally, the cost of this plan will be spread over 12 months, to reduce expenditure whilst asset income is at its lowest.

Basis of preparation of the working capital statement

The working capital statement in this Prospectus has been prepared in accordance with the ESMA Recommendations, and the technical supplement to the FCA Statement of Policy published on 8 April 2020 relating to the Covid-19 pandemic.

16. LEGAL AND ARBITRATION PROCEEDINGS

As at the date of this Prospectus and so far as the Company is aware, other than as described immediately below, there are not, and have not been, any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened as far as the Company is aware), during the 12 months immediately preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the Company's and/or the Group's financial position or profitability.

Under the RAML Lease, RAML must keep in repair the premises demised by the RAML Lease (i.e. the Royal Arch Apartments) at its own cost. Some of the residential flats have balconies with the interior of other apartments directly below them and some of these balconies have suffered leaks with the rainwater leaking into the apartments below them. RAML claim that the balconies do not form part of the Royal Arch Apartments and therefore it does not have the responsibility to repair them. Its argument is that the balconies are "roof terraces" which, pursuant to the terms of the RAML Lease, are excluded from the Royal Arch Apartments and retained by the landlord. This is despite the plans in the RAML Lease identifying the balconies as "balconies". The Company's

position is that the references to roof terraces in the RAML Lease relate to the interface of (i) the Royal Arch Apartments and (ii) the roof of what was the post office as the landlord would be required to retain control over this interface for reasons of good estate management. The Company's position is supported by an opinion from Leading Counsel.

RAML have stated that it intends to make an application to court for a determination as to the correct interpretation of the Lease seeking a declaration that the balconies are excluded from the Royal Arch Apartments. The Company views the claim as unlikely to succeed and irrespective of the final determination and repair liability outcome, the Company does not believe that the target dividend would be impacted.

17. SIGNIFICANT CHANGE

Save as disclosed below, there has been no significant change in the financial performance or the financial position of the Group since 31 December 2019, the date to which the last audited accounts of MBL were published.

The Covid-19 pandemic and the associated government measures have had a significant effect on all the tenants of the Property – particularly retail and leisure businesses which were closed in March 2020. This is evidenced by the Group's rental collections at the March and June Quarter Days where although the office and the car park tenants have continued to pay rent, a variety of deferral and monthly payment terms have been agreed with the most affected retail and leisure businesses. Rental receipts for the March 2020 Quarter Day were 82.3 per cent. of rent due and were 68.7 per cent. of rent due for the June 2020 Quarter Day as at 6 August 2020. This compares with rent collected for the December 2019 Quarter Day of 96.2 per cent. on a comparable basis.

The immediate impact of this reduction in rental receipts and uncertainty over future recovery has been on the up to date valuation of the Property. The valuation as at 17 August 2020 shows a fall in value from £200 million to £179 million which reflects economic uncertainty despite the benefit of the grant of planning permission to convert Level 1 from retail to office space, which was received since the year-end.

In relation to the DB Facility, a waiver letter was entered into on 17 July 2020 pursuant to which the Original Lender agreed to waive any breaches of the financial covenants in respect of the interest payment dates falling on 20 July 2020 and 20 October 2020.

18. SELLING RESTRICTIONS

Distribution in the European Economic Area and the United Kingdom

As at the date of this Prospectus, the Company has been notified, registered or approved (as the case may be and howsoever described) in accordance with the local law and regulations implementing the Alternative Investment Fund Managers Directive (Directive (2011/61/EU)) (the "AIFMD") and as AIFMD forms part of the local law of member state(s) of the EEA or the United Kingdom (each a "Relevant State") for marketing to professional investors in to the following Relevant States: the United Kingdom, Belgium, the Republic of Ireland and Germany (the "Notified Relevant States").

In relation to Relevant States other than the Notified Relevant States, this Prospectus may only be distributed and Ordinary Shares may only be offered or placed in a Relevant State: (i) at the investor's own initiative; or (ii) to the extent that this Prospectus may otherwise be lawfully distributed and the Ordinary Shares may lawfully be offered or placed in that Relevant State.

In addition, the following restrictions apply to the distribution of this Prospectus in the Notified Relevant States:

UK

This Prospectus is being issued in the United Kingdom by the Company to and/or is directed only at persons to whom the Ordinary Shares may otherwise lawfully be offered under Financial Services and Markets Act 2000, the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 and UK Alternative Investment Fund Managers Regulations 2013.

Germany

Ordinary Shares may in particular not be distributed or marketed in any way to German retail or semi-professional investors if the Company is not admitted for distribution to these investor categories by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht).

Republic of Ireland

Prospectus is not to directed to persons in the Republic of Ireland other than those to whom the Ordinary Shares may lawfully be offered or marketed, including pursuant to the Prospectus Regulation and/or the European Union (Alternative Investment Fund Managers) Regulations 2013 (as amended). This Prospectus has not been filed with or approved by the Central Bank of Ireland.

Distribution outside the European Economic Area and the United Kingdom

Hong Kong

WARNING – The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice. This Prospectus has not been registered by the Registrar of Companies in Hong Kong. The Company is a collective investment scheme as defined in the Securities and Futures Ordinance of Hong Kong (the “SFO”) but has not been authorised by the Securities and Futures Commission pursuant to the SFO. Accordingly, the Ordinary Shares may only be offered or sold in Hong Kong to persons who are “professional investors” as defined in the SFO and any rules made under the SFO or in circumstances which are permitted under the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong and the SFO. In addition, this Prospectus may not be issued or possessed for the purposes of issue, whether in Hong Kong or elsewhere, and the Ordinary Shares may not be disposed of to any person unless such person is outside Hong Kong, such person is a “professional investor” as defined in the SFO and any rules made under the SFO or as otherwise may be permitted by the SFO.

Switzerland

The offer and the marketing of the Ordinary Shares of the Company in Switzerland will be exclusively made to, and directed at, qualified investors (the “**Qualified Investors**”), as defined in Article 10(3) and (3ter) of the Swiss Collective Investment Schemes Act (“**CISA**”) and its implementing ordinance, at the exclusion of qualified investors with an opting-out pursuant to Art. 5(1) of the Swiss Federal Act on Financial Services (“**FinSA**”) and without any portfolio management or advisory relationship with a financial intermediary pursuant to Article 10(3ter) CISA (“**Excluded Qualified Investors**”). Accordingly, the Company has not been and will not be registered with the Swiss Financial Market Supervisory Authority (“**FINMA**”) and no representative or paying agent have been or will be appointed in Switzerland. This Prospectus and/or any other offering or marketing materials relating to the Ordinary Shares of Company may be made available in Switzerland solely to Qualified Investors, at the exclusion of Excluded Qualified Investors. The legal documents of the Company may be obtained free of charge from the AIFM.

Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Ordinary Shares may not be circulated or distributed, nor may Ordinary Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 304 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

United Arab Emirates

FOR UNITED ARAB EMIRATES (EXCLUDING DUBAI INTERNATIONAL FINANCIAL CENTRE AND ABU DHABI GLOBAL MARKET) RESIDENTS ONLY

This Prospectus, and the information contained herein, does not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates and accordingly should not be construed as such. The Ordinary Shares are only being offered to a limited number of investors in the UAE who (a) are willing and able to conduct an independent investigation of the risks involved in an investment in such Ordinary Shares, and (b) upon their specific request. The Ordinary Shares have not been approved by or licensed or registered with the UAE Central Bank, the Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE. The Prospectus is for the use of the named addressee only, who has specifically requested it without a promotion effected by the AIFM, its promoters or the distributors of its units, and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee’s consideration thereof). No transaction will be concluded in the UAE and any enquiries regarding the Ordinary Shares should be made to the AIFM.

United States

The Offer Shares have not been, and will not be, registered under the United States Securities Act of 1933 (the “**Securities Act**”), or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered, sold or transferred in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in each case in compliance with any applicable securities laws of any state or other jurisdiction of the United States. Accordingly, the Ordinary Shares being offered pursuant to the Offer are being offered and sold only outside the United States in offshore transactions within the meaning of, and in reliance on, Regulation S under the Securities Act. There will be no public offer of securities in the United States.

19. INTERMEDIARIES

The Intermediaries authorised at the date of this document to use this Prospectus in connection with the Intermediaries Offer are:

Name	Address
Equiniti Limited	Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

20. GENERAL

BDO LLP of 55 Baker Street, London W1U 7EU has been appointed as the statutory auditor to MBL.

KPMG LLP has given and has not withdrawn its written consent to the inclusion of its report on the unaudited *pro forma* financial information in Part VIII (*Pro Forma Financial Information*) of this Prospectus and has authorised the contents of that part of this Prospectus which comprises its report for the purpose of Rule 5.3.2R(2)(f) of the Prospectus Regulation.

