

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own financial advice immediately from an independent financial adviser who is authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

This Prospectus, which comprises a prospectus relating to Horizon Housing REIT PLC (the "**Company**") (the "**Prospectus**") prepared in accordance with the Prospectus Rules, has been approved by the Financial Conduct Authority (the "**FCA**") and has been delivered to the FCA in accordance with Rule 3.2 of the Prospectus Rules. This Prospectus has been made available to the public in accordance with Rule 3.2 of the Prospectus Rules at www.horizonreit.com.

This Prospectus has been issued in connection with the issue of Shares pursuant to the Offering and the issue of the Consideration Shares (together the "**Issue**").

Applications will be made to the UK Listing Authority and the London Stock Exchange for all of the Shares issued and to be issued pursuant to the Issue to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities. It is expected that Admission will become effective, and that dealings in such Shares will commence, at 8.00 a.m. on 31 May 2018. No application has been made or is currently intended to be made for the Shares to be admitted to listing or trading on any other stock exchange.

The Company and each of the Directors, whose names appear on page 39 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Potential investors should read the whole of this Prospectus and, in particular, their attention is drawn to the risk factors set out on pages 20 to 31 of this Prospectus.

HORIZON HOUSING REIT PLC

(incorporated in England and Wales with registered number 11283973 and registered as an investment company under Section 833 of the Companies Act)

PROSPECTUS

Target issue of 125 million Shares at an Issue Price of 100 pence per Share including the issuance of Consideration Shares pursuant to the acquisition of the Initial Portfolio

Admission to the premium listing segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange's Main Market for listed securities

Investment Manager

HORIZON (GP) LIMITED

Sponsor, Financial Adviser and Bookrunner

WINTERFLOOD SECURITIES LIMITED

Winterflood Securities Limited ("**Winterflood Securities**"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and for no one else in relation to the Issue and Admission and the other arrangements referred to in this Prospectus. Winterflood Securities will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Issue and Admission and the other arrangements referred to in this Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to the Issue, Admission, the contents of this Prospectus or any transaction or arrangement referred to in this Prospectus. Nothing in this paragraph shall serve to exclude or limit any responsibilities which Winterflood Securities may have under FSMA or the regulatory regime established thereunder.

Apart from the responsibilities and liabilities, if any, which may be imposed on Winterflood Securities by FSMA or the regulatory regime established thereunder, Winterflood Securities, or any person affiliated with it, does not make any representation or warranty express or implied in relation to, nor accepts any responsibility whatsoever for, the contents of this Prospectus or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Shares, Admission or the Issue and nothing contained in this Prospectus is or shall be relied upon as a promise or representation in this respect, whether as to the past or future. Winterflood Securities (and its affiliates) accordingly, to the fullest extent permissible by law, disclaims all and any responsibility or liability (save for any statutory liability) whether arising in tort, contract or otherwise which it might have in respect of the contents of this Prospectus or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Shares, Admission or the Issue.

The Offer for Subscription will remain open until 1.00 p.m. on 23 May 2018 and the Placing will remain open until 2.00 p.m. on 24 May 2018. Persons wishing to participate in the Offer for Subscription should complete the Application Form set out in Appendix 1 to this Prospectus and the Tax Residency Self-Certification Form set out in

Appendix 2 to this Prospectus. To be valid, Application Forms and Tax Residency Self-Certification Forms must be completed and returned with the appropriate remittance, by post, or by hand (during normal business hours only), to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event so as to be received no later than 1.00 p.m. on 23 May 2018.

Investors should rely only on the information contained in this Prospectus. No person has been authorised to give any information or make any representations in relation to the Company other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been so authorised by the Company, the Investment Manager or Winterflood Securities. Without prejudice to the Company's obligations under the Prospectus Rules, neither the delivery of this Prospectus nor any subscription for or purchase of Shares pursuant to the Issue, under any circumstances, creates any implication that there has been no change in the affairs of the Group since, or that the information contained herein is correct at any time subsequent to, the date of this Prospectus.

Winterflood Securities and its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company and/or the Investment Manager, for which they would have received customary fees. Winterflood Securities and its affiliates may provide such services to the Company and/or the Investment Manager and any of their respective affiliates in the future.

In connection with the Offering, Winterflood Securities and any of its affiliates, acting as investors for its or their own accounts, may subscribe for or purchase Shares pursuant to the Offering and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in the Shares and other securities of the Company or related investments in connection with the Offering or otherwise. Accordingly, references in this Prospectus to 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 Winterflood Securities and any of its affiliates acting as an investor for its or their own account(s).

Neither Winterflood Securities nor any of its 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, Winterflood Securities may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements in connection with which Winterflood Securities may from time to time acquire, hold or dispose of shareholdings in the Company.

The contents of this Prospectus are not to be construed as legal, financial, business, investment or tax advice. Investors should consult their own legal adviser, financial adviser or tax adviser for legal, financial, business, investment or tax advice. Investors must inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of 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 Shares. Investors must rely on their own representatives, including their own legal advisers and accountants, as to legal, financial, business, investment, tax, or any other related matters concerning the Company and an investment therein. None of the Company, the Investment Manager or Winterflood Securities nor any of their respective representatives is making any representation to any offeree or purchaser of Shares regarding the legality of an investment in the Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

This Prospectus may not be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such offer or solicitation.

This Prospectus is not being sent to investors with registered addresses in the United States, Canada, Australia, the Republic of South Africa, New Zealand or Japan, and does not constitute an offer to sell, or the solicitation of an offer to buy, Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this Prospectus is not for release, publication or distribution in or into the United States, Canada, Australia, the Republic of South Africa, New Zealand or Japan.

Notice to U.S. and other overseas investors

The offer and sale of the Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or under the securities laws of any other state or jurisdiction of the United States or under the applicable securities laws of Canada, Australia, the Republic of South Africa, New Zealand or Japan. The Shares may not be offered, sold, delivered or distributed, directly or indirectly, in, into or within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act, "**U.S. Persons**") or to any national, resident or citizen of Canada, Australia, the Republic of South Africa, New Zealand or Japan.

In addition, the Company has not been, and will not be, registered under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**") and, as such, investors will not be entitled to the benefits of the Investment Company Act. No offer, purchase, sale or transfer of the Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the Investment Company Act.

In connection with the Offering, Shares will be offered and sold only outside the United States to, and for the account or benefit of, non-US persons in “offshore transactions” within the meaning of, and in reliance on, Regulation S under the Securities Act. There will be no public offer of Shares in the United States. The Shares will be “restricted securities” within the meaning of Rule 144 under the Securities Act and may be resold or transferred only in accordance with the restrictions referred to in this Prospectus.

Neither the U.S. Securities and Exchange Commission (the “SEC”) nor any state securities commission or other U.S. regulatory authority has approved or disapproved of the Shares or passed upon or endorsed the merits of the offering of the Shares nor have they approved this Prospectus or confirmed the adequacy or accuracy of the information contained herein. Any representation to the contrary is a criminal offence in the United States.

Until 40 days after the commencement of the Issue, an offer or sale of the Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with an exemption from registration, or in a transaction not subject to the registration requirements, under the Securities Act.

All prospective purchasers of Shares are urged to consult with their own tax advisers concerning the US federal income tax considerations associated with acquiring, owning and disposing of Shares in light of their particular circumstances, as well as any considerations arising under the laws of any non-US state, local or other taxing jurisdiction.

The enforcement by investors of civil liabilities under the United States federal securities laws may be adversely affected by the fact that the Company is incorporated outside the United States, and that its Directors are residents of a foreign country. As a result, it may be difficult or impossible for investors to effect service of process within the United States upon the Company and its Directors, or to realise against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States. In addition, investors should not assume that the courts of the United Kingdom: (a) would enforce judgments of US courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States.

For the attention of Guernsey residents

This Prospectus has not been approved or authorised by the Guernsey Financial Services Commission for circulation in Guernsey and may not be distributed or circulated directly or indirectly to any persons in the Bailiwick of Guernsey other than: (i) by a person licensed to do so under the terms of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended; or (ii) to those persons regulated by the Guernsey Financial Services Commission as licensees under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Business and Company Directors etc. (Bailiwick of Guernsey) Law, 2000. The Guernsey Financial Services Commission does not vouch for the financial soundness of any subscription for Shares or for the correctness of any statements made or opinions expressed with regard to it.

For the attention of Jersey residents

This Prospectus does not purport to provide investment advice and shall not be construed as giving advice on the merits or suitability of the subscription or purchase of the Shares. This Prospectus is not subject to and has not received approval from either the Jersey Financial Services Commission or the Registrar of Companies in Jersey and no statement to the contrary, explicit or implicit, is authorised to be made in this regard. The Shares being offered may be offered or sold in Jersey only in compliance with the provisions of the Control of Borrowing (Jersey) Order 1958 (“COBO”).

For the attention of Isle of Man residents

This Prospectus has not been approved or reviewed by the Isle of Man Financial Services Authority or any other governmental or regulatory authority in the Isle of Man. The Placing is available, and may be made, in the Isle of Man and this Prospectus is being provided in connection with the Placing in the Isle of Man only to persons: (a) licensed under the Isle of Man Financial Services Act 2008; or (b) falling within exclusion 2(r) of the Isle of Man Regulated Activities Order 2011 (as amended); or (c) whose ordinary business activities involve them in acquiring, holding, managing or disposing of shares or debentures (as principal or agent), for the purposes of their business.

In relation to each member state in the EEA that has implemented the AIFM Directive, no Shares have been or will be directly or indirectly offered to or placed with investors in that member state at the initiative of or on behalf of the Company other than in accordance with methods permitted in that member state.

Copies of this Prospectus will be available on the Company’s website (www.horizonreit.com) and the National Storage Mechanism of the FCA at www.morningstar.co.uk/uk/nsm and hard copies of the Prospectus can be obtained free of charge from the Company Secretary.

Dated: 27 April 2018

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SUMMARY

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

Section A – Introduction and warnings		
Element	Disclosure Requirement	Disclosure
A.1.	Warning	<p>This summary should be read as an introduction to this Prospectus. Any decision to invest in Shares should be based on consideration of this Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2.	Subsequent resale or final placement of securities through financial intermediaries	<p>The Company consents to the use of this Prospectus by financial intermediaries in connection with the subsequent resale or final placement of securities by financial intermediaries.</p> <p>The offer period within which any subsequent resale or final placement of securities by financial intermediaries can be made and for which consent to use this Prospectus is given commences on 27 April 2018 and closes at 1.00 p.m. on 23 May 2018.</p> <p>Information on the terms and conditions of any subsequent resale or final placement of securities by any financial intermediary is to be provided at the time of the offer by the financial intermediary.</p>

Section B – Issuer								
Element	Disclosure Requirement	Disclosure						
B.1.	Legal and commercial name	Horizon Housing REIT PLC						
B.2.	Domicile and legal form	The Company was incorporated in England and Wales on 29 March 2018 with registered number 11283973 as a public company limited by shares under the Companies Act. The principal legislation under which the Company operates is the Companies Act.						
B.5.	Group description	<div>The Company is the holding company of the Group and has the following wholly-owned subsidiaries:</div> <table><thead><tr><th><i>Name</i></th><th><i>Principal activity</i></th></tr></thead><tbody><tr><td>Horizon Investment Holdings (One) Limited</td><td>Intermediate holding company</td></tr><tr><td>Horizon Investment Holdings (Two) Limited</td><td>Intermediate holding company</td></tr></tbody></table>	<i>Name</i>	<i>Principal activity</i>	Horizon Investment Holdings (One) Limited	Intermediate holding company	Horizon Investment Holdings (Two) Limited	Intermediate holding company
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		<table><thead><tr><th><i>Name</i></th><th><i>Principal activity</i></th></tr></thead><tbody><tr><td>Horizon Investments (One) Limited</td><td>Property holding company</td></tr><tr><td>Horizon Investments (Two) Limited</td><td>Property holding company</td></tr><tr><td>Horizon Scotland (GP) Limited</td><td>General partner company</td></tr></tbody></table> <p>Following Admission and the completion of the Initial Portfolio Acquisition Agreement, the Group will be the sole limited partner in the following Limited Partnerships:</p> <table><tbody><tr><td>Horizon Secure Residential Leasing L.P.</td><td>Property holding vehicle</td></tr><tr><td>Horizon Long Lease Housing L.P.</td><td>Property holding vehicle</td></tr></tbody></table> <p>The Board intends that further companies and intermediate holding companies may be set up to hold further properties which may be acquired by the Group.</p>	<i>Name</i>	<i>Principal activity</i>	Horizon Investments (One) Limited	Property holding company	Horizon Investments (Two) Limited	Property holding company	Horizon Scotland (GP) Limited	General partner company	Horizon Secure Residential Leasing L.P.	Property holding vehicle	Horizon Long Lease Housing L.P.	Property holding vehicle
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Horizon Investments (One) Limited	Property holding company													
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Horizon Scotland (GP) Limited	General partner company													
Horizon Secure Residential Leasing L.P.	Property holding vehicle													
Horizon Long Lease Housing L.P.	Property holding vehicle													
B.6.	Major shareholders	<p>Pursuant to the Initial Portfolio Acquisition Agreement, ERPF has agreed to receive the Consideration Shares at the Issue Price, as consideration for the acquisition of its interests in the Limited Partnerships.</p> <p>The Directors intend to subscribe for the following Shares pursuant to the Offering:</p> <table><thead><tr><th></th><th><i>Shares</i></th></tr></thead><tbody><tr><td>John Heawood</td><td>20,000</td></tr><tr><td>Matthew Thorne</td><td>20,000</td></tr><tr><td>Catherine Wilson</td><td>10,000</td></tr><tr><td>David Wylde</td><td>10,000</td></tr></tbody></table> <p>In addition, certain principals of the Investment Manager intend to subscribe for, in aggregate, 35,000 Shares in the Offering.</p> <p>As at 26 April 2018 (the latest practicable date prior to the publication of this Prospectus) insofar as known to the Company, following Admission there are no parties known to have a notifiable interest under English law in the Company’s capital or voting rights.</p> <p>All Shareholders have the same voting rights in respect of the share capital of the Company.</p> <p>Pending the allotment of Shares pursuant to the Issue, the Company is controlled by Harvey Griffiths. The Company and the Directors are not aware of any other person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.</p>		<i>Shares</i>	John Heawood	20,000	Matthew Thorne	20,000	Catherine Wilson	10,000	David Wylde	10,000		
	<i>Shares</i>													
John Heawood	20,000													
Matthew Thorne	20,000													
Catherine Wilson	10,000													
David Wylde	10,000													
B.7.	Key financial information	Not applicable. No key financial information is included in this Prospectus as the Company is yet to commence operations.												
B.8.	Key <i>pro forma</i> financial information	Not applicable. No <i>pro forma</i> financial information is included in this Prospectus.												
B.9.	Profit forecast	Not applicable. No profit forecast or estimate is included in this Prospectus.												
B.10.	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. There are no audit reports in this Prospectus.												
B.11.	Qualified working capital	Not applicable. The Company is of the opinion that, on the basis that the Minimum Net Proceeds are raised, the working capital available to it is sufficient for its present requirements, that is, for at least the next 12 months from the date of this Prospectus.												
B.34.	Investment policy	<p><i>Investment objective</i></p> <p>The Company will seek to provide Shareholders with an attractive level of inflation-linked income, with the potential for capital growth</p>												

		<p>from investing in a portfolio of residential property assets, which are subject to fully repairing and insuring long leases or housing management agreements backed by Registered Housing Providers, Local Authorities or other corporate counterparties.</p> <p>Investment policy</p> <p>The Company will meet its investment objective by investing in a broadly balanced portfolio of residential property assets from two specific sub-sectors of the housing market, being (i) affordable market rent housing (“Affordable Market Rent Housing”) and (ii) specialist social housing (including, but not limited to, Extra Care Housing, Supported Living, Sheltered Housing and Assisted Living) (“Specialist Social Housing”). Typically residential property assets will be held through subsidiaries, SPVs or equivalent holding vehicles, rather than the Company directly, and each subsidiary, SPV or equivalent holding vehicle will normally hold multiple residential property assets.</p> <p>The Portfolio will comprise freehold or long leasehold (typically in excess of 100 years head-lease term remaining) residential property assets situated in England, Scotland and Wales. The investments may be made by directly acquiring the residential properties or via the acquisition of special purpose vehicles holding such assets. The properties in the Portfolio will be subject on acquisition to long-term inflation-linked leases or housing management agreements (typically ranging in length from 10 years to 40 years) with a Registered Housing Provider, Local Authority or other corporate counterparty which in the opinion of the Investment Manager has strong financial covenants. Title to the assets will remain with the Group under the terms of the relevant lease.</p> <p>All property management, maintenance and insurance obligations will be transferred to, and serviced by, the relevant Registered Housing Provider, Local Authority or other corporate counterparty under the terms of the relevant lease or housing management agreement and will not be the responsibility of the Group. The Group will not be responsible for the provision of any care to underlying occupants of its Specialist Social Housing assets.</p> <p>The Group will not assume any development or construction risk.</p> <p>The Group intends to hold its investments over the long term. The Group will not be actively seeking to dispose of any of its assets, although it may dispose of investments should an opportunity arise that would enhance the value of the Group as a whole.</p> <p>The Company will at all times invest and manage its assets in a manner which is consistent with the diversification of investment risk.</p> <p>The following investment limits and restrictions will apply to the Company and its business which, where appropriate, shall be measured at the time of investment:</p> <ul style="list-style-type: none"> • the Company will only invest in residential properties located in England, Scotland and Wales; • the Company will only invest in residential properties where the counterparty to the lease or housing management agreement is either, (i) a Registered Housing Provider, (ii) a Local Authority or (iii) a corporate counterparty, which has been classified by the Investment Manager’s investment process as having strong financial covenants; • the unexpired term of any lease or housing management agreement will be not less than 10 years, however, properties subject to shorter leases or housing management agreements may be acquired if they form a part of a portfolio acquisition where the average unexpired term of any leases and/or housing management agreements across the portfolio acquired is greater than 15 years; • the Company will have aggregate exposure of not more than 25 per cent. of the Gross Asset Value, to any one single
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		<p>geographical area (in relation to which the properties owned by the Company are located on a contiguous or largely contiguous basis);</p> <ul style="list-style-type: none"> the Company's maximum exposure to any single Registered Housing Provider, Local Authority or corporate counterparty will not exceed 25 per cent. of the Gross Asset Value; the Company's maximum exposure to any one property asset will not exceed 20 per cent. of the Gross Asset Value. For these purposes: (a) individual houses which all share a common boundary or (b) a block of apartments which share common parts and/or common facilities; shall be treated as a single "property asset"; the Company will only acquire completed residential properties and will not forward finance, or undertake the development of, new properties; the Company is permitted to forward commit to purchase properties/portfolios under development on practical completion, where such practical completion is expected to occur within 12 months of commitment; the Company will not invest in other investment funds or closed-end investment companies; and the Company will not actively target investment in high rise property assets, and in any event would only invest in such an asset where it meets the highest safety standards in relation to internal fire safety systems and exterior fabric/cladding. <p>The investment limits detailed above apply once the Company is fully invested. The Company will not be required to dispose of any investment or to rebalance the Portfolio as a result of a change in the respective valuations of its assets. The investment limits detailed above will apply to the Group as a whole on a look through basis, i.e. where residential property assets are held through subsidiaries, SPVs, or equivalent holding vehicles, the Company will look through the holding vehicle to the underlying assets when applying the investment limits.</p> <p>Gearing</p> <p>The Company intends to use gearing with the objective of improving Shareholder returns. Debt will typically be secured at the asset level against specific properties/portfolios with or without a charge over some or all of the Company's assets, depending on the optimal structure for the Company and having consideration to key metrics including lender diversity, cost of debt, debt type and maturity profiles.</p> <p>Gearing will typically be non-recourse and secured against individual assets or groups of assets. The aggregate gearing of the Company is not expected to exceed 40 per cent. of the Gross Asset Value in the normal course and the aggregate gearing will always be subject to an absolute maximum, calculated at the time of drawdown, of 50 per cent. of the Gross Asset Value. Where debt is secured against a group of assets, such group of assets shall not exceed 25 per cent. of the Gross Asset Value in order to ensure that investment risk remains suitably spread.</p> <p>Given that the properties/portfolios are expected to be held by subsidiaries, SPVs, or equivalent holding vehicles, rather than directly by the Company, it is expected that gearing taken out against these assets would also be at the level of the subsidiaries, SPVs, or equivalent holding vehicles. However, gearing may from time to time be taken out directly by the Company and, where this is the case, the above limits apply to the Company's borrowings equally as they do to the Group's borrowings.</p> <p>Otherwise there will be no cross-financing between investments in the Portfolio (or cross collateralisation of debt) and the Company will not</p>
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		<p>operate a common treasury function between the Company and its investments.</p> <p>Where the Company takes on floating rate loan facilities, the Company may engage in interest rate hedging in respect of borrowings, or otherwise seek to mitigate the risk of interest rate increases, for efficient portfolio management purposes only.</p> <p>The gearing policy detailed above will apply to the Group as a whole on a look through basis.</p> <p>General</p> <p>In the event of a breach of the investment guidelines and restrictions set out above, the Investment Manager shall inform the Board upon becoming aware of the same and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service and the Investment Manager will look to resolve the breach with the agreement of the Board.</p> <p>Any material change to the Company's investment policy set out above will require the approval of Shareholders by way of an ordinary resolution at a general meeting and the approval of the UK Listing Authority. Non-material changes to the investment policy may be approved by the Board.</p> <p>The Directors currently intend, at all times, to conduct the affairs of the Group so as to enable the Company to qualify as a REIT for the purposes of Part 12 of the CTA 2010 (and the regulations made thereunder).</p>
B.35.	Borrowing limits	<p>The Group intends to use gearing with the objective of improving Shareholder returns. Debt will typically be secured at the asset level, but also potentially at the Company level, with or without a charge over some or all of the Company's assets, depending on the optimal structure for the Company and having consideration to key metrics including lender diversity, cost of debt, debt type and maturity profiles.</p> <p>Gearing will typically be non-recourse and secured against individual assets or groups of assets. The aggregate gearing of the Group is not expected to exceed 40 per cent. of the Gross Asset Value in the normal course and the aggregate gearing will always be subject to an absolute maximum, calculated at the time of drawdown, of 50 per cent. of the Gross Asset Value. Where debt is secured against a group of assets, such group of assets shall not exceed 25 per cent. of the Gross Asset Value in order to ensure that investment risk remains suitably spread.</p> <p>Otherwise there will be no cross-financing between investments in the Portfolio (or cross collateralisation of debt) and the Group will not operate as a common treasury function between the Group and its investments.</p>
B.36.	Regulatory status	<p>As a REIT, the Company will not be regulated as a collective investment scheme by the FCA. However, from Admission, it will be subject to the Listing Rules, Prospectus Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the LSE Admission Standards.</p> <p>The Company will be a UK REIT and needs to comply with certain ongoing regulations and conditions (including minimum distribution requirements).</p> <p>The Company will operate as an externally managed alternative investment fund for the purposes of the AIFM Directive. The Investment Manager has been appointed as the Company's alternative investment fund manager.</p> <p>As a REIT, the Shares are "excluded securities" under the FCA's rules on non-mainstream pooled investments. Accordingly, the promotion of the Shares is not subject to the FCA's restriction on the promotion of non-mainstream pooled investments.</p>

B.37.	Typical investor	The typical investors for whom an investment in the Company is appropriate are institutional investors, professionally advised private investors and non-advised private investors seeking exposure to a portfolio of residential property in England, Scotland and Wales, including Affordable Market Rent Housing and Specialist Social Housing with a focus on inflation-linked income, with the potential for capital growth. Investors should understand the risks and merits of such an investment and have sufficient resources to bear any losses (which may equal the whole amount invested) that may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before making an investment. Any investor in the Company should understand and accept the risks inherent in the Company's investment policy.										
B.38.	Investment of 20 per cent. or more in single underlying asset or investment company	Not applicable. The Company does not at the date of this Prospectus, and will not on Admission, have any such investments.										
B.39	Investment of 40 per cent. or more in single underlying asset or investment company	Not applicable. The Company does not at the date of this Prospectus, and will not on Admission, have any such investments.										
B.40.	Applicant's service providers	<p>Investment Manager</p> <p>Under the terms of the Investment Management Agreement, the Company has appointed the Investment Manager as sole investment manager to the Company with responsibility for performing the functions of portfolio management and risk management in relation to the Portfolio in accordance with the AIFM Directive and the AIFM Rules.</p> <p>Pursuant to the terms of the Investment Management Agreement, the Investment Manager is entitled, with effect from Admission, to receive a tiered annual management fee (the “Annual Management Fee”) calculated based on the Net Asset Value on the following basis:</p> <table><thead><tr><th><i>Net Asset Value</i></th><th><i>Annual management fee (percentage of Net Asset Value)</i></th></tr></thead><tbody><tr><td>On such part of the Net Asset Value that is less than or equal to £500 million</td><td>1.00 per cent.</td></tr><tr><td>On such part of the Net Asset Value that is more than £500 million but less than or equal to £750 million</td><td>0.9 per cent.</td></tr><tr><td>On such part of the Net Asset Value that is more than £750 million but less than or equal to £1 billion</td><td>0.8 per cent.</td></tr><tr><td>On such part of the Net Asset Value that is more than £1 billion</td><td>0.7 per cent.</td></tr></tbody></table> <p>In addition, the Investment Manager shall be entitled to a fee of £30,000 per annum for acting as the Company's full-scope AIFM.</p> <p>No Annual Management Fee shall be charged on uninvested funds until such time as 75 per cent. of the Gross Proceeds have been invested.</p> <p>The Annual Management Fee is payable quarterly in arrears, save for any period which is less than a full calendar quarter.</p> <p>The Investment Manager has agreed that 10 per cent. of the Annual Management Fee (net of applicable taxes) shall be applied by it in subscribing for, or acquiring, Shares.</p>	<i>Net Asset Value</i>	<i>Annual management fee (percentage of Net Asset Value)</i>	On such part of the Net Asset Value that is less than or equal to £500 million	1.00 per cent.	On such part of the Net Asset Value that is more than £500 million but less than or equal to £750 million	0.9 per cent.	On such part of the Net Asset Value that is more than £750 million but less than or equal to £1 billion	0.8 per cent.	On such part of the Net Asset Value that is more than £1 billion	0.7 per cent.
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		<p>In addition, the Investment Manager is entitled to reimbursement for all cost and expenses properly incurred by the Investment Manager in the performance of its duties under the Investment Management Agreement.</p> <p>There are no performance, acquisition, exit or property management fees payable to the Investment Manager.</p> <p>The Investment Manager is authorised and regulated by the FCA as a full-scope AIFM (FCA registration number 739413).</p> <p>Administrator</p> <p>Link Alternative Fund Administrators Limited has been appointed as Administrator to the Company. The Administrator provides the day-to-day administration of the Company and is also responsible for the Company's general administrative functions, such as the calculation and publication of the Net Asset Value and maintenance of the Company's accounting records. Under the terms of the Administration Agreement, the Administrator is entitled to an administration fee of £65,000 per annum (exclusive of VAT) and in addition, an <i>ad valorem</i> fee of one basis point on assets under management in excess of £250 million, subject to any additional fees depending on increased activities of the Company.</p> <p>Company Secretary</p> <p>Link Company Matters Limited has been appointed as the company secretary of the Company to provide the company secretarial services required under the Companies Act. Under the Company Secretarial Services Agreement, the fee payable to the Company Secretary is expected to be approximately £55,000 per annum (exclusive of VAT).</p> <p>Depositary</p> <p>INDOS Financial Limited is the sole depositary of the Company and, pursuant to the terms of the Depositary Agreement, with the Investment Manager and the Company shall be responsible for ensuring the Company's cash flows are properly monitored; for the safekeeping of custodial assets and record keeping and verification of non-custodial assets of the Company and the oversight and supervision of the Investment Manager and the Company. The Depositary is entitled to be paid a depositary fee equal to: (i) 0.015 per cent. per annum of the Net Asset Value up to £200 million; (ii) 0.01 per cent. per annum of the Net Asset Value from £200 million to £500 million; and (iii) 0.005 per cent. per annum of the Net Asset Value over £500 million, subject to a minimum fee of £30,000 per annum (plus VAT if applicable). These costs are borne by the Company.</p> <p>The Depositary is authorised and regulated by the FCA (FCA registration number 602528).</p> <p>Registrar</p> <p>Link Asset Services has been appointed registrar of the Company. Under the terms of the Registrar Agreement, the Registrar is paid an annual maintenance fee of £1.20 per Shareholder account per annum, subject to a minimum fee of £4,500 per annum. The Registrar is also entitled to activity fees under the Registrar Agreement.</p> <p>Receiving Agent</p> <p>The Company has also appointed Link Asset Services to provide receiving agent services in connection with the Offer for Subscription. The Receiving Agent shall be entitled to receive a fixed fee from the Company of £13,950 (exclusive of VAT) per annum in connection with these services.</p> <p>Auditor</p> <p>BDO LLP has been appointed auditor of the Company. The Auditor will be entitled to an annual fee from the Company, which fee will be</p>
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		<p>agreed with the Board each year in advance of the Auditor commencing audit work.</p> <p>Property valuer</p> <p>Jones Lang LaSalle Limited has been engaged by the Company to prepare a valuation report on the Initial Portfolio.</p>
B.41.	Regulatory status of investment manager and custodian	<p>The Investment Manager was incorporated in Scotland as a limited company under the Companies Act on 16 December 2014 with registered number SC493523. The Investment Manager is authorised and regulated by the FCA (FCA registration number 739413) as a full-scope AIFM.</p> <p>The Company has not appointed a custodian.</p> <p>The Depositary is authorised and regulated by the FCA.</p>
B.42.	Calculation of Net Asset Value	<p>The Net Asset Value (including per Share) will be calculated quarterly by the Administrator in consultation with the Investment Manager and will be presented to the Board for its approval and adoption. Calculations are made in accordance with IFRS or as otherwise determined by the Board. Details of each quarterly Net Asset Value will be announced by the Company through a Regulatory Information Service as soon as practicable after the end of the relevant period. In addition, the calculations will be reported to Shareholders in the Company's annual report and interim financial statements. The Net Asset Value (including per Share) will be calculated on the basis of the most current half-yearly valuation of the Company's properties, conducted by an independent valuer.</p> <p>The calculation of the Net Asset Value will only be suspended in circumstances where the underlying data necessary to value the investments of the Group cannot readily, or without undue expenditure, be obtained or in other circumstances (such as a systems failure of the Administrator) which prevents the Company from making such calculations. Details of any suspension in making such calculations will be announced through a Regulatory Information Service as soon as practicable after any such suspension occurs.</p>
B.43.	Cross liability	<p>Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.</p>
B.44.	No financial statements have been made up	<p>The Company has not commenced operations and no financial statements have been made up as at the date of this Prospectus.</p>
B.45.	Portfolio	<p>The Company is newly incorporated and does not currently hold any assets.</p> <p>The Group has entered into the Initial Portfolio Acquisition Agreement with ERPF and the Minority Limited Partners to acquire, conditionally upon Admission, ERPF's and the Minority Limited Partners' entire limited partnership interests in the Limited Partnerships (Horizon Secure Residential Leasing L.P. and Horizon Long Lease Housing L.P.) which hold the Initial Portfolio. ERPF is the principal limited partner in the Limited Partnerships.</p> <p>The Group has also entered into the Option Agreement entitling it to acquire the nominal general partner capital contributions in each of the Limited Partnerships from the Investment Manager at any time up to 30 days from the date of Admission.</p> <p>Following Admission and the exercise of the Option Agreement, each of the Limited Partnerships will be wholly owned and controlled by the Group. It is intended that each of the Limited Partnerships will be dissolved as soon as reasonably practicable following Admission.</p> <p>The Initial Portfolio consists of 551 properties with 1,188 beds, with an attractive geographical spread across England, and consisting of a mixture of Affordable Market Rent Housing and Specialist Social Housing (Extra Care and Supported Living) all let on long-term FRI operating leases to regulated Registered Housing Providers or</p>

		<p>corporate counterparties. The Initial Portfolio has a weighted average unexpired lease term of approximately 22 years. The assets comprising the Initial Portfolio are leased across three Registered Housing Providers or corporate counterparties.</p> <p>Each of the Limited Partnerships is party to a separate term loan facility with Rothschild Bank International Limited and Partnership Life Assurance Company Limited (the “Existing Loan Facilities”). Each loan term is approximately 20 years. As at 26 April 2018 (being the latest practicable date prior to the publication of this Prospectus), the Limited Partnerships have, in aggregate, approximately £19.8 million of drawn debt financing representing a loan to value ratio of approximately 26 per cent. Each of the Existing Loan Facilities is secured by separate security interests over some of the assets held by the relevant Limited Partnership which is the obligor under the facility. There are no common security arrangements between the two Limited Partnerships, and each of the Existing Loan Facilities is standalone and is not subject to cross-default provisions relating to the other facility agreement. The Existing Loan Facilities will be non-recourse to the Company following Admission.</p> <p>On completion of the Initial Portfolio Acquisition Agreement, the Group will take the benefit of the existing gearing provided by the Existing Loan Facilities with effect from Admission.</p> <p>The Valuation Report values the Initial Portfolio in aggregate at approximately £75.2 million as at 31 December 2017. On the assumption that 125 million Shares are issued pursuant to the Issue at the Issue Price, on Admission, the value of the Initial Portfolio will constitute approximately 61.2 per cent. of the Net Asset Value of the Company.</p> <p>The Group will be required to pay SDLT on the acquisition of the Limited Partnership interests. The SDLT due has been estimated as approximately £2.7 million and will be paid out of the Net Proceeds following Admission.</p>
B.46.	Net Asset Value	Not applicable. The Company has not commenced operations.