Avison Young has given and has not withdrawn its written consent to the inclusion of its name and of its property valuation report included in Part IV (*Property Valuation Report*) of this Prospectus and references to them in the form and context in which they are included and has authorised, and accordingly takes responsibility for, the contents of that report for the purpose of the Prospectus. To the best of their knowledge the information contained in those parts of the Prospectus for which they are responsible is in accordance with the facts and those parts of the Prospectus make no omission likely to affect the import of such information.

We confirm that all the valuers involved in the valuation in Part IV (*Property Valuation Report*) have sufficient current knowledge of the particular market and the skills and understanding required to undertake the valuation competently and are RICS Registered Valuers. Avison Young are IPSX approved valuers. The Valuation has been prepared jointly by Mark Shelley MRICS, a Director within Valuation Consultancy and Rebecca Millard MRICS, a Principal within Valuation Consultancy, each for an on behalf of Avison Young (UK) Limited, a company with registered address at 3 Brindley Place, Birmingham, England, B1 2JB.

Avison Young have no material interest in the Company.

There has been no material change in the valuation of the property which is the subject of the property valuation report referred to in Part IV (*Property Valuation Report*) since the date of the valuation contained in such report.

21. THIRD PARTY

Where information contained in this Prospectus originates from a third party source, it is identified where it appears in this Prospectus together with the name of its source. Such third party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

22. COMPETENT AUTHORITY

This document has been approved as a prospectus by the FCA under section 87A of the FSMA, as a competent authority under the Prospectus Regulation. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Company or of the quality of the securities that are the subject of this Prospectus.

23. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection during usual business hours (Saturdays, Sundays and public holidays excepted) for a period of 12 months following Admission at the offices of Simmons & Simmons LLP at One Ropemaker Street, London EC2Y 9SS and the Company's registered office at C/O Alter Domus (UK) Limited, 18 St Swithin's Lane, London, United Kingdom, EC4N 8AD and on the Company's website at www.themailboxreit.com:

- the Articles of Association;
- the report of KPMG LLP which is set out in Part VIII (*Pro Forma Financial Information*);
- the report of Avison Young which is set out in Part IV (*Property Valuation Report*) and the associated letter of consent; and
- this Prospectus.

PART XIII

THE TAKEOVER CODE

The Company is subject to the Takeover Code. Immediately after Admission, the members of the Concert Party will, in aggregate, hold between 53,500,000 and 53,905,000 Ordinary Shares, representing between 46.1 and 46.5 per cent. of the Company's issued share capital. Following Admission a further announcement will be made clarifying the precise number of shares and percentage.

There are certain considerations that shareholders should be aware of with regard to this shareholding and the Takeover Code.

Under Rule 9 of the Takeover Code, any person who acquires an interest in shares which, taken together with Shares in which persons acting in concert with him are interested carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, are interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a Company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if such person, or any person acting in concert with him, acquires any interest in any further shares increasing that person's percentage of voting rights.

AN OFFER UNDER RULE 9 MUST BE IN CASH OR BE ACCOMPANIED BY A CASH ALTERNATIVE AND AT THE HIGHEST PRICE PAID BY THE PERSON REQUIRED TO MAKE THE OFFER, OR ANY PERSON ACTING IN CONCERT WITH HIM, FOR ANY INTEREST IN SHARES OF THE COMPANY DURING THE 12 MONTHS PRIOR TO THE ANNOUNCEMENT OF THE OFFER.

Persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. Without prejudice to the preceding sentence, the following persons will be presumed to be persons acting in concert with other persons in the same category unless the contrary is established: (1) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status); (2) a company with its directors (together with their close relatives and the related trusts of any of them); (3) a company with any of its pension schemes and the pension schemes of any company described in (1); (4) a fund manager (including an exempt fund manager) with any investment company, unit trust or other person whose investments such fund manager manages on a discretionary basis, in respect of the relevant investment accounts; (5) a person, the person's close relatives, and the related trusts of any of them, all with each other; (6) the close relatives of a founder of a company to which the Code applies, their close relatives, and the related trusts of any of them, all with each other; (7) a connected adviser with its client and, if its client is acting in concert with an offeror or the offeree company, with that offeror or offeree company respectively, in each case in respect of the interests in shares of that adviser and persons controlling, controlled by or under the same control as that adviser (except in the capacity of an exempt fund manager or an exempt principal trader); (8) directors of a company which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent; and (9) shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Takeover Code applies, or who, following the re-registration of that company as a public company in connection with an initial public offering or otherwise, become shareholders in a company to which the Takeover Code applies.

"Control" means holding an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company to which the Takeover Code applies, irrespective of whether such interest or interests give de facto control.

The Panel has confirmed that the following are presumed to be acting in concert for the purposes of the Takeover Code:

1. The Controlling Shareholder;
2. M7;
3. the members of the M7 Group including the Controlling Shareholder's Limited Partner and General Partner; and
4. certain key persons employed by the M7 Group in the management of the Property and the Company, being the persons named on pages 48-49 – Richard Croft-Sharland, Tony Edgley, David Simmonds, John Murnaghan and Ruth Miley as well as Jack Thoms, Tom Pearman and Teresa Dyer (and their respective close relatives and related trusts) (together, the "Concert Party"). The Directors of the Company do not form part of the Concert Party.

PART XIV

DEFINITIONS

“Admission”	the admission of the Ordinary Shares to IPSX becoming effective in accordance with IPSX’s rules for Prime Issuers
“Affiliate”	an affiliate of, or person affiliated with, a specified person, including a person that directly, or indirectly through one or more intermediate holding companies, controls or is controlled by, or is under common control with, the person specified, (and in the case of a limited partnership the limited partnership shall be controlled by its general partner)
“Agent”	Situs Asset Management Limited
“Aggregate Periodic Fee”	as described in paragraph 7 of Part II (<i>Information on the AIFM and the Asset Manager</i>)
“AIC”	the Association of Investment Companies
“AIC Code”	the 2019 AIC Code of Corporate Governance, as revised or updated from time to time
“AIF”	an alternative investment fund
“AIFM”	M7 Real Estate Financial Services Limited
“AIFMD” or “AIFMD Directive”	the European Union’s Alternative Investment Fund Managers Directive (No. 2071/61/EU) and all legislation made pursuant thereto, including, where applicable, the applicable implementing legislation and regulations in each member state of the European Union
“AIFMD Rules”	AIFMD, all delegated legislation made under AIFMD, and all applicable laws, rules and regulations implementing AIFMD in the UK
“Applicant”	a person or persons (in the case of joint applicants) whose name(s) appear(s) on the registration details of an Application Form
“Application Form”	the application form set out the Appendix to this Prospectus for use in connection with the Offer for Subscription
“Archco”	M7 Real Estate Investment Partners MB Archco Limited
“Arch Holdco Lease”	the lease dated 31 May 2007 and made between (1) Birmingham Mailbox Limited and (2) Royal Arch Limited (subsequently transferred to Archco) for a term expiring on 03 January 2131, which is registered under title number WM907527
“Articles”	the articles of association of the Company in force for the time being
“Asset Manager” or “M7”	M7 Real Estate Limited
“Board”	the board of directors of the Company
“Borrower”	MBL
“Canada Life Facility”	the £70 million loan facility to be entered into between MBL, as borrower and Canada Life Limited and/or members of the Canada Life/Great-West LifeCo Group, amongst others following Admission
“Company”	Mailbox REIT plc (incorporated in England and Wales with registered number 12524041)

“Controlling Shareholder”	M7 Real Estate Investment Partners MB LP (acting through its general partner) M7 Real Estate Investment Partners MB General Partner Limited
“CIR”	the new corporate interest restriction regime introduced by the UK in 2017
“Covid 19”	Covid-19 (commonly referred to as coronavirus)
“CREST”	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
“CRS”	the OECD Common Reporting Standard
“CTA 2010”	the United Kingdom Corporation Tax Act 2010
“DB Facility”	a £120 million floating rate term loan facility with Deutsche Bank AG, as amended and restated on 2 September 2020
“Depositary”	Alter Domus Depositary Services (UK) Limited
“Deutsche Bank”	Deutsche Bank AG, London Branch
“Different UK property business”	a separate UK property business from any other UK property business
“Directors”	the directors of the Company
“Disclosure Guidance and Transparency Rules”	the FCA’s Disclosure Guidance and Transparency Rules contained in the FCA Handbook
“Disposal Notice”	a notice in writing given by the Board to any persons they believe are Relevant Registered Shareholders in respect of the relevant shares requiring such Relevant Registered Shareholders within 21 days of the date of service of the notice (or such longer or shorter time as the Board considers to be appropriate in the circumstances) to dispose of such number of shares the Board may in such notice specify or to take such other steps as will cause the condition set out in FSMA Article 201(1) no longer to be satisfied
“Facilities Manager”	Interserve Limited
“FATCA”	the United States Foreign Account Tax Compliance Act provisions contained in sections 1471 to 1474 of the United States Internal Revenue Code and US Treasury Regulations promulgated thereunder together, as amended from time to time
“FATCA Deduction”	the 30 per cent. withholding tax on certain payments to a company of US source income (including interest and dividends) if such company does not comply with its obligations to report certain information about “Specified U.S. Persons” (as defined in the US-UK IGA) that own, directly or indirectly, an interest in the company
“FCA”	the Financial Conduct Authority of the UK in its capacity as the competent authority for the purposes of Part VI of FSMA
“FCA Handbook”	the FCA handbook of rules and guidance as amended from time to time
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Group”	The Company and its subsidiary undertakings from time to time
“GDP”	Gross Domestic Product
“HMRC”	the United Kingdom HM Revenue & Customs

“Holdco”	M7 Real Estate Investment Partners MB Holdco Limited a non-trading intermediate holding company
“IFRS”	the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the EU
“Interest Cover”	the number of times net interest payable is covered by underlying profit before net interest payable and taxation
“Intermediary”	a financial intermediary that is appointed by the Company to offer Ordinary Shares to retail investors under the Offer for Subscription, and references to “Intermediaries” shall be construed accordingly
“Intermediaries Offer”	the offer in the UK of Ordinary Shares by Intermediaries to retail investors as part of the Offer as described in paragraph 4 of Part XI (<i>Details of the Offer</i>) of this Prospectus
“Intermediaries Offer Application Form”	the application form on which an applicant may apply for Ordinary Shares to be issued pursuant to the Intermediaries Offer
“Intermediaries Terms and Conditions”	the terms and conditions of the Intermediaries Offer
“IPSX”	the International Property Securities Exchange
“IPSX Prime Rules”	the rules which govern admission and trading of financial instruments in commercial real estate companies. as issued by IPSX and as amended from time to time
“ISA”	an individual savings account
“Joint Bookrunners”	Panmure Gordon (UK) Limited and WH Ireland Limited together
“JV company”	a joint venture company carrying on a qualifying property rental business which satisfies the 75 per cent. profits test and the 75 per cent. assets test OR a joint venture company
“KID”	a key information document
“Lease”	the 999 year lease that the Mailbox, Birmingham is held on, granted 1 April 1998 at a peppercorn rent of £100 per annum
“Listing Rules”	the listing rules of the Financial Conduct Authority made pursuant to Part VI of FSMA
“M7 Group”	M7 Real Estate Limited and its Affiliates
“Market Abuse Regulation” or “MAR”	regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse
“MBL”	Mailbox (Birmingham) Limited, the company which holds the Group’s interest in the Property
“Minimum Net Proceeds”	£59.4 million (Target Gross Proceeds less transaction costs of £3.1 million)
“Money Laundering Regulations”	all relevant legislation and regulations, in particular (without limitation) those relating to money laundering and terrorist financing under Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering and Terrorist Financing (Amendment) Regulations 2019
“Non-PID Dividend”	a dividend by the Company representing profits and gains of the REIT Group’s Residual Business
“OECD”	the Organisation for Economic Co-operation and Development
“Offer”	the Placing, the Offer for Subscription and the Intermediaries Offer
“Offer Price”	£1.00 per Ordinary Share

“Official List”	the Official List of the FCA
“Ordinary Shares”	the proposed ordinary shares of 10 pence nominal value each in the capital of the Company
“Panmure Gordon”	Panmure Gordon (UK) Limited
“personal data”	information that a prospective investor in the Company provides in documents in relation to a subscription for Ordinary Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual
“Property”	The Mailbox building located at Wharfside St and Salvage Wharf, Birmingham and consisting of the 5 title numbers described in paragraph 2 of Part I (<i>Information on the Company and their Property</i>)
“Placing Agreement”	The placing and lead adviser agreement dated 30 September 2020
“Propco”	M7 Real Estate Investment Partners MB Propco Limited, a non-trading intermediate holding company
“PRIIPs”	packaged retail and insurance-based investment products
“PRIIPs Regulation”	Regulation EU No.1286/2014 on key information documents for packaged retail and insurance-based investment products
“Property Income Distribution” or “PID”	a property income distribution, i.e. a distribution by the Company as the principal company of the REIT Group of amounts shown in the financial statements of the REIT Group as income profits of the REIT Group’s Property Rental Business
“Property Manager”	Jones Lang LaSalle Limited
“Property Rental Business”	the qualifying property rental business in the UK and elsewhere of the REIT Group
“Prospectus Regulation”	Regulation (EU) 2017/1129
“Prospectus Regulation Rules”	the FCA’s Disclosure Guidance and Transparency Rules contained in the FCA Handbook
“RAML”	Royal Arch Management Ltd
“RAML Lease”	the lease of the airspace above the Property on 26 July 1999 between (1) Birmingham Mailbox Limited and (2) Crosby Homes (Midlands) Limited which is registered under title number WM704729 and was transferred to RAML on 31 January 2008
“Receiving Agent”	Equiniti Limited
“Registrar”	Equiniti Limited
“Regulation S”	Regulation S under the Securities Act
“Reporting Obligation”	any obligation from time to time of the Company to provide information or reports to HMRC as a result of or in connection with the Company’s status, or the Company’s status as a REIT
“REIT”	a UK real estate investment trust, i.e., a company or group to which Part 12 CTA 2010 applies
“REIT Group”	the Company and its subsidiaries and any other company which is eligible to be treated as a member of the same group (for the purposes of Part 12 of the CTA 2010) as the Company
“Residual Business”	the business of the REIT Group which is not part of the qualifying Property Rental Business
“SDRT”	stamp duty reserve tax

“Securities Act”	the US Securities Act of 1933
“SIPP”	a self-invested pension plan
“Special Articles”	the articles set out in paragraph 5 of Part IX (<i>The REIT Regime and Taxation</i>) of the Prospectus
“Substantial Shareholder”	any person whose interest in the Company, whether legal or beneficial, direct or indirect, may cause any member of the REIT Group to be liable to pay tax under section 551 of the CTA 2010 (as such section may be modified, supplemented or replaced from time to time) on or in connection with the making of a dividend or other distribution on or in respect of Ordinary Shares to or in respect of such person including, at the date of adoption of the Articles of Association, any holder of excessive rights as defined in section 553 CTA 2010
“Substantial Shareholding”	the shareholding in the Company held by or on behalf of a Substantial Shareholder
“Target Gross Proceeds”	£62.5 million
“The Takeover Code”	the City Code on Takeovers and Mergers
“TIOPA 2010”	the Taxation (International and Other Income) Act 2010
“US-UK IGA”	a Model 1 inter-governmental agreement the United Kingdom has signed with the United States to give effect to the United States Foreign Account Tax Compliance Act provisions contained in sections 1471 to 1474 of the United States Internal Revenue Code and US Treasury Regulations promulgated thereunder
“W&I Policy”	M7’s warranty and indemnity insurance policy from Ambridge Europe Limited
“WH Ireland”	WH Ireland Limited
“Withdrawal Agreement”	the withdrawal agreement dated October 2019 setting out the terms of the United Kingdom’s exit from the European Union
“75 per cent. assets test”	a condition whereby at the beginning of the accounting period the value of the assets in the Property Rental Business must represent at least 75 per cent. of the total value of assets held by the REIT Group
“75 per cent. profits test”	a condition whereby the income profits arising from the Property Rental Business must represent at least 75 per cent. of the REIT Group’s total profits for the accounting period
“90 per cent. distribution test”	a condition whereby at least 90 per cent. of the amounts shown in the financial statements of the REIT Group as income profits (broadly, calculated using normal tax rules) and 100 per cent. of any property income dividends received from other UK REITs must be distributed to shareholders of the REIT in the form of a PID on or before the filing date for the REIT’s tax return for the accounting period