Section C – Securities		
Element	Disclosure Requirement	Disclosure
C.1.	Type and class of securities	<p>The Company is targeting an issue of 125 million Shares (including the Consideration Shares) with a nominal value of £0.01 each at an Issue Price of 100 pence per Share pursuant to the Issue.</p> <p>The ISIN of the Shares is GB00BF5FMZ33 and the SEDOL of the Shares is BF5FMZ3. The ticker for the Shares is HZN.</p>
C.2.	Currency	Sterling.
C.3.	Issued Shares	<p>The Company is targeting an issue of 125 million Shares (including the Consideration Shares) pursuant to the Offering and the issue of the Consideration Shares, with the potential for the Directors to increase the size of the Issue to a maximum of 130 million Shares, subject to investor demand.</p> <p>The total number of Shares to be issued pursuant to the Issue, 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 and the Company’s website prior to Admission.</p> <p>As at the date of this Prospectus, there is one Share of £0.01 in issue which is fully paid-up and 50,000 Restricted Shares of £1.00 each, each of which are fully paid-up. The Company intends to redeem the Restricted Shares in full as soon as reasonably practicable after Admission.</p> <p>The Directors have authority to issue, in aggregate, up to 130 million Shares pursuant to the Issue.</p>

C.4.	Description of the rights attaching to the securities	The Shares will rank in full for all dividends and distributions declared, made or paid after their issue and otherwise <i>pari passu</i> in all respects with each existing Share then in issue and will have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as each existing Share, as set out in the Articles.
C.5.	Restrictions on the free transferability of the securities	There are no restrictions on the free transferability of the Shares.
C.6.	Admission	Application will be made to the UK Listing Authority and the London Stock Exchange respectively for the Shares issued and to be issued pursuant to the Issue to be admitted to the premium listing segment of the Official List and to trading on the Main Market. It is expected that Admission will become effective and dealings in the Shares will commence on 31 May 2018.
C.7.	Dividend policy	<p>The Company is targeting an initial dividend of 4 pence per Share in respect of the Company's first financial year. The dividend target will increase to 5 pence per Share for the Company's second financial year and, thereafter, the Board will seek to increase the target dividend with reference to inflation.</p> <p>The Company intends to pay dividends on a quarterly basis with dividends ordinarily declared in March, June, September and December in each year and paid within one month of being declared.</p> <p>In order to comply with and maintain REIT status, the Group will be required to meet a minimum distribution test for each accounting period that it is a REIT. This minimum distribution test requires the Company to distribute 90 per cent. of the income profits of the Property Rental Income Business for each accounting period, as adjusted for tax purposes.</p> <p>Dividends will only be paid subject to the Company satisfying the requirements of the Companies Act.</p> <p>In order to increase the distributable reserves available to facilitate the payment of future dividends, the Company has resolved that, conditionally upon Admission and the approval of the court, the amount standing to the credit of the share premium account of the Company immediately on Admission be cancelled and transferred to a special distributable reserve. The Company may, at the discretion of the Board, pay all or any part of any future dividends out of this special distributable reserve, taking into account the Company's investment objective. It is the Board's intention that dividends will be fully covered by rent received from the Portfolio following investment of the Net Proceeds.</p> <p><i>This target dividend is a target only and not a profit forecast. The Company's ability to distribute dividends on an annual basis will be determined by the existence of realised profits, legislative requirements, and available cash reserves. There is no certainty as to any level of dividends. The dividend targets may not be achieved, and all dividend payments are subject to the Company having adequate distributable reserves and cash reserves. 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 yield is reasonable or achievable.</i></p>

Section D – Risks		
Element	Disclosure Requirement	Disclosure
D.1.	Key information on the key risks that are specific to the Company or its industry	<p>The summary of key risks specific to the Company or the industry it operates in are listed below:</p> <p><i>The past or current performance of the Limited Partnerships is not a guarantee of the future performance by the Company</i></p>

		<p>The past or current performance of the Limited Partnerships is not indicative, or intended to be indicative, of the future performance of the Company.</p> <p>Counterparty risks</p> <p>As the Portfolio is expected to consist primarily of real estate assets subject to long leases and housing management agreements with Registered Housing Providers, Local Authorities and/or other corporate counterparties, the Group, and returns to Shareholders, will be exposed to the credit worthiness and cash flow profile of such lease counterparties. Any adverse changes which affect the credit worthiness or cash flow profile of relevant Registered Housing Providers, Local Authorities and/or other corporate counterparties (whether specifically or generally) may have an adverse effect on the Group's profitability, the Net Asset Value and the price of the Shares.</p> <p>Changes in laws, regulations and/or government policy may adversely affect the Group's business</p> <p>The Group and its operations are subject to laws and regulations enacted in the UK by central and local government and central government policy. Any change in the laws, regulations and/or central government policy affecting the Group may have a material adverse effect on the ability of the Group to pursue successfully its investment strategy and meet its investment objective and on the Group's profitability, the Net Asset Value and the price of the Shares.</p> <p>Availability of investment opportunities</p> <p>The availability of potential investments which meet the Company's investment strategy will depend on the state of the economy and financial markets in the UK. The Company can offer no assurance that it will be able to identify and make further investments that are consistent with its investment objective and investment policy or that it will be able to invest fully its available capital.</p> <p>Material changes in interest rates and bond yields</p> <p>Although the rental payments on the long leases and housing management agreements to be entered into by the Group with Registered Housing Providers, Local Authorities and/or other corporate counterparties will be subject to increases in line with inflation measures, the value of the Shares will be affected by changes in general interest rates and changes in the yields available on UK gilts, with upward movements in interest rates or gilt yields likely to make an investment in the Shares less attractive in the longer term, as the differential in return profile between an investment in the Shares, and the income derived therefrom, and alternative interest bearing investments is likely to narrow which could have a material adverse effect on the Group's profitability, the Net Asset Value and the price of the Shares.</p> <p>In addition, although the term of each lease will provide for the rent thereunder to increase annually in line with inflation, certain leases may contain provisions capping the amount by which rental payments under the lease may be increased in any one year. To the extent that any such cap applies, the Company's rental revenue under the relevant lease will not increase in line with annual inflation.</p> <p>Risks relating to the use of gearing</p> <p>Following completion of the acquisition of the Limited Partnerships (which are parties to the Existing Loan Facilities) the Group will be exposed to gearing, and the Group expects in the future, to take on further gearing in accordance with the Company's gearing policy. Investors should be aware that, whilst the use of gearing should enhance Net Asset Value per Share where the value of the Group's underlying assets is rising, it will have the opposite effect where the underlying asset value is declining. In addition, in the event that the rental income derived from the Group's property assets were to</p>
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		<p>decline as a result of defaults by counterparties pursuant to their leases with the Group, the use of gearing would amplify the impact of such declines on the net revenue of the Group and, accordingly, this would have a material adverse effect on the Group's profitability, dividend payments, the Net Asset Value and the price of the Shares.</p> <p><i>Property valuation is inherently subjective and uncertain</i></p> <p>The valuation of the Group's properties is inherently subjective, in part because all property valuations are made on the basis of assumptions that may not prove to be accurate, and, in part, because of the individual nature of each property. This is particularly so where there has been more limited transactional activity in the market against which the Group's property valuations can be benchmarked by the Group's external valuer. Valuations of the Group's investments may not reflect actual sale prices or optimal purchase prices even where any such transactions occur shortly after the relevant valuation date.</p> <p><i>The Group's investments will be illiquid and may be difficult or impossible to realise at any particular time</i></p> <p>As property assets are expected to be relatively illiquid, such illiquidity may affect the Group's ability to dispose of assets in the Portfolio in a timely fashion. In addition, to the extent that market conditions are not favourable or deteriorate, the Company may not be able to realise the property assets from the Portfolio at satisfactory prices. This could result in a decrease in Net Asset Value and lower returns (if any) for Shareholders.</p> <p><i>Economic environment</i></p> <p>If economic conditions were to weaken in the UK and elsewhere and, in particular, if this were to restrict the availability of credit, this may reduce the value of assets once they have been acquired, and may reduce liquidity in the real estate market. The performance of the Company would be adversely affected by a downturn in the property market in terms of market value and may adversely affect the Group's profitability, the Net Asset Value and the price of the Shares.</p> <p><i>The Group is dependent on the efforts of the Investment Manager together with the performance and retention of key personnel</i></p> <p>The Group is reliant on the management and advisory services the Group receives from the Investment Manager. As a result, the Group's performance is, to a large extent dependent upon the ability of the Investment Manager. Any failure to source assets, execute transactions or manage investments by the Investment Manager may have a material adverse effect on the Company's performance. Furthermore, there can be no assurance as to the continued involvement of the Investment Manager's key personnel with the Investment Manager or (indirectly) with the Company. The departure of any of the Investment Manager's key personnel without an adequate replacement may also have a material adverse effect on the Company's performance.</p> <p><i>ERPF and parties acting in concert with it may hold a material interest in the Shares following Admission</i></p> <p>Potential investors' attention is drawn to the possibility that ERPF and parties acting in concert with it could, in the event that the Minimum Gross Proceeds are raised, following (i) the issuance of the Consideration Shares, and (ii) the operation of the Company's discount management policy, come to hold Shares carrying more than 50 per cent. of the voting rights of the Company. In this event, ERPF and parties acting in concert with it will be able to acquire interests in further Shares without incurring any further obligation under Rule 9 to make a general offer so long as they continue to act in concert. However, the Takeover Panel may regard as giving rise to an obligation to make an offer the acquisition by a single member of the group of an interest in shares sufficient to increase the shares carrying voting rights in which he is interested to 30 per cent. or more or,</p>
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		<p>if he is already interested in 30 per cent. or more, which increases the percentage of shares carrying voting rights in which he is interested.</p> <p>In the event that ERPF and parties acting in concert with it were to hold Shares carrying more than 50 per cent. of the voting rights of the Company, ERPF and parties acting in concert with it would have <i>de facto</i> control of the Company and would, together, be able to vote their Shares to pass ordinary Shareholder resolutions of the Company.</p>
D.3.	Key information on the key risks that are specific to the Shares	<p><i>The Shares may trade at a discount to Net Asset Value per Share and Shareholders may be unable to realise their investments through the secondary market at a price equal to Net Asset Value per Share</i></p> <p>The Shares may trade at a discount to Net Asset Value per Share for a variety of reasons, including adverse market conditions, a deterioration in investors' perceptions of the merits of the Company's investment objective and investment policy, an excess of supply over demand in the Shares, and to the extent investors undervalue the management activities of the Investment Manager or discount the valuation methodology and judgments made by the Company.</p> <p><i>The value and/or market price of the Shares may go down as well as up</i></p> <p>Prospective investors should be aware that the value and/or market price of the Shares may go down as well as up and that the market price of the Shares may not reflect the underlying value of the Company. Investors may, therefore, realise less than, or lose all of, their investment.</p> <p><i>The Company may in the future issue new equity, which may dilute Shareholders' equity</i></p> <p>The Company may seek to issue new equity in the future. While the Companies Act contains statutory pre-emption rights for Shareholders in relation to issues of shares in consideration for cash, such rights can be disapplied. Where statutory pre-emption rights are disapplied, any additional equity financing will be dilutive to those Shareholders who cannot, or choose not to, participate in such financing.</p> <p><i>Future sales of Shares could cause the market price of the Shares to fall</i></p> <p>Sales of Shares or interests in Shares by significant investors could depress the market price of the Shares. A substantial amount of Shares being sold, or the perception that sales of this type could occur, could also depress the market price of the Shares. Both scenarios, occurring either individually or collectively, may make it more difficult for Shareholders to sell the Shares at a time and price that they deem appropriate.</p> <p><i>The Company's targeted returns are based on estimates and assumptions that are inherently subject to uncertainties and contingencies, and the actual rate of return may be materially lower than the targeted returns</i></p> <p>The Company's targeted returns set out in this Prospectus are targets only and are based on estimates and assumptions about a variety of factors including, without limitation, asset mix, value, holding periods, performance of the Company's investments, investment liquidity, interest rates and inflation rates, which are inherently subject to significant business, economic and market uncertainties and contingencies, all of which are beyond the Company's control and which may adversely affect the Company's ability to achieve its targeted returns. The Company may not be able to implement its investment strategy in a manner that generates returns in line with the targets. Furthermore, the targeted returns are based on the market conditions and the economic environment at the time of assessing the targeted returns, and are therefore subject to change.</p>

Section E – Offer		
Element	Disclosure Requirement	Disclosure
E.1.	Proceeds and Expenses	<p>The Company is targeting an issue of 125 million Shares pursuant to the Issue comprising of the Offering and the issue of the Consideration Shares, with the potential for the Directors to increase the size of the Issue to a maximum of 130 million Shares, subject to investor demand.</p> <p>The Minimum Gross Proceeds are £113 million and the Minimum Net Proceeds are the Minimum Gross Proceeds less, (i) the costs and expenses of the Issue and (ii) £56.25 million, being the deemed value of the Consideration Shares at the Issue Price. Admission is therefore conditional on at least 113 million Shares being issued pursuant to the Issue.</p> <p>In the event that the Minimum Net Proceeds are not raised, the Issue will not proceed and any monies received under the Issue will be returned to applicants either by cheque without interest (at the risk of the applicant), or direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn. The Minimum Net Proceeds may only be changed through the production of a supplementary prospectus.</p> <p>The costs and expenses (including irrecoverable VAT) of, and incidental to, the Issue payable by the Company are expected to be 1.7 per cent. of the Gross Proceeds assuming 125 million Shares are issued pursuant to the Issue. On the assumption that 125 million Shares are issued pursuant to the Issue at the Issue Price, the Net Proceeds will be £66.7 million, after taking account of the acquisition on Admission of the interests in the Limited Partnerships (valued at £56.25 million).</p> <p>No expenses and/or taxes will be specifically charged to the subscribers or purchasers of the Shares.</p>
E.2.a.	Reason for offer and use of proceeds	<p>The Issue is intended to raise capital for investment in accordance with the Company's investment policy.</p> <p>The Company's principal use of cash (including the Net Proceeds) will be to:</p> <ul style="list-style-type: none"> (i) pay the SDLT due on the acquisition of the Limited Partnership interests. The SDLT due has been estimated at approximately £2.7 million; and (ii) purchase investments in line with the Company's investment objective and investment policy, as well as initial expenses related to the Issue, ongoing operational expenses and payment of dividends and other distributions to Shareholders in accordance with the Company's dividend policy.
E.3.	Terms and conditions of the offer	<p>The Issue</p> <p>The Issue comprises the Offering and the issue of the Consideration Shares for a target issue of 125 million Shares at an Issue Price of 100 pence per Share, with the potential for the Directors to increase the size of the Issue to a maximum of 130 million Shares, subject to investor demand.</p> <p>In the event that the Minimum Net Proceeds are not raised, the Issue will not proceed and any monies received under the Issue will be returned to applicants either by cheque without interest (at the risk of the applicant), or direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn. The Minimum Net Proceeds may only be changed through the production of a supplementary prospectus.</p>

		<p>The Offering</p> <p>The Offering comprises together the Placing and the Offer for Subscription.</p> <p>The Placing and Offer for Subscription are subject to scaling back at the discretion of Winterflood Securities following consultation with the Board and the Investment Manager. There will be no scaling back of the Consideration Shares.</p> <p><i>Conditions</i></p> <p>The Offering, which is not underwritten, is conditional upon Admission occurring no later than 8.00 a.m. on 31 May 2018 (or such later time and/or date as the Company, the Investment Manager and Winterflood Securities may agree, being not later than 8.00 a.m. on 30 June 2018) and the Placing Agreement not being terminated and becoming unconditional in accordance with its terms. If these conditions are not met, the Offering (and the Issue as a whole) will not proceed and an announcement to that effect will be made via a Regulatory Information Service.</p> <p><i>The Placing</i></p> <p>The Company, the Directors, the Investment Manager and Winterflood Securities have entered into the Placing Agreement, pursuant to which Winterflood Securities has agreed, subject to certain conditions, to use its reasonable endeavours to procure subscribers for the Shares to be made available in the Placing.</p> <p><i>The Offer for Subscription</i></p> <p>The Offer for Subscription is only being made in the UK. 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.</p> <p>An Application Form is set out at the end of this Prospectus. The latest time and date for receipt of applications under the Offer for Subscription is 1.00 p.m. on 23 May 2018.</p>
E.4.	Material interests	Pursuant to the Initial Portfolio Acquisition Agreement, ERPF has agreed to receive the Consideration Shares at the Issue Price.
E.5.	Name of person selling securities	Not applicable. No person or entity is offering to sell Shares as part of the Issue.
E.6.	Dilution	No dilution will result from the Issue.
E.7.	Estimated Expenses	<p>On the assumption that 125 million Shares are issued pursuant to the Issue, the expenses payable by the Company are anticipated to be approximately £2.1 million (equivalent to 1.7 per cent. of Gross Proceeds).</p> <p>No expenses and/or taxes will be specifically charged to the subscribers or purchasers of the Shares.</p>

RISK FACTORS

Investment in the Company carries risk, including but not limited to the risks in relation to the Company and the Shares referred to below. If any of the risks referred to in this Prospectus were to occur this could have a material adverse effect on the Company's business, financial position, results of operations, business prospects and/or returns to investors. If that were to occur, the trading price of the Shares and/or the Net Asset Value and/or the level of dividends or distributions (if any) received from the Shares could decline significantly and investors could lose all or part of their investment.

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

The risks referred to below are the risks which are considered to be material but are not the only risks relating to the Company and the Shares. There may be additional material risks that the Company and the Board do not currently consider to be material or of which the Company and the Board are not currently aware. Potential investors should review this Prospectus carefully and in its entirety and consult with their professional advisers before acquiring any Shares.

RISKS RELATING TO THE GROUP

The Company is a newly formed company with no separate operating history

The Company is a newly formed company incorporated in England and Wales on 29 March 2018. The Company has no operating results, and it will not commence operations until obtaining funding through the Offering. As the Company lacks an operating history, investors have no basis on which to evaluate the Company's ability to achieve its investment objective and to provide a satisfactory investment return.

In addition, although the Board anticipates that the Company will be able to make investments promptly after Admission, due to the time necessary to identify, evaluate, structure, negotiate and close suitable investments, the Board can make no assurances that the Company will be able to invest substantially all of the Net Proceeds promptly after Admission. To the extent that there is a delay in investing the Net Proceeds, the Company's aggregate return on investments may be reduced.

The Company's returns and operating cash flows will depend on many factors, including the performance of its investments, the availability and liquidity of investment opportunities falling within the Company's investment objective and policy, the level and volatility of interest rates, conditions in the financial markets and economy, the financial performance of borrowers to which it has exposure, and the Company's ability to operate successfully its business and execute its investment strategy. There can be no assurance that the Company's investment strategy will be successful.

The Company may not meet its investment objective

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

The Company's investment objective includes the aim of providing Shareholders with an attractive level of inflation-linked income. The declaration, payment and amount of any future dividends by the Company are subject to the discretion of the Directors and will depend upon, amongst other things, the Company pursuing successfully its investment strategy and the Company's earnings, financial position, cash requirements, level and rate of borrowings and availability of profit, as well the provisions of relevant laws or generally accepted accounting principles from time to time. There can be no assurance as to the level and/or payment of future dividends by the Company.

The Company's investment objective also includes the aim of providing Shareholders with the potential for capital growth. The amount of any capital growth will depend upon, amongst other things, the Company successfully pursuing its investment strategy and the performance of the Company's investments. There can be no assurance as to the level of any capital growth over the long term.

The Company's targeted returns are based on estimates and assumptions that are inherently subject to uncertainties and contingencies, and the actual rate of return may be materially lower than the targeted returns

The Company's targeted returns set out in this Prospectus are targets only and are based on estimates and assumptions about a variety of factors including, without limitation, asset mix, value, holding periods, performance of the Company's investments, investment liquidity, interest rates and inflation rates, which are inherently subject to significant business, economic and market uncertainties and contingencies, all of which are beyond the Company's control and which may adversely affect the Company's ability to achieve its targeted returns. The Company may not be able to implement its investment strategy in a manner that generates returns in line with the targets. Furthermore, the targeted returns are based on the market conditions and the economic environment at the time of assessing the targeted returns, and are therefore subject to change. In particular, the targeted returns assume no material changes occur in government regulations or other policies, or in law and taxation, and that the Company is not affected by natural disasters, terrorism, social unrest or civil disturbances or the occurrence of risks described elsewhere in this Prospectus. There is no guarantee that actual (or any) returns can be achieved at or near the targeted levels set out in this Prospectus. Accordingly, the actual rate of return achieved may be materially lower than the targeted returns, or may result in a partial or total loss, which could have a material adverse effect on the Group's profitability, the Net Asset Value and the price of the Shares.

The Company's performance will depend on general property and investment market conditions

The Company's performance will depend to a significant extent on property values in the United Kingdom. An overall downturn in the UK property market and/or the availability of credit to the UK property sector may have a material adverse effect on the value of the Portfolio and ultimately upon the Net Asset Value and the ability of the Group to generate revenues.

Material changes in interest rates and bond yields

Although the rental payments on the long leases and housing management agreements to be entered into by the Group with Registered Housing Providers, Local Authorities and/or other corporate counterparties will be subject to increases in line with inflation measures, the value of the Shares will be affected by changes in general interest rates and changes in the yields available on UK gilts, with upward movements in interest rates or gilt yields likely to make an investment in the Shares less attractive in the longer term, as the differential in return profile between an investment in the Shares, and the income derived therefrom, and alternative interest bearing investments is likely to narrow which could have a material adverse effect on the Group's profitability, the Net Asset Value and the price of the Shares.

In addition, although the term of each lease will provide for the rent thereunder to increase annually in line with inflation, certain leases may contain provisions capping the amount by which rental payments under the lease may be increased in any one year. To the extent that any such cap applies, the Company's rental revenue under the relevant lease will not increase in line with annual inflation.

Counterparty risks

As the Portfolio is expected to consist primarily of real estate assets subject to long leases and housing management agreements with Registered Housing Providers, Local Authorities and/or other corporate counterparties, the Group, and returns to Shareholders, will be exposed to the credit worthiness and cash flow profile of such lease counterparties. Any adverse changes which affect the credit worthiness or cash flow profile of relevant Registered Housing Providers, Local Authorities and/or other corporate counterparties (whether specifically or generally) may have an adverse effect on the Group's profitability, the Net Asset Value and the price of the Shares.

Registered Housing Providers and Local Authorities are government backed entities or government regulated entities. There can be no assurance, however, that legislative support for such entities will

continue at all times in the future. The absence of such direct or assumed government support for Registered Housing Providers and Local Authorities may have a material adverse effect on the creditworthiness of such counterparties could therefore have a material adverse effect on the Group's profitability, the Net Asset Value and the price of the Shares.

Risk of leaseholder enfranchisement

A material proportion of the properties in the Initial Portfolio are subject to a lease to a Registered Housing Provider with a duration which is in excess of 20 years, and the Group may in the future acquire further properties subject to such long leases. Under the Leasehold Reform Housing & Urban Development Act 1993 (as amended) a lessee under such a long lease has the right to exercise collective enfranchisement. Collective enfranchisement is a statutory right in law, subject to meeting certain qualifying criteria, for the lessee on a lease, to exercise his right to extend or buy back the lease on a property. Where an enfranchisement right is exercised the exercising lessee would be required to pay the freehold owner of the property an independently assessed amount equal to the loss of the freeholder lease rents plus compensation for the loss of the residual property value.

In relation to the independent assessment of the compensation due to the freeholder, the lease rents and property values are fairly well defined so the valuation would then centre on the inflation assumptions and discount rates applied to conclude the present values. If the lessee were to successfully argue for the application of a lower inflation rate and a higher discount rate this could result in a lower present value than the price paid for the property by the Group on acquisition, although it is considered that there is limited scope for a wide disparity resulting in a material capital loss to the Group.

Although the risk of an enfranchisement application is considered by the Board and the Investment Manager to be low, in the event of a successful application for enfranchisement the Group would lose the lease income for the properties acquired by the lessee and would need to reinvest the compensation received into further income producing property investments. The Company can offer no assurance that it will be able to identify and make further investments that are consistent with its investment objective and investment policy and which generate the same level of income as the properties acquired. The inability to find, or agree terms for, such investment opportunities could have a material adverse effect on the Group's profitability, the Net Asset Value and the value of the Shares.

Risk relating to reputational damage

The Company's lease counterparties will be fully responsible for the management and letting of the underlying residential properties owned by the Group and the Group will have no legal relationship of any type with the end tenant. In certain circumstances it may be warranted or necessary for such lease counterparties to remove or evict a tenant for various reasons.

Whilst the Investment Manager requests all lease counterparties to handle all such situations with appropriate skill and care using professional judgement and processes to minimise such risk, and to keep the Investment Manager informed of any particular difficult situations, the final decision will be made by the relevant lease counterparty managing the property. Although not involved in the decision, there is the potential that, as ultimate landlord, the Company may receive negative media attention and suffer reputational damage. In addition, an event affecting a property such as a fire, flooding or other similar events may likewise result in the Company receiving negative media attention and suffering reputational damage. Any such reputational damage may adversely affect the Company's image and, consequently, adversely affect the trading price of the Shares.

Changes in laws, regulations and/or government policy may adversely affect the Group's business

The Group and its operations are subject to laws and regulations enacted in the UK by central and local government and central government policy. Any change in the laws, regulations and/or central government policy affecting the Group may have a material adverse effect on the ability of the Group to pursue successfully its investment strategy and meet its investment objective and on the Group's profitability, the Net Asset Value and the price of the Shares.

Economic environment

If economic conditions were to weaken in the UK and elsewhere and, in particular, if this were to restrict the availability of credit, this may reduce the value of assets once they have been acquired, and may reduce liquidity in the real estate market. The performance of the Company would be adversely affected by a downturn in the property market in terms of market value and may adversely affect the Group's profitability, the Net Asset Value and the price of the Shares.

The condition of both the real estate market and the overall UK economy will impact the returns of the Company, and hence may have a negative impact on or delay the Company's ability to execute investments in suitable assets that generate acceptable returns. Market conditions may also negatively impact the price at which the Company is able to dispose of these assets. In these circumstances, the Company's ability to make distributions to Shareholders from rental income could be affected. A severe fall in values may result in the Group selling assets from the Portfolio to repay loan commitments. These outcomes may, in turn, have an adverse effect on the Group's profitability, the Net Asset Value and the price of the Shares.

Reliance on service providers and other third parties

The Company has no employees and the Directors have all been appointed on a non-executive basis. As a result the Group will rely on the services of certain third party service providers for the provision of a number of functions which are important to the operation of the Group's business. In particular, the Investment Manager, the Administrator, the Company Secretary and the Depositary and their respective delegates, if any, will perform services that are important to the Group's operations. Failure by any service provider to carry out its obligations to the Group in accordance with the terms of its appointment, to exercise due care and skill, or to perform its obligations to the Group at all as a result of insolvency, bankruptcy or other causes could have a material adverse effect on the Group's performance and returns to Shareholders. To the extent that these third parties are unable or unwilling to perform their contractual commitments, there is a risk of reputational damage to the Group, or that the Group will have to seek alternative contractors (or to perform such services itself) which could be difficult or more costly. The termination of the Group's relationship with any third party service provider or any delay in appointing a replacement for such service provider, could disrupt the business of the Group materially and could have a material adverse effect on the Group's profitability, the Net Asset Value and the price of the Shares. Further, misconduct or misrepresentations by employees of the third party service providers could cause significant losses to the Company.

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

As property assets are expected to be relatively illiquid, such illiquidity may affect the Group's ability to dispose of assets in the Portfolio in a timely fashion. In addition, to the extent that market conditions are not favourable or deteriorate, the Company may not be able to realise the property assets from the Portfolio at satisfactory prices. This could result in a decrease in Net Asset Value and lower returns (if any) for Shareholders.

Property valuation is inherently subjective and uncertain

The valuation of the Group's properties is inherently subjective, in part because all property valuations are made on the basis of assumptions that may not prove to be accurate, and, in part, because of the individual nature of each property. This is particularly so where there has been more limited transactional activity in the market against which the Group's property valuations can be benchmarked by the Group's external valuer. Valuations of the Group's investments may not reflect actual sale prices or optimal purchase prices even where any such transactions occur shortly after the relevant valuation date.

The Group may invest in properties through investments in various property-owning vehicles, and may in the future utilise a variety of investment structures for the purpose of investing in property. Where a property or an interest in a property is acquired through a company or investment structure, the value of the company or investment structure may not be the same as the value of the underlying property due, for example, to tax, environmental, contingent liabilities or other structural considerations. As a result, there can be no assurance that the value of investments made through those structures will fully reflect the value of the underlying property.

Competition for investments

In recent years a number of UK and international property investors have become active in the UK residential housing sector and it is possible that new competitors will emerge. Any or all of these competitors may have access to larger financial resources than the Group and/or be targeting lower investment returns. Competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available to, and adversely affecting the terms upon which investments can be made by, the Group, and thereby limiting the growth potential of the Group. This could have a material adverse effect on the Group's profitability, the Net Asset Value and the price of the Shares.

Availability of investment opportunities

The availability of potential investments which meet the Company's investment strategy will depend on the state of the economy and financial markets in the UK. The Company can offer no assurance that it will be able to identify and make further investments that are consistent with its investment objective and investment policy or that it will be able to invest fully its available capital.

Investment opportunities that may be identified by the Company as being potential investments for the Group may be in the process of due diligence and/or negotiation or discussion. There is no guarantee that these investment opportunities will continue to be available in the future at a time or in a form which is convenient for the Group or that the Group will or will be able to invest in these opportunities. The inability to find, or agree terms for, such investment opportunities could have a material adverse effect on the Group's profitability, the Net Asset Value and the value of the Shares.

The Group's due diligence may not identify all risks and liabilities in respect of an acquisition or lease agreement

Prior to entering into an agreement to acquire any property, the Group will perform due diligence on the proposed investment. In doing so, it would typically rely, in part, on third parties to conduct a significant portion of this due diligence (including legal reports on title and property valuations). To the extent that such third parties underestimate or fail to identify risks and liabilities (including any environmental liabilities) associated with the investment in question, the Group may be subject to defects in title, to environmental, structural or operational defects requiring remediation, or the Group may be unable to obtain necessary permits which may have a material adverse effect on the Group's profitability, the Net Asset Value and the price of the Shares.

The discovery of previously undetected environmentally hazardous conditions in any of the Group's properties could result in unforeseen remedial work or future liabilities even after disposal of such properties

Under applicable environmental laws, a current or previous property owner may be liable for the cost of removing or remediating hazardous or toxic substances on, under or in such property, which cost could be substantial. While environmental due diligence will be undertaken before acquiring properties, there is still a risk that third parties may seek to recover from the Group for personal injury or property damage associated with exposure to any release of hazardous substances. Payment of damages could adversely affect the Company's ability to make distributions to Shareholders from rental income.

Furthermore, the presence of environmentally hazardous substances, or the failure to remediate damage caused by such substances, may adversely affect the Group's ability to sell or lease the relevant property at a level that would support the Company's investment strategy which would, in turn, have a material adverse effect on the Group's profitability, the Net Asset Value and the price of the Shares.

Any costs associated with potential pipeline investments that do not proceed to completion will affect the Group's performance

The Group may be required to put down a deposit and expects to incur certain third-party costs in respect of potential pipeline investments, including in connection with financing, valuations and professional services associated with the sourcing and analysis of suitable assets. There can be no assurance that the Group will not forfeit any deposit or as to the level of such costs. The forfeiture of a deposit may have a material adverse effect on the Group's profitability, the Net Asset Value and the price of the Shares and there can be no guarantee that the Group will be successful in its negotiations to acquire any given potential pipeline investment.

UK exit from the European Union

A referendum was held on 23 June 2016 to decide whether the UK should remain in the EU. A vote was given in favour of the UK leaving the EU ("**Brexit**") and on 29 March 2017 the UK government triggered Article 50 to commence Brexit negotiations with the EU. The extent of the impact on the Group will depend in part on the nature of the arrangements that are put in place between the UK and the EU following Brexit and the extent to which the UK continues to apply laws that are based on EU legislation. The Group may also be subject to a significant period of uncertainty in the period leading to eventual Brexit, including, inter alia, uncertainty in relation to any potential regulatory or tax change. In addition, the macroeconomic effect of Brexit on the value of investments in the UK property market, and, by extension, the value of the investments in the Group's Portfolio is unknown. The UK's exit from the EU could also create significant UK (and potentially global) stock market uncertainty, which may have a material adverse effect on total Shareholder returns, the Net Asset Value and price of the Shares. As such, it is not possible to state the impact that Brexit will have on the Group and its investments. It could also potentially make it more difficult for the Group to raise capital in the EU and/or increase the regulatory compliance burden on the Group. This could restrict the Group's future activities and thereby negatively affect returns.

Risks relating to the use of gearing

Following completion of the acquisition of the Limited Partnerships (which are parties to the Existing Loan Facilities) the Group will be exposed to gearing, and the Group expects in the future, to take on further gearing in accordance with the Company's gearing policy. Investors should be aware that, whilst the use of gearing should enhance Net Asset Value per Share where the value of the Group's underlying assets is rising, it will have the opposite effect where the underlying asset value is declining. In addition, in the event that the rental income derived from the Group's property assets were to decline as a result of defaults by counterparties pursuant to their leases with the Group, the use of gearing would amplify the impact of such declines on the net revenue of the Group and, accordingly, this would have a material adverse effect on the Group's profitability, dividend payments, the Net Asset Value and the price of the Shares.

If the value of the Group's assets falls, the Net Asset Value of the Company will reduce. Furthermore, the gearing which the Limited Partnerships use (and which the Group will in the future use) contain loan-to-value covenants, being the accepted market practice in the UK. If real estate assets owned by Group, and used as collateral for any gearing, decrease in value, such covenants could be breached. The impact of such an event could include: an increase in gearing costs; or a call for additional capital from the lender; or payment of a fee to the lender; or in such cases where other remedies were not available, it could require a sale of an asset, or a forfeiture of an asset or assets to a lender. This could result in a total or partial loss of equity value for each specific asset, or indeed the Group as a whole.

Where the Group takes on floating rate borrowings, any increase in Sterling interest rates could have an adverse impact on the Group's cost of debt or its ability to secure gearing facilities and could result in the expected dividends of the Company being reduced and a reduction in the price of the Shares.

Any amounts that are secured by the Group under a loan facility are likely to rank ahead of Shareholders' entitlements and accordingly, should the Group's assets generate insufficient returns to cover the Group's operating costs and interest expense, Shareholders may not recover their initial investment on a liquidation of the Company or when they sell their Shares.

ERPF and parties acting in concert with it may hold a material interest in the Shares following Admission

Potential investors' attention is drawn to the possibility that ERPF and parties acting in concert with it could, in the event that the Minimum Gross Proceeds are raised, following (i) the issuance of the Consideration Shares, and (ii) the operation of the Company's discount management policy, come to hold Shares carrying more than 50 per cent. of the voting rights of the Company. In this event, ERPF and parties acting in concert with it will be able to acquire interests in further Shares without incurring any further obligation under Rule 9 to make a general offer so long as they continue to act in concert. However, the Takeover Panel may regard as giving rise to an obligation to make an offer the acquisition by a single member of the group of an interest in shares sufficient to increase the shares carrying voting rights in which he is interested to 30 per

cent. or more or, if he is already interested in 30 per cent. or more, which increases the percentage of shares carrying voting rights in which he is interested.

In the event that ERPF and parties acting in concert with it were to hold Shares carrying more than 50 per cent. of the voting rights of the Company, ERPF and parties acting in concert with it would have *de facto* control of the Company and would, together, be able to vote their Shares to pass ordinary Shareholder resolutions of the Company.

RISKS RELATING TO THE INVESTMENT MANAGER

The Group is dependent on the efforts of the Investment Manager together with the performance and retention of key personnel

The Group is reliant on the management and advisory services the Group receives from the Investment Manager. As a result, the Group's performance is, to a large extent dependent upon the ability of the Investment Manager to implement the Group's investment strategy. Any failure to source investments, execute transactions or manage investments by the Investment Manager may have a material adverse effect on the Company's performance. Furthermore, there can be no assurance as to the continued involvement of the Investment Manager's key personnel with the Investment Manager or (indirectly) with the Company. The departure of any of the Investment Manager's key personnel without an adequate replacement may also have a material adverse effect on the Company's performance.

The Investment Manager will also be responsible for carrying out the day-to-day management of the Group's affairs and, therefore, any disruption to the services of the Investment Manager (whether due to termination of the Investment Management Agreement or otherwise) could cause a significant disruption to the Company's operations until a suitable replacement is found.

In addition, the Company will only have limited control over the personnel of, or used by, the Investment Manager. If any such personnel were to do anything or were alleged to have done something that may be the subject of public criticism or other negative publicity or may lead to investigation, litigation or sanction, this may have an adverse impact on the Company and its reputation by association, even if the criticism or publicity is factually inaccurate or unfounded and notwithstanding that the Company may have no involvement with, or control over, the relevant act or alleged act. Any damage to the reputation of the personnel of the Investment Manager could result in potential counterparties and other third parties such as occupiers, landlords, lenders or developers being unwilling to deal with the Investment Manager and/or the Company. This may have a material adverse effect on the ability of the Company to successfully pursue its investment strategy and may have a material adverse effect on the Company's financial condition, business prospects and results of operations.

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

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

The Investment Manager and its affiliates may carry on investment activities for other accounts in which the Company has no interest. The Investment Manager and its affiliates may also provide management services to other clients, including other collective investment vehicles. The Investment Manager and its affiliates may give advice and recommend securities to other managed accounts or investment funds which may differ from advice given to, or investments recommended or bought for, the Company, even though their investment policies may be the same or similar.

The past or current performance of the Limited Partnerships is not a guarantee of the future performance by the Company

The past or current performance of the Limited Partnerships is not indicative, or intended to be indicative, of the future performance of the Company.

RISKS RELATING TO THE SHARES

The Shares may trade at a discount to Net Asset Value per Share and Shareholders may be unable to realise their investments through the secondary market at a price equal to Net Asset Value per Share

The Shares may trade at a discount to Net Asset Value per Share for a variety of reasons, including adverse market conditions, a deterioration in investors' perceptions of the merits of the Company's investment objective and investment policy, an excess of supply over demand for the Shares, and/or to the extent investors undervalue the management activities of the Investment Manager or discount the valuation methodology and judgments made by the Company. While the Directors may seek to mitigate any discount to Net Asset Value per Share through such discount management mechanisms as they consider appropriate, there can be no guarantee that they will do so or that such mechanisms will be successful. Accordingly, there can be no assurance that Shareholders will be able to realise their investments through the secondary market at a price equal to the Net Asset Value per Share.

The value and/or market price of the Shares may go down as well as up

Prospective investors should be aware that the value and/or market price of the Shares may go down as well as up and that the market price of the Shares may not reflect the underlying value of the Company. Investors may, therefore, realise less than, or lose all of, their investment.

The market price of the Shares may not reflect the value of the underlying investments of the Group and may be subject to wide fluctuations in response to many factors, including, among other things, variations in the Company's operating results, additional issuances or future sales of the Shares or other securities exchangeable for, or convertible into, its Shares in the future, the addition or departure of Board members, expected dividend yield, divergence in financial results from stock market expectations, changes in stock market analyst recommendations regarding the UK property market as a whole, the Company or any of its assets, a perception that other markets may have higher growth prospects, general economic conditions, prevailing interest rates, legislative changes in the Company's market and other events and factors within or outside the Company's control. Stock markets experience extreme price and volume volatility from time to time, and this, in addition to general economic, political and other conditions, may have a material adverse effect on the market price for the Shares. The market value of the Shares may vary considerably from the Company's underlying Net Asset Value. There can be no assurance, express or implied, that Shareholders will receive back the amount of their investment in the Shares.

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

The Company may seek to issue new equity in the future. While the Companies Act contains statutory pre-emption rights for Shareholders in relation to issues of shares in consideration for cash, such rights can be disapplied. Where statutory pre-emption rights are disapplied, any additional equity financing will be dilutive to the voting interests of those Shareholders who cannot, or choose not to, participate in such financing.

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

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

The Company may not have adequate distributable profits to allow the Company to return capital to Shareholders

In the event of a winding-up of the Company, the Shares will rank behind any creditors of the Company and, therefore, any positive return for holders of Shares will depend on the Company's assets being sufficient to meet the prior entitlements of any creditors.

The Shares may be subject to significant forced transfer provisions

The Shares have not been registered and will not be registered in the United States under the U.S. Securities Act or with any securities or regulatory authority of any state or other jurisdiction in the United

States. Moreover, the Shares are only being offered and sold: (i) outside the United States to non-U.S. Persons (as defined in Regulation S under the U.S. Securities Act), and (ii) to persons located inside the United States or U.S. Persons that are “qualified institutional buyers” (as the term is defined in Rule 144A under the U.S. Securities Act) that are also “qualified purchasers” within the meaning of Section 2(a)(51) of the U.S. Investment Company Act in reliance on the exemption from registration provided by Rule 506 of Regulation D under the U.S. Securities Act.

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 under Section 3(42) of ERISA or the U.S. Code; or (ii) would or might result in the Company and/or its Shares being required to register or qualify under the U.S. Investment Company Act and/or the U.S. Securities Act and/or the U.S. Securities Exchange Act of 1934, as amended (the “**U.S. Exchange Act**”) and/or any laws of any state of the U.S. that regulate the offering and sale of securities; or (iii) may cause the Company not to be considered a “Foreign Private Issuer” under the U.S. Exchange Act; or (iv) may cause the Company to be a “controlled foreign corporation” for the purpose of the U.S. Code; or (v) creates a significant legal or regulatory issue for the Company under the U.S. Bank Holding Company Act of 1956 (as amended) or regulations or interpretations thereunder, the Directors may require the holder of such Shares to dispose of such Shares and, if the Shareholder does not sell such Shares, may dispose of such Shares on their behalf. These restrictions may make it more difficult for a U.S. Person to hold and Shareholders of the Company generally to sell the Shares and may have an adverse effect on the market value of the Shares.

RISKS RELATING TO REGULATION AND TAXATION

A change in the Company's tax status or in taxation legislation in the UK could adversely affect the Company's profits and value of the Portfolio and/or returns to Shareholders

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

Any change in the Company's tax status or in taxation legislation in the UK (including a change in interpretation of such legislation) could affect the Company's ability to achieve its investment objective or provide favourable returns to Shareholders. In particular, an increase in the rates of SDLT or the abolition of Multiple Dwelling Relief could have a material effect on the value of the Group's property assets and the price at which UK property assets can be acquired. Any such change could also adversely affect the net amount of any dividends payable to Shareholders and/or the price of the Shares.