PART XV

GLOSSARY

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

“Contracted Rent”	the annualised gross rent before rent free incentives or phased rents have been deducted
“EPRA”	means the European Public Real Estate Association
“EPRA Vacancy Rate”	the ERV of vacant space divided by the ERV of an entire property, calculated in accordance with EPRA guidelines
“Estimated Rental Value” or “ERV”	the external valuers’ opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property
“LIBOR”	The London Interbank Offered Rate, the interest rate charged by one bank to another for lending money
“Loan to Value” or “LTV”	the ratio of gross debt less cash, short-term deposits and liquid investments to the aggregate value of properties and investments
“Net Asset Value” or “NAV”	the value, as at any date, of the assets of the Company after deduction of all liabilities determined in accordance with the accounting policies adopted by the Company from time-to-time
“Net Asset Value per Ordinary Share” or “NAV per Ordinary Share”	at any time the Net Asset Value divided by the number of Ordinary Shares in issue at the date of calculation
“Net Initial Yield”	the current annualised rent, net of costs, expressed as a percentage of capital value, after adding notional purchaser’s costs
“Net Operating Income” or “NOI”	Gross profit/(loss) as set out in Part VII (<i>Historical Financial Information</i>)
“Net Rental Income”	the rental income receivable in the period after payment of ground rents and net property outgoings. Net rental income will differ from annualised net rents and passing rent due to the effects of income from rent reviews, net property outgoings and accounting adjustments for fixed and minimum contracted rent reviews and lease incentives
“Occupational Lease”	any present or future lease, underlease, sub-lease, licence agreement, option, tenancy or right to occupy any property in each case howsoever described, whether for a fixed term or on a periodic basis governing the use or occupation of any property or any part of it to which the Company’s in direct interest may be subject from time to time
“Passing Rent”	the amount of rent, which is receivable on the valuation date, which may be different from the amount of contracted rent as a result of current tenant incentives
“Quarter Day”	the dates on which the rents are charged quarterly in advance being; 25 March, 24 June, 29 September and 25 December
“Real Estate Investment Trust” or “REIT”	a listed property company which qualifies for and has elected into a tax regime, which exempts qualifying property rental income and gains on investment property disposals from corporation tax

“Rent”	all Rental Income excluding any Service Charge Proceeds, ground rent payable, other non-recoverable property operating expenses, VAT and any other Taxes, charges or costs of a similar nature
“SONIA”	Sterling Overnight Interbank Average Rate
“Turnover Rent”	A rent that is calculated by reference to the turnover generated at the premises. This usually forms only part of the total rent payable.
“WAULT”	the weighted average unexpired lease term expressed either as a period to a break clause or period to expiry

ANNEX A

TERMS AND CONDITIONS OF THE OFFER FOR SUBSCRIPTION

1. INTRODUCTION

- 1.1 These terms and conditions apply to persons agreeing to subscribe for Ordinary Shares under the Offer for Subscription at a price of £1.00 per Ordinary Share. The Ordinary Shares will, when issued and fully paid, include the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.
- 1.2 If you (an “Investor”) apply for Ordinary Shares under the Offer for Subscription, you will be agreeing with the Company, the Registrar to the terms and conditions of the application set out below (the “Terms and Conditions”).

2. CONDITIONS OF THE OFFER FOR SUBSCRIPTION

- 2.1 The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:
 - 2.1.1 Admission occurring on or prior to 9 a.m. (London time) on 21 October 2020 (or such later time and/or date as the Company and the Joint Bookrunners may agree; and
 - 2.1.2 the Placing Agreement becoming otherwise unconditional in all respects (save for the condition therein relating to Admission) and not having been terminated in accordance with its terms prior to Admission.
- 2.2 The Offer will not proceed if the conditions at paragraph 2.1 are not met. If the Company and the Joint Bookrunners decide to waive the conditions referred to in paragraph 2.1 above, the Company will be required to publish a supplementary prospectus.
- 2.3 To the fullest extent permitted by law, each Investor acknowledges and agrees that it will not exercise any remedy of rescission, termination or withdrawal at any time after acceptance. This does not affect any other rights such Investor may have.

3. APPLICATIONS FOR ORDINARY SHARES

- 3.1 Applications to acquire Ordinary Shares (an “Application”) must be made on the Application Form attached as an Appendix to this Prospectus or otherwise published by the Company. Any application may be rejected in whole or in part at the sole discretion of the Company.
- 3.2 By completing and delivering an Application Form, you, as the applicant, and if you sign the Application Form on behalf of another person or a corporation, that person or corporation:
 - 3.2.1 offer to subscribe for the amount specified on your Application Form, or any smaller amount for which such application is accepted, on the terms, and subject to the conditions, set out in this Prospectus, including these terms and conditions of application and the Articles;
 - 3.2.2 agree that, in consideration for the Company agreeing that it will not offer any Ordinary Shares to any person other than by means of the procedures referred to in this Prospectus, your application may not be revoked, subject to your statutory right of withdrawal in the event of publication of a supplementary prospectus by the Company, and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to or, in the case of delivery by hand, on receipt by the Registrar of your Application Form;
 - 3.2.3 undertakes to pay the Offer Price in full for the Ordinary Shares issued to such Investor under the Offer for Subscription in such manner as shall be directed by the Joint Bookrunners and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive a share certificate for the Ordinary Shares applied for in certificated form or be entitled to commence dealing in Ordinary Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such Ordinary Shares unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Registrar (which acceptance shall be in its

- absolute discretion and on the basis that you indemnify the Registrar, the Company, and the Joint Bookrunners against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) avoid the agreement to allot the Ordinary Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by a cheque drawn on a branch of a UK clearing bank to the bank account name from which they were first received at your risk of any proceeds of the remittance which accompanied your Application Form, without interest);
- 3.2.4 agree that, in the event of any failure by any Applicant to pay as so directed by the Joint Bookrunners, the relevant Applicant shall be hereby deemed to have appointed the Joint Bookrunners or any nominee thereof to sell (in one or more transactions) any or all of the Ordinary Shares in respect of which payment shall not have been made as directed by the Joint Bookrunners and to have agreed to indemnify on demand in respect of any liability for stamp duty and/or SDRT arising in respect of any such sale or sales;
- 3.2.5 agree that, where on your Application Form a request is made for Ordinary Shares to be deposited into a CREST account: (a) the Registrar may in its absolute discretion amend the form so that such Ordinary Shares may be issued in certificated form registered in the name(s) of the holder(s) specified in your Application Form (and recognise that the Registrar will so amend the form if there is any delay in satisfying the identity of the applicant or the owner of the CREST account or in receiving your remittance in cleared funds); and (b) the Registrar, the Company, or the Joint Bookrunners may authorise your financial adviser or whoever he or she may direct to send a document of title for or credit your CREST account in respect of, the number of Ordinary Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address set out on your Application Form;
- 3.2.6 agree, in respect of applications for Ordinary Shares in certificated form (or where the Registrar exercises its discretion pursuant to paragraph 3.2.5 above to issue Ordinary Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled (and any monies returnable to you) may be retained by the Registrar:
- (a) pending clearance of your remittance;
 - (b) pending investigation of any suspected breach of the representations, warranties and undertakings contained in paragraphs 4 below or any other suspected breach of these terms and conditions of application; or
 - (c) pending any verification of identity which is, or which the Registrar considers may be, required for the purpose of the Money Laundering Regulations and any other regulations applicable thereto, and any interest accruing on such retained monies shall accrue to and for the benefit of the Company;
- 3.2.7 agree that you are not applying on behalf of a person engaged in money laundering;
- 3.2.8 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 certified by a solicitor or notary) is enclosed with your Application Form together with full identity documents for the person so signing;
- 3.2.9 agree, on the request of the Registrar, to disclose promptly in writing to it such information as the Registrar may request in connection with your application and authorise the Registrar to disclose any information relating to your application which it may consider appropriate;
- 3.2.10 agree that if evidence of identity satisfactory to the Registrar is not provided to the Registrar within a reasonable time (in the opinion of the Registrar) following a request therefor, the Registrar or the Company may terminate the agreement with you to allot Ordinary Shares and, in such case, the Ordinary Shares which would otherwise have

been allotted to you may be re-allotted or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned by a cheque drawn on a branch of a UK clearing bank to the bank account name on which the payment accompanying the application was first drawn without interest and at your risk; and

- 3.2.11 agree that any application may be rejected in whole or in part at the sole discretion of the Company.
- 3.3 Liability for stamp duty and SDRT is described in paragraph 3.5 of Part IX (*The REIT Regime and Taxation*) of this Prospectus. The Company will not charge Investors any separate costs, expenses or taxes in connection with the Issue. The Company will bear the costs and expenses of the Placing and the Offer for Subscription.
- 3.4 Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company and the Registrar from the Applicant that the Money Laundering Regulations will not be breached by application of such remittance. The verification of identity requirements will not usually apply:
- 3.4.1 if the Applicant is an organisation required to comply with the Money Laundering Directive (2015/849 of the European Parliament and of the EC Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing); or
- 3.4.2 if the Applicant is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- 3.4.3 if the aggregate subscription price for the offered Ordinary Shares is less than €15,000 (approximately £13,700, based on the £:€ exchange rate on 21 September 2020).
- 3.5 If the Application Form(s) is/are in respect of Ordinary Shares with an aggregate subscription price of more than €15,000 (approximately £13,700) and is/are lodged by hand by the Applicant in person, or if the Application Form(s) in respect of Ordinary Shares is/are lodged by hand by the Applicant and the accompanying payment is not the Applicant's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.
- 3.6 If, within a reasonable period of time following a request for verification of identity, and in any case by 11.00 a.m. on 15 October 2020, the Registrar has not received evidence satisfactory to it as aforesaid, the Registrar may, as agent of the Company and upon instruction from the Company, reject the relevant Application, in which event the monies submitted in respect of that Application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).
- 3.7 All payments must be made by cheque or banker's draft in pounds sterling drawn on a branch in the United Kingdom of a bank or a building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by those companies or committees: cheques and banker's drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual Investor where they have sole or joint title to the funds, should be made payable to Equiniti Limited re: Mailbox REIT plc – Offer for Subscription a/c in respect of an Application and crossed "A/C Payee Only". Cheques and payments via CHAPS, BACS or electronic payment should be for the full amount payable on Application. Post-dated cheques will not be accepted.
- 3.8 Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the cheque/banker's draft to such effect. The account name should be the same as that shown on the Application Form.

- 3.9 Where application monies have been banked and/or received, if any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto, without interest. In the meantime, application monies will be retained by the Registrar in a separate account.
- 3.10 The following is provided by way of guidance to reduce the likelihood of difficulties, delays and potential rejection of an Application Form (but without limiting the Registrar's right to require verification of identity as indicated above):
- 3.10.1 Applicants should make payment by a cheque drawn on an account in their own name from a UK bank account and write their name and address on the back of the banker's draft or cheque and, in the case of an individual, record his date of birth against his name; banker's drafts should be duly endorsed by the bank or building society on the reverse of the cheque as described above; and
- 3.10.2 If an Applicant makes the Application as agent for one or more persons, he should indicate on the Application Form whether he is a UK or EU-regulated person or institution (for example a bank or stockbroker) and specify his status. If an Applicant is not a UK or EU-regulated person or institution, he should contact the Registrar.

4. REPRESENTATIONS AND WARRANTIES

- 4.1 By completing an Application Form, each Investor and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation, is deemed to represent, warrant, and/or undertake to the Company, the Joint Bookrunners and the Registrar that:
- 4.1.1 you will offer to subscribe for the number of Ordinary Shares specified in your Application Form (or such lesser number for which your Application is accepted) on the terms, and subject to the conditions, set out in this Prospectus (and any supplementary prospectus published by the Company), including these terms and conditions, and subject to the Articles of Association;
- 4.1.2 if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions of application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- 4.1.3 in consideration of the Company agreeing to process your Application, your Application cannot be revoked (subject to any legal right to withdraw your application which arises as a result of the publication of a supplementary prospectus) and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand during normal business hours only) on receipt by, the Registrar of your Application Form;
- 4.1.4 your cheque or banker's draft may be presented for payment on receipt and will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive the Ordinary Shares until you make payment in cleared funds for the Ordinary Shares and such payment is accepted by the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it, and the Registrar, against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by the Company of such late payment, the Company may (without prejudice to its other rights) void the agreement to subscribe for such Ordinary Shares and may issue or allot such Ordinary Shares to another person, in which case you will not be entitled to any payment in respect of such Ordinary Shares other than the refund to you at your risk of the proceeds (if any) of the cheque or banker's draft accompanying your Application, without interest;

- 4.1.5 (i) any monies returnable to you may be retained pending clearance of your remittance and the completion of any verification of identity required by the Money Laundering Regulations; and (ii) monies pending allocation will be retained in a separate account and that such monies will not bear interest;
- 4.1.6 you undertake to provide satisfactory evidence of your identity within such reasonable time (in each case to be determined in the absolute discretion of the Company and the Registrar) to ensure compliance with the Money Laundering Regulations;
- 4.1.7 in respect of those Ordinary Shares for which your Application has been received and is not rejected, acceptance of your Application shall be constituted, at the election of the Company, either (i) by notification to IPSX of the basis of allocation (in which case acceptance shall be on that basis) or (ii) by notification of acceptance thereof to the Registrar;
- 4.1.8 you authorise the Registrar to procure that your name (together with the name(s) of any other joint Applicant(s)) is/are placed on the register of members of the Company in respect of such Ordinary Shares and to send a crossed cheque for any monies returnable by post without interest, at the risk of the persons entitled thereto, to the address of the person (or in the case of joint holders the first-named person) named as an Applicant in the Application Form;
- 4.1.9 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;
- 4.1.10 you acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this Prospectus (and any supplementary prospectus published by the Company) and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Registrar, the Joint Bookrunners or any of their affiliates or any other person;
- 4.1.11 if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person or corporation, and such person or corporation will also be bound accordingly and will be deemed to have given the confirmations, warranties and undertakings contained herein and undertake to enclose your power of attorney, or a copy thereof duly certified by a solicitor or bank, with the Application Form;
- 4.1.12 all Applications, acceptances of Applications and contracts resulting from such acceptances shall be governed by and construed in accordance with English law, and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- 4.1.13 in making such Application, neither you nor any person on whose behalf you are applying are relying on any information or representation in relation to the Company other than the information contained in this Prospectus and any supplementary prospectus and, accordingly, you agree that no person (responsible solely or jointly for this Prospectus or any part thereof or involved in the preparation thereof) shall have any liability for any such information or representation;
- 4.1.14 agree that, having had the opportunity to read this Prospectus, you shall be deemed to have had notice of all information and representations contained therein, and that in participating under the Offer for Subscription you have had access to all information you believe necessary or appropriate in connection with your decision to subscribe for the Ordinary Shares;
- 4.1.15 your Application is made solely on the terms of this Prospectus (and any supplementary prospectus published by the Company) and subject to the Articles of Association;
- 4.1.16 the information contained in your Application Form is true and accurate;

- 4.1.17 you have reviewed the restrictions contained in these terms and conditions;
- 4.1.18 if you are an individual, you are not under the age of 18;
- 4.1.19 all documents and cheques sent by post to, by or on behalf of the Company or the Registrar, will be sent at the risk of the person(s) entitled thereto;
- 4.1.20 in connection with your Application you have observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your Application in any territory and that you have not taken any action which will or may result in the Company or any person responsible solely or jointly for the Prospectus or any part of its or involved in the preparation thereof acting in breach of the regulatory or legal requirements of any territory (including in particular FSMA) in connection with the Offer for Subscription or your Application;
- 4.1.21 save where you have satisfied the Company that an appropriate exemption applies so as to permit you to subscribe, you are not a resident of the United States, Australia, Canada, the Republic of South Africa or Japan;
- 4.1.22 on request by the Company, or the Registrar on behalf of the Company, to disclose promptly in writing to the Company or the Registrar any information which the Company or the Registrar may reasonably request in connection with your Application, and authorise the Company or the Registrar on behalf of the Company to disclose any information relating to your Application as it considers appropriate;
- 4.1.23 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Ordinary Shares under the Offer for Subscription, 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 Joint Bookrunners or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Offer for Subscription;
- 4.1.24 you are not applying as, nor are you applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services);
- 4.1.25 if you are outside the United Kingdom, neither this Prospectus nor any other offering, marketing or other material in connection with the Offer for Subscription constitutes an invitation, offer or promotion to, or arrangement with, you or any person whom you are procuring to subscribe for Ordinary Shares pursuant to the Offer for Subscription unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to you or such person and such documents or materials could lawfully be provided to you or such person and Ordinary Shares could lawfully be distributed to and subscribed and held by you or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 4.1.26 you do not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Ordinary Shares under the Offer for Subscription and you are not acting on a non-discretionary basis for any such person;
- 4.1.27 you have complied and will comply with all applicable provisions of the Criminal Justice Act 1993 and the Market Abuse Regulation with respect to anything done by it in relation to the Offer for Subscription and/or the Ordinary Shares;
- 4.1.28 you accept that if the Offer for Subscription does not proceed or the conditions to the Placing Agreement are not satisfied, or become incapable of being satisfied, or the Ordinary Shares for which valid applications are received and accepted are not admitted to trading on IPSX for any reason whatsoever then neither the Joint

Bookrunners, nor the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;