There is no guarantee that the Group will maintain REIT status

The Company cannot guarantee that the Group will maintain REIT status nor can it guarantee continued compliance with all of the REIT conditions and there is a risk that the REIT regime may cease to apply in some circumstances. HMRC may require the Group to exit the REIT regime if:

- it regards a breach of conditions or failure to satisfy the conditions relating to the REIT status of the Company or the Group, or an attempt to obtain a tax advantage, as sufficiently serious;
- the Company or the Group have committed a certain number of breaches in a specified period; or
- HMRC has given members of the Group at least two notices in relation to the avoidance of tax within a 10 year period.

If the conditions for REIT status relating to the share capital of the Company (i.e. the Company may issue only one class of ordinary share capital and/or issue non-voting restricted preference shares) or the prohibition on entering into loans with abnormal returns are breached, or the Company ceases to be UK tax resident, becomes dual tax resident or becomes an open-ended investment company, the Group will automatically lose its REIT status with effect from the end of the previous accounting period.

The Group could lose its status as a REIT as a result of actions by third parties, for example, in the event of a successful takeover by a company that is not a REIT, or due to a breach of the close

company conditions after the period of three years beginning with the date the Group becomes a REIT, if it is unable to remedy the breach within a specified timeframe.

Future changes in legislation may cause the Group to lose its REIT status.

If the Group were to be required to leave the REIT regime within 10 years of joining, HMRC has wide powers to direct how it is to be taxed, including in relation to the date on which the Group is treated as exiting the REIT regime. The Group may also in such circumstances be subject to an increased tax charge.

If the Group fails to remain a REIT for UK tax purposes, its profits and gains will be subject to UK corporation tax

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

Distribution requirements may limit the Company's flexibility in executing its acquisition plans

The Group is intending to grow through acquisitions of properties. However, the REIT distribution requirements may limit the Group's ability to fund acquisitions and capital expenditures through retained income earnings. To maintain REIT status and as a result obtain full exemption from UK corporation tax on the profits of the Property Rental Business of the Group, 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 Group 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. Therefore, the Group's ability to grow through acquisitions of properties could be limited if the Group was unable to obtain debt or issue Shares.

In addition, differences in timing between the receipt of cash and the recognition of income for the purposes of the REIT rules and the effect of any potential debt amortisation payments could 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 could limit the Group's flexibility to make investments.

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

A REIT may become subject to an additional tax charge if it makes a distribution to, or in respect of, a Substantial Shareholder, that is broadly a company which has rights to 10 per cent. or more of the distributions or Shares or controls at least 10 per cent. of the voting rights. This additional tax charge will not be incurred if the Company has taken reasonable steps to avoid paying distributions to a Substantial Shareholder. Therefore, the Articles contain provisions designed to avoid the situation where distributions may become payable to a Substantial Shareholder and these provisions are summarised at paragraph 3 of Part 8 of this Prospectus. These provisions provide the Directors with powers to identify Substantial Shareholders and to prohibit the payment of dividends on Shares that form part of a Substantial Shareholding, unless certain conditions are met. The Articles also allow the

Directors to require the disposal of Shares forming part of a Substantial Shareholding in certain circumstances where the Substantial Shareholder has failed to comply with the above provisions.

FATCA

The Foreign Account Tax Compliance provisions (commonly known as “**FATCA**”) are U.S. provisions contained in the U.S. Tax Code, the U.S. Treasury Regulations promulgated thereunder and administrative guidance issued by the U.S. Internal Revenue Service in connection therewith. FATCA is aimed at reducing tax evasion by US citizens by requiring foreign financial institutions or non-financial foreign entities, as defined under FATCA, to comply with certain information reporting, withholding, identification and related requirements.

FATCA imposes a withholding tax of 30 per cent. on (i) certain U.S. source interest, dividends and certain other types of income; and, effective 1 January 2019, (ii) the gross proceeds from the sale or disposition of assets which produce U.S. source interest or dividends, which are received by a foreign financial institution (“**FFI**”), unless the FFI complies with certain reporting and other related obligations under FATCA. The UK has concluded an intergovernmental agreement (“**IGA**”) with the U.S., pursuant to which parts of FATCA have been effectively enacted into UK law.

Under the IGA, an FFI that is resident in the UK (a “**Reporting FI**”) is not subject to withholding under FATCA provided that it complies with the terms of the IGA, including requirements to register with the IRS and requirements to identify, and report certain information on, accounts held by US persons owning, directly or indirectly, an equity or debt interest in the Company (other than equity and debt interests that are regularly traded on an established securities market, for which see below), and report on accounts held by certain other persons or entities to HMRC.

The Company expects that it will be treated as a Reporting FI pursuant to the IGA and that it will comply with the requirements under the IGA. The Company also expects that its Shares may, in accordance with current HMRC practice, comply with the conditions set out in the IGA to be “regularly traded on an established securities market” meaning that the Company should not have to report specific information on its Shareholders and their investments to HMRC. However, there can be no assurance that the Company will be treated as a Reporting FI, that its Shares will be considered to be “regularly traded on an established securities market” or that it would not in the future be subject to withholding tax under FATCA or the IGA. If the Company becomes subject to a withholding tax as a result of FATCA or the IGA, the return on investment of some or all Shareholders may be materially adversely affected.

The UK has also concluded similar intergovernmental agreements (“**Additional IGAs**”) with other jurisdictions (including the Isle of Man, Guernsey and Jersey (the “**Crown Dependencies**”) and seven of the British Overseas Territories (Cayman Islands, Gibraltar, Montserrat, Bermuda, the Turks and Caicos Islands, the British Virgin Islands and Anguilla)). The Additional IGAs with the Crown Dependencies and Gibraltar may require the Company to report more widely on its Shareholders, although the Company expects that it may be able to benefit from a similar reporting exemption to that contained in the IGA and outlined above. Other jurisdictions are also considering introducing FATCA-style legislation in order to obtain information about their respective tax residents. Again, these may require the Company to report more widely on its Shareholders but the exact scope of such rules will need to be determined on a jurisdiction by jurisdiction basis.

FATCA, the IGA and the Additional IGAs are complex. The above description is based in part on regulations, official guidance, the IGA and the Additional IGAs, all of which are subject to change. All prospective investors and Shareholders should consult with their own tax advisers regarding the possible implications of FATCA or FATCA-style legislation on their investment in the Company.

Alternative Investment Fund Managers Directive

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

The Board has appointed, conditionally upon Admission, the Investment Manager as the AIFM of the Company. The Investment Manager is authorised and regulated by the FCA. If the Investment Manager ceases to act or becomes unable to act as the Company’s AIFM, then the Company must appoint another suitably authorised person as its AIFM (an “**external AIFM**”) or the Company must be its own

AIFM. In order for the Company to be its own AIFM it may be required to be authorised in the United Kingdom to act as an AIFM. The Company is not currently authorised to act as an AIFM and does not intend to apply for such authorisation to the extent that it is not required to do so. In the event that, and for so long as, the Company does not have an external AIFM and is not permitted to act as an AIFM in the United Kingdom then the Company may not be able to operate or, as a minimum, the ability of the Company to operate will be adversely affected to a significant extent.

As an FCA authorised firm, the Investment Manager must comply with various organisational, operational and transparency obligations under the AIFM Directive and the AIFM Rules. If applicable regulations were to change, then the Company and/or the Investment Manager may be required to amend the Company's investment policy (subject to shareholder approval), provide additional or different information to or update information given to investors and appoint or replace external service providers that the Company intends to use, including those referred to in this Prospectus. In addition, compliance with new regulations may increase management and operating costs of the Company and/or the Investment Manager.

The Company has not and will not register as an investment company under the U.S. Investment Company Act

The Company is not, and does not intend to become, registered as an investment company under the U.S. Investment Company Act and related rules and regulations. The U.S. Investment Company Act provides certain protections to investors and imposes certain restrictions on companies that are registered as investment companies.

As the Company is not so registered and does not plan to register, none of these protections or restrictions is or will be applicable to the Company. In addition, to avoid being required to register as an investment company under the U.S. Investment Company Act, the Board may, under the Articles and subject to certain conditions, compulsorily require the transfer of Shares held by a person to whom the sale or transfer of Shares may cause the Company to be classified as an investment company under the U.S. Investment Company Act. These procedures may materially affect certain Shareholders' ability to transfer their Shares.

The assets of the Company could be deemed to be "plan assets" that are subject to the requirements of ERISA or Section 4975 of the U.S. Tax Code, which could restrain the Company from making certain investments, and result in excise taxes and liabilities

Under the current Plan Asset Regulations, if interests held by Benefit Plan Investors are deemed to be "significant" within the meaning of the Plan Asset Regulations (broadly, if Benefit Plan Investors hold 25 per cent. or greater of any class of equity interest in the Company) then the assets of the Company may be deemed to be "plan assets" within the meaning of the Plan Asset Regulations. After the Issue, the Company may be unable to monitor whether Benefit Plan Investors or investors acquire Shares and therefore, there can be no assurance that Benefit Plan Investors will never acquire Shares or that, if they do, the ownership of all Benefit Plan Investors will be below the 25 per cent. threshold discussed above or that the Company's assets will not otherwise constitute "plan assets" under Plan Asset Regulations. If the Company's assets were deemed to constitute "plan assets" within the meaning of the Plan Asset Regulations, certain transactions that the Company might enter into in the ordinary course of business and operation might constitute non-exempt prohibited transactions under the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") or the U.S. Tax Code, resulting in excise taxes or other liabilities under ERISA or the U.S. Tax Code. In addition, any fiduciary of a Benefit Plan Investor or an employee benefit plan subject to Similar Law that is responsible for the Plan's investment in the Shares could be liable for any ERISA violations or violations of such Similar Law relating to the Company.

IMPORTANT INFORMATION

GENERAL

This Prospectus should be read in its entirety before making any application for Shares. In assessing an investment in the Company, investors should rely only on the information in this Prospectus and any supplementary prospectus thereto published by the Company prior to Admission.

No broker, dealer or other person has been authorised by the Company to issue any advertisement or to give any information or to make any representations in connection with the offering or sale of Shares other than those contained in this Prospectus and any supplementary prospectus published by the Company prior to Admission and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company.

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

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

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this Prospectus is received are required to inform themselves about and to observe such restrictions.

Applicants under the Offer for Subscription are strongly recommended to read and consider this Prospectus before completing the Application Form.

INTERMEDIARIES

The Company consents to the use of this Prospectus by financial intermediaries in connection with any subsequent resale or final placement of securities by financial intermediaries in the UK on the following terms: (i) in respect of the financial intermediaries who have been appointed by the Company prior to the date of this Prospectus (as listed below) from the date of this Prospectus, and (ii) in respect of financial intermediaries who are appointed by the Company after the date of this Prospectus, a list of which will appear on the Company's website, from the date on which they are appointed to participate in connection with any subsequent resale or final placement of securities and, in each case, until the closing of the period for the subsequent resale or final placement of securities by financial intermediaries at 1.00 p.m. on 23 May 2018, unless closed prior to that date. **Any Intermediary that uses this Prospectus must state on its website that it uses this Prospectus in accordance with the Company's consent and the conditions attached thereto. Any application made by investors to any Intermediary is subject to the terms and conditions imposed by each Intermediary.**

Information on the terms and conditions of any subsequent resale or final placement of Shares by any Intermediary is to be provided at the time of the offer by the Intermediary.

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

The Intermediaries authorised at the date of this Prospectus to use this Prospectus are:

- AJ Bell Securities Ltd, 4 Exchange Quay, Salford Quays, Manchester M5 3EE;
- Alliance Trust Savings Limited, PO Box 164, 8 West Marketgait, Dundee DD1 9YP;

- Barclays Bank PLC, 1 Churchill Place, London E14 5HP;
- Equiniti Financial Services Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA;
- Hargreaves Lansdown Nominees, 1 College Square South, Anchor Road, Bristol BS1 5HL;
- Interactive Investor Services Limited, Exchange Court, Dunscombe Street, Leeds LS1 4AX.

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

INFORMATION TO DISTRIBUTORS

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

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

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

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

DATA PROTECTION

The information that a prospective investor in the Company provides in documents in relation to a subscription for 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) and/or the Administrator in compliance with: (a) all applicable data protection legislation and regulatory requirements; and (b) the Company's (and, if applicable, the Administrator's and any other third party delegate's) Privacy Notice, a copy of which will be available for consultation on the Company's website at www.horizonreit.com following the implementation of EU Regulation 2016/679 after 25 May 2018. Without limitation to the foregoing, each prospective investor acknowledges that it has been informed that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company and notified under or

otherwise in accordance with the Company's Privacy Notice) and/or the Administrator 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
- to comply with the legal and regulatory obligations of the Company, the Administrator or any third party functionary or agent appointed by the Company.

In order to meet the purposes set out above, it will be necessary for the Company to disclose personal data to:

- other functionaries of, or advisers to, the Company (who have been notified under or otherwise in accordance with the Company's Privacy Notice) to operate and/or administer the Company; and
- third party service providers, agents or functionaries located either within or outside of the EEA which are appointed by the Company or its agents to provide services.

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

If the Company (or any third party, functionary or agent appointed by the Company) and/or the Administrator discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will ensure that adequate safeguards are in place for the protection of such personal data, details of which shall be set out in the relevant Privacy Notice or otherwise notified from time to time.

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 and the prospective investors shall provide a copy of all relevant Privacy Notices as appropriate that have been made available to it.

A data subject may in certain circumstances object to the processing of its personal data and such rights and the manner in which they can be exercised are set out in the Company's Privacy Notice.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each Relevant Member State, no Shares have been offered or will be offered pursuant to the Offering to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State, or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Shares to the public may be made at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- to any legal entity which is a "qualified investor" as defined in the Prospectus Directive;
- to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive (as defined below), 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State (other than the United Kingdom) and each person who initially acquires any Shares or to whom any offer is made under the Placing will be deemed to have represented,

acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive.

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

In addition, Shares will only be offered in any relevant EEA jurisdiction, (i) to the extent that the Investment Manager has given notification of its intention to market in such relevant EEA jurisdiction pursuant to the passporting regime established for full-scope EEA AIFMs under the AIFM Directive; or (ii) can otherwise be lawfully offered or sold (including on the basis of an unsolicited request from a professional investor) to an investor resident in such relevant EEA jurisdiction.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward looking statements, including, without limitation, statements containing the words “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or similar expressions. Such forward looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements 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.

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 legal and regulatory obligations (including under the Prospectus Rules), the Company expressly disclaims any obligations to update or revise any forward looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based unless required to do so by law or any appropriate regulatory authority, including FSMA, the Prospectus Rules, the Disclosure Guidance and Transparency Rules and the Listing Rules.

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

PRESENTATION OF FINANCIAL INFORMATION

The Company is newly formed and as at the date of this Prospectus has not commenced operations and has no assets or liabilities which will be material in the context of the Issue and, therefore, no financial statements have been prepared as at the date of this Prospectus. All future financial information for the Company will be prepared under IFRS.

Certain financial and statistical information contained in this Prospectus has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables 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.

PRESENTATION OF INDUSTRY, MARKET AND OTHER DATA

This Prospectus includes certain market, economic and industry data, which were obtained by the Company from industry publications, data and reports compiled by professional organisations, analysts and data from other external sources. Where information has been referenced in this Prospectus, the source of that third party information has been disclosed. The Company and the Directors confirm that

all information contained in this Prospectus that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Company to rely on internally developed estimates and the Directors' knowledge of the UK property market.

CURRENCY PRESENTATION

Unless otherwise indicated, all references in this Prospectus to "GBP", "Sterling", "pounds sterling", "£", "pence" or "p" are to the lawful currency of the UK.

The Company publishes its financial statements in British pounds sterling. Financial statements and information included or incorporated by reference into this Prospectus have been prepared in accordance with generally accepted accounting principles in the United Kingdom, and are subject to auditing and auditor independence standards in the United Kingdom, and thus may not be comparable to financial statements of US entities.

NO INCORPORATION OF WEBSITE INFORMATION

The Company's website address is www.horizonreit.com. The contents of the Company's website do not form part of this Prospectus.

EXPECTED TIMETABLE

Placing and Offer for Subscription open	27 April 2018
Latest time and date for receipt of completed Application Forms and payment in full under the Offer of Subscription	1.00 p.m. on 23 May 2018
Latest time and date for receipt of placing commitments under the Placing	2.00 p.m. on 24 May 2018
Results of the Issue announced	8.00 a.m. on 25 May 2018
Admission and crediting of CREST accounts in respect of the Issue	8.00 a.m. on 31 May 2018
Share certificates dispatched in respect of the Issue	week commencing 4 June 2018 or as soon as possible thereafter

The times and dates set out in the expected timetable and mentioned throughout this Prospectus may, in certain circumstances, be adjusted by the Company, in which event details of the new times and dates will be notified, as required, to the UKLA and the London Stock Exchange and, where appropriate, Shareholders and an announcement will be made through a Regulatory Information Service. All references to times in this Prospectus are to London time unless otherwise stated.

ISSUE STATISTICS

Issue Price per Share	100 pence
Target number of new Shares being issued*	125 million
Target Gross Proceeds*	£125 million ⁽¹⁾
Net Proceeds*	£66.7 million ⁽²⁾
Estimated Net Asset Value per Share at Admission*	Not less than 98.3 pence ⁽¹⁾

* The number of Shares to be issued pursuant to the Issue, and therefore the Gross Proceeds, the Net Proceeds, and the Net Asset Value per Share at Admission are not known as at the date of this Prospectus but will be notified by the Company via a Regulatory Information Service prior to Admission. If the Issue does not proceed, subscription monies received will be returned without interest at the risk of the applicant. The number of new Shares includes the Consideration Shares.

(1) Assuming 125 million Shares are issued pursuant to the Issue.

(2) On the assumption that 125 million Shares are issued pursuant to the Issue at the Issue Price, the estimated Net Proceeds will be £66.7 million, after taking account of the acquisition on Admission of the interests in the Limited Partnerships (valued at £56.25 million).

DEALING CODES

The dealing codes for the Shares are as follows:

ISIN – Shares	GB00BF5FMZ33
SEDOL – Shares	BF5FMZ3
Ticker – Shares	HZN

DIRECTORS, MANAGEMENT AND ADVISERS

Directors	<p>John Heawood (<i>Chairman</i>) Matthew Thorne Catherine Wilson David Wyld</p> <p>all of the registered office below:</p>
Registered Office	<p>Beaufort House 51 New North Road Exeter EX4 4EP</p>
Investment Manager and AIFM	<p>Horizon (GP) Limited 1 Exchange Crescent Conference Square Edinburgh EH3 8UL</p>
Sponsor, Financial Adviser and Bookrunner	<p>Winterflood Securities Ltd The Atrium Building Cannon Bridge House London EC4R 2GA</p>
Legal Adviser to the Company	<p>Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU</p>
Legal Adviser to the Sponsor, Financial Adviser and Bookrunner	<p>CMS Cameron McKenna Nabarro Olswang LLP Cannon Place 78 Cannon Street London EC4N 6AF</p>
Administrator	<p>Link Alternative Fund Administrators Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU</p>
Company Secretary	<p>Link Company Matters Limited Beaufort House 51 New North Road Exeter EX4 4EP</p>
Depository	<p>INDOS Financial Limited 54 Fenchurch Street London EC3M 3JY</p>
Registrar and Receiving Agent	<p>Link Market Services Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU</p>

Auditor and Reporting Accountant	BDO LLP 55 Baker Street London W1U 7EU
Valuer	Jones Lang LaSalle Limited 30 Warwick Street London W1B 5NH

PART 1

INFORMATION ON THE GROUP

1. INTRODUCTION

The Company was incorporated on 29 March 2018 as a public company limited by shares. The Company intends to carry on business as a Real Estate Investment Trust, subject to meeting the necessary qualifying conditions.

The Company is targeting an issue of 125 million Shares by way of the Offering and the issue of the Consideration Shares at the Issue Price, being 100 pence per Share. The Company may increase the size of the Issue up to a maximum of 130 million Shares if considered appropriate to satisfy investor demand.

The Company has an independent board of non-executive directors and has engaged Horizon (GP) Limited as the Company's alternative investment fund manager to provide portfolio and risk management services to the Company. Further information on the Investment Manager is set out in Part 5 of this Prospectus.

The Group has entered into the Initial Portfolio Acquisition Agreement pursuant to the terms of which it will acquire, conditionally upon Admission, the Limited Partnerships holding the Initial Portfolio. The Initial Portfolio represents a ready-assembled portfolio of 551 properties, consisting of a diversified mixture of Affordable Market Rent Housing and Specialist Social Housing (Extra Care and Supported Living), all of which are let on long-term fully repairing and insuring operating leases or housing management agreements to Registered Housing Providers or other corporate counterparties. The Initial Portfolio will be acquired subject to the Existing Loan Facilities meaning that the Group and Shareholders will have the benefit of such existing gearing with effect from Admission.

Applications will be made to the UK Listing Authority and to the London Stock Exchange for all of the Shares (issued and to be issued pursuant to the Issue) to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities. It is expected that Admission will become effective and that dealings in the Shares will commence at 8.00 a.m. on 31 May 2018.

2. INVESTMENT OBJECTIVE AND INVESTMENT POLICY

Investment objective

The Company will seek to provide Shareholders with an attractive level of inflation-linked income, with the potential for capital growth, from investing in a portfolio of residential property assets, which are subject to fully repairing and insuring long leases or housing management agreements backed by Registered Housing Providers, Local Authorities or other corporate counterparties.

Investment policy

The Company will meet its investment objective by investing in a broadly balanced portfolio of residential property assets from two specific sub-sectors of the housing market, being (i) affordable market rent housing ("**Affordable Market Rent Housing**") and (ii) specialist social housing (including, but not limited to, Extra Care Housing, Supported Living, Sheltered Housing and Assisted Living) ("**Specialist Social Housing**"). Typically residential property assets will be held through subsidiaries, SPVs or equivalent holding vehicles, rather than the Company directly, and each subsidiary, SPV or equivalent holding vehicle will normally hold multiple residential property assets.

The Portfolio will comprise freehold or long leasehold (typically in excess of 100 years head-lease term remaining) residential property assets situated in England, Scotland and Wales. The investments may be made by directly acquiring the residential properties or via the acquisition of special purpose vehicles holding such assets. The properties in the Portfolio will be subject on acquisition to long-term inflation-linked leases or housing management agreements (typically ranging in length from 10 years to 40 years) with a Registered Housing Provider, Local Authority or other corporate counterparty which in the opinion of the Investment Manager has strong financial covenants. Title to the assets will remain with the Group under the terms of the relevant lease.

All property management, maintenance and insurance obligations will be transferred to, and serviced by, the relevant Registered Housing Provider, Local Authority or other corporate counterparty under the terms of the relevant lease or housing management agreement and will not be the responsibility of the Group. The Group will not be responsible for the provision of any care to underlying occupants of its Specialist Social Housing assets.

The Group will not assume any development or construction risk.

The Group intends to hold its investments over the long term. The Group will not be actively seeking to dispose of any of its assets, although it may dispose of investments should an opportunity arise that would enhance the value of the Group as a whole.

The Company will at all times invest and manage its assets in a manner which is consistent with the diversification of investment risk.

The following investment limits and restrictions will apply to the Group and its business which, where appropriate, shall be measured at the time of investment:

- the Company will only invest in residential properties located in England, Scotland and Wales;
- the Company will only invest in residential properties where the counterparty to the lease or housing management agreement is either, (i) a Registered Housing Provider, (ii) a Local Authority or (iii) a corporate counterparty, which has been classified by the Investment Manager's investment process as having strong financial covenants;
- the unexpired term of any lease or housing management agreement will be not less than 10 years, however, properties subject to shorter leases or housing management agreements may be acquired if they form a part of a portfolio acquisition where the average unexpired term of any leases and/or housing management agreements across the portfolio acquired is greater than 15 years;
- the Company will have aggregate exposure of not more than 25 per cent. of the Gross Asset Value, to any one single geographical area (in relation to which the properties owned by the Company are located on a contiguous or largely contiguous basis);
- the Company's maximum exposure to any single Registered Housing Provider, Local Authority or corporate counterparty will not exceed 25 per cent. of the Gross Asset Value;
- the Company's maximum exposure to any one property asset will not exceed 20 per cent. of the Gross Asset Value. For these purposes: (a) individual houses which all share a common boundary or (b) a block of apartments which share common parts and/or common facilities; shall be treated as a single "property asset";
- the Company will only acquire completed residential properties and will not forward finance, or undertake the development of, new properties;
- the Company is permitted to forward commit to purchase properties/portfolios under development on practical completion, where such practical completion is expected to occur within 12 months of commitment;
- the Company will not invest in other investment funds or closed-end investment companies; and
- the Company will not actively target investment in high rise property assets, and in any event would only invest in such an asset where it meets the highest safety standards in relation to internal fire safety systems and exterior fabric/cladding.

The investment limits detailed above apply once the Company is fully invested. The Company will not be required to dispose of any investment or to rebalance the Portfolio as a result of a change in the respective valuations of its assets. The investment limits detailed above will apply to the Group as a whole on a look through basis, i.e. where residential property assets are held through subsidiaries, SPVs, or equivalent holding vehicles, the Company will look through the holding vehicle to the underlying assets when applying the investment limits.

Gearing

The Company intends to use gearing with the objective of improving Shareholder returns. Debt will typically be secured at the asset level against specific properties/portfolios with or without a charge over some or all of the Company's assets, depending on the optimal structure for the Company and having consideration to key metrics including lender diversity, cost of debt, debt type and maturity profiles.

Gearing will typically be non-recourse and secured against individual assets or groups of assets. The aggregate gearing of the Company is not expected to exceed 40 per cent. of the Gross Asset Value in the normal course and the aggregate gearing will always be subject to an absolute maximum, calculated at the time of drawdown, of 50 per cent. of the Gross Asset Value. Where debt is secured against a group of assets, such group of assets shall not exceed 25 per cent. of the Gross Asset Value in order to ensure that investment risk remains suitably spread.

Given that the properties/portfolios are expected to be held by subsidiaries, SPVs, or equivalent holding vehicles, rather than directly by the Company, it is expected that gearing taken out against these assets would also be at the level of the subsidiaries, SPVs, or equivalent holding vehicles. However, gearing may from time to time be taken out directly by the Company and, where this is the case, the above limits apply to the Company's borrowings equally as they do to the Group's borrowings.

Otherwise there will be no cross-financing between investments in the Portfolio (or cross collateralisation of debt) and the Company will not operate a common treasury function between the Company and its investments.

Where the Company takes on floating rate loan facilities, the Company may engage in interest rate hedging in respect of borrowings, or otherwise seek to mitigate the risk of interest rate increases, for efficient portfolio management purposes only.

The gearing policy detailed above will apply to the Group as a whole on a look through basis.

General

In the event of a breach of the investment guidelines and restrictions set out above, the Investment Manager shall inform the Board upon becoming aware of the same and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service and the Investment Manager will look to resolve the breach with the agreement of the Board.

Any material change to the Company's investment policy set out above will require the approval of Shareholders by way of an ordinary resolution at a general meeting and the approval of the UK Listing Authority. Non-material changes to the investment policy may be approved by the Board.

The Directors currently intend, at all times, to conduct the affairs of the Group so as to enable the Company to qualify as a REIT for the purposes of Part 12 of the CTA 2010 (and the regulations made thereunder).

3. TARGET RETURN AND DIVIDEND POLICY

The Company is targeting an initial dividend of 4 pence per Share in respect of the Company's first financial year. The dividend target will increase to 5 pence per Share for the Company's second financial year and, thereafter, the Board will seek to increase the target dividend with reference to inflation.

The Company intends to pay dividends on a quarterly basis with dividends ordinarily declared in March, June, September and December in each year and paid within one month of being declared.

In order to comply with and maintain REIT status, the Group will be required to meet a minimum distribution test for each accounting period that it is a REIT. This minimum distribution test requires the Company to distribute 90 per cent. of the income profits of the Property Rental Income Business for each accounting period, as adjusted for tax purposes.

Dividends will only be paid subject to the Company satisfying the requirements of the Companies Act.

In order to increase the distributable reserves available to facilitate the payment of future dividends, the Company has resolved that, conditionally upon Admission and the approval of the court, the amount

standing to the credit of the share premium account of the Company immediately on Admission be cancelled and transferred to a special distributable reserve. The Company may, at the discretion of the Board, pay all or any part of any future dividends out of this special distributable reserve, taking into account the Company's investment objective. It is the Board's intention that dividends will be fully covered by rent received from the Portfolio following investment of the Net Proceeds.

The target dividends are targets only and not profit forecasts. The Company's ability to distribute dividends on an annual basis will be determined by the existence of realised profits, legislative requirements, and available cash reserves. There is no certainty as to any level of dividends. The dividend targets may not be achieved, and all dividend payments are subject to the Company having adequate distributable reserves and cash reserves. 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 yield is reasonable or achievable.

4. THE INVESTMENT OPPORTUNITY AND STRATEGY

Investment Opportunity

The Company has been established with the aim of generating returns in the form of inflation-linked long-lease income and capital growth from investment in residential property portfolios in England, Scotland and Wales let on fully repairing and insuring ("FRI") long leases or housing management agreements to a range of Registered Housing Providers, Local Authorities or corporate counterparties, which have been classified by the Investment Manager's investment process as having strong financial covenants. The Investment Manager will seek to target a broadly balanced exposure in the Portfolio to Affordable Market Rent Housing and Specialist Social Housing to provide attractive diversification to the Portfolio. Lease counterparties will all be unconnected third parties.

The UK faces a deepening housing crisis, with demand growing and supply constrained. Significant household growth, low levels of affordability and an historic lack of access to mortgages are driving the strong, long-term demand for rental homes (*Source: PwC UK Economic Outlook July 2015*).

On average, working people could expect to pay around 7.6 times their annual earnings on purchasing a home in England and Wales in 2016, up from 3.6 times earnings in 1997. The median price paid for residential property in England and Wales increased by 259 per cent. between 1997 and 2016. Median individual annual earnings increased by 68 per cent. in the same time period. No recent government has seen enough homes built to keep up with demand (*Source: ONS, March 2017*).

The housebuilding industry is producing 210,000 new homes per year in England, more than at any time since the global financial crisis in 2007. But it is still not enough. The government's consultation on assessing housing need sets annual housing need in England at 266,000, while the House of Lords Economic Affairs Committee suggested over 300,000 new homes are needed each year to have any impact on affordability. The white paper explicitly identifies slow delivery as one of the major difficulties facing the housing market (*Source: Savills Residential Property Forecasts, Autumn 2017*). This is creating demand for new investment in housing, whether in social or private renting.

Most growth in housing has come over the past decade from households seeking accommodation in the private rented sector. There were 1.8 million more households renting privately in 2010 than there were in 2000. Overall this has meant that the private rental sector has grown from 10 per cent. to 17 per cent. of the housing market in a decade and one-in-five households are predicted to be renting privately by 2020 (*Source: PwC analysis of English Housing Survey, 2015*).

The residential property sector is the UK's largest investment asset class. According to Savills, the total value of the UK's housing stock passed the £7 trillion mark for the first time in 2017 and now stands at £7.14 trillion. This reflects a 34 per cent. increase (£1.82 trillion) over the ten years since 2007. According to the IPD index, on a total returns basis, residential property has been the best performing property investment asset class over most timeframes over the past thirty years.

Recognising the wide and growing supply-demand gap, there is now also strong political support for institutions investing in residential property, which has been in evidence recently, via the Montague Review of Housing Investment, institutional support from the likes of Homes England and more general direct aid to the development industry.

Accordingly: (i) the sector is very large and capital intensive; (ii) the embedded UK housing supply and demand gap is attractive for investment, and (iii) long-term private sector (equity and debt) financing is required.

There is an opportunity to invest substantial capital into long term UK property assets at a time where the investment case is attractive.

Investment Strategy

Investments by the Group will, typically, be properties leased (via FRI operating leases with no breaks) by the Group to, or subject to housing management agreements with, Registered Housing Providers, Local Authorities or specified corporate counterparties typically for a lease period of no less than 10 years with upwards only lease payments indexed annually to inflation.

Whilst the relevant Registered Housing Provider, Local Authority or corporate counterparty will take on all of the risks and rewards of property ownership during the lease term, it will not retain the property residual value.

In all cases, the Group will always seek to, (i) obtain the required package of legal protections to support the lease, (ii) ensure the lessee has a strong operating track record in property management and maintenance and (iii) transfer property risk (expected to include responsibility for all tenant and tenancy management, letting, rent collection, repairs, maintenance, insurance and all lifecycle costs, voids, bad debts and arrears) to the lessee.

The Group will benefit from the following levels of commercial and legal protections on its investments:

- **Registered Housing Providers and Local Authorities** – are government backed entities or government regulated entities. This means the Group's cash flows from leases to these counterparties are underpinned by a government regulated counterparty (being either the Registered Housing Provider or Local Authority, as appropriate);
- **corporate counterparties** – will generally have an investment grade or broadly equivalent credit rating (as determined by the Investment Manager using a predetermined methodology), and be able to demonstrate to the Investment Manager that they have the required financial and human resources and expertise necessary in order to perform their long term obligations under the lease; and
- the Group will at all times own the legal title to the underlying physical property on a freehold or long leasehold basis.

Registered Housing Provider and Local Authority credit profiles

Typically, Standard and Poor's, Moody's and Fitch assign investment grade credit ratings to Registered Housing Providers. The RSH, the government regulator of Registered Housing Providers, retains broad statutory powers of intervention under the Housing and Regeneration Act 2008 in order to safeguard social housing assets. Specifically the Housing and Regeneration Act 2008 allows for the RSH to intervene (step into) the lessees' (Registered Housing Provider's) position in order to safeguard the assets and cure a default during a 28-day moratorium. This 28-day moratorium enables the RSH to, (i) cure the default, (ii) safeguard the housing assets, and (iii) provide the commitment and credit enhancement needed to support the sector. The setting and the enforcement of the statutory 28-day moratorium period indicates the government's commitment to support the tenants and assets of the sector whilst preserving value for investors. Housing also remains a politically sensitive issue which contributes to the high potential for support from the government.

Investment criteria

The Group will invest in leases in line with the following investment criteria:

<i>Lessee covenant strength</i>	targeting strong financial covenants, as determined by the Investment Manager;
<i>Form of lease</i>	Group standard/agreed form lease, typically FRI inflation-linked operating lease;
<i>Term of lease</i>	typical lease term of a minimum 10 years;
<i>Indexation</i>	annual rent inflation, upwards only; from a range that could include CPI, RPI, LPI, fixed or market;
<i>Residual</i>	typically 100 per cent. retained by the Group; and
<i>FRI obligations</i>	FRI covenants to include management, tenant origination and credit risk, voids, bad debts and arrears insurance, repairs and maintenance and lifecycle over the life of the lease to maintain the Group's security value, subject to due diligence within ranges acceptable to the Investment Manager.

5. THE INITIAL PORTFOLIO

The Group has entered into the Initial Portfolio Acquisition Agreement with the East Riding Pension Fund ("**ERPF**") and the Minority Limited Partners to acquire, conditionally upon Admission, ERPF's and the Minority Limited Partners' entire limited partnership interests in the Limited Partnerships, Horizon Secure Residential Leasing L.P. and Horizon Long Lease Housing L.P. which hold the Initial Portfolio. ERPF is the majority limited partner in both Limited Partnerships. The Minority Limited Partners are both vehicles connected to the Investment Manager and have nominal capital contributions in both Limited Partnerships.

ERPF, created following a local government reorganisation in April 1996, administers the Local Government Pension Scheme for the four unitary Authorities in the region plus over 190 other local employers and organisations. Administration of ERPF's investments is managed by the Investment section in the East Riding of Yorkshire Council offices in Goole.

The Group has also entered into an Option Agreement to acquire the nominal general partner capital contributions in each of the Limited Partnerships from the Investment Manager which is exercisable for a period of 30 days following Admission. Following Admission and the exercise of the Option Agreement, each of the Limited Partnerships will be wholly owned and controlled by the Group. It is intended that each of the Limited Partnerships will be dissolved as soon as reasonably practicable following Admission.

The Initial Portfolio consists of 551 properties with an attractive geographical spread across England and consisting of a mixture of Affordable Market Rent Housing and Specialist Social Housing (Extra Care Housing and Supported Living) all let on long-term FRI operating leases to a range of regulated Registered Housing Providers and corporate counterparties. The Initial Portfolio has a weighted average unexpired lease term ("**WAULT**") of approximately 22 years.

Summary details of the Initial Portfolio are set out below:

	Combined	Horizon Long Lease Housing L.P.	Horizon Secure Residential Leasing L.P.
Properties	551	113	438
Current Annual Rent (approx. £ million)	4.0	2.3	1.7
Valuations (approx. £ million)	75.2	38.3	36.8
Weighted net Initial Yield % (post acquisition costs)	5.1	5.7	4.5
WAULT (years)	21.9	25.1	17.6
Indexation	Mix	Fixed, CPI, LPI or RPI annually, upward only	MRI annually, upward only

The number of units denotes individual, self-contained residential dwellings, capable of being sold as a stand-alone home. Some are freehold houses, with others being individual flats in a block, where a unit denotes a single flat in the block. In one instance, the property is a dementia care home with 38 self-contained units.

Each of the Limited Partnerships is party to a separate term loan facility with Rothschild Bank International Limited and Partnership Life Assurance Company Limited. Each loan term is approximately 20 years. As at 26 April 2018 (being the latest practicable date prior to the publication of this Prospectus), the Limited Partnerships have, in aggregate, approximately £19.8 million of drawn debt financing representing a loan to value ratio of approximately 26 per cent. Each of the Existing Loan Facilities is secured by separate security interests over some of the assets held by the relevant Limited Partnership which is the obligor under the relevant facility. There are no common security arrangements between the two Limited Partnerships, and each of the Existing Loan Facilities is standalone and is not subject to cross-default provisions relating to the other facility agreement. The Existing Loan Facilities will be non-recourse to the Company.

On completion of the Initial Portfolio Acquisition Agreement, the Company and Shareholders will take the benefit of the gearing provided by the Existing Loan Facilities with effect from Admission.

The Valuation Report, set out in Part 6 of this Prospectus, values the Initial Portfolio in aggregate at approximately £75.2 million as at 31 December 2017.

On the assumption that 125 million Shares are issued pursuant to the Issue at the Issue Price, on Admission, the value of the Initial Portfolio will constitute approximately 61.2 per cent. of the opening Net Asset Value of the Company.

The Group will be required to pay SDLT on the acquisition of the Limited Partnership interests. The SDLT due has been estimated at approximately £2.7 million and will be paid out of the Net Proceeds following Admission.

6. THE INVESTMENT MANAGER AND TRACK RECORD

Horizon (GP) Limited is a specialist investment manager, with market leading expertise and experience, established to provide institutional investment into UK public and private sector housing. The business was launched in 2013 making the Investment Manager one of the early entrants in this specialist sector.

The Investment Manager raised its initial private institutional capital commitment from ERPF in December 2014, resulting in the formation of Horizon Long Lease Housing L.P. A further equity commitment was made by ERPF in May 2015, resulting in the formation of Horizon Secure Residential Leasing L.P.

The launch of the Limited Partnerships began a series of residential property portfolio purchases at regular intervals between 2014 and 2017, backed by long-term FRI operating lease income. As at 26 April 2018 (being the latest practicable date prior to the publication of this Prospectus) the Investment Manager had approximately £75 million of assets under management spread between the two Limited Partnerships.

The Investment Manager's senior team possess, in aggregate, approximately 100 years of residential real estate experience, including technical, operational, financing, accounting and management expertise across a range of public and private vehicles. Importantly, their experience includes working with, and for, Registered Housing Providers, Homes England (formerly the Homes and Communities Agency), local government and other public sector partners.

The Investment Manager is authorised and regulated by the FCA as a full-scope AIFM.

7. PIPELINE

The Investment Manager is in various stages of discussion in relation to a potential pipeline of further transactions.

As an early participant, and a known specialist investor, in the sector, the Investment Manager has established strong relationships with various Registered Housing Providers, Local Authorities and corporates and, as a result, has access to a range of private and off-market opportunities to acquire further portfolios of properties. The Investment Manager has already identified a pipeline of new assets which are in line with the Company's investment strategy. This includes off-market portfolios identified through the Investment Manager's existing relationships in the sector.

The current potential pipeline amounts to £250 million of residential property investment portfolios with a potential deployment of approximately £100 million in the first six months following Admission. The Group intends to continue the strategy adopted in forming the Initial Portfolio of seeking to maintain a broadly balanced exposure to Affordable Market Rent Housing and Specialist Social Housing, when fully deployed. This strategy is intended to provide a weighted risk balance to the Portfolio and the current pipeline is aligned with this strategy. More details on the pipeline are provided Part 2 of this Prospectus.

8. INVESTMENT PROCESS

The Board shall have overall responsibility for the management of the Company and shall oversee compliance by the Investment Manager with the Company's investment policy.

The Investment Manager will employ a structured investment process and will have primary responsibility for ensuring that any new potential investment complies with the Company's investment policy and investment restrictions.

Investment origination

Origination of investment opportunities will rely on the extensive personal networks and relationships in the UK residential property sector built up by the directors of the Investment Manager, who have contacts at board level across leading Registered Housing Providers, Local Authorities, investors and developers and will use these contacts together with their specialist knowledge of the sector to target and originate deals.

The directors of the Investment Manager also have contacts at a number of corporate and individual property advisers and use these contacts as a source for originating further deal flow.

Transaction structuring

The Investment Manager's priority is the credit and covenant strength of the lessee. This is typically predicated on the basis that there will be a government regulated counterparty, with government

legislative support for such counterparty. In some cases, corporate counterparties to the lease may be considered, subject to them being of sufficient financial strength (as determined by the Investment Manager).

The Investment Manager is also willing to consider and discuss different investment structures with relevant Registered Housing Providers, Local Authorities or corporate counterparties which will be assessed on a case by case basis in line with the Company's investment policy, investment restrictions and comfort package requirements.

The Investment Manager will seek primary (lease counterparty) and secondary (property ownership) legal protections to underpin the Group's investments.

This will be sought from the credit quality/analysis of the relevant Registered Housing Provider, Local Authority or corporate counterparty and its ability to service the cash flows for the full term of the lease. In the first instance, the Investment Manager will review the counterparty's ability to afford the terms of the lease under a range of scenarios and stress tests. The Investment Manager will also ensure that the counterparty will be able to comply with the terms of the lease, including all property obligations and costs, from the net cash flows that form the underlying property to which the lease is subject.

Due diligence

Potential investments will be evaluated using a combination of qualitative and quantitative analysis encompassing both financial and non-financial parameters. More specifically:

Qualitative

The Investment Manager will continually review, amongst other things, the following factors:

- government support and commitment to the sector;
- the broader regulatory environment;
- sectoral developments, including changes in relevant policy and law;
- main credit rating agency views of the sector, including Moody's, Standard and Poor's and Fitch and other broadly equivalent methods of investment analysis;
- key personnel changes in relation the lease counterparties;
- existing participants and new entrants in the sector;
- counterparty intrinsic credit assessments;
- legal security in relation to the properties, assets and cash flows
- counterparty management and maintenance, void, bad debts and arrears performance and track record; and
- property rents and values.

All of the above factors are processed into investment opportunities to ensure current best practice remains at the centre of the Investment Manager's processes and the Group's investments are continuously monitored and reviewed.

Quantitative

The Investment Manager uses a long-leasing model, based on an affordability assessment, which takes the counterparty property and project input data and runs the net cash flows quarterly. This can be summarised in the following steps:

- the Investment Manager targets Registered Housing Providers, Local Authorities, corporate counterparties, the large Unitary Authorities, County Councils and the District Councils across England, Wales and Scotland;

- the Investment Manager assesses all interested Registered Housing Providers, Local Authorities and corporate counterparties for credit strength by analysing the financial credentials of the entity that will be the lease counterparty; and
- internal credit assessment of the counterparty is then carried out by the Investment Manager and the decision to proceed is formally made.

Valuation

Prior to completing an asset acquisition, the properties will be independently valued by JLL, or another professional, independent valuer of equivalent standing, using the following industry standard valuation methodologies set out in the RICS Appraisal and Valuation Standards (as appropriate to the property type/use):

Investment Value – the net present value of the lease net rents/cash flows as defined by the lease at the appropriate discount rate;

Market Value – Tenanted – the net present value of the tenant net rents/cash flows as defined by the tenancy at the appropriate discount rate; and

Market Value – Vacant Possession – the market value of the property with full vacant possession.

Approval and execution

Any decision to proceed with an investment opportunity will be made by the Investment Manager but will only be made having taken account of any observations and comments from the Investment Manager's own investment committee and the Board.

Monitoring and reporting

The Investment Manager will continually monitor the progress and performance of the Group's investments. This will include regular meetings with lease counterparties to discuss performance as well as a review of key property performance indicators provided by such counterparties.

Holding strategy

While the Directors intend for the Group to hold investments on a long-term basis, the Group may dispose of investments should an appropriate opportunity arise where, in the Investment Manager's opinion, the value that could be realised from such disposal would represent a satisfactory return on the investment and/or otherwise enhance the value of the Group as a whole, having consideration to the Company's investment policy.

9. THE ISSUE

The Company is targeting an issue of 125 million Shares pursuant to the Issue, comprising of the Offering and the issue of the Consideration Shares. The Company may increase the size of the Issue up to a maximum of 130 million Shares if considered appropriate to satisfy investor demand.

The Minimum Gross Proceeds are £113 million and the Minimum Net Proceeds are the Minimum Gross Proceeds less, (i) the costs and expenses of the Issue, and (ii) £56.25 million, being the deemed value of the Consideration Shares at the Issue Price. Admission is therefore conditional on at least 113 million Shares being issued pursuant to the Issue.

In the event that the Minimum Net Proceeds are not raised, the Issue will not proceed and any monies received under the Issue will be returned to applicants either by cheque without interest (at the risk of the applicant), or direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn. The Minimum Net Proceeds may only be changed through the production of a supplementary prospectus.

Application will be made for the Shares to be admitted to listing on the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities. It is expected that Admission will become effective and dealings in the Shares will commence at 8.00 a.m. on 31 May 2018.

10. VALUATION POLICY

The Directors intend to use JLL, or another professional, independent valuer of equivalent standing, as property valuer to the Company. Full valuations of the Company's properties will be conducted semi-annually as at 30 June and 31 December in each year. The valuations of the Company's properties will be at fair value as determined by the Valuer on the basis of market value in accordance with the internationally accepted RICS Appraisal and Valuation Standards. The Valuer has produced a valuation report in relation to the Initial Portfolio which is set out in Part 6 of this Prospectus. All valuations will be in compliance with IFRS and will ascribe no portfolio premium to the value of the Portfolio.

The first full valuation will be conducted as at 30 June 2018. Details of each semi-annual valuation, and 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.

11. CALCULATION OF NET ASSET VALUE

The Net Asset Value (including per Share) will be calculated quarterly by the Administrator in consultation with the Investment Manager and will be presented to the Board for its approval and adoption. Calculations are made in accordance with IFRS or as otherwise determined by the Board. Details of each quarterly Net Asset Value will be announced by the Company through a Regulatory Information Service as soon as practicable after the end of the relevant period. In addition, the calculations will be reported to Shareholders in the Company's annual report and interim financial statements. The Net Asset Value (including per Share) will be calculated on the basis of the most recent half-yearly valuation of the Company's properties, conducted by the independent valuer.

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

12. CASH USES AND CASH MANAGEMENT ACTIVITIES

The Company's principal use of cash (including the Net Proceeds) will be to fund investments in accordance with its investment policy, as well as expenses related to the Issue and on-going operational expenses.

The Company may from time to time have surplus cash (for example, following the disposal of an investment). Pending reinvestment of such cash, it is expected that any surplus cash will be temporarily invested in cash equivalents, money market or short-dated debt funds, bonds, commercial paper or other debt obligations with banks or other counterparties having a single -A (or equivalent) or higher credit rating as determined by an internationally recognised rating agency, or "government and public securities" as defined for the purposes of the FCA rules.

13. POSITION OF ERPF

Depending upon the results of the Offering, and the issuance of the Consideration Shares, ERPF and parties acting in concert with it may, immediately following Admission, be interested in 30 per cent. or more (but no more than 49.8 per cent.) of the Shares in issue.

If, following Admission, ERPF and parties acting in concert with it are interested in Shares which in the aggregate carry not less than 30 per cent. of the voting rights of the Company but does not hold Shares carrying more than 50 per cent. of such voting rights and ERPF and parties acting in concert with it acquire an interest in any other Shares which increases the percentage of Shares carrying voting rights in which ERPF and parties acting in concert with it are interested, then ERPF and parties acting in concert with it would normally be required to make a mandatory offer under Rule 9 of the Takeover Code.

The maximum number of voting Shares in which ERPF and parties acting in concert with it may be interested following Admission is 49.8 per cent. of the Shares then in issue. In the event that the Company repurchases the maximum number of Shares permitted in accordance with its discount

management policy as described in this Part 1 of this Prospectus, the maximum number of voting Shares in which ERPF and parties acting in concert with it would be interested following such repurchase is 58.6 per cent. of the Shares then in issue.

The Takeover Panel has confirmed that for the period from Admission to the first annual general meeting of the Company, ERPF and parties acting in concert with it will not be required to make an offer for the Company's remaining issued Shares pursuant to Rule 9 as a consequence of an increase in the percentage of Shares carrying voting rights in which ERPF and parties acting in concert with it are interested as a result of the Company repurchasing Shares in accordance with its discount management policy as described in this Part 1 of this Prospectus.

If necessary, the Directors intend to propose a resolution at the first and subsequent annual general meetings of the Company for approval by independent Shareholders to enable the Company to continue, following the relevant annual general meeting, to purchase its own Shares in the market in accordance with its discount management policy without ERPF and parties acting in concert with it incurring a Rule 9 mandatory bid obligation.

Potential investors' attention is drawn to the possibility that ERPF and parties acting in concert with it could, in the event that the Minimum Gross Proceeds are raised, following (i) the issuance of the Consideration Shares, and (ii) the operation of the Company's discount management policy, come to hold Shares carrying more than 50 per cent. of the voting rights of the Company. In this event, ERPF and parties acting in concert with it will be able to acquire interests in further Shares without incurring any further obligation under Rule 9 to make a general offer so long as they continue to act in concert. However, the Takeover Panel may regard as giving rise to an obligation to make an offer the acquisition by a single member of the group of an interest in shares sufficient to increase the shares carrying voting rights in which he is interested to 30 per cent. or more or, if he is already interested in 30 per cent. or more, which increases the percentage of shares carrying voting rights in which he is interested.

14. PREMIUM/DISCOUNT MANAGEMENT

The Board has the discretion to seek to manage, on an on-going basis, the premium or discount at which the Shares may trade to their Net Asset Value through further issues and buy-backs, as appropriate.

Premium management

The Directors have authority to issue, in aggregate, up to 20 per cent. of the Shares in issue immediately following Admission for cash on a non-pre-emptive basis. Such authority will expire at the Company's first annual general meeting expected to be held in November 2019. Investors should note that, whilst the Directors would intend to issue new Shares to meet excess demand in the market and/or to limit the premium at which the Shares trade, the issuance of new Shares is entirely at the discretion of the Board, and no expectation or reliance should be placed on such discretion being exercised on any one or more occasions or as to the proportion of new Shares that may be issued. An issuance of Shares for cash will in any event only be undertaken at a price equal to or greater than the prevailing Net Asset Value per Share (unless otherwise authorised by Shareholders).

Discount Control

The Directors recognise the importance to investors of seeking to ensure that the Shares do not trade at a significant discount to the latest published Net Asset Value per Share. To the extent that the Shares trade at a significant discount to this latest published Net Asset Value per Share the Board will consider whether (in the light of the prevailing circumstances) the Company should purchase Shares pursuant to the general authority referred to below.

The Directors will consider repurchasing Shares in the market if they believe it to be in Shareholders' interests and as a means of correcting any imbalance between the supply of, and demand for, the Shares.

In exercising their powers to buy back Shares, the Directors have complete discretion as to the timing, price and volume of Shares so purchased. No expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions. The implementation of any Share buyback programme and the timing, price and volume of Shares purchased at all times will be subject to

compliance with the Companies Act, the Articles, the Listing Rules, the Market Abuse Regulation and all other applicable legal and regulatory requirements.

In accordance with the Companies Act, Shares may only be repurchased out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or out of distributable profits. The Directors intend, following Admission, to apply to the Court to cancel the Company's share premium account so as to create a new special reserve which may be treated as distributable profits and out of which tender offers and share buy-backs may be funded.

A special resolution has been passed granting the Directors authority to repurchase up to 14.99 per cent. of the Company's issued ordinary share capital immediately following Admission during the period expiring on the conclusion of the Company's first annual general meeting. Renewal of this buy-back authority will be sought at each annual general meeting of the Company or more frequently if required.

Purchases of Shares will only be made through the market at prices (after allowing for costs) below the latest published Net Asset Value per Share and otherwise in accordance with guidelines established from time-to-time by the Board. Under the current Listing Rules, the maximum price that may be paid by the Company on the purchase of any Shares pursuant to a general authority is 105 per cent. of the average of the middle market quotations for the Shares for the five Business Days immediately preceding the date of purchase or, if higher, that stipulated by article 5(6) of the Market Abuse Regulation. The minimum price will not be below the nominal value of one penny in respect of the Shares.

Treasury shares

Any Shares repurchased pursuant to the general authority referred to above may be held in treasury. The Companies Act allows companies to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. These shares may be subsequently cancelled or sold for cash. This would give the Company the ability to reissue shares quickly and cost efficiently, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base.

The Board currently intends only to authorise the sale of Shares from treasury at prices at or above the prevailing Net Asset Value per Share. This should be accretive to Net Asset Value in circumstances where Shares are bought back at a discount and then sold at a price at or above the Net Asset Value per Share.

15. CONTINUATION VOTE

The Company has been established with an indefinite life. However, in accordance with its Articles, the Board will propose an ordinary resolution for the Company to continue in its current form to Shareholders at the annual general meeting immediately following the fifth anniversary from Admission, and at the annual general meeting held every five years thereafter. If the resolution is not passed, the Board will be required to formulate proposals to be put to Shareholders within six months of such resolution not being passed for the reorganisation or reconstruction of the Company.

16. THE TAKEOVER CODE

The Takeover Code applies to the Company.

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

Under Rule 9 of the Takeover Code, when:

- (a) any person acquires, whether by a series of transactions over a period of time or not, 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; or
- (b) any person, together with persons acting in concert with him, is interested in shares which in the 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 and such person, or any person

acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested,

such a person is normally required to make a general offer to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.

Under Rule 37.1 of the Takeover Code when a company redeems or purchases its own voting shares, a resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purposes of Rule 9 of the Takeover Code. Rule 37.1 of the Takeover Code provides that, subject to prior consultation, the Takeover Panel will normally waive any resulting obligation to make a general offer if there is a vote of independent shareholders and a procedure along the lines of that set out in Appendix 1 to the Takeover Code is followed.

Under note 1 to Rule 37.1 of the Takeover Code, a person who comes to exceed the limits in Rule 9.1 of the Takeover Code in consequence of a company's redemption or purchase of its own shares will not normally incur an obligation to make a mandatory offer under Rule 9 of the Takeover Code unless that person is a director, or the relationship of the person with any one or more of the directors is such that the person is, or is presumed to be, acting in concert with any of the directors.

However, under note 2 to Rule 37.1 of the Takeover Code, if a person (or any relevant member of a group of persons acting in concert) has acquired an interest in shares at a time when he had reason to believe that such a redemption or purchase of its own shares by the company would take place, then an obligation to make a mandatory offer under Rule 9 of the Takeover Code may be imposed.

The Takeover Panel must be consulted in advance in any case where Rule 9 might be relevant.

The Company's buyback powers could have implications under Rule 9 of the Takeover Code for Shareholder, or Shareholders acting in concert, with significant shareholdings. Prior to the Board implementing any Share buyback the Board will seek to identify any such Shareholders and will seek an appropriate waiver in accordance with Rule 37.1 of the Takeover Code. However, neither the Company, nor any of the Directors, nor the Investment Manager will incur any liability to any Shareholder(s) if they fail to identify the possibility of a mandatory offer arising or, if having identified such a possibility, they fail to notify the relevant Shareholder(s) or if the relevant Shareholder(s) fail(s) to take appropriate action.

17. MEETINGS, REPORTS AND ACCOUNTS

The audited accounts of the Company will be prepared in Sterling under IFRS. The Company's accounting reference date is 30 June and the Company's annual report and accounts will be prepared up to 30 June each year, with the first accounting period of the Company being the period ending on 30 June 2019. It is expected that copies of the report and accounts will be sent to Shareholders by the end of October each year, including those for the period ending on 30 June 2019. The Company will also publish an unaudited half-yearly report covering the six months to the end of December each year with the first such report covering the period to 31 December 2018. The Company intends to hold its first annual general meeting in November 2019.

18. REIT STATUS AND TAXATION

The Company will, as the principal company of the Group, give notice to HMRC (in accordance with Section 523 CTA 2010) following Admission that the Group has entered the REIT regime and will therefore need to comply with certain ongoing regulations and conditions (including minimum distribution requirements) thereafter.

Potential investors are referred to Part 8 of this Prospectus for details of the REIT regime and the taxation of the Group 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.

19. NON-MAINSTREAM POOLED INVESTMENTS AND MIFID II

As a REIT, the Shares are “excluded securities” under the FCA’s rules on non-mainstream pooled investments. Accordingly, the promotion of the Shares is not subject to the FCA’s restriction on the promotion of non-mainstream pooled investments.

The Board has reviewed MiFID II and the ESMA guidance published thereto and has concluded that the Shares constitute a non-complex product for the purposes of MiFID II.

20. REGULATORY STATUS OF THE COMPANY AND THE INVESTMENT MANAGER

As a REIT, the Company will not be regulated as a collective investment scheme by the FCA. However, from Admission, the Company will be subject to the Listing Rules, Prospectus Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the LSE Admission Standards.

The Company will operate as an externally managed AIF for the purposes of the AIFM Directive. The Investment Manager has been appointed as the Company’s AIFM. The Investment Manager is authorised and regulated by the FCA (FCA registration number 739413) as a full-scope AIFM.

PART 2

THE INITIAL PORTFOLIO AND PIPELINE

THE INITIAL PORTFOLIO

The Initial Portfolio consists of 551 properties with an attractive geographical spread across England and consisting of a mixture of Affordable Market Rent Housing and Specialist Social Housing (Extra Care Housing and Supported Living), all let on long-term FRI operating leases to a range of Registered Housing Providers and corporate counterparties. The Initial Portfolio has a weighted average unexpired lease term ("**WAULT**") of approximately 22 years.

Portfolio No.	Location	Number of Properties	Current Value (£ million)	WAULT (years)	Net Initial Purchase Yield* (%)	Combined yield (%)	WAULT (years)
1	Lancashire	24	15.5	15.3	5.98	5.7	25.1
2	Sunderland, Greater Manchester, Thornton-Cleveleys	41	7.3	26.2	5.12		
3	Cheshire, Devon, Greater Manchester, Merseyside, Nottinghamshire, Oxfordshire, South Yorkshire and West Yorkshire	40	14.4	36.8	5.54		
4	Chorley	8	1.2	19.6	5.78		
5	Nottinghamshire	54	4.9	17.3	4.34	4.5	17.6
6	Chesterfield, Derby, Leicester, Loughborough and Nottingham.	305	24.9	17	4.44		
7	Leeds	55	5.3	19.6	4.51		
8	Nottinghamshire	24	1.8	19.6	4.51		
TOTAL		551	c. £75.2m	21.9	5.1		21.9

 Specialist Social Housing

 Affordable Market Rent

* Post purchases costs, before fund costs, unlevered

Valuation of the Initial Portfolio

The Initial Portfolio has been independently valued by JLL in accordance with the RICS Valuation and Appraisal Standards. The Valuation Report is set out in Part 6 of this Prospectus and values the Initial Portfolio in aggregate at £75,165,000 as at 31 December 2017.

The Valuation Report sets out a summary description of the investments comprising the Initial Portfolio and highlights material points which have been taken into account in the valuations of such properties. The Company affirms that there have been no material changes in the valuation of the investments comprising the Initial Portfolio between the date of the Valuation Report and the date of this Prospectus.

On the assumption that 125 million Shares are issued pursuant to the Issue at the Issue Price, on Admission, the value of the Initial Portfolio will constitute approximately 61.2 per cent. of the Net Asset Value of the Company.

The Limited Partnerships and the Initial Portfolio Acquisition Agreement

The Limited Partnerships

The Limited Partnerships are each registered as limited partnerships in Scotland. The Investment Manager is the current general partner of each Limited Partnership.

Following completion of the Initial Portfolio Acquisition Agreement, and the exercise of the Option Agreement, the Group will wholly own and control the Limited Partnerships. It is intended that as soon as practicable following Admission, the Limited Partnerships will be dissolved, as part of a simplification of the Group structure.

The Initial Portfolio Acquisition Agreement

ERPF, the Minority Limited Partners, Horizon Investments (One) Limited, Horizon Investments (Two) Limited and the Investment Manager (in its capacity as general partner of the Limited Partnerships), have entered into the Initial Portfolio Acquisition Agreement pursuant to the terms of which ERPF and the Minority Limited Partners have agreed, conditionally upon Admission, to sell their entire capital contributions and drawn down limited partner loan commitments in the Limited Partnerships to the Group. The Limited Partnerships hold the Initial Portfolio.

The aggregate consideration payable to ERPF for the acquisition of the interests in the Limited Partnerships will be satisfied by Horizon Investments (One) Limited and Horizon Investments (Two) Limited procuring the allotment by the Company to ERPF (or its nominee) on Admission of the Consideration Shares at the Issue Price. The aggregate consideration payable to the Minority Limited Partners is £200 in cash.

The Group will be required to pay SDLT on the acquisition of the Limited Partnership interests. The SDLT due has been estimated at approximately £2.7 million.

Further details of the terms of the Initial Portfolio Acquisition Agreement are set out in paragraph 7.2 of Part 9 of this Prospectus.

The Existing Loan Facilities

The Limited Partnerships are borrowers under the Existing Loan Facilities and such facilities will remain in place following the acquisition of the Limited Partnerships by the Group pursuant to the Initial Portfolio Acquisition Agreement. Following Admission, therefore, the Group will have the benefit of the existing gearing in the Portfolio offered by the Existing Loan Facilities.

Each of the Limited Partnerships is party to a separate term loan facility with Rothschild Bank International Limited and Partnership Life Assurance Company Limited. The unexpired term of each of the Existing Loan Facilities is approximately 20 years. As at 26 April 2018 (being the latest practicable date prior to the publication of this Prospectus), the Limited Partnerships have, in aggregate, approximately £19.8 million of drawn debt financing representing a loan to value ratio of approximately 26 per cent. Each of the Existing Loan Facilities is secured by separate security interests over some of the assets held by the relevant Limited Partnership which is the obligor under the facility. There are no common security arrangements between the two Limited Partnerships, and each of the Existing Loan Facilities is standalone and is not subject to cross-default provisions relating to the other facility agreement. The Existing Loan Facilities will be non-recourse to the Company.

Further details of the terms of the Existing Loan Facilities are set out in paragraph 8 of Part 9 of this Prospectus.

PIPELINE

The Group, through the Investment Manager, has access to a significant number of investment opportunities and the Investment Manager has already identified a pipeline of new potential assets which meet the Group's investment strategy. This includes off-market portfolios identified through the Investment Manager's existing relationships.

The current pipeline opportunities account for more than £250 million of residential property investment portfolios with a potential deployment of approximately £100 million in the first six months following Admission.

The Company currently has no binding contractual obligations with any potential vendors for the acquisition of any potential pipeline assets, but the Directors and the Investment Manager are confident that sufficient suitable housing portfolios will be identified, assessed and acquired to substantially invest or commit the Net Proceeds within nine months following Admission.

Portfolio type	Indexation	Purchase price (approximate £ million)	Rent (£ million) (estimated)	Net Initial Yield (%)
Specialist Social Housing	Retail Price Index/Consumer Price Index	120.6	7.3	6.09
Affordable Market Rent Housing	MRI	145.0	7.2	4.97

The potential investments comprised in the Investment Manager's pipeline from time to time include deals at various stages of consideration by the Investment Manager. The number and value of potential investments comprised in the pipeline fluctuates and the pipeline under consideration following Admission may be higher or lower than that under consideration at the date of this Prospectus. There is no certainty that any of the potential investments in the Investment Manager's pipeline as at the date of this Prospectus will be completed or will be invested in by the Company.

PART 3

THE GROUP'S TARGET MARKETS

The Company intends to invest in a broadly balanced portfolio of residential property assets consisting of Affordable Market Rent Housing and Specialist Social Housing. The features specific to each of these sub-sectors are described below.

Affordable Market Rent Housing

Affordable Market Rent Housing provides accommodation for tenants that: (i) is good quality and service driven, (ii) is affordable, (iii) is bespoke to their needs, and (iv) provides comfort to tenants through the presence of a professional/institutional landlord and housing manager. The Company intends to focus on properties where the rents payable by underlying tenants are at the Local Housing Allowance (“LHA”) and affordable private market rent levels, more specifically, rents that are at or near to market rent tenancies with low or no housing benefit contribution.

In all main respects this is mainstream market rent housing but at the affordable end of the market, where affordability is most strained and demand is pronounced.

Market rent housing rates are set by reference to the market on a local basis. LHA is the name for the portion of housing benefit given to private renters when they do not have sufficient income to pay their rent. LHA is a rent-linked product offered by landlords in the private rental market. It allows low income households to rent privately with some housing benefit help and support to pay rent. LHA rates are set by the Valuation Office Agency Rent Officers based on private market rents being paid by tenants in the broad rental market area, being the area within which a person might reasonably be expected to live, and are used to calculate housing benefit for tenants renting from private landlords. Private landlords can choose to accept tenants on LHA, where typically the majority of rent is paid by the tenant from their own income, and which may include a portion of housing benefit top-up to meet the LHA rate.

LHA rates are typically equal to 30th percentile of market rent. This will broadly equate to approximately 80 per cent. of market rent, although the actual level is locally dependent and specific.

The government's consultation on assessing housing need sets annual housing need in England at 266,000 new homes (*Source: Inside Housing 18 Sept 2017*), while the House of Lords Economic Affairs Committee suggested over 300,000 new homes are needed each year to deal with the long-term structural undersupply of housing and to have any meaningful impact on affordability (*Source: House of Lords Economic Affairs Report 'Building More Homes 15 July 2016*). The housebuilding industry is producing 210,000 new homes in England (*Source: Savills Spotlight Autumn 2017 Residential Property Forecasts*) but this remains well behind requirements and does not address the accumulated deficit of new homes.

In 2016, the population of the UK was 65.6 million, its largest ever. The UK population is projected to continue growing, reaching over 74 million by 2039 (*Source: ONS, Overview of the UK population: July 2017*).

Of the 23 million households in the UK, nearly 4.5 million are now privately rented, (almost double the number ten years ago and growing) (*Source: DCLG, English Housing Survey Headline Report, 2015-16*). Of this number, 1.4 million are in receipt of LHA to help with their housing costs, with 53 per cent. being families with children and 39 per cent. being in work (*Source: Shelter Private Renters (LHA) May 2015*). By 2021, the private rental market is projected to grow to nearly 6 million households or 24 per cent. of all households (*Source: Knight Frank*).

The UK has some of the highest rates of house price inflation and lowest levels of affordability in the OECD (*Source: Institute of Economic Affairs*). The average house now costs almost eight times average earnings and, in nearly 30 per cent. of Local Authorities, this multiplier is 10 times (*Source: Local Government Association*). This has the effect of driving significant demand for good quality rented housing.

The Affordable Market Rent Housing sector is fragmented, dominated by individual private landlords, and typically privately managed without professional expertise or institutional financial management, leaving tenants with limited choice, uncertainty over security and longevity of tenancy and lack of a quality standard.

Growth in the private rental market has been driven by reducing affordability levels and lack of mortgage availability, as well as population growth and an increase in the number of households. First time buyer stamp duty relief is having limited impact on growth trends in the sector.

The Savills Housing Sector Survey 2017 revealed more than 80 per cent. of Registered Housing Providers want to build homes for shared ownership or affordable rent over the next five years, creating a significant investment opportunity for private investors such as the Company.

Operational risk in this sub-sector remains relatively small given the demand for, and diversification of, good quality accommodation for tenants.

The Specialist Social Housing Market

The Specialist Social Housing market includes a range of products (such as Extra Care, Supported Living and Sheltered Housing) and provides the housing accommodation (and care solution, where applicable) to those most in need, whilst affording bespoke accommodation, independence and value for money. The cost of this housing is paid directly by the central government Department for Work & Pensions through Housing Benefit at Local Authority level. The aim of Specialist Social Housing is to protect those most vulnerable whilst reducing the financial burden of providing institutionalised care.

The Specialist Social Housing sector is comprised of more than ten million adults with disabilities in the UK, more than six million of which have mobility difficulties, more than 200,000 with severe learning disabilities, 94,000 living in institutional care and 10,000 living in specialist supported housing. The UK government estimates the cost of funding specialist supported housing at half of the cost of providing institutional care. Looking forward, the government is forecasting a one per cent. per annum growth over the next fifteen years in specialist supported housing (*Source: JLL Project Resurgence IM, July 2016*).

Central and local government have a legal obligation under the Care Act 2014, to provide care, support and independent living opportunities to vulnerable adults, most of whom have lifelong care and support requirements, rather than institutional care. The service is split into “care” and “housing”. The former is provided through the Department of Health, which has a liability for the care provision, through Adult Social Services at Local Authority level and through Clinical Commissioning Groups. Through Local Authorities, care is provided by approved care providers which feed directly into the Registered Housing Providers. The liability for housing support and funding falls to the Department for Work & Pensions, through Housing Benefit, which is paid directly from the Local Authority to the Registered Housing Provider. Housing Benefit payments allow for the cost of rent, costs and an allowance for voids, negotiated by the Registered Housing Provider as a specialist rent.

Over time, government strategy has evolved so that the housing and care solutions have been increasingly disaggregated, with the Registered Housing Provider providing the housing component and specialist care operators providing the legally separate care package. This has led to the further definition of Specified Accommodation being created to cover properties where this separation has occurred. More recently, the government moved to protect and ring-fence the vulnerable persons that inhabit the Supported Living market by establishing the term “specialised supported living”.

The role of the Registered Housing Provider is confined to providing only housing support services, including maintenance, insurance, repairs and assistive support and solutions as well as personal support for tenants.

Operational risk in this specialist sector remains relatively small given the limited availability of suitable accommodation for tenants and the long term secure nature of their housing need.

PART 4

BACKGROUND TO THE UK SOCIAL HOUSING MARKET



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27 April 2018

Dear Sirs,

**HORIZON HOUSING REIT PLC AND WINTERFLOOD SECURITIES LIMITED
ISSUE OF SHARES PURSUANT TO THE OFFERING AND THE ISSUE OF
THE CONSIDERATION SHARES IN HORIZON HOUSING REIT PLC
MARKET COMMENTARY REPORT ON THE UK SOCIAL HOUSING
AND PRIVATE RENTAL MARKETS**

Preamble

We have been instructed by Horizon Housing REIT PLC ("Horizon" or the "Company") to provide a report on the UK social housing market and private rental market in connection with the Issue comprising of the Offering and the issue of the Consideration Shares of £0.01 in the capital of the Company (the "Shares") and the admission(s) of the Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities (together the "Transaction") and the prospectus to be issued by the Company in connection with the Transaction (the "Prospectus").

Reliance on our report is extended to Horizon and to Winterflood Securities Limited, in its capacity as Sponsor, Financial Adviser and Bookrunner.

Introduction

This commentary report has been prepared by Richard Petty, Lead Director for Residential Advisory at Jones Lang LaSalle Limited and an experienced valuer and property adviser in the social housing sector. Richard has over 30 years' professional experience in total, including nearly 22 years' experience as a valuer and property advisor in the social housing sector, working with Registered Providers (RPs), lenders, investors, and various stakeholders, including the regulator and government. Outside his professional work, Richard also has governance experience in the RP sector.

Our market commentary primarily concerns the social housing sector, by which we mean all types and tenures of properties that are developed, owned, managed or otherwise operated by RPs, including affordable rented housing, specialist or supported social housing, various intermediate tenures of housing including sub-market rent and shared ownership and, in the case of many RPs, market rent and homes for private sale.



RPs are private sector entities but are regulated by the Regulator of Social Housing (RSH), formerly the Homes & Communities Agency (HCA). The RSH has recently been formed through a split of the HCA by government, separating its regulatory functions from its funding and investment arm (the latter now called Homes England)

In addition, because of the nature of Horizon's seed portfolio and the sectors in which we understand the Company intends to invest, we also provide a commentary on the private residential rental market, within which homes are provided both by RPs and a variety of corporate, institutional and private landlords.

UK Housing Stock

One of the most reliable and widely recognised sources of data on the housing stock in England is the English Housing Survey, published by the Ministry for Housing, Communities & Local Government (MHCLG), the government department which is responsible for housing and planning policy in the UK.

According to the most recent edition, for 2016–17, there are an estimated 23.5 million homes in England as at 31 March 2016. That housing stock is made up of approximately 19.5 million private homes; 2.39 million homes owned by RPs; and 1.65 million owned by local authorities in England. Social homes therefore represented approximately 17% of the total housing stock in England as at 31 March 2016.

Within the stock of homes owned by RPs, there is considerable diversity, not only in terms of the scale of the individual RPs but also in terms of the range of traditional, charitable activities in which they engage, in many cases now extending to commercial operations as well, albeit ultimately with a social purpose in terms of the application of financial surpluses.

RSH data shows that there are currently approximately 1,720 RPs owning and managing at least some properties, although only a minority of the total number of RPs are active developers and investors in new housing stock and operate at any real scale. Of these 1,720 which collectively own the 2.39 million homes stated above, just 295 of those organisations own or manage 1,000 social homes or more (source: the most recent HCA Quarterly Survey, published in February 2018). These leading RPs, which represent about 17% of the total number of organisations account for about 95% of the stock held by RPs making up the social housing sector.

As a very rough estimate, we think that the total value of the social housing stock in England is in the order of £300 billion, on the basis of Existing Use Value for Social Housing (EUV-SH). This is a basis of valuation defined and recognised by the Royal Institution for Chartered Surveyors (RICS) and commonly applied in the social housing sector for both balance sheet and loan security purposes, as well as in the trading of homes between RPs.

EUV-SH is discussed later in this report but, in essence, it represents the present value of future net rental income streams from the letting and management of social homes within the regulated environment. It is therefore a highly restrictive basis of valuation which generally produces valuation figures for properties significantly less than their market value if sold with vacant possession. Further discussion about some of the current issues around EUV-SH is provided below.

Part of Horizon's seed portfolio is specialist supported housing. It is therefore relevant to mention that data from the English Housing Survey (EHS) for the social rented sector 2015-16, indicates that almost half of all the households in the social rented sector include at least one person who is suffering from either a long-term illness or a disability. Amongst the tenant population of RPs, evidence suggests that this proportion is almost 60%; whereas amongst local authority housing tenants, it is just over 40%.

UK Housing Shortage

It is common ground amongst all the major political parties in the UK, and amongst analysts, commentators and journalists, that we are facing an endemic, structural shortage of homes across all tenures, both affordable and private.

In essence, demand greatly exceeds existing supply in most parts of the country and, as a nation, we are not building enough new homes fast enough to meet that growing demand. The result has been many years of house price growth and generally growth in rents as well (notwithstanding some cyclical variations in both).

In the General Election in June 2017, all the major political parties placed the provision of more housing high on their manifesto agendas and showed an apparent willingness to commit to much higher levels of annual building of new homes than we are currently achieving. This is easier said than done. But it is generally common ground that the UK needs to build between 200,000 – 300,000 new homes each year, across all tenures, partly to catch up recent shortfalls in new supply and partly to keep pace with growing demand as the population expands.

However, as a country, we are typically building barely half the number at the upper end of that range; or, taking the midpoint of that range, falling at least 100,000 homes short each year. This is shown by the latest available government figures for completions of new homes in England during the four quarters ending December 2017, which totalled just over 163,000 homes.