- 4.1.29 you acknowledge and agree that you have been informed that, pursuant to the General Data Protection Regulation 2016/679 (the “**DP Legislation**”) the Company and/or the Registrar may hold personal data (as defined in the DP Legislation) relating to past and present Shareholders. Personal data may be retained on record for a period exceeding six years after it is no longer used (subject to any limitations on retention periods set out in applicable law). The Registrar will process such personal data at all times in compliance with DP Legislation and shall only process for the purposes set out in the Company’s privacy notice, which is available for review on the Company’s website at www.themailboxreit.com/ (the “**Privacy Notice**”), including for the purposes set out below (collectively, the “**Purposes**”), being to:
- (a) process the personal data to the extent and in such manner as is necessary for the performance of its obligations under its service contract, including as required by or in connection with your holding of Ordinary Shares, including processing personal data in connection with credit and money laundering checks on you;
 - (b) communicate with you as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;
 - (c) comply with the legal and regulatory obligations of the Company and/or the Registrar; and
 - (d) process the personal data for the Registrar’s internal administration;
- 4.1.30 you acknowledge that in order to meet the Purposes, it will be necessary for the Company and the Registrar to provide personal data to:
- (a) third parties located either within or outside the EEA if necessary for the Registrar to perform its functions or when it is necessary for its legitimate interests, and in particular in connection with the holding of Ordinary Shares; or
 - (b) its affiliates, the Company (in the case of the Registrar) or the AIFM or and their respective associates, some of which may be located outside of the EEA;
- 4.1.31 you acknowledge that any sharing of personal data by the Company or the Registrar with other parties will be carried out in accordance with the DP Legislation and as set out in the Company’s Privacy Notice;
- 4.1.32 you represent and warrant to the Registrar that you have (i) notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and you have provided a copy of the Company’s Privacy Notice and any other data protection notice which has been provided by the Company and/or the Registrar; and (ii) where consent is legally required under applicable DP Legislation, you have obtained the consent of any data subject to the Registrar and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out above);
- 4.1.33 you acknowledge by submitting personal data to the Registrar (acting for and on behalf of the Company) where you are a natural person you have read and understood the terms of the Company’s Privacy Notice;
- 4.1.34 you acknowledge that by submitting personal data to the Registrar (acting for and on behalf of the Company) where you are not a natural person you represent and warrant that:
- (a) you have brought the Company’s Privacy Notice to the attention of any underlying data subjects on whose behalf or account you may act or whose persona data will be disclosed to the Company as a result of you agreeing to subscribe for Ordinary Shares; and

- (b) you have complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company;
- 4.1.35 where you act for or on account of an underlying data subject or otherwise disclose the personal data of an underlying data subject, you shall, in respect of the personal data it processes in relation to or arising in relation to the Placing:
 - (a) comply with all applicable data protection legislation;
 - (b) take appropriate technical and organisational measures against unauthorised or unlawful processing of the personal data and against accidental loss or destruction of, or damage to, the personal data;
 - (c) if required, agree with the Company and the Registrar the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and
 - (d) immediately on demand, fully indemnify each of the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect loss and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar in connection with any failure by you to comply with the provisions set out above;
- 4.1.36 you acknowledge that the key information document relating to the Company pursuant to the PRIIPs Regulation can be provided to you in paper or by means of a website but that where you are applying under the Offer for Subscription directly and not through an adviser or other intermediary, unless requested in writing otherwise, the lodging of an Application Form represents your consent to being provided the key information document via the Company's website at www.themailboxreit.com/ or on such website as has been notified to you. Where your application is made on an advised basis or through another intermediary, the terms of your engagement should address the means by which the key information document will be provided to you;
- 4.1.37 the Joint Bookrunners, the Company and the Directors 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;
- 4.1.38 the representations, undertakings and warranties contained in this Prospectus are irrevocable. You acknowledge that the Joint Bookrunners and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and you agree that if any of the representations or warranties made or deemed to have been made by its subscription of the Ordinary Shares are no longer accurate, you shall promptly notify the Joint Bookrunners and the Company;
- 4.1.39 you irrevocably authorise the Company, or the Registrar or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any of the Ordinary Shares subscribed for by or issued to you in your name(s) or into the name(s) of any person(s) in whose favour the entitlement to any such Ordinary Shares has been transferred and authorise any representatives of the Company and/or Registrar to execute any documents required thereby and to enter your name on the register of members of the Company;
- 4.1.40 you are not subscribing for the Ordinary Shares having a loan which would not have been given to you or any associate, or not given to you on such favourable terms, if you had not been proposing to subscribe for the Ordinary Shares;
- 4.1.41 as far as you are aware, save as otherwise disclosed in this Prospectus, you are not acting in concert (within the meaning given in the Takeover Code) with any other person in relation to the Company;

- 4.1.42 you are not, and at Admission will not be, an Affiliate of the Company or a person acting on behalf of such Affiliate, and you are not acquiring Ordinary Shares for the account or benefit of an Affiliate of the Company or of a person acting on behalf of such an Affiliate;
- 4.1.43 confirm that you will (or will procure that your nominee will), if applicable, make a notification to the Company of the interest in its Ordinary Shares in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules issued by the FCA and made under part VI of FSMA as they apply to the Company; and
- 4.1.44 you: (i) are either: (a) highly knowledgeable and experienced in business and financial matters as to be capable of evaluating the merits and risks of an investment in the Ordinary Shares; or (b) are a professionally advised retail investor who has been advised of the merits and risks of an investment in the Ordinary Shares; (ii) fully understand the risks associated with such investment set out in this Prospectus; and (iii) are able to bear the economic risk of your investment in the Company and are currently able to afford the complete loss of such investment.
- 4.2 If you are applying on behalf of someone else you will not, and will procure that none of your affiliates will, circulate, distribute, publish or otherwise issue (or authorise any other person to issue) any document or information in connection with the Offer for Subscription, or make any announcement or comment (whether in writing or otherwise) which states or implies that it has been issued or approved by or prepared in conjunction with the Company or any person responsible solely or jointly for this Prospectus or any part thereof or involved in the preparation thereof or which contains any untrue statement of material fact or is misleading or which omits to state any material fact necessary in order to make the statements therein not misleading.
- 4.3 No person receiving a copy of this Prospectus or any supplementary prospectus issued by the Company and/or an Application Form in any territory other than the UK may treat the same as constituting an invitation or an offer to him; nor should he in any event use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or the Application Form could lawfully be used without contravention of any, or compliance with, any unfulfilled registration or other legal or regulatory requirements. It is the responsibility of any person outside the UK wishing to apply for Ordinary Shares under the Offer for Subscription to satisfy himself as to full observance of the laws of any relevant territory in connection with any such Application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in any such territory and paying any issue, transfer or other taxes required to be paid in any such territory.
- 4.4 Relevant clearances have not been, and will not be, obtained from the securities commission (or equivalent) of any province of the United States, Australia, Canada, the Republic of South Africa or Japan and, accordingly, unless an exemption under any relevant legislation or regulations is applicable, none of the Ordinary Shares may be offered, sold, renounced, transferred or delivered, directly or indirectly, in the United States, Australia, Canada, the Republic of South Africa or Japan. You represent and warrant to the Company that you are not a located in the United States, Australia, Canada, the Republic of South Africa or Japan and that you are not subscribing for such Ordinary Shares for the account of any US Person or person located in the United States, Australia, Canada, the Republic of South Africa or Japan and that you will not offer, sell, renounce, transfer or deliver, directly or indirectly, Ordinary Shares subscribed for by you in the United States, Australia, Canada, the Republic of South Africa or Japan or to any US Person or person located in the United States, Australia, Canada, the Republic of South Africa or Japan. No Application will be accepted if it bears an address in the United States, Australia, Canada, the Republic of South Africa or Japan unless an appropriate exemption is available as referred to above.
- 4.5 The basis of allocation will be determined by the Joint Bookrunners (following consultation with the Company), in their absolute discretion. The right is reserved to reject in whole or in part and/or scale down and/or allot any Application or any part thereof. The right is reserved to treat as valid any Application not in all respects completed in accordance with the instructions relating to the Application Form, including if the accompanying cheque or banker's draft is for the wrong amount.