Although the Prime Minister, Theresa May, made tackling the housing crisis her personal political priority (one amongst many) at the Conservative Party Conference last autumn, there has regrettably been little clear sign so far of how government intends to achieve the step change in the supply of new homes that we require within a reasonable timescale.

Amongst the greatest challenges any government will face in achieving that objective are the physical capacity of the construction industry and the willingness of private sector housebuilders to collaborate in delivering the number of new homes which would (if economic theory holds water) lead to supply matching demand and a consequent slowdown in house price growth, thus undermining their business models. On top of that, there are passionate and long-running arguments over land use; and the ability or otherwise of the planning system to grant sufficient planning permissions.

Politics aside, the fact is that there are currently some 1.16 million households, representing approximately 4.2 million people, registered with local authorities in England on their housing waiting lists as seeking a social home to rent. Waiting lists have edged down in the last few years, from a high in 2012 of 1.85m households; but commentators put this down to stricter rules regarding the Localism Act 2011 requiring a “local connection” to the relevant council. Some commentators expect this to rise by up to a further 1 million people over the next five years as the UK population grows, and as insufficient new homes are completed each year.

A look back through the statistics on the supply of new homes shows how entrenched the decline in provision has become. It is partly to do with a serious decline in the amount of social housing that we build and provide as a nation. During the 1970s, the number of new homes built each year averaged around 250,000 with social housing making up about 45% of those homes (reaching over 50% in some years). But, during the years of Conservative government from 1979 onwards, the proportion of new social homes in the addition to the housing stock each year went into rapid decline, falling during the 1980s from 46% to just 14%, with an average of 24%.

In the last ten years, the decline has become more marked, with just 20% of new homes each year being social or affordable homes. The greatest decline has been in council housing, with a total output of local authorities amounting to only a handful of homes in each of the last ten years whilst, at the same time, development by housing associations has not increased by anything like enough to compensate. RPs have built an annual average of about 25,000 homes each year (about 19% of the total each year) over the last ten years compared with just 1,100 on average from local authorities – less than 1% of the total and far below the level needed to meet demand, hence the pressure on waiting lists.

Part of the problem for RPs has been the decline in capital grant funding for new social housing from government. In recent years, the level of capital subsidy has been progressively cut, partly reflecting the “austerity” programme following the global financial crisis; but also as a matter of political ideology, as government has sought to push RPs towards greater dependence on private finance. This is in marked contrast to the regime during the 1970s, when the 1974 Housing Act introduced capital grant



for housing associations, originally on a scale that enabled them to increase their output of new homes dramatically from a relatively low base.

Government policy has been a mixture of carrot and stick, with the inconsistency of approach not helping to even-out annual delivery. Perhaps the last big effort by government to provide significant financial support for new building by housing associations was in the 2008-11 programme, for which about £8.9 billion of grant was made available. In contrast, for the current programme 2016-21, the total amount of funding available is £4.7 billion, but over a five year period rather than three years; and originally with 90% of the homes to be delivered for shared ownership and Help to Buy, as opposed to affordable renting. The average amount of grant is drawn down to about £17,500 per unit; but in 2008-11 the average was over £51,000.

The delivery of new homes and the consistency of Government policy in this area has arguably not been helped by overly frequent changes of Housing Minister, reflecting its relatively lowly political status, below Cabinet rank. This is shown by the fact that we have had 16 Housing Ministers in the last 20 years, with an average tenure of just 15 months. At the last General Election in June 2017, the Housing Minister immediately prior to the election (Gavin Barwell) lost his parliamentary seat and was replaced by Alok Sharma, who was afforded barely seven months in the job before being replaced in January by Dominic Raab in a reshuffle. Although the Department for Communities & Local Government (DCLG) was renamed following the election to become MHCLG, the government arguably is still not giving either social or private homes the political emphasis that the severity of the housing crisis merits.

Moreover, the Housing White Paper published in February 2017, which was both long awaited and delayed in publication, has thus far been hindered in being taken forward in terms of tangible policy initiatives through the changes in Housing Minister (and thus personal political agendas), as well as the complexity and scale of the government's workload. The government has also had to contend with the sudden, overwhelming tragedy of Grenfell Tower (on which we comment further below), which has rightly and understandably taken over the housing agenda in the short to medium term.

In some respects, Grenfell aside, the delays and hesitation in taking forward the White Paper's agenda are disappointing, because that document contained several positive signs including: recognition that housebuilders are no longer the main priority to receive government support, with the focus broadening to include RPs, small builders and the Build to Rent (BTR) sector; BTR being explicitly articulated in policy for the first time; support for off-site (modular) construction; and with funding being targeted on enabling infrastructure, so that developers can bring forward larger housing sites faster and with greater confidence.

It seems unlikely to us that, however willing and well-intentioned the present government may be on the housing agenda, and however sincerely it wishes to make a difference to many people's lives through improving housing opportunities, it is both physically and politically impossible to achieve real step change in supply in the foreseeable future. And therefore, sadly, the gap between the existing supply of affordable homes and the unmet demand for those homes is likely to remain entrenched in our society for the foreseeable future. It is partly for this reason that we are currently seeing so much interest from institutional and private investors in residential, in both the existing stock of homes and the development of new homes.

Sector Ethos

As we have discussed above, there is a shortage of homes in the UK across all tenures, both affordable and private; but the imbalance of supply and demand is particularly acute in the social housing sector. People on low incomes, who cannot meet their housing needs in the private market through either renting or ownership, often find it difficult to access good quality, well-managed affordable housing, particularly in London and the South East.

This means that the number of potential customers or tenants for RPs, across a wide range of different housing products and tenures, both social and intermediate, is increasing all the time. RPs remain fundamentally committed to helping as many people in housing need as possible and retain a strong

social ethos which can be traced back to the beginnings of the social housing movement in the UK, at least to the middle of the 19th century.

In recent years, however, many RPs, particularly amongst the larger organisations with the greatest financial strength and development programmes, are looking to serve many people who might be considered relatively affluent in terms of their earnings. That reflects both the very high cost of accessing housing in some parts of the country; and also the financial pressure on those RPs to operate in a commercial manner, to generate profit to cross-subsidise their charitable activities.

Hand in hand with this commercial approach, the shift towards a dependence on private finance described elsewhere in this report means that lenders to RPs are increasingly mindful of the commercial risks being run by their borrowers which, arguably and in some respects, move them closer to housebuilders in relation to their exposure to the housing market cycle. However, RPs who wish to carry on developing have to respond to the decline in the level of capital subsidy in the form of grant from government.

As we have seen in the past, high levels of capital grant underpinned the delivery of new, rented affordable homes. However, at least since the coalition government which took office in 2010, there has been an established view in government that the RP sector as a whole has been relatively inefficient in its use of that grant and the level of support in recent years (particularly the 2011-15 programme) has not been matched by the required increase in the number of new homes delivered.

Government's scepticism of the efficiency of the sector has been exacerbated by a strong focus in both the coalition and Cameron governments on home ownership in preference to other forms of tenure. In our view, there is no realistic prospect of a return to high levels of grant, even if there is some welcome rebalancing of priorities to include more elements of affordable rented housing under the current government than its predecessors.

This means that the RP sector will increasingly have to rely on generating its own financial resources in the form of profit from commercial activities; supplemented by releasing capital from existing assets through either outright sales or sale and leaseback arrangements; and through continued reliance on private finance, including making the most effective use of its available security. That puts the debate about the bases of valuation into stark relief. Many of the leading RPs are already well-equipped to meet these challenges and to operate in a wider range of markets, including market renting and sales.

As the sector takes increasing risks with some elements of its business model and development programme, so it can take considerable comfort in the knowledge that the above strong demand for its core product – social rented housing – feeds through into reliable and secure cashflow. The latest figures (according to the EHS) show that about 80% of households in the social rented sector, spanning RPs and local authorities, are in receipt of some level of housing benefit: 1.84m of the 2.39m households in RP sector; and 1.27m out of 1.65m in the local authority sector. In contrast, in the private rented sector about 30% or 1.36m of the 4.5 million households claim housing benefit. Moreover, for tenants of RPs, the average amount of benefit received covers over 80% of their total, weekly rent (Source: DCLG).

Bad debts in the sector are therefore very low. Typically, RPs make provision for less than 1% irrecoverable debts per annum – the sector's latest global accounts, published in December 2017, show that total provision came to just 0.7% of rent receivable. However, the EHS shows that, over the preceding 12 months, about 25% of tenants in both the RP and local authority sectors had been in arrears to some extent compared with under 10% in the private rented sector. Social landlords of course tend to be more accommodating and delays in receipt of housing benefit are a common cause of arrears.

Evolution of Private Finance

The social housing sector in the UK is increasingly dependent on – and comfortable with – private finance, rather than government grant support. The process of change was initiated by the Housing Act 1988. This piece of legislation opened the door for housing associations to take private finance on a significant scale for the first time. It also triggered a wave of transfers of council housing stock from local

authorities (known as Large Scale Voluntary Transfers, or “LSVTs”), to either existing or newly created RPs, in transactions which were wholly privately financed. From the early 1990s onwards, these transfers brought about a significant increase in the total number of homes owned by RPs (and a corresponding reduction in the number owned by councils) as well as a revolution in the way the sector is financed.

Between those early days in 1988 and 2008, housing associations enjoyed increasing levels of support from a range of private funders including banks, building societies and some specialist lenders. The wave of private finance was characterised by high degrees of confidence on lenders’ parts that their borrowers were well managed and generally risk averse, as well as being charitable in nature (and therefore worthy customers); and by a belief or expectation that any borrowers who experienced financial difficulty would be supported by the regulator or by the rest of the sector, acting in a collegiate fashion.

This translated into high levels of debt being made available for long-terms at highly competitive fixed rates – for example, for a number of years, fixed rate debt was found widely available for terms of up to 30 years (in line with RPs’ business plans) at very low margins perhaps more commonly seen on some sovereign debt, as low as 0.2% in some instances.

In tandem with high levels of competitive bank lending, some RP borrowers also began to issue bonds in their own names, subject to having sufficient balance sheet strength and the requisite public credit ratings. In some cases, attractive, long-term, fixed rate funding was thus secured.

Lenders and bond investors have treated the sector in the way that they have because of the factors identified above: a charitable ethos combined with a risk averse approach; strong governance; and tight regulation. They have also been attracted by rental income that has, for many years, been linked to inflation, underpinned by a relatively high proportion of housing benefit, ultimately paid by government.

Against this background, the sector has built up total private borrowings of about £88.4 billion of which undrawn facilities agreed in past years amount to some £16.6 billion (source: HCA Quarterly Survey of Registered Providers – December 2017, published in February 2018). The larger housing associations in particular now have a strong balance sheet and capital asset base, the true value of which is not reflected on balance sheets because assets are held either at cost or, where held at value, they are on the basis of EUV-SH (and, as noted above, this produces a value generally significantly below Market Value with vacant possession).

The sector has also managed to maintain an enviable, “zero default” track record, by which we mean no private lenders have actually lost any money at any stage, even where some RPs have occasionally got into financial difficulty.

Looking forward, the latest available figures from the RSH show that, over the next five years, the sector collectively has an unprecedented appetite for new borrowing with £25.8 billion of new debt required, with net new borrowing after repayments of existing loans of £13.6 billion (source: RSH Financial Forecast Returns).

Government Regulation of Registered Providers

Registered Providers in England (but not in the whole of the UK) are regulated by the Regulator of Social Housing (RSH) which is part of the Homes & Communities Agency, an executive, non-departmental public body sponsored by MHCLG. In January 2018, the regulation directorate within HCA adopted its own distinct, corporate identity as RSH, thus distinguishing itself from the HCA’s funding and investment arm, Homes England. In due course, legislation will separate the two bodies but, at the time of writing, they are constituted as one statutory body.

The objectives of RSH are set out in the Housing & Regeneration Act 2008. In essence, RSH regulates private Registered Providers of social housing “to promote a viable, efficient and well governed social housing sector able to deliver homes that meet a range of needs.” The legislation sets RSH two fundamental objectives: an economic regulation objective; and a consumer regulation objective. In practice, regulation is directed and overseen by the Regulation Committee, which is a statutory

committee of the HCA. The Committee is accountable directly to parliament for the discharge of these fundamental objectives.

In a little more detail, the economic regulation objective is, variously, to: ensure that RPs are financially viable and properly managed, and perform their functions efficiently and economically; to support the provision of social housing sufficient to meet reasonable demands, including by encouraging and promoting private investment in social housing; to ensure that value for money is obtained from public investment in social housing; and to ensure that an unreasonable burden is not imposed (either directly or indirectly) on public funds.

In addition, the consumer regulation objective is, variously, to: support the provision of social housing that is well managed and of appropriate quality; to ensure that tenants of social housing have an appropriate degree of choice and protection; that they have the opportunity to be involved in its management and to hold their landlords to account; and to encourage RPs to contribute to the environmental, social and economic wellbeing of the areas in which their housing is situated.

In general, the regulator also has a duty to exercise its functions in a way that “minimises interference and, as far as possible, is proportionate, consistent, transparent and accountable”.

The Regulation Committee takes a risk based, proportionate approach to the regulation of RPs according to their level of exposure to risk. In particular, the RSH distinguishes between RPs which own fewer than 1,000 social housing units (as noted above, the smaller RPs collectively account for less than 5% of the sector’s total assets, turnover and debt) and are therefore subject to a much lower level of regulatory engagement than that required of larger providers. For larger providers which own 1,000 or more social housing units, the regulatory approach taken will vary according to the complexity of their businesses and therefore their judged level of risk exposure, taking into account their underlying financial strength.

There are three economic standards by which RPs are judged: governance and financial viability; value for money; and rent. There are also four consumer standards: home; tenancy; neighbourhood and community; and tenant involvement and empowerment. The RSH’s approach to the consumer standards is reactive only, and it does not therefore have a role in monitoring RPs’ performance on the consumer standards. It will only use its regulatory and enforcement powers where it judges that there has been a breach of a consumer standard which either has caused, or could cause, serious detriment.

For all RPs which own 1,000 social housing units or more, the RSH publishes regulatory judgements of their compliance with the governance and viability requirements set out in the relevant standard (to which we refer below). All such RPs are given one of four governance grades, between G1 and G4, where G1 would show a provider meets the RSH’s governance requirements; down to G4, where the RP would not meet governance requirements and there would be identified issues of serious regulatory concern, leading to the RP being subject to regulatory intervention and/or enforcement action.

The great majority of providers are assessed at G1. However, there are a number at G2 at any one time, which would be because RSH has identified some deficiencies in the organisation’s governance which need to be addressed and which, whilst material, are not serious enough to mean that the provider does not meet governance requirements. A failure to meet governance requirements would be reflected in a G3 grade or worse. That would lead to active engagement on the part of a regulator and would be a serious matter.

In addition to the governance grades, there are also four grades relating to financial viability, from V1 to V4. Similarly, at V1, an RP is judged to meet the RSH’s viability requirements and to have the financial capacity to deal with a wide range of adverse scenarios; V2 is still a compliant grade, but shows the organisation needs to manage material risk to ensure continued compliance.

Providers graded V2 will often, for example, have a material reliance on relatively uncertain cashflows, relating to the type of activities being undertaken or the types of markets in which the provider operates; or be experiencing a material change in the business model being pursued that involves taking on more risk, including for example a material increase in development activity or debt levels. Any RPs at V3 or

V4 are failing to meet the viability requirements and show that the regulator has identified issues of serious regulatory concern leading to active intervention.

In some cases, as well as publishing an RP's grades, the RSH will also issue a narrative regulatory judgement report. This will be done where, for any reason, the assessment of that provider has changed or where there are new issues that RSH wishes to make public. As well as issuing regulatory judgements, RSH also publishes regulatory notices which are issued in response to an event of regulatory importance such as, for example, a finding of a breach of a consumer standard that either has or may cause serious harm. RSH has a statutory obligation to be transparent and therefore such matters are put in the public domain.

The RSH does not publish regulatory judgements for RPs which own fewer than 1,000 social housing units. But, if there is evidence that such a provider is in breach of an economic standard or is found to have breached a consumer standard, a regulatory notice may be issued for such a small provider. These will also be in the public domain.

At any time, RSH also maintains an on-line 'gradings under review' list. This lists RPs which are being investigated in relation to a particular matter which may result in a provider currently judged to be compliant being reassessed as non-compliant in relation to the economic standards. The purpose of this list is to alert stakeholders to the possibility that the provider may be moving towards non-compliance. A new narrative regulatory judgement will follow in due course (or a regulatory notice for smaller providers) and these changes are normally published within six to eight weeks of an RP being placed on the list.

The RSH is also responsible for discharging statutory responsibilities in relation to the registration of new applicants to the centre, the registration of new bodies resulting from certain types of restructure and for deregistration of any providers wishing to leave the regulated sector or which no longer provide social housing. Registration is subject to strict criteria which are beyond the scope of this paper.

Financial Security

As we have noted above, the social housing sector in the UK enjoys a remarkable record, over 30 years of private borrowing, of there not being any losses suffered by a funder as a result of default. There are a few, comparatively rare, instances where RP borrowers have got into some financial difficulty, generally through over-reaching themselves on development programmes.

In those few instances, there has always been a resolution of the problem through a merger of the troubled RP with a larger and stronger organisation, which takes on the assets and liabilities of the smaller entity through a process known as a "transfer of engagements". This has generally been under the guiding hand of the regulator. The collegiate approach the sector generally takes in these situations has preserved the sector's zero loss track record, which remains intact despite the pressures of the global financial crisis and subsequent downturn in the UK housing market a few years ago.

That it is not to say, however, that the financial crisis in 2008 did not bring significant changes to how the UK social housing sector is financed. Although some RPs with particularly robust, well established relationships with a lender or syndicate, and with undrawn facilities, have continued to have access to long-term, low margin, fixed rate debt, it is now not generally possible for new loans to be secured on such advantageous terms. Loan terms are shorter and margins greater.

There has been, however, one important exception to this until recently: a government-guaranteed loan scheme run through Affordable Housing Finance (AHF) a subsidiary of The Housing Finance Corporation (THFC), a not for profit, sector-specific lender which has been able to provide even some small borrowers with 30 year loans at remarkably tight margins. Although this scheme has closed to new applicants, THFC remains an active supporter of the sector and a vitally important source of bond finance. We may possibly see a return to the use of government guarantees, depending on how policy intentions announced in the budget last autumn are carried through in practice.

That apart, as a result of changes in the banking market in recent years, those RPs seeking long-term finance and with the benefit of strong balance sheets have increasingly turned to the capital markets,

either by making bond issues in their own names (subject to having an investment grade credit rating); or in some cases through aggregated bond issues, generally via THFC; or in some cases through private placements.

In terms of the players in the lending market, some of the lenders who have been heavily committed to the sector for most of the last 30 years are now content to nurse their existing loan books but not to advance new loans. This is partly a reflection of their existing exposure and the available margins, and partly a response to regulatory capital adequacy requirements (Basel II), making long term loans far more expensive and therefore far less attractive. But we do not see it as any change to their collective judgement of risk associated with the sector.

Nevertheless, offsetting these changes in some cases, the sector is currently seeing plenty of interest from new entrants (and a few re-entrants) to the banking market, including in particular from overseas banks. This is helping to increase competition amongst lenders and therefore presumably their terms of lending; and also to replace capacity due to the withdrawal, whether temporary or permanent, of some of the larger, established lenders.

A small number of stronger borrowers have embraced other new approaches, including the use of sale and leaseback transactions with private investors or, in a very few cases, unsecured borrowing. Despite the scale of the appetite indicated above, there are no signs that the capacity of the debt market as a whole will not be sufficient to deliver the liquidity which the sector needs to meet its growth aspirations.

A very important consideration, therefore, for both lenders and borrowers, is the availability of sufficient security as well as the ability of business plans to support interest payments. Up until recently, there have been some tight constraints on asset value. For example, assets transferred from local authorities (whether land or existing properties) have hitherto only been capable of being valued on the basis of EUV-SH because of legislative restrictions (specifically, s.133 of the Housing Act 1988).

However, that particular section of the Act has now been repealed, opening the way in some cases for some properties transferred in the past from local authorities to be valued on a different basis, known as "Market Value, subject to existing Tenancies" (MV-T) typically at higher figures. It is important to emphasise, however, that many other criteria need to be met before such higher valuations can be realised, including suitable types of homes; local market conditions; the absence of binding nomination or s.106 agreements (legal agreements linked to the grant and execution of planning permissions); the terms of the original transfer agreement; and the terms of the loan agreement. Access to higher loan security values is not a given.

Bases of Valuation

This discussion on the availability of sufficient security leads us neatly into consideration of bases of valuation and how RPs can make best use of their available security to secure loans. This is an important area of discussion and potential change at the time of writing and it is therefore important to explore the state of play and what might change going forward.

As we have already noted in this commentary, values on the basis of EUV-SH are constrained to levels which are, in most cases, well below the underlying Market Value of those properties, assuming vacant possession. This is because the levels of rent in the social housing sector are regulated by government and, of course, kept well below market levels for reasons of affordability.

It is also because the standards of repair, maintenance and management required of RPs necessarily impose a certain level of cost upon them which, in turn, constrains the net income available to be valued and thus the resulting capital value, whether for loan security, balance sheet or transaction purposes. We should note, in passing, that there are, however, a few exceptions to the rule that EUV-SH values are normally well below Market Value, in areas of the country with very low house prices and where the differences between local and national average house prices are greater than the difference between local and national social rents, set in accordance with the government's formula.

The social housing sector is the only part of the property market in the UK which has its own basis of valuation defined by RICS and therefore applied by valuers working in the sector. It is genuinely unique in this respect.



EUV-SH was originally created by RICS as a means of providing the first lenders to the stock transfers triggered by the Housing Act 1988 to arrive at an appropriate opinion of the value of their security. When it was first introduced – and this remains true today – EUV-SH was based on the established and globally recognised concept and basis of valuation known as Market Value, also defined by RICS (and commonly still referred to by many as “open market value”), albeit EUV-SH is based on a very specific set of assumptions which are discussed below.

In other words, EUV-SH represents an opinion of the price that would be paid, in a hypothetical transaction, where the buyer would have to be another RP; and where the stock would, in perpetuity, be assumed to be let and managed in accordance with the regulator’s requirements – in essence, perpetual social housing, with a consequential regulated income and cost base.

EUV-SH therefore requires a valuer to assume: a hypothetical sale, completing on the date of valuation; with an effective simultaneous exchange of contracts, such that there is no change in value between exchange and completion; with the sale taking place between a willing buyer and a willing seller; with the properties having been adequately exposed to the market prior to the sale; in which the properties are trading at arm’s length; and where both buyer and seller are acting knowledgeably and prudently.

This is a plain English summary of the assumptions that, together, make up the definition of EUV-SH. To explain, a basis of valuation is a set of assumptions to be applied by a valuer which, taken in the round, define what kind of valuation is to be given. A basis of valuation does not say anything about the method which a valuer should adopt in arriving at his or her opinion of value. Indeed, it may well be appropriate for valuers to use and compare more than one method. There is no requirement, for example, for a valuer to adopt a discounted cash flow methodology in arriving at an opinion of EUV-SH, although that happens to be the method most commonly adopted by valuers in the sector for various reasons (as discussed below).

The EUV-SH basis of valuation has been used successfully for the best part of 30 years now, for loan security (originally in the stock transfer market), securing billions of pounds of borrowing by traditional RPs; on a diminishing number of balance sheets; and in the stock rationalisation market which is addressed in a separate section of this report.

It is not, however, the only basis of valuation – Market Value is also extensively relied upon for loan security purposes. In UK social housing, this approach is generally known as MV-T as noted above. This approach is used to determine the value of rented housing stock that could be realised by a mortgagee, acting upon an enforcement or in a default situation, and with the ability (and willingness) to sell the stock outside the regulated sector, and therefore free of the constraints of regulation, such that the purchaser would have the ability both to raise rents from affordable to market levels and, critically, to sell void properties as they arose.

It is important to emphasise that, because of the constraints of regulation, this approach is not available to an RP acting on its own. MV-T, where applicable in terms of the nature and location of the stock and in the absence of other legal constraints (such as restrictive covenants or s.106 agreements binding on a mortgagee) will generally produce a value that is higher than EUV-SH and often materially so. The exceptions to this would be where there is little difference in a particular area between social rents and market rents; and where house prices are low and the market is probably also relatively liquid for the stock in question.

But, in areas of high house prices or high market rents, with relatively high occupier demand across a wide range of housing types, MV-T as a basis of valuation can produce values significantly in excess of EUV-SH. However, it is recognised as having a greater correlation with the housing market and therefore greater volatility, moving to some extent in step with both market rents and house prices. For this reason, lenders generally require higher asset cover (meaning a lower loan to value ratio) than for EUV-SH.

In contrast, over the last 30 years or so, EUV-SH has come to be regarded as a relatively stable and predictable basis of valuation by funders. It has generally been free from market volatility, as house prices and market rents play no part in it; and values have generally risen over time as rents have risen

with inflation under stable, government-set rent regimes. However, of late, two factors have emerged which have disrupted that stability to some extent.

The first is a statutory period of rent cuts, which took effect in April 2016 and were introduced through primary legislation in the Welfare Reform & Work Act 2016. Under the act, all social landlords (and local authorities) are obliged to reduce their social and affordable rents by 1% each year for the four years, from 1 April 2016 to 2019 inclusive.

The cuts apply to general needs rented housing, and to conventional sheltered housing, as well as to some types of supported housing (for which the cuts are over three years from April 2017). However, they do not apply to a set list of “exempt” use types including specialist supported housing, temporary accommodation and intermediate rent (ie, above affordable rent levels); nor, for the avoidance of doubt, to any market rent homes.

The government’s objective is to reduce the impact of index-linked rent rises on the housing benefit bill. However, in achieving this, the cuts also mean that RPs are losing the inflationary increases each year so the compounded effect of the period of cuts on their business plans is greater than it may at first appear.

Lenders, however, are sanguine about the legislation. The legislation exempts a mortgagee in possession (and receivers, administrators and so forth) and their successors in title from the implementation of remaining, future rent cuts. This means that, whilst there is some impact from a lower starting rent as a result of the cuts, loan security values are protected to a large degree and indeed a funder could reverse the cuts that have taken place, should it so choose, in a possession situation.

Until six months ago, the bigger question was probably how the government would determine rent policy beyond 31 March 2020, at the end of the cuts period. However, last autumn, the Conservative government announced that rental growth would be allowed to return to CPI +1% for the period to March 2025. Whilst this gives some medium-term comfort, it is a moot point as to what will be permitted beyond that date. That said, in valuations, there should be a trade-off between the future rental growth assumed by the valuer (and the other assumptions in the round) which should, in turn, be reflected in the discount rate. We believe this risk is generally recognised by specialist valuers in the sector and is built-in to current opinions of value.

The second disrupting factor – albeit in a positive sense – is the effect on EUV-SH values of the deregulatory measures introduced through primary legislation in the form of the Housing & Planning Act 2016. These are already having a discernible impact on the stock rationalisation market and thus the available body of transactional evidence to which valuers should have regard in forming opinions of value on the best price that RPs are prepared to pay for stock.

In essence, following measures which came into force on 6 April 2017, RPs are no longer required to seek the consent of RSH for the disposal of social housing properties, whether tenanted or vacant. In practice, very few, if any, RPs would sell a social rented home tenanted, other than in extreme circumstances. But the ability to sell void properties, particularly in high value areas, with a view to recycling the capital for social purposes, is a different and far more attractive proposition.

There is a slowly growing body of transactional evidence which indicates that RPs are indeed prepared to evaluate stock rationalisation opportunities on this basis and to bid accordingly. However, the current definition of EUV-SH prevents valuers from taking this evidence into account where it is known to include assumptions as to the future sale of void properties.

And therefore, for the simple reason that all valuations should (as far as possible) be exercises in reflecting the market as it chooses to operate, JLL in conjunction with colleagues from Savills (the other major firm of valuers operating in this market), have put forward a set of proposals for a revised definition of EUV-SH. This would reflect the fact that RPs no longer need to seek consent for disposals; and, potentially, would go further to allow the inclusion of an element of reasonable capital receipts, as reflected in asset management within the RP sector.



For understandable reasons, given the background to EUV-SH outlined above, these proposals are proving controversial, particularly with the funding community, and are currently the matter of some debate in the sector.

We recognise, in making these proposals, that all bases of valuation are ultimately defined by RICS and there can be no change without the full support and action of RICS. It is therefore impossible to say at this stage what changes may be made, if any. It is nevertheless an important area of discussion and potential change, reflecting how the RP market is beginning to adapt its thinking and behaviour in the light of the new freedoms it has been given through deregulatory measures. RPs, for their part, are understandably keen to see change, given their need to maximise the value of their assets and their borrowing capacity in order both to invest in their existing homes and to have the financial capacity to build new homes, very much in line with the government's agenda.

This debate was initiated in the spring of 2017, shortly after the relevant legislative changes came into force. The fact that the discussion is still continuing indicates that it is far from straightforward to bring about change in this area, given the complexities of the various stakeholders and their agendas and views. However, the debate is now very much in the public domain, having been aired at conferences and recently in the housing press; and therefore we are hopeful of bringing matters to a conclusion (one way or another) shortly.

Valuation Methodology

Ever since EUV-SH was first introduced as a basis of valuation, the accepted methodology has been the use of a discounted cashflow model. This is because it is the only way in which often very large volumes of data, from portfolios or RPs' entire housing stocks, can be captured and channelled alongside a large number of variables which need to be taken into account and modelled explicitly.

These include: rents from different types of property and tenancies; future rental growth, the rate of re-letting or "churn" in the stock; arrears, voids and rental loss arising from bad debts; the cost of management; the cost of planned capital investment including building component replacement; cyclical maintenance, day to day or reactive repairs; and increases in all those various costs in relation to inflation. In some instances, for example where Right to Buy (originally introduced in the Housing Act 1980) receipts are included, it may also be necessary to include capital receipts which also introduces the need to model house price inflation.

This many variables can only be taken into account through an explicit financial valuation model. Practice between valuers varies, but it is conventional to run this over either a 30-year or 50-year period, depending on the nature of the stock and its remaining useful economic life; and with the net income in the final year capitalised into perpetuity, reflecting its long-term, income producing potential.

It is vitally important, however, for valuers and those using and relying upon their valuations including particularly lenders, to remember that opinions of EUV-SH arrived at using such complex valuation models must always have regard to market evidence. All valuers have an obligation to reflect the market for the asset being valued and they must therefore have regard to the emerging evidence of trading between RPs of stock comparable to that being valued, if and where such evidence exists.

This means the valuers must look to the stock rationalisation market to see where evidence might exist of trading portfolios or schemes between providers. To be clear, there has been no sale by a mortgagee in possession (or acting upon an enforcement) as a result of serious default on the part of the borrower, whether such mortgagee is selling to another RP or outside the sector.

Merger Activity

In recent years, there has been a strong drive towards merger and consolidation in the UK social housing sector. This has been driven by a number of factors, including, first, overt encouragement from government for smaller and less active organisations to combine in order to become more efficient and better able to develop. Secondly, it is in response to the rent cuts introduced in April 2016 and noted elsewhere in this commentary, which have forced RPs to achieve significant operating efficiencies in their business plans in order to compensate for the lost rental income.

And thirdly and perhaps most importantly, there is a genuine desire in RPs to deliver against the government's agenda, both developing more affordable homes (and thus also more private homes); to do so efficiently; and to make best use of the collective asset base, perhaps combined in some cases with a belief that "big is beautiful".

For whatever reason, the sector has certainly been evolving in recent years towards a smaller number of larger, more complex or sophisticated organisations. A prime example is the recent merger in 2017 of Affinity Sutton and Circle to form Clarion. This combination of two large organisations has formed the largest housing association in England, with a total stock of 125,000 units, annual revenue of £670m and a development programme of 50,000 units over 10 years. Other significant mergers either recently completed or currently under discussion include: Notting Hill and Genesis; Peabody and Family Mosaic; Devon & Cornwall and Knightstone; Metropolitan and Thames Valley; Riverside and Impact; and Bromford and Merlin (with the likely addition of Severn Vale).

One important by-product of this merger activity is an upturn in the stock rationalisation market, by which we mean the trading of tenanted social housing properties between RPs as they seek to achieve greater operating efficiencies (for example, by selling stock that is remote from their main area of operation and therefore incurs higher costs); focusing on particular client groups; or simply releasing capital from stock which requires investment in the short to medium-term and where the existing owner prefers other investment opportunities.

The stock rationalisation market first emerged about 14 years ago, in 2004, and has so far involved the sale of approximately 30,000 homes, with maximum trading in any past year of about 3,500 homes, and on average rather less than that. However, the 2017/18 financial year set a new high water mark in this market, probably with about 7,000 homes having been sold, and with others currently in solicitors' hands or under negotiation between RPs following competitive marketing processes. Because of the way in which data is collected and reported, with quite long time lags and centrally, it is difficult to compile accurate figures of the true extent of trading, so these figures are based on our own assessment through various sources and our first-hand engagement in this market.

Merger activity is certainly one of the drivers behind it, with Clarion having announced its intention to dispose of up to 10,000 units over the first 10 years post-merger; and with other recently merged organisations currently marketing stock to other RPs.

Pricing of Affordable Housing Stock

In the stock rationalisation market, stock has always been traded between RPs on the basis of EUV-SH, reflecting the fact that the purchaser is another regulated entity which, until very recently, had to rely on regulator's consent for any future disposals, and could not assume that such consent would be given.

The underlying assumption which has therefore driven pricing in this market is that the stock would continue to be held, let and managed in accordance with the regulator's requirements and at affordable rents. Nevertheless, even before the recent de-regulatory measures mentioned above, this market has proved to be remarkably competitive in terms of RPs bidding against one another on price (rather than the quality of their management or local presence), to secure acquisitions. The resulting values, even though clearly arrived at and presented on an EUV-SH basis, have tended in many cases (particularly in London and the South East) to be in excess of EUV-SH values that might generally be expected for either loan security or balance sheet purposes.

In our view and experience, there are a number of reasons which can help explain the pricing of competitive bids by RPs:

- the price offered is deemed worth paying to achieve strategic objectives, for example around increasing an RP's presence in a particular local authority area or market in terms of the types of client housed;
- the price paid will always be less than the cost of development and the homes will be added to the RP's existing stock without the delay or risks inherent in any development;

- RPs take a view on the marginal cost of adding additional units into management in an area where they already have stock and hence that service infrastructure. This will often lead to management and maintenance cost assumptions which are below those that one would attribute to the stock on a stand-alone basis;
- depending on the nature of the stock and any attendant legal restrictions, it may be possible to charge it to a funder at a value assessed on the basis of MV-T which would be higher than the price paid and therefore the acquisition is viable; and
- RPs will form their own views on the all-round risk represented by the acquisition and the assumptions in the financial model and reflect that judgement of risk in the required rate of return and hence discount rate. This may be a lower rate than would generally be acceptable to either a funder or an auditor in the context of a loan security or balance sheet valuation respectively.

Deregulatory Measures

As mentioned above, a package of deregulatory measures came into force on 6 April 2017 for which the primary legislation was the Housing & Planning Act 2016. These are very significant for the UK social housing sector, as they give RPs greater freedom in terms of commercial decision making than they have ever previously enjoyed in terms of the ability of the regulator to prevent asset management actions.

The deregulatory measures introduced last year, inter alia, give RPs the freedom to dispose of assets without the regulator's consent, either with or without tenants in place; the ability to make constitutional or structural changes within their groups; or to merge without the regulator's consent. Disposals include the grant of leases and the creation of charges when assets are pledged as security for loan security purposes.

There are already early signs that these measures are having an effect on RPs' thinking, and on their business plans, as they begin to adopt a more commercial approach to asset management as one of the tools at their disposal to respond to the greater financial pressures and expectations upon them. For example, through our day to day work, we are beginning to see more analytical requirements in terms of asset management decisions, around investment, remodelling and sale; and an element of sales being built into some stock rationalisation bids.

This does not mean, to be clear, that RPs are in any way sacrificing their fundamental social ethos. Rather, it is a recognition that, as for any charitable organisation, making best use of its assets to enable it to meet its charitable objectives is an obligation rather than an option; and that commercial behaviour is not at all incompatible with a strong social ethos, within the framework of strong governance.

The deregulatory measures introduced last year were a response to a ruling by the Office for National Statistics (ONS) in the autumn of 2015 that for the purposes of the government's balance sheet, RPs would constitute part of the public sector, notwithstanding the fact that they are in reality, independent, private sector bodies. The ONS's decision was based around government influence over RPs, through the levers of regulation, and predated government's separate decision to introduce rent cuts which was announced in the July 2015 Budget.

The deregulatory measures, including matters other than disposals but outside the scope of this report, have had the desired effect as the ONS confirmed in the autumn of 2017 that RPs no longer constitute part of the public sector for the purposes of the government's books and their debt would therefore not be counted as part of the government's liabilities. In our opinion, these measures should have a steadily increasing effect on RPs as they come to terms with their new freedoms.

That is not to say, however, that RPs now have an entirely free hand. Their actions are not free from regulatory consequences, even if the RSH cannot prevent them from taking certain steps. The RSH has made it clear that it will continue to judge RPs on whether their actions – including disposals – are justified in terms of future investment in other social housing assets; and whether the welfare of tenants is adequately protected.

This means that, in considering retrospectively any disposal, the future management of any stock will be a key concern for the regulator and this makes it highly unlikely that tenanted properties would be sold without the RP at least retaining or ensuring appropriate alternative management arrangements, such as would commonly be put in place through a sale and leaseback arrangement.

Moreover, the regulator retains powers to intervene in cases where RPs are clearly not managing their businesses effectively. We think that the new freedoms will both give great opportunities for RPs but also present greater risks for those who fail to assess and manage risk successfully. This may, in turn, increase the prospects of regulatory intervention, particularly in smaller organisations, in the future.

Grenfell Tower

Although not directly relevant to the seed portfolio which Horizon will be acquiring, Grenfell Tower does need to be addressed in this market commentary because of the profound implications which it has for all RPs, local authorities, private residential landlords and all owners and operators of complex, high rise buildings in many other sectors such as health and education.

As is well known and has been widely reported, on the night of 13/14 June 2017, a fire broke out in Grenfell Tower, a high rise block of 24 storeys containing 129 flats. The building had originally been built between 1970 and 1974, but had recently been thoroughly refurbished including being fitted with external cladding. The fire spread rapidly through the building leading, tragically, to extensive loss of life, with 71 people now known to have died.

A public inquiry into the disaster started on 14 September 2017, led by Sir Martin Moore-Bick (a former judge) and continues at the time of writing. In parallel, there is also a widespread criminal investigation the results and implications of which are unlikely to be known for months to come. In addition to the public inquiry the government has commissioned an independent review of both Building Regulations and Fire Safety Regulations being undertaken under the leadership of Dame Judith Hackitt, supported by a significant team of experts from various areas of expertise. The Hackitt Review will report directly to the Cabinet Ministers, Sajid Javid at MHCLG and Amber Rudd, the Home Secretary.

The Hackitt Review produced an initial report which was published in December last year with a final report due in the spring. In her initial report, Dame Judith Hackitt indicated a clear direction of travel for her review, including:

- a view that the current regulatory system in relation to high rise, complex buildings is not fit for purpose, which will lead to an overhaul of the supporting guidance to the Building Regulations and more rigorous regulation;
- clearer and greater responsibility for delivering against new standards, devolved to those involved in design, construction, management and ownership;
- more stringent product testing before approval and installation;
- more stringent and expert fire risk assessments;
- stronger regulation and monitoring to ensure that what is built corresponds with what was originally designed;
- improved provision of information for residents of high rise buildings; and
- clear responsibility for on-going maintenance and continual improvement of a high rise building throughout its life.

It seems unlikely, however, that her final report will be overly prescriptive in terms of the content of Building Regulations in any detailed, technical sense. This means that the owners of existing high rise buildings and the developers or regenerators of new or refurbished buildings, are likely to have to exercise considerable judgement as to precisely how those buildings are specified and maintained – whilst carrying the burden of greater personal and corporate responsibility. The market as a whole is

likely to take time to evolve new best practice in this regard, as well as manufacturers and contractors producing and specifying new materials.

It is still too early to draw any clear conclusions on the particular cause or causes of the tragic fire in Grenfell Tower, and what led it to spread so rapidly with such devastating consequences. However, rightly or wrongly, the focus of much media attention over the last few months has been on the external cladding and insulation material. Coverage has focussed on the implications of those matters for other buildings to which the same, or similar, materials have been fitted, particularly during refurbishments undertaken in recent years, with the intention of improving both the thermal performance of the buildings and their cosmetic appearance.

It is possible that either the public inquiry or the Hackitt Review may produce recommendations which will lead to new requirements for retrospective fire safety measures in both existing as well as new high rise residential buildings, which would mean significant capital investment to be borne by the owners of those buildings. Some RPs are already making such financial provision, particularly those with the greatest number of high rise buildings, creating the greatest potential exposure. In general, such investment requirements, whether required by legislation, regulation or simply best practice, are likely to have an impact on many RPs' business plans by diverting money from other projects or by creating a need for additional borrowing. There are also likely to be impacts on the availability and cost of building materials, labour and the necessary expert consultants.

Moreover, funders who have advanced debt secured in part on high rise buildings are taking a close interest in the implications for both the value of their existing security as well as the financial viability of their borrowers. Regeneration schemes may also be affected or delayed. If a building such as Grenfell Tower can no longer successfully be refurbished in a way that is financially viable, demolition and rebuild (with a new approach to fire protection and means of escape) may have to be considered as an alternative, and that is bound to have cost implications affecting the activity of the sector for some years to come.

As valuers, we should note in relation to this commentary that, inevitably, the market for such high rise buildings remains very short of transactional evidence. That said, the market amongst RPs or private investors for high rise buildings which are let to produce rental income has always been limited, in the sense that such buildings rarely change hands as whole blocks. Even so, owners of such buildings at present will be especially wary of under-selling their assets, which remain in general fully let and income producing as they were before the fire; whilst for their part, any prospective purchasers will be wary of the financial and reputational risks around taking on ownership of tall buildings when the outcome of the Hackitt Review in particular remains unclear.

We are not suggesting for a moment that high rise buildings in the social housing sector have no value. But it is the case that a greater than normal degree of uncertainty surrounds the opinion of value given on such a building at the present time. The effects of that are likely to be seen in some RPs' annual accounts prepared as at 31 March 2018. Impairment reviews will be undertaken.

We must emphasise that the issues and concerns identified in this section of our commentary should not have any bearing on the great majority of social housing, that is low rise and of conventional construction; nor on the specialist supported housing sector, because of the types of properties involved. However, they will have an equal bearing on high rise, private, residential properties; and they do represent perhaps the most critical issue affecting the social housing sector as well as other parts of the housing market over the last nine months, which will continue to dominate the agenda going forward.

Specialist Supported Housing

Supported housing can take many different forms, according to the needs of particular client groups and the way in which housing, and their care and support, are best delivered by providers. Horizon has already invested in specialist supported housing, by which we mean in this context mainly conventional dwellings used as small, group homes, in the community, housing vulnerable people with care and support needs arising from learning difficulties, mental health or physical disabilities (or in some cases



a combination of needs). Horizon's seed portfolio includes a larger, purpose-built facility for specialist dementia care.

That property aside, specialist supported housing of the type in which Horizon will invest has proved attractive to a number of listed and unlisted equity investors, particularly over the last three years, when a rapidly growing and increasingly sophisticated market has emerged. We comment further on that market below.

Before we do so, however, it is relevant to give some context to the provision of such specialist supported housing. The sort of arrangements described above, in which clients are housed and cared for in relatively small group homes in the community, reflects the statutory obligations of both government and local authorities, consolidated under the Care Act 2014, to provide care in the community and independent living opportunities as opposed to outdated models and institutional care.

The clients who need housing of this type are generally unable to support themselves through their own means. It follows that the cost of their housing is generally underpinned wholly by housing benefit, including both the rent and cost of eligible services. Rents are set in conjunction with local authorities, and with the approval of housing officers, having regard to the needs and acuity of individuals.

Because of the specialised nature of the accommodation and its limited supply, as well as the complexities of underlying care and support arrangements, rents are generally much higher than for market accommodation which may be similar in nature but lacking the necessary adaptations and without the surrounding care and support infrastructure. It would not be uncommon for specialist supported housing rents to be double market rents, particularly in low value parts of the country; and in some cases even higher.

Subject to the independent assessment process described above, the rents for such accommodation are allocated to qualifying housing accommodation which may be provided by either a local authority, a specialist RP, a registered charity or some other form of voluntary, not for profit organisation. It is important to emphasise that, although that commitment to provide support may be relatively short term, the people receiving the support will typically have normal lifespans, no realistic prospect of a change in their needs and limited choice of accommodation in a particular area. Given the underlying statutory obligations which fall on local authorities, even though funding may be agreed in short to medium term tranches, the likelihood in practice is that that financial support will be long-term as a matter of necessity.

Over the last three years or so, a growing number of investors have been drawn to this market through the appeal of higher yields than may be available from some other forms of residential or commercial property assets, in an area defined by delivering social good, and where the risk to the investor is generally mitigated by the letting of properties to RPs on leases drawn on full repairing and insuring terms, with index-linked rents and over relatively long lease terms. Where the rental income is also wholly underpinned by housing benefit, the investment appeal should be clear.

Leases of such specialist supported housing are typically structured for minimum terms of 10 years but more commonly set at 20, 25 or 30 years (or, in a few cases, longer). They are typically on full repairing and insuring terms, with a specialist RP or similar charitable organisation taking on responsibility for facilities management and with rents linked to CPI (either CPI only or CPI plus 1%) with annual reviews. Underlying the RP there will normally be a specialist care provider which will grant the tenancy agreement to the person in need of the housing.

More of this type of accommodation is being delivered to meet high and unsatisfied demand, either through the conversion of residential properties; the conversion and refurbishment of buildings previously in other uses, such as small care homes, or in some cases commercial buildings, or through direct development. Accurate data on the market is hard to find, but we understand that, currently, only about 10,000 people are accommodated in specialist supported housing. But there are 210,000 people in the UK reported to have a severe learning disability, and therefore only about 5% of the potential market is currently being met in the most appropriate type of accommodation. Others will either be in institutional care or being cared for by friends and family. Moreover, in supported housing more widely



(including sheltered housing), there are about 400,000 people. The government has said that it expects that demand for specialist supported housing will rise by 1% pa for the next 15 years.

Our involvement in this market as both advisors and, in some cases, as investment agents, has presented a picture of a relatively small but growing number of investors, backed by both institutional and private capital, bidding increasingly competitively for opportunities that come to market; or in many cases working off-market to secure opportunities with RPs, private or corporate investors and so-called aggregators.

As a result of growing competition and a recognition of the attractions of the asset class, we have seen net initial yields in the market reduce over the last three years or so, as investors have come to terms with the fundamental characteristics of specialist supported housing and the need to deploy capital.

First Priority Housing Association

As the specialist supported housing market has grown over the last few years, so the number of specialist RPs owning, leasing and managing properties in this sector has increased. These RPs are generally recently formed, and therefore have limited trading histories; and many have business models which rely on leasing their properties rather than ownership. This lack of an asset base makes them dependent on pure revenue and cashflow, rather than being able to support themselves and grow partly through debt, as larger RPs would normally do.

Despite their relatively weak resulting covenant strength, these RPs have generally proved to be reliable counterparties on leases held by investors in this sector, underpinned as they are by cashflows which ultimately stem from government and flow through occupying tenants and care providers, and thus through the RPs as lessees to investors.

However, recently, one such RP, First Priority Housing Association (FPHA) has unfortunately run into financial and regulatory difficulty which has been covered in the specialist housing press. FPHA leases 227 properties providing 1,075 bedspaces from 26 different private landlords, at least one of which is a listed REIT. A Regulatory Notice was issued by the RSH in February 2018.

At the time of writing, and to the best of our knowledge, we understand that FPHA is experiencing some financial strain and is therefore in talks with its lender, landlords and other stakeholders (with the active engagement of the RSH) to resolve its financial difficulties through a combination of measures which we assume (out of which we have no inside knowledge) could, in principle, include assigning some of its leases to other RPs; reducing rent levels in return for longer leases; and/or altering the basis of rent review under some of its leases, for example where annual increases are over CPI. This is a live situation which could change rapidly in the days or weeks ahead.

The RSH has taken an active role in addressing FPHA's issues and improving its governance, the latter through the appointment of three new non-executive Directors to strengthen the Board. FPHA has also been reported as taking independent advice from appropriate professional firms. At the time of writing, we understand from various sources in the public domain that FPHA expects its current difficulties to be resolved satisfactorily and without material detriment to investors. However, other outcomes are possible and it is a situation on which the sector around the provision of specialist supported housing is keeping a close watch.

We should add that, as valuers, we would always take account of the covenant strength of a tenant RP when assessing the Market Value of a property subject to a lease. Covenant strength is one factor in a balanced judgement on the merits of a particular investment property along with other factors including location, condition, fitness for purpose and the level of both investor and underlying occupier demand for such property within the particular area.

Supported Housing Funding

The funding of supported housing, which as noted above is or can be relatively high in relation to conventional market housing (and therefore has an impact on housing benefit) has been a focus of concern for government. In November 2016, the Government launched a consultation on options for

the future funding of supported housing. This consultation, through the Department for Work & Pensions (DWP), closed in February 2017.

There were plans to cap rents in the social housing sector, in both general needs and supported housing, at the level of Local Housing Allowance (LHA), which means the maximum amount that is paid in housing benefit in a given area and for a given size of accommodation.

These proposals caused widespread concern amongst RPs and their funders. The Government has also previously stated its intention to bring forward a Green Paper on detailed models for future supported housing funding, which it originally intended to publish in the spring of 2017, but did not do so.

Nevertheless, in order to overcome damaging uncertainty about the reliability of future funding, government did announce last October that supported housing (including specialist supported housing) would not be subject to a funding cap in line with LHA. A parallel intention to cap social rents in line with LHA has also been dropped.

Due to the funding pressures and high costs of specialist supported housing, the risk was seen as particularly acute; and was leading to decisions by RPs to postpone or cancel investment in development projects that would have been reliant on funding in excess of LHA for future financial viability.

Whilst the decision that supported housing would not be subject to the LHA cap was very welcome news, and showed that the government recognises that supported housing is far more costly to provide than general needs housing, and that it must ensure its continued financial viability and provision, it is still likely that government will introduce a new funding model in due course. This seems likely to provide for no less an amount in terms of overall funding, but with a system of top-up payments for any amount over and above LHA controlled and allocated by local authorities.

Provided therefore that schemes currently enjoy local authority support (although there is no guarantee that that would continue) and given the statutory obligations on the part of local authorities, it seems reasonable to assume that they would do so.

At the time of writing, the timing of any government announcements in this area remains uncertain, given competing priorities for government time including in particular in the housing area, the conclusions to be drawn from the Grenfell Tower tragedy and the possible future changes to housing design, maintenance and management that may flow from the various inquiries once conclusions are reached.

To be clear, as things stand, we see no reason to doubt the government's recent statements that both the total amount of funding provision will be the same as it would otherwise have been and no lower; and, secondly, that top-up funding will be "ring-fenced" and thus protected in the local authorities' hands to ensure essential continued support for vulnerable people. This should mean, in turn, that the long-term financial viability of specialist supported housing, as both a social support infrastructure and as an investment medium, should remain robust.

Our experience in the transactional market is that a growing number of investors have confidence in the ability of RPs in that sector to continue to meet their financial obligations in the long-term; and that those organisations will continue to be made financially viable by the underlying financial system of support for some of the most vulnerable people in our society.

The Private Rented Sector

According to the EHS for 2016-2017, 20% of the total housing stock in England is in private rented tenure. This may be compared with 10% owned (mostly let) by housing associations, and 7% let by local authorities, with the remaining 62% in owner occupation.

However, those figures as a snapshot do not reveal the significant underlying trend. As the population has risen and pressures have been placed on the housing stock of the UK, there has been a demographic shift – a significant growth in the private rented sector. Private renting was in decline for



many years, going back to the surge in suburban housebuilding between the wars, and with the rate of decline accelerating again in the 1950s. However, the nadir was reached in 1992, since when private renting has enjoyed a gentle resurgence which has significantly gathered pace over the last 15 years or so. As the above figures show, private renting now outstrips both housing association and local authority social renting, having overtaken it in 2011.

Between 2010 and 2015, the number of households in the private rented sector increased by nearly 30%, or over 5% per annum. This level of growth represents an additional 923,000 households over the period. The growth has been concentrated in urban areas, forming part of the mass urbanisation that is occurring across the globe.

While there has been overall growth in the proportion of households within the private rented sector it has been most pronounced within the younger generation: 58% of private renters are aged between 25 and 44 years old. There has been a particularly strong rise in the number of private rented households in the 25 to 34 year old group, where it is now the most common tenure, accounting for 46% of households compared with just 21% in 2004. In London in particular, private renting has surged by 14% in the last ten years compared with barely a 2% increase in owner occupation and a drop in social renting (despite the overwhelming demand for more affordable homes).

Some of this growth in private rented households has undoubtedly been driven by the affordability of home ownership. As homes have become less affordable, so the average age of renters has increased. The average age of first-time buyers in the UK is now 31 (according to Halifax), up from 29 years old in 2008. This has increased the expectations that renters have of the quality of rented properties and the property management they receive.

But this is not the only reason. The UK is also witnessing a change in attitudes towards renting. The sector was once seen as a stop-gap solution prior to fulfilling the dream of ownership. However, it is starting to emerge as a tenure of choice. Renters, especially "millennials", are starting to see that renting offers a range of benefits compared with ownership, including: greater flexibility; a sense of community in some schemes; a range of amenity options (ditto); convenience; and the ability to live in central locations.

A key point is that 63% of all private renters are in full time work, compared with 52% of owner occupiers and just 30% of social renters. The other two-thirds of private renting tenants (in round terms) are made up of those in part time work, students and retired or otherwise inactive people, with just 4% unemployed. Private renters should therefore be relatively appealing to landlords and certainly not in short supply in most areas of the country.

However, the private rented sector is very fragmented in terms of its ownership. The majority of private rented residential stock in the UK is still held by buy-to-let investors. The great majority of those in private rented accommodation rent their homes from small private or "accidental" landlords, the great majority of whom own only one or two homes (the national average is about 1.8).

It is widely recognised, however, that there are opportunities for introducing more professional and financially efficient operations to the private rented market. Large landlords with a clear business focus can provide and manage high quality homes in concentrated schemes, where tenants can enjoy greater security of tenure and higher standard of service.

There is now a significant and established movement towards the development and management of purpose-built schemes for private renters, known as Build to Rent (BTR). Such schemes are being built to scale, with the layout of units suiting renters who are often sharing and therefore prefer equally-sized rooms separated by a shared living room; and provide amenity space in a professionally managed environment. There are several specialist developers in this sector, some of whom have imported their experience and knowledge from the United States; and a number of institutional investors actively engaged.

For example, during 2017, the first PRS REIT focusing purely on the private rented sector was launched by Sigma Capital Group plc on the London Stock Exchange. £250 million of capital was raised and the issue was reported at the time as being significantly oversubscribed. Moreover, the HCA (as it then was)



supported the new REIT with a direct investment of circa £25 million. The principal focus of the REIT will be on the delivery of large scale housing schemes for the private rented sector across England, with a focus on large employment centres outside London.

There are many similarities and synergies between the more mature student accommodation sector, and developing bespoke product for rent such as BTR or “co-living”. Such larger scale developments offer the opportunity to incorporate facilities that are more commonly found in purpose-built, up-market student halls, which include delivery reception areas, gyms, cinema rooms, common rooms and entertaining suites. Investors recognise the place-making opportunity that purpose-built private rented stock can provide to large scale regeneration, as well as single asset opportunities in strong and emerging rental markets.

There is significant support at both government and local planning authority level, which has been addressed in the Housing White Paper Released in 2017. The government has acknowledged that the PRS and BTR sectors will have a key role to play in the housing plan going forward, which has marked a significant shift away from the usual push for home ownership.

Special measures have been implemented to support this development and encourage institutional investment, through: exploring alternative forms of construction such as modular; promoting the availability and offer of longer tenancy lengths; discounted market rents in lieu of traditional affordable housing; as well as covenants being used to assist with the viability and reducing pressure on the need for a specific use class designation.

The government also see the PRS/Multifamily sector as a good opportunity to stimulate new home construction and unlock stalled sites in the development pipeline. The government has pledged to provide more funding into this sector totalling £10bn in government-backed guarantees. Recently, Venn Partners has been announced as one of the first partners having launched a £265m UK PRS bond with varying maturities of between 10 to 30 years. This is an important step in strengthening the sector and increasing supply. Two further bonds have been successfully released, the last in September 2017 for £88.7m.

London and Manchester have been the predominant beneficiaries for the initial BTR schemes launched. However, investors are now shifting their strategies to identify income growth opportunities in other UK cities. As a result, over the past 12 months, there have been several large-scale residential deals completed in new areas.

The majority of London and South East investment activity is weighted towards suburban locations, alongside stations or in city centre regeneration schemes in the commuter belt, in towns such as Reading, Woking, Milton Keynes and Dartford. Other regional centres such as Bristol, Liverpool, Leeds and Birmingham have also benefited from an influx of institutional investment over the last few years due to their favourable demographics, strong employment opportunities, good universities and transport links.

More recently, a ripple effect has seen an increase in a wider range of major regional cities such as Cardiff, Bath, Southampton, Brighton & Hove, Newcastle, Leicester, Sheffield, Edinburgh and Glasgow, as investors seek less mature markets ahead of their competitors, offering the potential to establish a presence and attract tenants from existing housing stock in the area.

Although there is still a lack of “stabilised”, purpose-built PRS stock, there are a number of schemes which have been completed and released into the rental market since 2016, predominantly in London and Manchester. As a result of the shortage of completed assets, investors are turning towards forward funding and joint venture models, partnering with national house builders or developers in order to secure the stock they require. We expect this trend to continue. Institutions are increasingly identifying opportunities to purchase stabilised PRS stock where available, albeit most of the schemes transacted to date have been adapted for the rental market.



Conclusion

In conclusion, the social housing sector in the UK today stands at a crossroads. There is political support across the board for the provision of more affordable homes, with substantial financial support available from government for delivery of those homes and, with it, the achievement of a step change in supply.

But no matter how much support government makes available, whether in the form of direct or indirect subsidy, it is never realistically going to be sufficient on its own. Alongside government support, there is a huge need for private finance in the form of both debt and equity investment. It appears to us that, at present, the pressing need for investment in housing as essential social infrastructure coincides nicely with the desire of RPs to borrow and the willingness of the debt market to lend.

In addition, alongside debt, there is a great deal of institutional money looking to invest in residential property generally, including specifically in affordable housing, because of the investment characteristics and social benefits of the sector, as well as through a growing recognition that investment in all tenures of housing is essential social infrastructure.

Faced with the political and social imperative, and tangible government support, and the financial opportunity, we would argue that RPs are better placed than any sector to meet and deliver the government's housing agenda. House builders have finite capacity (whether by design or otherwise) and generally only build for sale. Only RPs combine both the capability and the desire to develop, build and retain as many homes as possible, across multiple tenures; and to do so by working along and in partnership with government, local authorities and financial stakeholders; and with a vested interest in building sustainable, well managed communities.

Whilst we would not suggest that RPs alone can solve the UK's housing crisis, they certainly have a leading part to play and have demonstrated, over the last 30 years or so of increasing reliance on private finance, that they are adaptable, agile, well-run and financially resilient, as they have continued to thrive in a financial, economic and political environment which has often been challenging and which has included probably the most severe economic downturn in living memory.

The social housing sector is now positioned and regulated in a way that should enable it to think and behave in a more commercial fashion than ever before, whilst retaining its essential social purpose. It embraces the development, ownership and management of a wide range of assets for both the conventional and specialist housing markets. And the commercial imperative it faces is already leading to RPs adopting new financial models, focusing on their strengths as property managers, rather than necessarily as owners.

This landscape should present a growing number of opportunities for investors in greater quantity and diversity than have arisen at any time in the last 30 years. Moreover, the fundamental imbalance of supply and demand for homes in this country, including particularly affordable homes, should mean that occupier demand for the product remains high and therefore affordable housing should provide a diverse market of investors with partnering relationships and a sustainable source of income for the long-term.

Responsibility

Save for any responsibility which we may have to these persons to whom this report is expressly addressed and save for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules as and to the extent therein 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, required by and given solely for the purposes of complying with item 23.1 of annex 1 to the Commission Regulation (EC) No.89/2004, consenting to its inclusion in the Prospectus.

Disclaimer

In providing our report, we are not making any recommendations to any person regarding the Prospectus in whole or in part and are not expressing any opinion on the terms or merits of any



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

Declaration

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

Yours faithfully,

Richard Petty BA FRICS
Lead Director – Residential Advisory
For and on behalf of Jones Lang LaSalle Limited

PART 5

DIRECTORS MANAGEMENT AND ADMINISTRATION

1. DIRECTORS

The Directors are responsible for the determination of the Company's investment objective and investment policy and have overall responsibility for the Company's activities including the review of investment activity and performance.

The Directors may delegate certain functions to other parties, such as the Investment Manager, the Administrator and the Registrar. In particular, responsibility for managing the assets comprised within the Portfolio has been delegated on a discretionary basis to the Investment Manager subject to the overall supervision of the Board.

The Directors will meet at least four times a year. The Directors (including the Chairman) are all non-executive directors and independent of the Investment Manager.

The Directors are as follows:

John Heawood (Chairman) (aged 65)

John has 40 years' experience as a Chartered Surveyor advising a broad range of investors, developers and occupiers. In 1987 he became a partner, and subsequently a director, of DTZ responsible for the London-based team dealing with industrial, logistics and business park projects across the UK. He was appointed to the board of SEGRO plc in 1996 and was responsible for its UK business for the next 12 years. As a group director and member of the executive committee he was actively involved with SEGRO's refocusing on the UK and Europe with the sale of its Californian biotechnology assets and the development of its logistics business in Continental Europe. From 2009-2013 he was managing director of the Ashtenne Industrial Fund, a £500 million multi-let industrial and logistics portfolio managed by Aviva on behalf of 13 institutional investors. John is currently a non-executive director of Aberdeen Standard European Logistics Income PLC and Place Partnership Limited, a member of the finance and general purposes committee of the Royal Veterinary College and a trustee of Marshalls Charity, a Southwark-based charity established in 1631. John holds a BSc in Estate Management and a MSc in Rural Planning Studies from the University of Reading.

Matthew Thorne (Non-Executive Director) (aged 65)

Matthew qualified as a chartered accountant in 1978 with Price Waterhouse. He is currently an independent non-executive director of Custodian REIT plc, chairing the audit committee and was also an independent non-executive director of The Bankers Investment Trust plc from 2009 to 2018 where he also chaired the audit committee. Since May 2007 has been an adviser to Consensus Business Group. He is also an advisory board and panel member of Greenwich Hospital, the long established navel charity. Matthew's previous executive roles have included Group Finance Director of McCarthy & Stone plc from 1993 to 2007, Finance Director of Ricardo Group plc from 1991 to 1992 and Investment Director of Beazer plc from 1983 to 1991.

Catherine Wilson (Non-Executive Director) (aged 52)

Catherine is a qualified solicitor with over 25 years' experience of working with public and private sector entities across a diverse range of sectors and projects. After leaving the legal profession in 1995, she worked as a Director at KPMG Corporate Finance until 2003 when she joined Ernst & Young LLP to head their Northern Infrastructure team. At the beginning of 2010 Catherine set up her independent consulting business, where she continues to provide services to public sector institutions and private sector entities on infrastructure and project finance initiatives, joint ventures, reorganisations and operational efficiencies, project feasibility and appraisal. Catherine is a non-executive director of The Regenda Group and two subsidiaries of the Eric Wright Group. She also acts as a board adviser to The Sewell Group.

David Wylde (Non-Executive Director) (aged 67)

David is a Public Sector CIPFA qualified accountant. David worked in the public sector for 16 years reaching the position of Director of Finance for The Commission for New Towns, Corby between 1976 and 1983. He then spent over seven years working in banking, specialising in public sector and tax related transactions. In 1990 David set up his own business structuring and arranging project finance with a particular bias towards off balance sheet public sector transactions. Following completion of England's first school PFI transaction in 1998 David set up DWPF Ltd to specialise in PFI/PPP transactions and is still currently Managing Director. DWPF employs 24 people and has successfully arranged and advised on over 150 transactions valued at over £6 billion. In 2017 David set up DWPF Services Limited, which is a financial model audit and build specialist business such that the DWPF group can provide the full range of services in project finance from model build to structuring and arranging finance and finally model audit.

2. THE INVESTMENT MANAGER

The key personnel of the Investment Manager are:

Harvey Griffiths – Founder and Chief Executive Officer

Harvey is responsible for the day-to-day running of the Investment Manager and heads the investment process. He brings over 25 years of infrastructure and real estate investment, long-lease and operational experience having worked on more than £3 billion of public and private deals. Previous roles include Managing Director at Energy Capital Advisers Ltd (a provider of strategy, deal origination, structured finance and investment advice to real estate and infrastructure investors) where he set up and ran a PV energy and a social housing financing business for Morgan Sindall Investments. Prior to that Harvey was an Investment Director at Consensus Capital Ltd, one of the UK's largest freehold ground rent investment/financing businesses, where he was responsible for originating, negotiating and executing investments in renewable energy, infrastructure, utilities and residential property. Harvey commenced his career with Veolia Environment where he was involved in infrastructure planning, delivery, financing and investing in regulated water assets, which included four years at Dalkia/EDF in strategy, acquisitions, finance and investment in non-regulated energy infrastructure. This was followed by two years as Group Business Development Director at Gleeson Group plc which provides housing regeneration, infrastructure engineering services and strategic land trading.

Paul Casey – Property and Asset Director

Paul is responsible for the monitoring of the Investment Manager's residential property assets, leases, property management performance (oversight of property managers) and asset servicing/monitoring. He started his career with Crown Estate before joining Woolwich Building Society to assist with the development of a funding regime for Housing Associations and contributed to the growth of private market sale and private rent homes for Woolwich Homes. In the mid-1990s Paul moved to Derwent Living to promote commercial development opportunities. As Director of Development and Assets, Paul led a team to deliver more than 10,000 new homes and student bed spaces and 500 PRS homes creating a facilities management company to support the growth of the business. Paul is currently a board member of two Housing Associations advising on asset management and development functions.

Sean Cufley – Finance Director

Sean qualified as a chartered accountant with Price Waterhouse in 1983 and joined the Investment Manager in 2015 as finance director, responsible for financial information and general management. With more than 30 years' experience as a finance director, Sean has worked for both quoted and private companies and has extensive experience in the UK real estate sector. His responsibilities have included raising finance, joint ventures, acquisitions and disposals, new business research and initiation, maintaining bank relationships, contract negotiation, property letting and negotiation and purchase and sale of investment properties. Sean has worked in a variety of industries, at firms such as Krasny Selo Developments plc, Access Self Storage Limited, Lloyds Environmental Waste Management Ltd and Capital Tech plc.

2.1 The Investment Management Agreement

Under the terms of the Investment Management Agreement, the Company has appointed the Investment Manager as sole discretionary investment manager to the Company with responsibility for performing the functions of portfolio management and risk management in relation to the Portfolio in accordance with the AIFM Directive and the AIFM Regulations.

Fees payable to the Investment Manager

Pursuant to the terms of the Investment Management Agreement, the Investment Manager is entitled, with effect from Admission, to receive a tiered annual management fee (the “**Annual Management Fee**”) calculated based on the Net Asset Value on the following basis:

<i>Net Asset Value</i>	<i>Annual management fee (percentage of Net Asset Value)</i>
On such part of the Net Asset Value that is less than or equal to £500 million	1.00 per cent.
On such part of the Net Asset Value that is more than £500 million but less than or equal to £750 million	0.9 per cent.
On such part of the Net Asset Value that is more than £750 million but less than or equal to £1 billion	0.8 per cent.
On such part of the Net Asset Value that is more than £1 billion	0.7 per cent.

In addition, the Investment Manager shall be entitled to a fee of £30,000 per annum for acting as the Company’s full-scope AIFM.

No Annual Management Fee shall be charged on uninvested funds until such time as 75 per cent. of the Gross Proceeds have been invested.

The Annual Management Fee is payable quarterly in arrears, save for any period which is less than a full calendar quarter.

The Investment Manager has agreed that 10 per cent. of the Annual Management Fee (net of applicable taxes) shall be applied by it in subscribing for or acquiring Shares.

In addition, the Investment Manager is entitled to reimbursement for all cost and expenses properly incurred by the Investment Manager in the performance of its duties under the Investment Management Agreement.

There are no performance, acquisition, exit or property management fees payable to the Investment Manager.

The Investment Manager may at its discretion enter into arrangements with certain investors pursuant to which it will rebate to such investors a portion of its management and performance fees received from the Company.

Term and termination

The initial term of the Investment Management Agreement is five years commencing on Admission (the “**Initial Term**”).

The Company may terminate the Investment Management Agreement by giving the Investment Manager not less than 12 months’ prior written notice such notice not to be served prior to the end of the Initial Term.

The Investment Manager may terminate the Investment Management Agreement by giving the Company not less than 12 months’ prior written notice such notice not to be served prior to the end of the Initial Term.

The Company shall be entitled to terminate the Investment Management Agreement at any time if, inter alia, the Investment Manager goes into liquidation (or other insolvency event), ceases to be qualified to be authorised as a full-scope AIFM, if the FCA requires such termination or if a material breach has been committed by it which (if capable of remedy) has not been remedied within thirty days.

The Investment Manager and the Company shall be entitled to terminate the Investment Management Agreement if the Company or the Investment Manager goes into liquidation (or other insolvency event).

3. CONFLICTS OF INTEREST

The Investment Manager has functionally and hierarchically separated the performance of its portfolio or risk management tasks from other potentially conflicting tasks, and potential conflicts of interest are properly identified, managed, monitored and disclosed.

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

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

The Investment Manager has regard to its delegated obligations under the Investment Management Agreement or otherwise to act in the best interests of the Company, so far as is practicable having regard to its obligations to other clients, when potential conflicts of interest arise. In the event of a conflict of interest arising, the Investment Manager will ensure that it is resolved fairly and in accordance with the COB Rules and in particular, that any transactions are effected on terms which are not materially less favourable to the Company than if the potential conflict had not existed. The COB Rules require the Investment Manager to ensure fair treatment of all its clients. The COB Rules also require that when an investment is made it should be allocated fairly amongst all of its clients for whom the investment is appropriate. In particular, the Investment Manager uses its reasonable efforts to ensure that the Company has the opportunity to participate in potential investments identified by the Investment Manager which fall within the Company's investment objective and investment policy, on the best terms reasonably obtainable at the relevant time with the aim of ensuring that the principle of best execution is attained in accordance with the COB Rules.

4. OTHER ARRANGEMENTS

4.1 Administrator

Link Alternative Fund Administrators Limited has been appointed as Administrator to the Company. The Administrator provides the day-to-day administration of the Company and is also responsible for the Company's general administrative functions, such as the calculation and publication of the Net Asset Value, in consultation with the Investment Manager, and maintenance of the Company's accounting records.

Under the terms of the Administration Agreement, the Administrator is entitled to an administration fee of £65,000 per annum (exclusive of VAT) and in addition, an *ad valorem* fee of one basis point on assets under management in excess of £250 million, subject to any additional fees depending on increased activities of the Company. The Administration Agreement shall continue until terminated by either party giving three months' notice.

Further details of the Administration Agreement are set out in paragraph 7.6 of Part 9 of this Prospectus.

4.2 Company Secretary

Link Company Matters Limited shall provide company secretarial functions required by the Companies Act. The Company's statutory records will be maintained at the Company's registered office.

Under the terms of the Company Secretarial Services Agreement, the aggregate fees payable to the Company Secretary are expected to be approximately £55,000 per annum (exclusive of VAT). The Company Secretary is also entitled to reimbursement of all reasonable out of pocket expenses incurred by it in connection with its duties.

Further details of the Company Secretarial Services Agreement are set out in paragraph 7.7 of Part 9 of this Prospectus.

4.3 Depositary

INDOS Financial Limited has been appointed as Depositary to the Company. The Investment Manager is authorised by the FCA as a manager of AIFs for the purposes of the AIFM Directive and is required, in accordance with the AIFM Directive and the AIFM Regulations, to ensure that a single appropriately authorised depositary is appointed to perform certain activities such as monitoring the Company's cash flows, safeguarding certain assets of the Company and performing general oversight over the Company. The Depositary is entitled to be paid a depositary fee equal to: (i) 0.015 per cent. per annum of the Net Asset Value up to £200 million; (ii) 0.01 per cent. per annum of the Net Asset Value from £200 million to £500 million; and (iii) 0.005 per cent. per annum of the Net Asset Value over £500 million, subject to a minimum fee of £30,000 per annum (plus VAT if applicable). The costs of such services are borne by the Company.

Further details of the Depositary Agreement are set out in paragraph 7.5 of Part 9 of this Prospectus.

4.4 Registrar

The Company utilises the services of Link Asset Services as registrar in relation to the transfer and settlement of Shares. Under the terms of the Registrar Agreement, the Registrar is entitled to an annual maintenance fee of £1.20 per Shareholder account per annum, subject to a minimum fee of £4,500. The Registrar is also entitled to activity fees under the Registrar Agreement.

Further details of the Registrar Agreement are set out in paragraph 7.8 of Part 9 of this Prospectus.

4.5 Auditor

BDO LLP provides audit services to the Company. The annual report and accounts will be prepared according to the accounting standards laid out under IFRS. The fees charged by the Auditor depend on the services provided and on the time spent by the Auditor on the affairs of the Company. The Auditor's fee for the financial period ended 30 June 2019 is expected to be £115,000 (exclusive of VAT).

5. FEES AND EXPENSES

5.1 Issue expenses

The issue expenses of the Company are those that arise from or are incidental to the Issue and Admission. These expenses include commissions payable under the Placing Agreement, Receiving Agent's fees, listing and admission fees, printing, legal and accounting fees and any other applicable expenses and will be paid at Admission out of the Gross Proceeds. These expenses do not include costs incurred in connection with the acquisition of the Initial Portfolio.

On the assumption that Gross Proceeds of £125 million are raised pursuant to the Issue, the expenses payable by the Company are anticipated to be approximately £2.1 million (equivalent to 1.7 per cent. of Gross Proceeds).

5.2 On-going annual expenses

Assuming Gross Proceeds of £125 million, the Company's ongoing annual expenses are currently expected to amount to 1.6 per cent. of Net Asset Value per annum assuming a Net Asset Value on Admission of £122.9 million, calculated according to current AIC guidance.

The fees and expenses for the various services are set out in this Part 5. Given that many of the fees are irregular in their nature, the maximum amount of fees, charges and expenses that Shareholders will bear in relation to their investment cannot be disclosed in advance.

6. CORPORATE GOVERNANCE

The Company will comply with the provisions of Chapter 9 of the Listing Rules regarding corporate governance. Chapter 9 of the Listing Rules requires that the Company must “comply or explain” against the UK Corporate Governance Code. In addition, the Disclosure 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 systems.

The Directors recognise the value of the UK Corporate Governance Code and have taken appropriate measures to ensure that the Company complies, so far as is possible given the Company's size and nature of business, with the UK Corporate Governance Code. The areas of non-compliance by the Company with the UK Corporate Governance Code are in respect of the provisions relating to:

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

The Board considers these provisions are not relevant to the position of the Company because it is an externally managed investment company and it has no employees and therefore no requirement for a chief executive and by reason of the size and composition of the Board.

As at the date of this Prospectus, the Company complies with the AIC Code and will become a member of the AIC shortly following Admission. In accordance with the AIC Code, the Company meets its obligations in relation to the UK Corporate Governance Code.

6.1 The Board and Board Committees

The Chairman is John Heawood and the Senior Independent Director is Matthew Thorne.

The Board considers each of the Non-Executive Directors (including the Chairman) to be independent for the purposes of the UK Corporate Governance Code. A majority of the Board will at all times be independent of the Investment Manager.

The full Board will meet at least four times a year to consider general matters affecting the Company and otherwise as required. Committee meetings comprising any two or more Directors will meet on an ad hoc basis to consider transactional and related matters concerning the Company's business.