5. UNITED STATES PURCHASE AND TRANSFER RESTRICTIONS

- 5.1 By completing an Application Form, each Investor and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation, is deemed to represent, warrant, and/or undertake to the Company, the Joint Bookrunners and the Registrar.
- 5.1.1 the Ordinary Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or jurisdiction of the United States and may not be offered, sold or transferred, directly or indirectly, into or within the United States absent registration under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and, in each case, in compliance with any applicable securities laws of any state or other jurisdiction of the United States; the Ordinary Shares are being offered and sold only outside the United States in offshore transactions within the meaning of, and in reliance on, Regulation S under the Securities Act; and no representation is being made as to the availability of any exemption under the Securities Act for the reoffer, resale, pledge or transfer of the Ordinary Shares;
- 5.1.2 it is acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S;
- 5.1.3 it is not acquiring Ordinary Shares as a result of any “directed selling efforts” as defined in Regulation S;
- 5.1.4 it is purchasing the Ordinary Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Ordinary Shares in any manner that would violate the Securities Act, or any other applicable securities laws;
- 5.1.5 if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the Securities Act
- 5.1.6 it acknowledges and understands that the Company is required to comply with FATCA and CRS and agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA and CRS;
- 5.1.7 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the Ordinary Shares to within the United States, nor will it do any of the foregoing;
- 5.1.8 if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, the investor has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account;
- 5.1.9 unless the Company expressly consents otherwise in writing, no portion of the assets used to purchase, and no portion of the assets used to hold, the Ordinary Shares or any beneficial interest therein constitutes or will constitute the assets of: (a) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (b) a “plan” as defined in Section 4975 of the US Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Code; or (c) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the US Code. In addition, if a Placee is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Code, its purchase, holding, and disposition of the Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law; and
- 5.1.10 The Company, the AIFM, the Joint Bookrunners, the Registrar and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and

agreements. If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with, the investor will immediately notify the Company.

6. TAX RESIDENCY SELF-CERTIFICATION

- 6.1 In addition to completing and returning the Application Form to the Registrar, you will also need to complete and return a Tax Residency Self Certification Form. The “tax residency self-certification” form can be found at the end of this Prospectus and further copies of this form and the relevant form for joint holdings or Corporate Entity holdings can be requested from Equiniti Helpline on 0371 384 2050 (from inside the UK) or +44 333 207 6388 (if calling from outside the UK). The Helpline is open from 9.00 a.m. to 5.00 p.m. (London time), Monday to Friday excluding public holidays in England and Wales. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Please note that Equiniti Helpline cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.
- 6.2 It is a condition of application that (where applicable) a completed version of that form is provided with the Application Form before any application can be accepted.

7. MISCELLANEOUS

- 7.1 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 Ordinary Shares and the Offer for Subscription.
- 7.2 The rights and remedies of the Company and the Registrar under these terms and conditions of application are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 7.3 The Company reserves the right to extend the closing time and/or date of the Offer for Subscription from 11.00 a.m. on 15 October 2020. In that event, the new closing time and/or date will be notified through a Regulatory Information Service.
- 7.4 The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned as indicated without interest at the risk of the applicant.
- 7.5 You agree that the Joint Bookrunners and the Registrar are acting for the Company in connection with the Offer and no-one else and that none of the Joint Bookrunners and the Registrar will treat you as its client by virtue of such application being accepted or owe you any duties concerning the price of the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or otherwise in relation to the Offer for Subscription or for providing the protections afforded to their clients.
- 7.6 Save where the context requires otherwise, terms used in these terms and conditions of application bear the same meaning as where used elsewhere in this Prospectus.

Section 3 — Corporate Registration Details

Company Name																				
Contact Name																				
Company Address																				
Post Code																				
Daytime Telephone																				
Email Address																				
Company Registered Number																				

Section 4 — Joint Subscription Applicants (You may apply with up to 3 joint subscription applicants)

Second Subscription Applicant

Title						Date of Birth	D	D		M	M		Y	Y
Surname														
Full Name(s)														
House Number						Post Code								

Third Subscription Applicant

Title						Date of Birth	D	D		M	M		Y	Y
Surname														
Full Name(s)														
House Number						Post Code								

Fourth Subscription Applicant

Title						Date of Birth	D	D		M	M		Y	Y
Surname														
Full Name(s)														
House Number						Post Code								

Section 5 – Settlement

a) Cheque/Banker's Draft Details

Attach your cheque or banker's draft for the exact amount shown in Section 1 made payable to "Equiniti Limited re Mailbox REIT plc Offer for Subscription a/c" and crossed "A/C payee".

(b) Electronic Transfer

Please enter below the sort code of the bank and branch you will be instructing to make such payment for value by 1.00 p.m. on 20 October 2020 together with the name and number of the account to be debited with such payment and the branch contact details.

Sort Code:		Account Name	
Account Number		Contact name at branch and telephone number	
Reference Number*			

* **Reference Number must be obtained from Equiniti Limited** before submitting this Application Form as detailed in the Notes on how to complete the Application Form below.

(c) Settlement by Delivery versus payment (DVP)

Only complete this section if you choose to settle your application within CREST, that is deliver versus payment (DVP).

Please indicate the CREST Participant ID from which the DEL message will be received by the Registrar for matching.

(BLOCK CAPITALS)

CREST Participant ID:									
CREST Designation:									
CREST Participant's Name:									

The Receiving Agent will contact you via email to confirm your allocation and provide you with the relevant details which you will need to input by no later than 1.00 p.m. on 20 October 2020. Ensure you provide an email contact address in Section 2 of the Application Form.

If you would like to settle your commitment within CREST, your or your settlement agent's custodian's CREST account must allow for the delivery and acceptance of Ordinary Shares to be made against payment of the Issue Price per share, following the CREST matching criteria set out below:

Trade date: 19 October 2020
Settlement date: 21 October 2020
Company: Mailbox REIT plc
Security description: Ordinary Shares of 10 pence
SEDOL: BM9BWM3
ISIN: GB00BM9BWM32

Equiniti Limited Counterparty details:
Participant ID: 2RA30
Member Account ID: RA500301

If you wish to settle by DVP, you will need to ensure that you key the trade as instructed by the Registrar by no later than 1.00 p.m. on 20 October 2020.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

The Member Account ID is not required for Equiniti's purposes, although some Settlement Agents may wish to use the Member Account ID for their own reconciliation purposes. It should be noted that Equiniti will not validate the Member Account or query it, if it is incorrectly stated.



Section 6 – Shares issued in CREST – Payment by cheque

Please complete this section only if you require your Ordinary Shares to be credited to your CREST account, but paying by cheque.

CREST Participant ID:							
CREST Designation:							
CREST Participant's Name:							

Section 7 — Signature

By signing below you are deemed to have read the Prospectus and agreed to the terms and conditions in Appendix 4 of the Prospectus (Terms and Conditions of the Offer for Subscription) and to have given the warranties and undertakings set out therein.

Execution by Individuals:

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

Execution by a Company:

Executed by (Name of Company)			
Name of Authorised signatory:		Name of Authorised signatory:	
Position of Authority:		Position of Authority:	
Signature:		Signature:	
Date:		Date:	

A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

Section 8 – Verification of identity

If the aggregate subscription price for the Ordinary Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent) or the Company (or any of its agents) deems it necessary, at its absolute discretion, in order to ensure compliance with the CDD Rules, you must ensure that Section 8.1, 8.2 or 8.3 (as appropriate) is completed.

Section 8.1 Professional Advisers and Intermediaries

This Section 8.1 should be completed if an application for Ordinary 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: Mailbox REIT plc, the Joint Bookrunners and Equiniti Limited

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

1. complete anti-money laundering verification in respect of each relevant client and to inform you of any unsatisfactory conclusion in respect of any relevant client;
2. to keep records to verify the name, identity, place of birth, residential address, occupation and signature of each relevant client; and
3. to 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 the 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)	

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:		Official stamp (if any):
Signature:		
Full Name:		
Title/position:		

Section 8.2 Reliable Introducer

(If you are not a professional adviser or intermediary to whom Section 8.1 applies, the completion and signing of the declaration in this Section 8.2 by a suitable person or institution may avoid a request for the presentation 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 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 operation of "know your customer" and anti-money laundering regulations no less stringent than those which prevail in the United Kingdom. Acceptable countries include Austria, Belgium, Denmark, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hong Kong, Iceland, Isle of Man, Italy, Jersey, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland and the United Kingdom.)

Declaration by the firm

To: Mailbox REIT plc, the Joint Bookrunners and Equiniti Limited



With reference to the applicant(s) detailed in Section 2 and, in the case of joint applicants, Section 4 above, all persons signing Section 7, we hereby declare that:

1. we operate in one of the above mentioned countries and our firm is subject to anti-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 the United Kingdom;
2. we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;
3. each of the relevant persons is known to us in a business capacity and we hold valid identity documentation in respect of each of them and we undertake to immediately provide to you copies thereof on demand;
4. we confirm the accuracy of the names and residential/business address(es) of the applicant(s) named in Section 2 and, in the case of joint applicants, Section 4 above;
5. having regard to all local anti-money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the Ordinary Shares to which this application relates; and
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:		Official stamp (if any):
Signature:		
Full Name:		
Title/position:		

I hereby declare that I have 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:	

Section 8.3 Applicant identity information

(Only complete this Section 8.3 if the aggregate subscription price payable under your application (whether in one or more applications) is greater than €15,000 (or its Sterling equivalent), and neither of Sections 8.1 and 8.2 can be completed) or if the Company (or any of its agents) deems it necessary, at its absolute discretion, in order to ensure compliance with the CDD Rules.)