The Board has established an Audit Committee and a Management Engagement Committee. These committees will undertake specific activities through delegated authority from the Board. Terms of reference for each committee have been adopted and will be reviewed on a regular basis by the Board. The Board as a whole will undertake the functions of the remuneration and nominations committees.

6.2 Audit Committee

The Audit Committee comprises Catherine Wilson, David Wylde, and Matthew Thorne (who is Chairman and is considered to have recent and relevant financial experience). The Audit Committee will meet at least twice a year. There are likely to be a number of regular attendees at meetings of the Audit Committee, including other members of the Board and the Company's external auditors.

The Audit Committee will be responsible for ensuring that the financial performance of the Company is properly reported and monitored. The Audit Committee reviews the annual and interim accounts, the accounting policies of the Company and key areas of accounting judgment, management information statements, financial announcements, internal control systems, risk

management and the continuing appointment of auditors. It also monitors the whistle blowing policy and procedures over fraud and bribery.

Due to its size, structure and the nature of its activities, the Company does not have an internal audit function. The Audit Committee will continue to keep this matter under review.

6.3 Management Engagement Committee

The Management Engagement Committee is chaired by John Heawood and comprises the entire Board. The Management Engagement Committee will meet at least once a year or more often, if required. Its principal duties will be to consider the terms of appointment of the Investment Manager and it will annually review that appointment and the terms of the Investment Management Agreement. The Management Engagement Committee will also review the terms of appointment of other key service providers to the Company.

6.4 Directors' share dealings

The Directors will comply with the share dealing code adopted by the Company in accordance with the Market Abuse Regulation in relation to their dealings in Shares. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the share dealing code by the Directors in relation to their dealings in Shares.

PART 6

VALUATION REPORT



Horizon Long Lease Housing L.P.
C/o Tallis House
2 Tallis Street
London EC4Y 0AB

Jones Lang LaSalle Ltd
30 Warwick Street London W1B 5NH
tel +44 (0) 20 7493 4933

jll.co.uk

Your ref
Our ref RXP/MN/lb
Direct line
Direct fax
Mobile 07767 413 631

@eu.jll.com

Horizon Secure Residential Leasing L.P.
C/o Tallis House
2 Tallis Street
London EC4Y 0AB

Dear Sirs,

Horizon Long Lease Housing LLP and Horizon Secure Residential Leasing LP

Jones Lang LaSalle Limited ("JLL") has been instructed by Horizon Long Lease Housing LLP ("HLLH") and Horizon Secure Residential Leasing LP ("HSRL") (together the "Clients") to provide valuation advice in relation to their asset base (the "Properties"). The Properties are currently let as market rented, affordable and supported housing and are leased to various Registered Providers of Social Housing.

Purpose of Valuation

JLL has been instructed to provide a formal valuation in accordance with the Terms of our Engagement Letter addressed to the Clients dated 20 April 2018. The valuation is required solely for the purpose of this document and for use in connection with the Placing and Offer for Subscription of Ordinary Shares of one pence each (the "Shares") in the capital of Horizon Housing REIT PLC (the "Company") and the admission of the Shares to the premium segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities (together the "Transaction") and the prospectus to be issued by the Company in connection with the Transaction (the "Prospectus").

Our opinions of value given in this report may be used for this purpose only, and may not be relied upon by, or shared with, any third parties for any other purpose, including expressly not for loan security purposes. However, as noted above, reliance on our report is extended to the Company and Winterflood Securities Limited, in its capacity as Sponsor, Financial Adviser and Bookrunner.

Disclosures

Our valuations have been prepared in accordance with the Royal Institution of Chartered Surveyors' Valuation – Professional Standards, July 2017, Global and UK Edition (commonly known as the "Red Book"). Our valuations may be subject to monitoring by the RICS.

In addition, we are pleased to include various information requested in recommendations by The European Securities and Markets Authority (ESMA) (formerly The Committee of European Securities Regulators (CESR)) in this report.

Jones Lang LaSalle Limited
Registered in England & Wales Number 1188567
Office 30 Warwick Street London W1B 5NH



This valuation report has been prepared by Richard Petty, Lead Director for Residential Advisory (#0089005) and counter signed by Mark Nevett, Director. Richard and Mark are both Registered RICS Valuers.

Mark Darby and Harriet Mitchell, both Associate Directors at JLL and Registered Valuers, numbers 1202457 and 5601119 assisted in the preparation of the valuations. We confirm that all the staff involved have appropriate professional experience of dealing with the types of properties represented in the various portfolios.

JLL has valued every portfolio purchased by HLLH and HSRL since their first in early 2015.

JLL recognises the concern that, where a valuer responsible for a valuation with third party reliance holds that responsibility for many years, there may be a possibility that a threat of familiarity, with either the client or the properties being valued, may arise leading to the perception that the valuer's independence and objectivity could be compromised.

We therefore aim to initiate discussions concerning rotation of signatories at Year 5 of an instruction, with any changes implemented in Year 7.

We confirm that we are acting as an external valuer and as an independent expert and that we have the knowledge, skills and understanding to undertake the valuation.

We further confirm that, in relation to our preceding financial year, the proportion of the total fees payable by the Client to our total fee income was less than 5% and is therefore minimal.

Basis and Date of Valuation

Our valuation advice has been prepared on the basis of Market Value, according to the definition published in the Red Book, which reads as follows:

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

The Valuation Date is 31 December 2017. We confirm that we are aware of no material changes to the Properties which would adversely affect our opinion of value since the valuation date.

This valuation has been carried out on a desktop basis, although JLL has inspected all the Properties in the last 3 years and we therefore have a good and sufficient knowledge of them.

The Properties were inspected on the dates given in the attached schedule at **Appendix 1**.

Sources of Information

We have relied on property information provided by the Clients, particularly in respect of the current rent roll. We have received a property schedule which has included the following information:

- Addresses;
- Tenant;
- Lease start date;
- Next rent review date;
- Rent review basis (indexation);
- Current Annual Rent;
- Residue of the Term; and
- Lease end date.

We have not verified this information nor reviewed leases for the Properties but have relied on the information as being complete and accurate. We have also relied on building condition reports provided

by the JLL Building Consultancy team in some cases, where available as part of our original acquisition advice.

Valuation Approach

We have formed our opinion of value of the portfolio using an investment approach. This means that we have considered the rental income currently payable; the next uplift due in that income on review; the likelihood of a continuation of that rental income – with growth in relation to inflation – over the remaining terms of the individual leases; and then a long-term reversion which, in our opinion, should be based on the likely ability of the Properties to continue to generate rent through market renting or affordable or supported housing occupation, as distinct from a reversion to vacant possession value.

We recognise that there is, of course, a risk involved in both assessing the value of the rental income over the remaining terms of the leases and a greater risk in predicting that income will continue beyond the end of the existing leases. However, that is a balanced judgement which, in our view, can properly be reflected in the exit yield applied to the final year's income and in the overall return to a purchaser.

We believe it should suffice to record here that our valuations are based on information provided by HLLH and HSRL and have been prepared using established methodologies of discounted cashflows, reflecting the income flows both current and expected to the respective owners of the portfolios over both the remaining terms of the existing leases and with assumed reversions to future leases on essentially the same terms. We have expressly not assumed a reversion to Market Value with vacant possession. In all cases, HLLH or HSRL owns either the freehold or long leasehold interest in the properties.

In all cases, the leases granted to current tenants are on full repairing and insuring terms, whilst the occupation of the properties is on the basis of either assured or assured shorthold tenancies. For the supported housing properties, there will also be a separate care agreement in place for the provision of care to residents from third party care providers.

Our valuations are concerned only with the rental income payable by the tenants of HLLH and HSRL, holding the leases. Neither HLLH nor HSRL bears any responsibility for the management, maintenance or repair of the properties during the terms of the leases. Accordingly, the gross income receivable is equivalent to the net income.

There is an established investment market for properties of this nature, let on full repairing and insuring leases of sufficient length and to suitably specialist and expert covenants, particularly housing associations. Our opinions of value reflect current and recent activity in this investment market in which we are directly involved as both investment agents, acquisition advisors, valuers and surveyors.

Valuations for Accounts Purposes (CESR Recommendations-Para. 130 (vi))

We understand that the Client holds Properties on its balance sheet at value and there will, therefore, be an inevitable comparison between our opinion of Market Value and the value of the Properties for accounts purposes.

In accordance with our terms of engagement, and as set out above, our opinion of Market Value is based on the hypothetical sale of the Properties, sold as a single portfolio to the investment community which has appetite for long income portfolios underpinned by real estate.

It is difficult to compare such a valuation to one for accounts purposes which is prepared in accordance with accounting rules which dictate that, in particular, valuations are carried out at property level, disregarding any portfolio premium or tax efficient methods of sale. We consider this is a departure from the definition of Market Value and the way in which the market works in reality.

Opinions of Value

In our opinion, the Market Value of the Properties, after deduction of estimated purchaser's costs, are as follows.

In accordance with CESR Recommendations-Para. 130 (v), we are pleased to include a summary showing the number of freehold and leasehold Properties together with the aggregate of their valuation.

Interest	Unit Count	Market Value
Freehold	489	£62,366,000
Leasehold	62	£12,799,000
Totals	551	£75,165,000

Our opinions of value of each of the component portfolios within the overall portfolio are as follows:

Portfolio	No. of Properties	Total Rent Per Annum as at 31 December 2017	Market Value
McLaren Portfolio	305	£1,164,805	£24,900,000
Fountain Portfolio	54	£222,960	£4,875,000
SLO Portfolio	40	£836,737	£14,350,000
ESPP & Sage Portfolios	24	£972,223	£15,450,000
ESPJ & TM Portfolios	41	£394,357	£7,315,000
Stratford Road, Chorley Acquisition	1	£73,600	£1,210,000
Leeds 1 & Leeds 2 Portfolios	55	£250,842	£5,280,000
Nottingham Portfolio	24	£84,711	£1,785,000
Total	551	£4,000,235	£75,165,000

Restrictions on Use

This report has been prepared 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 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 person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive, consenting to its inclusion in the Prospectus.

For the purposes of Prospectus Rule 5.5.3R(2)(f), JLL accepts responsibility for the information within this report and declares that it has taken all reasonable care to ensure that the information contained in this report is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the Prospectus Directive.

Save as agreed by JLL in this report, neither our report, nor any part of it, is to be reproduced or referred to in any document, circular or statement without our prior, written approval as to the form and context in which it may appear.

Should you have any queries on any aspect of the report or our valuations, please do not hesitate to contact Richard Petty using the contact details given at the top of this letter.

Yours faithfully

Richard Petty
Director
For and on behalf of
Jones Lang LaSalle Limited

Yours faithfully

Mark Nevett
Director
For and on behalf of
Jones Lang LaSalle Limited

Enc.

Schedule

McLaren Portfolio

[illegible]

[illegible]

[illegible]

Portfolio	Address 1	Address 2	Local Authority	Post Code	Property Type	Beds
McLaren	6 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	2
McLaren	7 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	2
McLaren	8 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	2
McLaren	9 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	1
McLaren	10 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	2
McLaren	11 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	1
McLaren	12 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	1
McLaren	14 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	2
McLaren	15 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	2
McLaren	16 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	2
McLaren	17 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	2
McLaren	18 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	2
McLaren	19 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	2
McLaren	20 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	2
McLaren	21 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	1
McLaren	22 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	2
McLaren	23 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	1
McLaren	24 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	1
McLaren	25 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	2
McLaren	26 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	1
McLaren	27 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	2
McLaren	28 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	2
McLaren	29 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	2
McLaren	30 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	2
McLaren	31 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	2
McLaren	32 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	2
McLaren	33 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	1
McLaren	34 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	2
McLaren	35 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	1
McLaren	36 Manvers Court	Nightingale Close	Chesterfield	S41 7NY	Apartment	2

[illegible]

SAGE and ESPP Portfolios

Portfolio	Address 1	Address 2	Property Type	Beds
SAGE	Sage Property 001	Rossendale	House	4
SAGE	Sage Property 002	Bacup	House	4
SAGE	Sage Property 003	Nelson	House	3
SAGE	Sage Property 004	Burnley	House	5
SAGE	Sage Property 005	Burnley	House	2
SAGE	Sage Property 006	Chorley	House	4
SAGE	Sage Property 007	Leyland	House	4
SAGE	Sage Property 008	Preston	House	2
SAGE	Sage Property 009	Leyland	House	4
SAGE	Sage Property 010	Preston	House	4
SAGE	Sage Property 011	Skelmersdale	House	3
SAGE	Sage Property 012	Clitheroe	House	3
SAGE	Sage Property 013	Skelmersdale	House	4
SAGE	Sage Property 014	Skelmersdale	House	3
SAGE	Sage Property 015	Burnley	House	n/a
ESPP	ESPP Property 001	Skelmersdale	House	3
ESPP	ESPP Property 002	Skelmersdale	House	2
ESPP	ESPP Property 003	Ormskirk	House	4
ESPP	ESPP Property 004	Padiham	Bungalow	2
ESPP	ESPP Property 005	Lytham	House	4
ESPP	ESPP Property 006	Morecambe	House	4
ESPP	ESPP Property 007	Thornton Cleveleys	House	4
ESPP	ESPP Property 008	Accrington	Bungalow	3
ESPP	ESPP Property 009	Bacup	Bungalow	5

ESPJ and TM Portfolios

Portfolio	Address 1	Address 2	Property Type	Beds
ESPJ	ESPJ Property 001	Timperley	House	3
ESPJ	ESPJ Property 002	Sunderland	Apartments	38
TM Props	TM Property 001	Timperley	House	3
TM Props	TM Property 002	Thornton-Cleveleys	House	3

SLO Portfolio

Portfolio	Address 1	Address 2	Property Type	Beds
SLO	SLO Property 001	West Yorkshire	Semi detached bungalow	3
SLO	SLO Property 002	West Yorkshire	Detached bungalow	4
SLO	SLO Property 003	West Yorkshire	Detached house	4
SLO	SLO Property 004	West Yorkshire	Detached house	6
SLO	SLO Property 005	West Yorkshire	Detached house	6
SLO	SLO Property 006	West Yorkshire	Detached bungalow	3
SLO	SLO Property 007	West Yorkshire	Detached bungalow	3
SLO	SLO Property 008	West Yorkshire	End terraced house	5
SLO	SLO Property 009	West Yorkshire	Detached house	5
SLO	SLO Property 010	West Yorkshire	End terraced house	3
SLO	SLO Property 011	Greater Manchester	Det.house & Annexe	5
SLO	SLO Property 012	Nottinghamshire	Semi detached house	3
SLO	SLO Property 013	Nottinghamshire	Semi detached house	3
SLO	SLO Property 014	Nottinghamshire	Semi detached house	4
SLO	SLO Property 015	Nottinghamshire	Semi detached house	4
SLO	SLO Property 016	Nottinghamshire	Detached bungalow	5
SLO	SLO Property 017	Nottinghamshire	Detached bungalow	5
SLO	SLO Property 018	West Yorkshire	Detached bungalow	3
SLO	SLO Property 019	West Yorkshire	Detached bungalow	5
SLO	SLO Property 020	West Yorkshire	Detached house	5
SLO	SLO Property 021	Oxfordshire	Semi detached house	3
SLO	SLO Property 022	Oxfordshire	Semi detached house	3
SLO	SLO Property 023	Oxfordshire	Detached bungalow	4
SLO	SLO Property 024	Oxfordshire	End terraced house	5
SLO	SLO Property 025	Oxfordshire	Semi detached house	4
SLO	SLO Property 026	Oxfordshire	Semi detached house	3
SLO	SLO Property 027	Devon	Semi detached house	3
SLO	SLO Property 028	South Yorkshire	Semi detached house	3
SLO	SLO Property 029	South Yorkshire	Semi detached house	3
SLO	SLO Property 030	South Yorkshire	Detached bungalow	4
SLO	SLO Property 031	Devon	Semi detached house	5
SLO	SLO Property 032	Merseyside	Flat 1 in detached block of 3	1
SLO	SLO Property 033	Merseyside	Flat 1 in detached block of 3	1
SLO	SLO Property 034	Merseyside	Flat 1 in detached block of 3	1
SLO	SLO Property 035	Merseyside	Semi detached house	3
SLO	SLO Property 036	Cheshire	New GF Apt in block	2
SLO	SLO Property 037	Cheshire	New GF Apt in block	2
SLO	SLO Property 038	Cheshire	New GF Apt in block	2
SLO	SLO Property 039	St Helens	Bungalow	2
SLO	SLO Property 040	St Helens	Detached house	4

Leeds Portfolio

Portfolio	Address 1	Address 2	Postcode	Property Type (JLL Assumption)	Beds
Leeds 1	1A Colville Terrace	Leeds	LS11 8NY	Apartment	1
Leeds 1	1B Colville Terrace	Leeds	LS11 8NY	Apartment	1
Leeds 1	1C Colville Terrace	Leeds	LS11 8NY	Apartment	1
Leeds 1	1D Colville Terrace	Leeds	LS11 8NY	Apartment	1
Leeds 1	7b, Fairfield Close	Castleford	WF10 2PD	Apartment	1
Leeds 1	59a School Street	Wakefield	WF10 2SB	Apartment	1
Leeds 1	41 Arthington View	Leeds	LS10 2ND	House	2
Leeds 1	22 Cleveleys Road	Leeds	LS11 0AE	House	2
Leeds 1	32 Colville Terrace	Leeds	LS11 8NY	House	2
Leeds 1	5 First Avenue	Leeds	LS12 1LD	House	2
Leeds 1	29 William Street, Churwell	Leeds	LS27 7RD	House	2
Leeds 1	12 Ashton Mount	Leeds	LS8 5BT	House	2
Leeds 1	5 Edgeware Street, Harehills	Leeds	LS8 5NF	House	2
Leeds 1	3 Edgeware Terrace	Leeds	LS8 5NL	House	2
Leeds 1	21 Glenthorne Terrace	Leeds	LS9 7QS	House	2
Leeds 1	21 Milner Gardens	Leeds	LS9 8NP	House	2
Leeds 1	50 Dent Street	Leeds	LS9 8PQ	House	2
Leeds 1	41 Dawlish Road	Leeds	LS9 9DU	House	2
Leeds 1	203 Park Lodge Lane	Wakefield	WF1 4HY	House	2
Leeds 1	7a Fairfield Close	Castleford	WF10 2PD	Apartment	2
Leeds 1	59b School Street	Wakefield	WF10 2SB	Apartment	2
Leeds 1	10 School Lane, Ryhill	Wakefield	WF4 2DW	House	2
Leeds 1	9B Rose Avenue, Upton	Pontefract	WF9 1DP	Apartment	2
Leeds 1	9A Rose Avenue, Upton	Pontefract	WF9 1DP	Apartment	2
Leeds 1	4 Intake View	Leeds	LS10 4DZ	House	3
Leeds 1	33 Arley Terrace	Leeds	LS12 2PA	House	3
Leeds 1	59 Moresdale Lane	Leeds	LS14 6SX	House	3
Leeds 1	8 Foundry Mill Crescent	Leeds	LS14 6TQ	House	3
Leeds 1	16 Rathmell Road	Leeds	LS15 0LU	House	3
Leeds 1	228 Osmondthorpe Lane	Leeds	LS9 0JW	House	3
Leeds 1	25 Neville Place	Leeds	LS9 0LH	House	3
Leeds 1	21 Greenview Close	Leeds	LS9 6RP	House	3
Leeds 1	96 Oak Tree Grove	Leeds	LS9 6RY	House	3
Leeds 1	3 Hall Place	Leeds	LS9 8JD	House	3
Leeds 1	60 Dawlish Avenue	Leeds	LS9 9DU	House	3
Leeds 1	9 Crowther Place	Wakefield	WF10 5BZ	House	3
Leeds 1	65 Westwood Road	Castleford	WF10 5JG	House	3
Leeds 1	19 Hall Road, Lupset	Wakefield	WF2 8NB	House	3
Leeds 1	45 Radcliffe Road, Lupset	Wakefield	WF2 8SA	House	3
Leeds 1	27 Recreation Terrace	Leeds	LS11 0AW	House	4
Leeds 1	5 Mafeking Mount	Leeds	LS11 7BX	House	4
Leeds 1	619 York Road	Leeds	LS9 6NW	House	4
Leeds 2	11 Briggs Avenue	Wakefield	WF10 5BB	House	3
Leeds 2	12 Edgeware Mount	Leeds	LS8 5NG	House	2
Leeds 2	12 Glenthorne Terrace	Leeds	LS9 7QS	House	3
Leeds 2	3 Kitchener Avenue	Leeds	LS9 6LT	House	2
Leeds 2	32 Glenthorne Avenue	Leeds	LS9 7QR	House	2
Leeds 2	33 Seaforth Avenue	Leeds	LS9 6BE	House	2
Leeds 2	38 Nowell Grove	Leeds	LS9 6HY	House	2
Leeds 2	4 Ross Terrace	Leeds	LS13 1BE	House	2
Leeds 2	5 Kitchener Avenue	Leeds	LS9 6LT	House	2
Leeds 2	133 Halton Moor Avenue	Leeds	LS9 0HB	House	2
Leeds 2	25 Sutherland Mount	Leeds	LS9 6DP	House	2
Leeds 2	57 Gipton Approach	Leeds	LS9 6NN	House	3
Leeds 2	748 Foundry Lane	Leeds	LS14 6BL	House	3

Nottingham Portfolio

Portfolio	Address 1	Postcode	Description	Beds (JLL Assumption)
Nottingham	GF18 The Lane	NG16 2QP	Apartment	1
Nottingham	FF 18 The Lane	NG16 2QP	Apartment	1
Nottingham	GF 9 Beckett Road	DN2 4AA	Apartment	1
Nottingham	FF 9 Beckett Road	DN2 4AA	Apartment	1
Nottingham	10 Milton Street	NG17 7JD	House	2
Nottingham	19 Milton Street	NG17 7JD	House	2
Nottingham	27 Milton Street	NG17 7JD	House	2
Nottingham	10 North Street	NG17 4BD	House	2
Nottingham	22 The Twitchell	NG17 5DA	House	2
Nottingham	36 Alfred Street	NG17 4EQ	House	2
Nottingham	49 George Street	NG19 6SF	House	2
Nottingham	57 Alfreton Road	NG17 1FH	House	2
Nottingham	Flat 1, 1a Oxford Buildings (Market Place)	NG10 1EH	Apartment	2
Nottingham	Flat 2, 1a Oxford Buildings (Market Place)	NG10 1EH	Apartment	2
Nottingham	Flat 3, 1a Oxford Buildings (Market Place)	NG10 1EH	Apartment	2
Nottingham	Flat 4, 1a Oxford Buildings (Market Place)	NG10 1EH	Apartment	2
Nottingham	Flat 5, 1a Oxford Buildings (Market Place)	NG10 1EH	Apartment	2
Nottingham	Flat 6, 1a Oxford Buildings (Market Place)	NG10 1EH	Apartment	2
Nottingham	Flat 7, 1a Oxford Buildings (Market Place)	NG10 1EH	Apartment	2
Nottingham	Flat 8, 1a Oxford Buildings (Market Place)	NG10 1EH	Apartment	2
Nottingham	Flat 9, 1a Oxford Buildings (Market Place)	NG10 1EH	Apartment	2
Nottingham	Flat 10, 1a Oxford Buildings (Market Place)	NG10 1EH	Apartment	2
Nottingham	19 Welbeck Street	NG17 4AY	House	2
Nottingham	5 Portland Street	NG17 4AW	House	3

Chorley Portfolio

Portfolio	Address 1	Address 2	Address 3	Postcode	Description	Beds
Chorley	Apt 1. Shaftsbury House, Stratford Road	Chorley	Lancashire	PR6 0AF	Detached Block	1
Chorley	Apt 2. Shaftsbury House, Stratford Road	Chorley	Lancashire	PR6 0AF	Detached Block	1
Chorley	Apt 3. Shaftsbury House, Stratford Road	Chorley	Lancashire	PR6 0AF	Detached Block	1
Chorley	Apt 4. Shaftsbury House, Stratford Road	Chorley	Lancashire	PR6 0AF	Detached Block	1
Chorley	Apt 5. Shaftsbury House, Stratford Road	Chorley	Lancashire	PR6 0AF	Detached Block	1
Chorley	Apt 6. Shaftsbury House, Stratford Road	Chorley	Lancashire	PR6 0AF	Detached Block	2
Chorley	Apt 7. Shaftsbury House, Stratford Road	Chorley	Lancashire	PR6 0AF	Detached Block	2
Chorley	Apt 8. Shaftsbury House, Stratford Road	Chorley	Lancashire	PR6 0AF	Detached Block	2

Inspection Schedule

Portfolio	Date of JLL Last Inspection
McLaren	Inspections of all the blocks or schemes within the portfolio externally and a small internal sample on 1 May 2015
Fountain	Inspections of all the blocks or schemes within the portfolio externally and a small internal sample on 3 September 2015.
SLO	All 40 properties externally inspected. We also carried out internal inspections of the great majority. This was between the 8 June and 10 June 2016.
ESPP and Sage	Seen externally and almost all internally (all bar two of the properties, because of the needs of the residents) on the 15 and 16 December 2015.
ESPJ and TM	All properties were internally inspected in January 2016
Chorley	Inspected on the 13 November 2017 – whilst under construction
Leeds	Sample internal and external inspections of 11 of the 55 Properties on 7 December 2017
Nottingham	Sample internal and external inspections of five of the 24 Properties on 8 December 2017

PART 7

THE ISSUE

1. INTRODUCTION

The Company is targeting an issue of 125 million Shares pursuant to the Issue comprising the Offering and the issue of the Consideration Shares. The Company may increase the size of the Issue up to a maximum of 130 million Shares if considered appropriate to satisfy investor demand.

The total number of Shares to be issued pursuant to the Issue, 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 and the Company's website prior to Admission. The Offering has not been underwritten.

On the assumption that 125 million Shares are issued pursuant to the Issue at the Issue Price, the Net Proceeds will be £66.7 million, after taking account of the acquisition on Admission of the interests in the Limited Partnerships (valued at £56.25 million).

The Minimum Gross Proceeds are £113 million and the Minimum Net Proceeds are the Minimum Gross Proceeds less, (i) the costs and expenses of the Issue, and (ii) £56.25 million, being the deemed value of the Consideration Shares at the Issue Price. Admission is therefore conditional on at least 113 million Shares being issued pursuant to the Issue.

In the event that the Minimum Net Proceeds are not raised, the Issue will not proceed and any monies received under the Offering will be returned to applicants either by cheque without interest (at the risk of the applicant), or direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn. The Minimum Net Proceeds may only be changed through the production of a supplementary prospectus.

Application will be made for the Shares to be admitted to listing on the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities. It is expected that Admission will become effective and dealings in the Shares will commence at 8.00 a.m. on 31 May 2018.

2. THE ISSUE

Overview

The Placing, the Offer for Subscription and the issue of the Consideration Shares will each be made at an Issue Price of 100 pence per Share.

The Placing and the Offer for Subscription are conditional, inter alia, on: (i) Admission having become effective on or before 8.00 a.m. on 31 May 2018 or such later time and/or date as the Company and Winterflood Securities may agree (being not later than 8.00 a.m. on 30 June 2018); (ii) the Placing Agreement becoming wholly unconditional (save as to Admission) and not having been terminated in accordance with its terms at any time prior to Admission; and (iii) the Minimum Gross Proceeds being raised.

No expenses or taxes will be charged by the Company to investors in the Issue.

The Placing

Winterflood Securities has agreed to use its reasonable endeavours to procure subscribers pursuant to the Placing on the terms and subject to the conditions set out in the Placing Agreement. Commitments under the Placing must be received by 2.00 p.m. on 24 May 2018 (or such later date, not being later than 30 June 2018, as the Company and Winterflood may agree). If the Placing is extended, the revised timetable will be notified to any investors who have placed orders.

Offer for Subscription

The Company has agreed to make an offer of Shares pursuant to the Offer for Subscription at the Issue Price, subject to the Terms and Conditions of Application as set out in Part 12 of this Prospectus. **The**

Terms and Conditions of Application and the Application Form set out in Appendix 1 to this Prospectus should be read carefully before an application is made. Investors should consult their independent financial adviser if they are in any doubt about the contents of this Prospectus or the acquisition of Shares.

Application Forms accompanied by a cheque or banker's draft in Sterling made payable to Link Market Services RE: Horizon Housing REIT PLC – Offer for Subscription A/C for the appropriate sum should be returned to the Receiving Agent, Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received as soon as possible and, in any event, by no later than 1.00 p.m. on 23 May 2018.

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 23 May 2018. Applicants should send payment to the bank account as detailed on the Application Form. Applicants must ensure that they remit sufficient funds to cover any charges incurred by their bank.

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

Applicants choosing to settle via CREST, that is DVP will need to match their instructions to Link Asset Service's participant account RA06 by no later than 1.00 p.m. on 30 May 2018, allowing for the delivery and acceptance of Shares to be made against payment of the Issue Price per Share, following the CREST matching criteria set out in the Application Form. Note: Link Asset Services will not take any action until a valid DEL message has been alleged to the participant account by the applicant.

Investors subscribing for Shares pursuant to the Offer for Subscription may elect whether to hold the Shares in certificated form, or in uncertificated form through CREST. If an investor requests for Shares to be issued in certificated form on the Application Form and ticks the relevant box to request a share certificate, a share certificate will be despatched either to them or their nominated agent (at their own risk) within 14 days of completion of the registration process of the Shares. As further set out in the Application Form, investors who elect to hold their Shares in certificated form may elect at a later date to hold their Shares through CREST in uncertificated form, provided that they surrender their share certificates and provide any "know your client" evidence requested by the Company and/or the Receiving Agent.

Subject to their statutory right of withdrawal pursuant to section 87(Q)(4) of FSMA in the event of the publication of a supplementary prospectus, applicants in the Offer for Subscription may not withdraw their applications for Shares.

In addition to completing and returning the Application Form which can be found at Appendix 1 to Link Asset Services, you will also need to complete and return a Tax Residency Self Certification Form. The "individual tax residency self-certification – sole holding" form can be found at the end of this Prospectus at Appendix 2. Further copies of this form and the relevant form for joint holdings or corporate entity holdings can be requested from Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. It is a condition of application that (where applicable) a completed version of the Tax Residency Self Certification Form is provided with the Application Form before any application can be accepted.

If the Offer for Subscription is extended, the revised timetable will be notified to any investors who have placed orders.

The Consideration Shares to be issued on completion of the Initial Portfolio Acquisition Agreement

The Group has entered into the Initial Portfolio Acquisition Agreement pursuant to the terms of which the Group proposes to acquire from ERPF its entire capital contributions and drawn down loan contributions to the Limited Partnerships (as described in further detail in Part 2 of this Prospectus) which together hold the Initial Portfolio. Completion of the Initial Portfolio Acquisition Agreement is conditional upon Admission and completion will therefore occur upon Admission.

The consideration payable to ERPF on completion of the Initial Portfolio Acquisition Agreement will be satisfied by Horizon Investments (One) Limited and Horizon Investments (Two) Limited procuring the allotment and issue by the Company of the Consideration Shares to ERPF.

Further details of the Initial Portfolio Acquisition Agreement are contained in paragraph 7.2 of Part 9 of this Prospectus.

3. REASONS FOR THE ISSUE AND USE OF PROCEEDS

The Issue is intended to raise capital for investment in accordance with the Company's investment policy.

The Company's principal use of cash (including the Net Proceeds) will be:

- (i) to pay the SDLT due on the acquisition of the Limited Partnership interests. The SDLT due has been estimated at approximately £2.7 million; and
- (ii) to purchase investments in line with the Company's investment objective and investment policy, as well as initial expenses related to the Issue, ongoing operational expenses and payment of dividends and other distributions to Shareholders in accordance with the Company's dividend policy.

It is expected that the Net Proceeds will be deployed in accordance with the Company's investment policy within a period of nine months after Admission (subject to market conditions).

4. THE PLACING AGREEMENT

The Placing Agreement contains provisions entitling Winterflood Securities to terminate the Issue (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Issue and these arrangements will lapse and any monies received in respect of the Offering will be returned to each applicant without interest at the applicant's risk.

The Placing Agreement provides for Winterflood Securities to be paid commissions by the Company in respect of the Shares to be allotted pursuant to the Offering. Under the Placing Agreement, Winterflood Securities is entitled at its discretion and out of its own resources at any time to rebate to some or all investors, or to other parties, part or all of its fees relating to the Offering. Winterflood Securities is also entitled under the Placing Agreement to retain agents and may pay commission in respect of the Offering to any or all of those agents out of its own resources.

Further details of the terms of the Placing Agreement are set out in paragraph 7.1 of Part 9 of this Prospectus.

5. BASIS OF SCALING BACK UNDER THE OFFERING

In the event of the Offering being oversubscribed, the Placing and Offer for Subscription are subject to scaling back at the absolute discretion of Winterflood Securities, in consultation with the Company. Winterflood Securities has the discretion (in consultation with the Company) to determine the basis of allocation within and between the Offer for Subscription and the Placing. No assurance can be given that applications made under either the Placing or the Offer for Subscription will be met in full or in part or at all. There will be no scaling back of the Consideration Shares.

The Company (acting through Winterflood Securities in respect of the Placing and the Receiving Agent in respect of the Offer for Subscription) will notify investors of the number of Shares in respect of which their application has been successful and the results of the Offering will be announced by the Company on or around 25 May 2018 via a Regulatory Information Service announcement.

6. INTERMEDIARIES

In connection with the Offer for Subscription, Winterflood Securities and/or the Company may appoint Intermediaries to market the 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 Shares on market standard terms and provide for the payment of commission fees or fees to cover expenses to any such Intermediaries that elect to receive such payments from Winterflood Securities and/or 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 Shares procured by it via subscriptions from underlying retail investors.

Each applicant who applies for 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 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 Winterflood Securities accept no responsibility with respect to the obligation of the Intermediaries to refund monies in such circumstances.

The publication of this Prospectus and any actions taken by the Company and/or Winterflood Securities, the Intermediaries 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 Shares to be offered under the Offer for Subscription or allocations between applications in the Offer for Subscription (from Intermediaries or otherwise) will be determined and any such actions or statements are hereby disclaimed by the Company and Winterflood Securities.

7. ADMISSION

Application will be made for the Shares issued and to be issued pursuant to the Issue to be admitted to listing on the premium segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities. It is expected that Admission will become effective, and that dealings in the Shares will commence, at 8.00 a.m. on 31 May 2018.

The ISIN of the Shares is GB00BF5FMZ33 and the SEDOL is BF5FMZ3. The ticker is HZN.

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

8. SETTLEMENT

Payment for the Shares applied for under the Offer for Subscription should be made in accordance with the instructions contained in the Application Form set out at the end of this Prospectus. Payment for the Shares to be acquired under the Placing should be made in accordance with settlement instructions provided to investors by Winterflood Securities. To the extent that any application or subscription for Shares is rejected in whole or part, monies will be returned to the relevant Placee or applicant at its risk without interest.

An investor applying for Shares in the Offering may receive Shares in certificated or uncertificated form. The Shares are in registered form. No temporary documents of title will be issued. It is expected that CREST accounts will be credited on 31 May 2018 in respect of Shares issued in uncertificated form and definitive share certificates in respect of Shares held in certificated form will be despatched by post after the week commencing 4 June 2018, at the Shareholder's own risk.

9. 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 permit the holding of Shares under the CREST system. The Company has applied for the Shares to be admitted to CREST

with effect from Admission. Accordingly, settlement of transactions in the Shares following Admission may take place within the CREST system if any Shareholder so wishes.

10. OVERSEAS PERSONS

The attention of potential investors who are Overseas Persons is drawn to the paragraphs below.

The offer of Shares under the Offering to Overseas Persons may be affected by the laws of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to obtain Shares under the Offering. It is the responsibility of all Overseas Persons receiving this Prospectus and/or wishing to subscribe for Shares under the Offering to satisfy themselves as to full observance of the laws of the relevant territory in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

No person receiving a copy of this Prospectus in any territory other than the UK may treat the same as constituting an offer or invitation to him/her, unless in the relevant territory such an offer can lawfully be made to him/her without compliance with any further registration or other legal requirements.

Persons (including, without limitation, nominees and trustees) receiving this Prospectus may not distribute or send it to any U.S. Person or in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. In particular, investors should note that the Company has not, and will not be, registered under the U.S. Investment Company Act and the offer, issue and sale of the Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Shares are only being offered and sold outside the United States to non-U.S. Persons in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States.

In addition, until 40 days after the commencement of the Offering, an offer or sale of the Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act.

The Company reserves the right to treat as invalid any agreement to subscribe for Shares under the Offering if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

United States transfer restrictions

Each of Winterflood Securities, the Company and the Investment Manager has acknowledged and warranted in the Placing Agreement that it will not offer or sell or procure the offer or sale of the Shares except in compliance with Regulation S. The Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, investors may not reoffer, resell, pledge or otherwise transfer or deliver, directly or indirectly, any Shares within the United States, or to, or for the account or benefit of, any U.S. Person.

11. ISA, SSAS AND SIPP

The Shares will, on Admission, be “qualifying investments” for the stocks and shares component of an ISA (subject to applicable subscription limits) provided that they have been acquired by purchase in the market (which, for these purposes, will include any Shares acquired directly under the Offer for Subscription but not any Shares acquired directly under the Placing).

Save where Shares are being acquired using available funds in an existing ISA, an investment in Shares by means of an ISA is subject to the usual annual subscription limits applicable to new investments into an ISA. The Shares will be permissible assets for SIPP and SSAS.

The Board will use its reasonable endeavours to manage the affairs of the Company so as to enable this status to be maintained.

12. ELIGIBILITY FOR INVESTMENT BY UCITS OR NURS

The Shares should be “transferable securities” and, therefore, should be eligible for investment by UCITS or NURS on the basis that: (i) the Company is a closed-ended investment company incorporated in England and Wales as a public limited company; (ii) the Shares are to be admitted to the Official List and to trading on the Main Market; and (iii) the Investment Manager is a full-scope UK AIFM under the AIFM Directive and the AIFM Regulations and is regulated by the FCA and, as such, is subject to the FCA’s rules for the purpose of investor protection. The manager of a UCITS or NURS should, however, satisfy itself that the Shares are eligible for investment by that UCITS or NURS, including the factors relating to that UCITS or NURS itself, specified in the Collective Investment Scheme Sourcebook of the FCA Handbook.