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 Equiniti Limited and the Company reserve the right to ask for additional documents and information).

	Tick to indicate the 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 2 and, in the case of joint applicants, Section 4 is the applicant's residential address: (a) a recent (but no older than 3 months) 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 Registrar or the Company may request a reference, if necessary.					
B. For each applicant that is 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 Registrar 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(i) to (iv) 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 3% 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 Registrar 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 3% 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 draft on the reverse of which is shown details of the account being debited with such payment (see settlement section on how to complete this form) 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 company 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

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

Application and Amount Payable

Insert in Section 1 the number of Ordinary Shares you wish to apply for in Mailbox REIT plc. You must also insert your total payment. Your cheque or banker's draft should be for an amount that represents the Offer Price multiplied by the number of Ordinary Shares for which you are applying.

Money Laundering Regulations

To ensure compliance with the Money Laundering Regulations, the Registrar may require, at their absolute discretion, check the identity of the person by whom or on whose behalf an Application Form is lodged with payment, in excess of the sterling equivalent of €15,000 of Ordinary Shares.

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

If an application is made by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not the Registrar. In such case, the lodging agent's stamp should be inserted on the Application Form. The person lodging the Application Form with payment (the 'subscription applicant'), including any person who appears to the Registrar to be acting on behalf of some other person, shall thereby be deemed to agree to provide the Registrar and/or the Company with such information and other evidence as the Registrar may require to satisfy the verification of identity requirements.

Submission of an Application Form will constitute a warranty that the Money Laundering Regulations will not be breached by the acceptance of the remittance and an undertaking by the applicant to provide promptly to the Registrar such information as may be specified by the Registrar and/or the Company as being required for the purpose of the Money Laundering Regulations.

If the Registrar and/or the Company determines that the verification of identity requirements apply to any subscription applicant or application, the relevant Ordinary Shares (notwithstanding any other term of the Offer for Subscription) will not be issued to the relevant subscription applicant unless and until the verification of identity requirements have been satisfied in respect of that subscription applicant or application. The Registrar is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any subscription applicant or application and whether such requirements have been satisfied, and none of the Registrar, nor the Company nor the Joint Bookrunners will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays and potential rejection of an application. If, within a reasonable period of time following a request for verification of identity, the Registrar has not received evidence satisfactory to it as aforesaid, the Company or the Joint Bookrunners may, in their absolute discretion, treat the relevant application as invalid, in which event the application monies will be returned (at the applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn, or, as applicable, the relevant account of the bank or building society from which the relevant funds were debited.

Subscription Applicant Details

Insert your title, full name, address with post code, date of birth, daytime telephone number and e-mail address in BLOCK CAPITALS in black ink in Section 2.

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

Corporate Details

A corporate body wishing to apply for Ordinary Shares should insert the company name, address, daytime telephone number, their e-mail address and the company registered number in BLOCK CAPITALS and in black ink in Section 3.

Joint Subscription Applicants

You may apply with up to three joint subscription applicants. Joint subscription applicants should insert their title, full name, date of birth, house number and post code in Section 4 in BLOCK CAPITALS and in black ink.

Signature

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

Execution by Individuals:

Please sign and date Section 7. All subscription applicants must sign.

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

Execution by a Company:

A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

Settlement

Payments by cheque or banker's draft

Attach a cheque or banker's draft for the exact amount shown in Section 1 of the Application Form to your completed Application Form. Your cheque or banker's draft must be made payable to "Equiniti Limited re: Mailbox REIT plc – Offer for Subscription a/c" and crossed "A/C payee".

Your payment must relate solely to this application. No receipt will be issued.

Payments must be made by cheque or banker's draft in Sterling drawn on a branch in the United Kingdom of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for members of any of these companies. Such cheques or banker's drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have a sole or joint title to the funds, should be made payable to "Equiniti Limited re: Mailbox REIT plc – Offer for Subscription a/c". Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. Post-dated cheques will not be accepted.

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

Payments by electronic transfer

If you wish to pay by electronic transfer, payments must be made by CHAPS or SWIFT in Sterling. Payments must be made for value by 1.00 p.m. on 20 October 2020. Please contact the Registrar (acting as receiving agent) by email at offer@equiniti.com for full bank details. The Receiving Agent will then provide you with a unique reference number which must be used when sending payment.

The reference number must also be inserted in Section 5(b) of the Application Form. By clearly writing the Reference Number on the Application Form this will enable the Registrar to link the payments. For any payments made by electronic transfer a copy of the bank statement showing



the transaction will be required by the Registrar. Bank Statement must show the same name as the applicant and shares will not be credited until such documentation is received.

CREST settlement

The Company will apply for the Ordinary Shares issued pursuant to the Offer for Subscription in uncertificated form to be enabled for CREST transfer and settlement with effect from Admission. Settlement of transactions in those Ordinary Shares will normally take place within the CREST system.

The Application Form contains details of the information which the Registrar will require from you in order to settle your commitment within CREST, if you so choose. If you do not provide any CREST details or if you provide insufficient CREST details for the Registrar to match to your CREST account, the Registrar will deliver your Ordinary Shares in certificated form provided payment has been made in terms satisfactory to the Company.

The right is reserved to issue your Ordinary Shares in certificated form should the Company, having consulted with the Registrar, consider this to be necessary or desirable. This right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST or any part of CREST or on the part of the facilities and/or system operated by the Registrar in connection with CREST.

The person named for registration purposes in your Application Form (which term shall include the holder of the relevant CREST account) must be: (a) the person procured by you to subscribe for or acquire the relevant Ordinary Shares; or (b) yourself; or (c) a nominee of any such person or yourself, as the case may be. Neither the Registrar nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. The Receiving Agent, on behalf of the Company, will input a DVP instruction into the CREST system according to the booking instructions provided by you in your Application Form. The input returned by you or your settlement agent/custodian of a matching or acceptance instruction to that CREST input will then allow the delivery of your Ordinary Shares to your CREST account against payment of the Issue Price through the CREST system upon the settlement date.

By returning the Application Form you agree that you will do all things necessary to ensure that you or your settlement agent/custodian's CREST account allows for the delivery and acceptance of Ordinary Shares to be made prior to 8.00 a.m. on 21 October 2020 against payment of the Issue Price. Failure by you to do so will result in you being charged interest at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in Sterling plus two per cent. per annum.

The Receiving Agent will contact you via email on the morning of 19 October 2020 to confirm your allocation and provide you with the relevant details which you will need to input by no later than 1.00 p.m. on 20 October 2020. Ensure you provide an email contact address in Section 2 of the Application Form.

To ensure that you fulfil this requirement it is essential that you or your settlement agent/custodian follow the CREST matching criteria set out below:

Trade date: 19 October 2020

Settlement date: 21 October 2020

Company: Mailbox REIT plc

Security description: Ordinary Shares of 10 pence

SEDOL: BM9BWM3

ISIN: GB00BM9BWM32

Equiniti Limited Counter party details:

Participant ID: 2RA30

Member Account ID: RA500301

If you wish to settle by DVP, you will need to ensure that you key the trade as instructed by the Registrar on the morning of 19 October 2020 by no later than 1.00 p.m. on 20 October 2020.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

In the event of late CREST settlement, the Company, after having consulted with the Registrar, reserves the right to deliver Ordinary Shares outside CREST in certificated form provided payment

has been made in terms satisfactory to the Company and all other conditions in relation to the Offer for Subscription have been satisfied.

The Member Account ID is not required for Equiniti's purposes, although some Settlement Agents may wish to use the Member Account ID for their own reconciliation purposes. It should be noted that Equiniti will not validate the Member Account or query it, if it is incorrectly stated.

PLEASE AFFIX YOUR CHEQUE OR BANKER'S DRAFT TO THE APPLICATION FORM

If you have any questions relating to the Offer for Subscription or completion and return of your Application Form, please contact the Equiniti Helpline on 0371 384 2050 (from inside the UK) or +44 333 207 6388 (if calling from outside the UK). The Helpline is open from 9.00 a.m. to 5.00 p.m. (London time) Monday to Friday (except public holidays in England and Wales). Calls to the Helpline from outside the UK will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes. Please note that for legal reasons, the Helpline cannot provide advice on the merits of the Offer for Subscription nor give financial, tax, investment or legal advice.