13. TYPICAL INVESTOR

The typical investors for whom an investment in the Company is appropriate are institutional investors, professionally advised private investors and non-advised private investors seeking exposure to a portfolio of residential property in England, Scotland and Wales, including Affordable Mark Rent Housing and Specialist Social Housing with a focus on inflation-linked income, with the potential for capital growth. Investors should understand the risks and merits of such an investment and have sufficient resources to bear any losses (which may equal the whole amount invested) that may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before making an investment. Any investor in the Company should understand and accept the risks inherent in the Company’s investment policy.

PART 8

REIT STATUS AND TAXATION

1. INTRODUCTION

1.1 Principal advantage of REIT status

The principal advantage of REIT status is that the Group will be exempt from UK corporation tax on both rental profits and chargeable gains on disposals of properties held by the 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 8 for more information).

1.2 Principal disadvantages of REIT status

The principal disadvantages of REIT status are as follows:

- (a) in order for it to remain a REIT, the Group and the Company will have to comply with the various tests outlined in paragraph 2.2 of this Part 8 on an on-going basis; and
- (b) withholding tax of 20 per cent. must be deducted from certain distributions made to certain Shareholders (see paragraph 3 of this Part 8 for further details).

Overall, the Board believes that the advantage of REIT status outweighs the disadvantages.

1.3 Dividend policy under REIT regime

The Group will have to meet a minimum distribution test for each accounting period that it is a REIT. This minimum distribution test requires the Company to distribute 90 per cent. of the income profits (broadly, calculated using normal UK tax rules) of the Property Rental Business for each accounting period. The Board believes that the Company's dividend policy will enable the Group to meet this minimum distribution requirement.

1.4 The Substantial Shareholder rule

Under the REIT Regime, a tax charge may be levied on the Group if the Company makes a distribution to 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 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 Shares held by the Substantial Shareholder in excess of 10 per cent. of the Company's issued share capital.

A summary of the Articles is set out at paragraph 5 of Part 9 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 distributions to Substantial Shareholders are set out in paragraphs 4 and 5 of this Part 8.

1.5 Non-close company condition

As mentioned below in paragraph 1.6 of this Part 8 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 limited partnership, a registered social landlord or an open-ended investment company. 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 Group 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 Group will 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 Group 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 becomes a member 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 the Group 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 Group and the Shareholders.

If the Group voluntarily leaves the REIT regime within ten years of joining and disposes of any property or other asset that was involved in its qualifying Property Rental Business within two years of leaving, any uplift in the base cost of any property held by the Group 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 Group to exit the REIT regime if:

- (a) it regards a breach of the conditions (including failure to satisfy the conditions relating to the Property Rental Business), or an attempt by the Group to avoid tax, as sufficiently serious;
- (b) the Company or the Group has committed a certain number of breaches of the conditions within a specified period; or
- (c) HMRC has given members of the Group two or more notices in relation to the avoidance of tax by the Company within a ten year period.

The 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 Group would automatically lose REIT status if any of the following were to occur:

- (d) the conditions for REIT status relating to the share capital of the Company and the prohibition on entering into loans with abnormal returns are breached;
- (e) the Company ceases to be UK resident for tax purposes;
- (f) the Company becomes dual resident for tax purposes; or
- (g) the Company becomes an open-ended company.

Future changes in legislation may cause the Group to lose its REIT status.

If the Group is required to leave the REIT regime within 10 years of joining, HMRC has wide powers to direct how the Group should be taxed, including in relation to the date on which the Group is treated as exiting the REIT regime.

Shareholders should note that it is possible that the 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).

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 in a manner they do not suffer 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, distributions 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), 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 income profits (calculated using normal tax rules) of the Property Rental Business arising in each accounting period. Where a stock dividend has been issued and a market value of the stock dividend has had to be used which causes the distribution requirement not to be met, an extended time limit of up to six months beginning with the filing date applies for complying with the distribution requirement. 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 the amount of profits distributed up to the required level.

In this Prospectus, 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 8.

2.2 Qualification as a REIT

A group becomes a REIT by serving notice on HMRC on or before the date from which it wishes to come under the REIT regime. In order to qualify as a REIT, the Company and the 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 the Group must satisfy the conditions set out in the paragraphs below.

(a) Company conditions

The principal company of a REIT must be a solely UK tax-resident company whose ordinary shares are admitted to trading on a recognised stock exchange, which includes

the Main Market of the London Stock Exchange. Additionally, the principal company of a REIT must not be an open-ended investment company. After the first 3 year period, the principal company of a REIT must also not be a close company for UK tax purposes other than by virtue of having as a participator an institutional investor. Broadly, a close company, is a UK resident company controlled by five or fewer participants, or by participants who are directors. A participant is a person having a share or interest in the income or capital of a company. 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 limited partnership, a registered social landlord or an open-ended investment company.

(b) **Share capital restrictions**

The principal company of a REIT 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.

(c) **Interest restrictions**

The principal company of a REIT 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-dependant 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.

(d) **Conditions for the Property Rental Business**

The Property Rental Business must satisfy the conditions summarised below in respect of each accounting period during which it is to be treated as a REIT:

- the Property Rental Business must, throughout the accounting period, involve at least three properties. A self-contained studio flat or a one to three bedroom flat within a residential block counts as a single property for these purposes;
- 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 group as income profits (broadly, calculated using normal tax rules) 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. threshold;
- the income profits arising from the qualifying Property Rental Business must represent at least 75 per cent. of the company's total profits for the accounting period (the **"75 per cent. profits 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 group (the **"75 per cent. assets test"**). Cash held on deposit and gilts may be added to the value of assets relating to qualifying 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).

(e) **Investment in other REITs**

Any distribution of profits or gains of the Property Rental Business by the principal company of a group UK 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 distributions 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**

(a) **Tax savings**

As a REIT, a 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.

A REIT 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.

(b) **The Substantial Shareholder rule**

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 of Association are consistent with such provisions.

(c) **Dividends**

When a REIT pays a dividend (including a scrip 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.

(d) **Interest cover ratio**

A tax charge will arise if, in respect of any accounting period, the ratio of the Group's income profits (before capital allowances) 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.

(e) **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.

(f) **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.

(g) **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 a REIT’s interest in the JV company. Note that these rules also apply to joint venture groups.

(h) **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 profits of its Property Rental Business and chargeable gains on disposal 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 profits of its Property Rental Business and chargeable gains on disposal of property forming part of its Property Rental Business. The properties in the Property Rental Business are treated as having been sold and reacquired at market value for the purposes of 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 company ends its accounting period immediately prior to the takeover becoming unconditional in all respects, dividends paid as PIDs before that date should not be recharacterised retrospectively as normal dividends.

3. DESCRIPTION OF THE REIT PROVISIONS INCLUDED IN THE ARTICLES

3.1 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 4 of this Part 8.

The Special Articles:

- provide directors with powers to identify its Substantial Shareholders (if any);
- prohibit the payment of dividends on Shares that form part of a Substantial Shareholding, unless certain conditions are met;
- allow dividends to be paid on Shares that form part of a Substantial Shareholding where the Shareholder has disposed of its rights to dividends on its Shares; and
- seek to ensure that if a dividend is paid on 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.

3.2 Identification of Substantial Shareholders

The share register of the Company records the legal owner and the number of Shares they own but does not identify the persons who are beneficial owners of the Shares or are entitled to control the voting rights attached to the 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 4 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 Shares on behalf of a Substantial Shareholder to notify the Company if his Shares form part of a Substantial Shareholding. Such a notice must be given within two business days. The Special Articles give the Board the right to require any person to provide information in relation to any Shares in order to determine whether the 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 Shares to another person who is not, and does not thereby become, a Substantial Shareholder (as described in paragraph 3.6 below).

The Special Articles provide that a dividend will not be paid on any 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 3.4 below);
- the shareholding is not part of a Substantial Shareholding;

- all or some of the 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 Shares have been transferred (together with the right to the dividends) such that the Shares retained are no longer part of a Substantial Shareholding (in which case the dividends will be paid on the retained Shares).

For this purpose 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.

3.3 **Payment of a dividend where rights to it have been transferred**

The Special Articles provide that dividends may be paid on 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 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 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 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.

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.

3.4 **Trust arrangements where rights to dividends have not been disposed of by Substantial Shareholder**

The Special Articles provide that if a dividend is in fact paid on 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 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 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.

3.5 Mandatory sale of Substantial Shareholdings

The Special Articles also allow the Board to require the disposal of 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, the Board may, instead of requiring the Shareholder to dispose of the Shares, arrange for the sale of the relevant Shares and for the Company to retain from the sale proceeds an amount equal to any tax so payable.

3.6 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.

3.7 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 as the Board may require to establish the Shareholder's entitlement to that treatment.

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 paragraph 2.2.1 of this Part 8, which powers may include the ability to arrange for the sale of Shares on behalf of Shareholders.

4. THE SPECIAL ARTICLES

The following sets out in full the Special Articles (being Articles 3 to 8) contained in the Company's Articles:

"REAL ESTATE INVESTMENT TRUST

3. CARDINAL PRINCIPLE

- 3.1 It is a cardinal principle that, for so long as the Company qualifies as a REIT or is the principal company of a group REIT for the purposes of Part 12 of the CTA 2010, 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.
- 3.2 Articles 4 to 8 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.

4. NOTIFICATION OF SUBSTANTIAL SHAREHOLDER AND OTHER STATUS

4.1 Each member and any other relevant person shall serve notice in writing on the Company at the Office on:

4.1.1 him becoming a Substantial Shareholder (together with the percentage of voting rights, share capital or dividends he controls or is beneficially entitled to, details of the identity of the member(s) who hold(s) the relevant Substantial Shareholding and such other information, certificates or declarations as the Directors may require from time to time);

4.1.2 him becoming a Relevant Registered Shareholder (together with such details of the relevant Substantial Shareholder and such other information, certificates or declarations as the Directors may require from time to time); and

4.1.3 any change to the particulars contained in any such notice, including on the relevant person ceasing to be a Substantial Shareholder or a Relevant Registered Shareholder.

Any such notice shall be delivered by the end of the second Business Day after the day on which the person becomes a Substantial Shareholder or a Relevant Registered Shareholder or the change in relevant particulars or within such shorter or longer period as the Directors may specify from time to time.

4.2 The Directors may at any time give notice in writing to any person requiring him, within such period as may be specified in the notice (being seven days from the date of service of the notice or such shorter or longer period as the Directors may specify in the notice), to deliver to the Company at the Office such information, certificates and declarations as the Directors may require to establish whether or not he is a Substantial Shareholder or a Relevant Registered Shareholder or to comply with any Reporting Obligation. Each such person shall deliver such information, certificates and declarations within the period specified in such notice.

5. DISTRIBUTIONS IN RESPECT OF SUBSTANTIAL SHAREHOLDINGS

5.1 In respect of any Distribution, the Directors may, if the Directors determine that the condition set out in Article 5.2 is satisfied in relation to any Shares, withhold payment of such Distribution on or in respect of such Shares. Any Distribution so withheld shall be paid as provided in Article 5.3 and until such payment the persons who would otherwise be entitled to the Distribution shall have no right to the Distribution or its payment.

5.2 The condition referred to in Article 5.1 is that, in relation to any Shares and any Distribution to be paid or made on and in respect of such Shares:

5.2.1 the Directors believe that such Shares comprise all or part of a Substantial Shareholding of a Substantial Shareholder; and

5.2.2 the Directors are not satisfied that such Substantial Shareholder would not be beneficially entitled to the Distribution if it was paid, and, for the avoidance of doubt, if the Shares comprise all or part of a Substantial Shareholding in respect of more than one Substantial Shareholder this condition is not satisfied unless it is satisfied in respect of all such Substantial Shareholders.

5.3 If a Distribution has been withheld on or in respect of any Shares in accordance with Article 5.1, it shall be paid as follows:

5.3.1 if it is established to the satisfaction of the Directors that the condition in Article 5.2 is not satisfied in relation to such Shares, in which case the whole amount of the Distribution withheld shall be paid; and

5.3.2 if the Directors are satisfied that sufficient interests in all or some of the Shares concerned have been transferred to a third party so that such transferred Shares no longer form part of the Substantial Shareholding, in which case the Distribution attributable to such Shares shall be paid (provided the Directors are satisfied that

following such transfer such Shares concerned do not form part of a Substantial Shareholding); and

- 5.3.3 if the Directors are satisfied that as a result of a transfer of interests in Shares referred to in Article 5.3.2 above the remaining Shares no longer form part of a Substantial Shareholding, in which case the Distribution attributable to such Shares shall be paid.

In this Article 5.3, 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.

- 5.4 A Substantial Shareholder may satisfy the Directors that he is not beneficially entitled to a Distribution by providing a Distribution Transfer Certificate. The Directors shall be entitled to (but shall not be bound to) accept a Distribution Transfer Certificate as evidence of the matters therein stated and the Directors shall be entitled to require such other information, certifications or declarations as they think fit.
- 5.5 The Directors may withhold payment of a Distribution on or in respect of any Shares if any notice given by the Directors pursuant to Article 5.2 in relation to such Shares shall not have been complied with to the satisfaction of the Directors within the period specified in such notice. Any Distribution so withheld will be paid when the notice is complied with to the satisfaction of the Directors unless the Directors withhold payment pursuant to Article 5.1 and until such payment the persons who would otherwise be entitled to the Distribution shall have no right to the Distribution or its payment.
- 5.6 If the Directors decide that payment of a Distribution should be withheld under Article 5.1 or Article 5.5, they shall within seven Business Days give notice in writing of that decision to the Relevant Registered Shareholder. If any Distribution shall be paid on a Substantial Shareholding and an Excess Charge becomes payable, the Substantial Shareholder shall pay the amount of such Excess Charge and all costs and expenses incurred by the Company in connection with the recovery of such amount to the Company on demand by the Company. Without prejudice to the right of the Company to claim such amount from the Substantial Shareholder, such recovery may be made out of the proceeds of any disposal pursuant to Article 7.2 or out of any subsequent Distribution in respect of the Shares to such person or to the members of all Shares in relation to or by virtue of which the Directors believe that person has an interest in the Company (whether that person is at that time a Substantial Shareholder or not).

6. DISTRIBUTION TRUST

- 6.1 If a Distribution is paid in respect of a Substantial Shareholding in circumstances where the Substantial Shareholder is not beneficially entitled to the Distribution, the Distribution and any income arising from it shall be held by the payee or other recipient to whom the Distribution is transferred by the payee on trust absolutely for the persons nominated by the relevant Substantial Shareholder under Article 6.2 in such proportions as the relevant Substantial Shareholder shall in the nomination direct, subject to and in default of such nomination being validly made within 12 years after the date the Distribution is made, for the Company or for such charity as may be nominated by the Directors from time to time.
- 6.2 The relevant Substantial Shareholder of Shares in respect of which a Distribution is paid shall be entitled to nominate in writing any two or more persons (not being Substantial Shareholders) to be the beneficiaries of the trust on which the Distribution is held under Article 6.1 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 6.2 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 6.1 the trustee of the trust, the nomination shall not take effect until it is delivered to the person who is the trustee.

- 6.3 Any income arising from a Distribution which is held on trust under Article 6.1 shall until the earlier of (i) the making of a valid nomination under Article 6.2 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.
- 6.4 No person who by virtue of Article 6.1 holds a Distribution on trust shall be under any obligation to invest the Distribution or to deposit it in an interest-bearing account.
- 6.5 No person who by virtue of Article 6.1 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.

7. OBLIGATION TO DISPOSE

- 7.1 If at any time, the Directors believe that:

7.1.1 in respect of any Distribution declared or announced, the condition set out in Article 5.2 is satisfied in respect of any Shares in relation to that Distribution; or

7.1.2 a notice given by the Directors pursuant to Article 4.2 in relation to any Shares has not been complied with to the satisfaction of the Directors within the period specified in such notice; or

7.1.3 any information, certificate or declaration provided by a person in relation to any Shares for the purposes of this Article 7.1 was materially inaccurate or misleading,

the Directors may give notice in writing (a “**Disposal Notice**”) to any persons they believe are Relevant Registered Shareholders in respect of the relevant Shares requiring such Relevant Registered Shareholders within 21 days of the date of service of the notice (or such longer or shorter time as the Directors consider to be appropriate in the circumstances) to dispose of such number of Shares the Directors may in such notice specify or to take such other steps as will cause the condition set out in Article 5.2 no longer to be satisfied. The Directors may, if they think fit, withdraw a Disposal Notice.

- 7.2 If:

7.2.1 the requirements of a Disposal Notice are not complied with to the satisfaction of the Directors within the period specified in the relevant notice and the relevant Disposal Notice is not withdrawn; or

7.2.2 a Distribution is paid on a Substantial Shareholding and an Excess Charge becomes payable,

the Directors may arrange for the Company to sell all or some of the Shares to which the Disposal Notice relates or, as the case may be, that form part of the Substantial Shareholding concerned. For this purpose, the Directors may make such arrangements as they deem appropriate. In particular, without limitation, they may authorise any officer or employee of the Company to execute any transfer or other document on behalf of the holder or holders of the relevant Share and, in the case of Shares 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.

- 7.3 Any sale pursuant to Article 7.2 above shall be at the price which the Directors consider is the best price reasonably obtainable and the Directors shall not be liable to the holder or holders of the relevant Share for any alleged deficiency in the amount of the sale proceeds or any other matter relating to the sale.
- 7.4 The net proceeds of the sale of any Share under Article 7.2 (less any amount to be retained pursuant to Article 5.5 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.

- 7.5 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 7.

8. GENERAL

- 8.1 The Directors shall be entitled to presume without enquiry, unless any Director has reason to believe otherwise, that a person is not a Substantial Shareholder or a Relevant Registered Shareholder.
- 8.2 The Directors 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 3 to 8 and any such determination or decision shall be final and binding on all persons unless and until it is revoked or changed by the Directors. Any disposal or transfer made or other thing done by or on behalf of the Board or any Director pursuant to Articles 3 to 8 shall be binding on all persons and shall not be open to challenge on any ground whatsoever.
- 8.3 Without limiting their liability to the Company, the Directors shall be under no liability to any other person, and the Company shall be under no liability to any member or any other person, for identifying or failing to identify any person as a Substantial Shareholder or a Relevant Registered Shareholder.
- 8.4 The Directors shall not be obliged to serve any notice required under Articles 3 to 8 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 3 to 8 shall not prevent the implementation of or invalidate any procedure under Articles 3 to 8.
- 8.5 The provisions of Articles 161 to 166 shall apply to the service upon any person of any notice required by Articles 3 to 8. Any notice required by Articles 3 to 8 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 Directors believe him to be resident or carrying on business or, in the case of a holder of depository receipts or similar securities, to the address, if any, in the register of holders of the relevant securities. Service shall, in such a case be deemed to be effected on the day of posting and it shall be sufficient proof of service if that notice was properly addressed, stamped and posted.
- 8.6 Any notice required or permitted to be given pursuant to Articles 3 to 8 may relate to more than one Share and shall specify the Share or Shares to which it relates.
- 8.7 The Directors may require from time to time any person who is or claims to be a person to whom a Distribution may be paid without deduction of tax under Regulation 7 of the Real Estate Investment Trusts (Assessment and Recovery of Tax) Regulations 2006 to provide such certificates or declarations as they may require from time to time.
- 8.8 Any of Articles 3 to 8 may be amended by special resolution from time to time, including to give powers to the Directors 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.
- 8.9 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 3 to 8, such certificate or declaration may be required by the Directors (without limitation):
- 8.9.1 to be addressed to the Company, the Directors or such other persons as the Directors may determine (including HMRC);

- 8.9.2 to include such information as the Directors consider is required for the Company to comply with any Reporting Obligation;
- 8.9.3 to contain such legally binding representations and obligations as the Directors may determine;
- 8.9.4 to include an undertaking to notify the Company if the information in the certificate or declaration becomes incorrect, including prior to such change;
- 8.9.5 to be copied or provided to such persons as the Directors may determine (including HMRC); and
- 8.9.6 to be executed in such form (including as a deed or deed poll) as the Directors may determine.

The provisions of Articles 3 to 8 shall apply notwithstanding any provisions to the contrary in any other Article (including, without limitation, Articles 147 to 159)."

5. UNITED KINGDOM TAX TREATMENT OF SHAREHOLDERS

5.1 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 as at the date of this Prospectus, 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 Shares in the Company, in each case, assuming the Company 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 Shares and who hold their 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 distributions, persons who have or are deemed to have acquired their Shares by reason of their or another's employment, persons who hold their Shares as part of hedging or conversion transactions, or persons who hold their Shares in connection with a UK branch, agency or permanent establishment. Except where otherwise indicated at paragraph 5.3(d) (Withholding tax) below, they do not apply to persons holding 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.

5.2 UK taxation of Non-PID Dividends

(a) Individual Shareholders

Where a Shareholder is an individual resident for UK tax purposes in the UK and receives a Non-PID Dividend from the Company, the dividend received will be part of the Shareholder's total income for UK income tax purposes and will be regarded as the top slice of that income.

Dividend income of the Shareholder will not be subject to tax to the extent that the Shareholder has either their general tax-free personal allowance available, or their specific £5,000 p.a. "dividend allowance" available. From 6 April 2018 the dividend allowance will be reduced to £2,000.

In the case of such a Shareholder who is not liable to UK income tax at either the higher or the additional rate, that Shareholder will be subject to UK income tax on the dividend at the rate of 7.5 per cent.

In the case of a Shareholder who is liable to UK income tax at the higher rate, the Shareholder will be subject to UK income tax on the dividend at the rate of 32.5 per cent., to the extent that the dividend is unrelieved by an allowance and falls above the threshold for the higher rate of UK income tax but below the threshold for the additional rate of UK income tax when it is treated (as mentioned above) as the top slice of the Shareholder's income.

In the case of a Shareholder who is liable to UK income tax at the additional rate, the Shareholder will be subject to UK income tax on the dividend at the rate of 38.1 per cent., to the extent that the dividend is unrelieved by an allowance and falls above the threshold for the additional rate of UK income tax when it is treated (as mentioned above) as the top slice of the Shareholder's income.

(b) **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).

5.3 **UK taxation of PIDs**

(a) **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. The £1,000 annual tax-free allowance on property income is not available in relation to PID income.

Please see also paragraph on withholding tax below.

(b) **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 on withholding tax below.

(c) **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 on withholding tax below.

(d) **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. 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 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 sub-scheme administrator of certain pension sub-schemes or the account manager of an ISA, provided the Company reasonably believes that the PID will be applied for the purposes of the relevant scheme or account.

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.

5.4 UK taxation of chargeable gains, stamp duty and stamp duty reserve tax ("SDRT") in respect of Shares

Subject to the first paragraph of paragraph 5.1 above, the following comments apply to both individual and corporate Shareholders, regardless of whether or not such Shareholders are resident for tax purposes in the UK.

(a) **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 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 £11,300 for the tax year 2017-2018 (and will be £11,700 for the tax year 2018-2019). Capital gains tax chargeable will usually 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) for the tax year 2017-2018 and 2018-2019.

Shareholders who are individuals and who are temporarily non-resident in the UK 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 Shares. The indexation allowance may reduce the amount of chargeable gain that is subject to UK corporation tax but may not create or increase any allowable loss.

Capital losses realised on a disposal of Shares must be set as far as possible against chargeable gains for the same tax year (or accounting period in the case of a corporate Shareholder), even if this reduces an individual Shareholder's total gain below the annual exemption. Any balance of losses is carried forward without time limit and set off against net chargeable gains (that is, after deducting the annual exemption) in the earliest later tax year. Losses cannot generally be carried back, with the exception of losses accruing to an individual Shareholder in the year of his death.

(b) UK stamp duty and SDRT

No UK stamp duty or stamp duty reserve tax will generally be payable on the issue, allotment and registration of Shares.

Transfers on sale of Shares will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer. The purchaser normally pays the stamp duty.

An agreement to transfer Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If 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 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 Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration.

(c) ISA, SSAS and SIPP

Other than pursuant to the Placing, Shares are eligible for inclusion in ISAs. Investments held in ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in Shares through an ISA is restricted to certain UK resident individuals aged 18 or over. Sums received by a Shareholder on a disposal of Shares would not count towards the Shareholder's annual limit (£20,000 for the tax year 2017-2018); but a disposal of 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.

Subject to the rules of the trustees of the SIPP or SSAS, the Shares are eligible for inclusion in a SIPP or SSAS 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 or SSAS in question does not hold (directly or indirectly) more than 10 per cent. of any of the 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.

PART 9

GENERAL INFORMATION

1. THE COMPANY

- 1.1 The Company was incorporated in England and Wales on 29 March 2018 with registered number 11283973 as a public company limited by shares under the Companies Act. The Company has an indefinite life.
- 1.2 The principal place of business and the registered office of the Company is Beaufort House, 51 New North Road, Exeter EX4 4EP with telephone number +44 (0) 1392 477500.
- 1.3 The principal legislation under which the Company operates is the Companies Act. The Company is not regulated as a collective investment scheme by the FCA. However, with effect from Admission, the Shares will be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market. The Company and Shareholders will be subject to the Listing Rules, the Prospectus Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulations and the LSE Admission Standards with effect from Admission.
- 1.4 The Company's accounting period ends on 30 June of each year. The current accounting period will end on 30 June 2019. The annual report and accounts will be prepared in Sterling according to the accounting standards laid out under IFRS.
- 1.5 On 12 April 2018, the Company was granted a certificate under Section 761 of the Companies Act entitling it to commence business and to exercise its borrowing powers.
- 1.6 The Company has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to Section 833 of the Companies Act.
- 1.7 The Company does not have any employees and does not own any premises.

2. THE GROUP

- 2.1 The Company is the holding company of the Group and has the following wholly-owned subsidiaries:

<i>Name</i>	<i>Principal activity</i>
Horizon Investment Holdings (One) Limited	Intermediate holding company
Horizon Investment Holdings (Two) Limited	Intermediate holding company
Horizon Investments (One) Limited	Property holding company
Horizon Investments (Two) Limited	Property holding company
Horizon Scotland (GP) Limited	General partner company

- 2.2 Save for Horizon Scotland (GP) Limited which is incorporated in Scotland; all of the above subsidiaries are incorporated in England and Wales. The Board intends that further companies and intermediate holding companies may be set up to hold any additional properties which may be acquired by the Group.
- 2.3 Following Admission, the Limited Partnerships will become part of the Group. The Limited Partnerships are both registered in Scotland and have their registered office at 1 Exchange Crescent, Conference Square, Edinburgh, EH3 8UL. Further details of the Limited Partnerships are set out below:

<i>Name</i>	<i>Date of registration</i>	<i>Registered number</i>
Horizon Long Lease Housing L.P.	17 December 2014	SL019101
Horizon Secure Residential Leasing L.P.	5 May 2015	SL020506

3. SHARE CAPITAL

3.1 On incorporation, the issued share capital of the Company was one Share of a nominal value of £0.01, which was subscribed for by Harvey Griffiths. On 11 April 2018 the Company issued 50,000 Restricted Shares of a nominal value of £1.00 each which were subscribed for by the Investment Manager.

3.2 Set out below is the issued share capital of the Company as at the date of this Prospectus:

	<i>Nominal value (£)</i>	<i>Number</i>
Shares	0.01	1
Restricted Shares	50,000	50,000

The issued subscriber Share and the Restricted Shares are all fully paid up.

3.3 Set out below is the issued share capital of the Company as it will be following the Issue (assuming that 125 million Shares are allotted and issued, including the Consideration Shares):

	<i>Nominal value (£)</i>	<i>Number</i>
Shares	1,250,000.01	125,000,001
Restricted Shares	50,000	50,000

All Shares will be fully paid. The Restricted Shares are fully paid up and will be redeemed following Admission out of the proceeds of the Offering.

3.4 The effect of the Issue will be to increase the net assets of the Company. On the assumption that 125 million Shares are issued pursuant to the Issue, the Issue is expected to increase the net assets of the Company by a minimum of £111.1 million (after taking account of the acquisition on Admission of the interests in the Limited Partnerships (valued at £56.25 million)). The Issue as increased by the Net Proceeds is expected to be earnings enhancing.

3.5 By ordinary and special resolutions passed on 11 April 2018:

- (a) the Directors were generally and unconditionally authorised in accordance with Section 551 of the Companies Act to exercise all the powers of the Company to allot up to 130 million Shares in connection with the Issue, such authority to expire on 1 July 2018 save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of Shares in pursuance of such an offer or agreement as if such authority had not expired;
- (b) the Directors were generally empowered (pursuant to Section 570 of the Companies Act) to allot Shares and to sell Shares from treasury for cash pursuant to the authority referred to in paragraph (a) above as if Section 561 of the Companies Act did not apply to any such allotment, such power to expire on 30 July 2018, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the Shares to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired;
- (c) in addition to the authority set out at paragraph (a) above, the Directors were generally and unconditionally authorised in accordance with Section 551 of the Companies Act to exercise all the powers of the Company to allot up to the lower of (i) 26 million Shares, or (ii) such number as represents 20 per cent. of the issued Shares on Admission, such authority to expire at the first annual general meeting of the Company save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of Shares in pursuance of such an offer or agreement as if such authority had not expired;
- (d) the Directors were generally empowered (pursuant to Section 570 of the Companies Act) to allot Shares or sale from treasury pursuant to the authority referred to in paragraph (c) above as if Section 561 of the Companies Act did not apply to any such allotment, such power to expire at the conclusion of the first annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such authority, make an offer or

enter into an agreement which would or might require the Shares to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired;

- (e) the Company was authorised conditionally upon the issue of Shares by the Company pursuant to Admission and the payment up in full thereof, to cancel the amount standing to the credit of the share premium account of the Company following Admission;
 - (f) the Company was authorised in accordance with section 701 of the Companies Act to make market purchases (within the meaning of section 693(4) of the Companies Act) of Shares provided that the maximum number of Shares authorised to be purchased is 14.99 per cent. of the Shares in issue immediately following Admission. The minimum price which may be paid for a Share is £0.01. The maximum price which may be paid for a Share must not be more than the higher of (i) 5 per cent. above the average of the mid-market value of the Shares for the five Business Days before the purchase is made or (ii) the higher of the last independent trade and the highest current independent bid for Shares. Such authority will expire on the earlier of the conclusion of the first annual general meeting of the Company and the date 18 months after the date on which the resolution was passed save that the Company may contract to purchase Shares under the authority thereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority and may purchase Shares in pursuance of such contract;
 - (g) the Directors were authorised to declare and pay all dividends of the Company as interim dividends and for the last dividend referable to a financial year not to be categorised as a final dividend that is subject to shareholder approval; and
 - (h) the Company was authorised to call a general meeting of the Company other than an annual general meeting on not less than 14 clear days' notice.
- 3.6 The provisions of section 561(1) of the Act (which, to the extent not disapplied pursuant to sections 570 and 573 of the Act, confer on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to issues by the Company of equity securities save to the extent disapplied as mentioned in paragraphs 3.5(b) and 3.5(d) above.
- 3.7 No shares in the capital of the Company are held by or on behalf of the Company.
- 3.8 In accordance with the power granted to the Directors by the Articles, it is expected that the Shares to be issued pursuant to the Issue will be allotted (conditionally upon Admission) pursuant to a resolution of the Board to be passed shortly before Admission in accordance with the Companies Act.
- 3.9 Save for the Consideration Shares to be issued pursuant to the Initial Portfolio Acquisition Agreement and save as otherwise disclosed in this paragraph 3, no share or loan capital of the Company has since the date of incorporation of the Company been issued or been agreed to be issued, fully or partly paid, either for cash or for a consideration other than cash, and no such issue is now proposed.
- 3.10 The Company has not granted any options over its share or loan capital which remain outstanding and has not agreed, conditionally or unconditionally to grant any such options and no convertible securities, exchangeable securities or securities with warrants have been issued by the Company.
- 3.11 All of the Shares will be in registered form and will be eligible for settlement in CREST. Temporary documents of title will not be issued.
- 3.12 Applicants who have signed and returned Application Forms in respect of the Offer for Subscription may not withdraw their applications for Shares subject to their statutory rights of withdrawal in the event of the publication of a supplementary prospectus.

4. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

- 4.1 The Directors intend to subscribe for Shares pursuant to the Offering in the amounts set out below:

<i>Director</i>	<i>Number of Shares</i>	<i>% of issued ordinary share capital*</i>
John Heawood	20,000	0.02
Matthew Thorne	20,000	0.02
David Wylde	10,000	0.01
Catherine Wilson	10,000	0.01

* Assuming that 125 million Shares are issued pursuant to the Issue.

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

- 4.2 In addition, certain principals of the Investment Manager intend to subscribe for, in aggregate, 35,000 Shares in the Offering.
- 4.3 No Director has a service contract with the Company, nor are any such contracts proposed, each Director having been appointed pursuant to a letter of appointment entered into with the Company. The Directors' appointments can be terminated in accordance with the Articles and without compensation. Directors are required to retire and seek re-election by the Shareholders at the first annual general meeting of the Company. There is no notice period specified in the letters of appointment or Articles for the removal of Directors. The Articles provide that the office of Director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from board meetings for six consecutive months or more; or (iii) written request of all of the other Directors.
- 4.4 Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. Save for the Chairman, the initial fees will be £30,000 for each Director per annum. The Chairman's initial fee will be £35,000 per annum. The Chairman of the Audit Committee will receive an additional £2,500 per annum. The Directors are also entitled to out-of-pocket expenses incurred in the proper performance of their duties.
- 4.5 No amount has been set aside or accrued by the Company to provide pensions, retirement or other similar benefits.
- 4.6 None of the Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or that has been effected by the Company since its incorporation.
- 4.7 The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively.

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

<i>Name</i>	<i>Current</i>	<i>Previous</i>
John Heawood	Aberdeen Standard European Logistics Income Plc 4Corners Industrial Asset Management Limited Innesco Ltd John Heawood Consulting Limited Marshall's (New River House) Limited Place Partnership Limited	AAM 2013 Limited Ashtenne Caledonia Limited Ashtenne (AIF) Limited Norwepp (General Partner) Limited (in Liquidation) Ashtenne Industrial Fund Nominee No.2 Limited (Dissolved) Ashtenne Industrial Fund Nominee No.2 Limited Ashtenne Industrial (General Partner) Limited Ashtenne Industrial Fund Nominee No. 1 Limited
Matthew Thorne	Custodian REIT plc	The Bankers Investment Trust plc Thirsty Seven Gloucester Street Limited CLC Parabola Limited CLC Sports Services Limited CLC Services Limited
David Wylde	HEFDS Limited MSL (19) Ltd FPI Co 77 Ltd DWPF Services Limited FPI Co 1 Ltd FPI Co 2 Ltd FPI Co 4 Ltd FPI Co 5 Ltd FPI Co 6 Ltd FPI Co 8 Ltd FPI Co 9 Ltd FPI Co 10 Ltd FPI Co 11 Ltd FPI Co 12 Ltd FPI Co 13 Ltd FPI Co 15 Ltd FPI Co 16 Ltd FPI Co 17 Ltd FPI Co 20 Ltd FPI Co 21 Ltd FPI Co 24 Ltd FPI Co 25 Ltd FPI Co 26 Ltd FPI Co 53 Ltd FPI Co 60 Ltd FPI Co 65 Ltd FPI Co 66 Ltd FPI Co 69 Ltd FPI Co 70 Ltd FPI Co 71 Ltd FPI Co 72 Ltd FPI Co 75 Ltd	None

<i>Name</i>	<i>Current</i>	<i>Previous</i>
David Wylde (continued)	FPI Co 80 Ltd SL181116 Ltd SLIL C1 Ltd SLIL N1 Ltd SL Propco A Limited SL Propco B Limited Century House Ellesmere Ltd Supported Living Care Property Limited Supported Living Property Ltd Supported Living Infrastructure Ltd MTW System Build Limited Endeleo Developments Ltd D W Finance Company Limited D W Holdco Limited DWPF Ltd. David Wylde Project Finance Limited David Wylde & Company Limited	
Catherine Wilson	CW Advisory Services LLP Healthports Limited Redwing Living Limited Regenda Limited	None

4.9 In the five years before the date of this Prospectus, the Directors:

- (a) did not have any convictions in relation to fraudulent offences;
- (b) have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and
- (c) did not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and were not disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

4.10 As at 26 April 2018 (the latest practicable date prior to the publication of this Prospectus) insofar as known to the Company, there are no parties known to have a notifiable interest under English law in the Company's capital or voting rights.

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

4.12 Pending the allotment of Shares pursuant to the Issue, the Company is controlled by Harvey Griffiths, as described in paragraph 3.1 of this Part 9. The Company and the Directors are not aware of any other person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

4.13 Save as disclosed in Part 1 of this Prospectus, the Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

4.14 Save for the entry into of the Directors' appointment letters, the Investment Management Agreement, the Initial Portfolio Acquisition Agreement and the Option Agreement, the Company has not entered into any related party transaction at any time during the period from incorporation to 26 April 2018 (the latest practicable date prior to the publication of this Prospectus).

- 4.15 As at the date of this Prospectus, none of the Directors has any conflict of interest or potential conflict of interest between any duties to the Company and their private interests and/or other duties.
- 4.16 The Company intends to maintain directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.

5. THE ARTICLES

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

5.1 Objects/purposes

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

5.2 Voting rights

- (a) Subject to the provisions of the Companies Act, to any special terms as to voting on which any shares may have been issued or may from time-to-time be held and to any suspension or abrogation of voting rights pursuant to the Articles, at any general meeting, every member who is present in person shall, on a show of hands, have one vote, every proxy who has been appointed by a member entitled to vote on the resolution shall, on a show of hands, have one vote and every member present in person or by proxy shall, on a poll, have one vote for each share of which he is a holder. A shareholder entitled to more than one vote need not, if he votes, use all his votes or vest all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- (b) Unless the Board otherwise determines, no member shall be entitled to receive any dividends or be present and vote at a general meeting or a separate general meeting of the holders of any class of shares, either in person or (save as proxy for another member) by proxy, or be reckoned in a quorum, or to exercise any other right or privilege as a member in respect of a share held by him, unless and until he shall have paid all calls for the time being due and payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) payable by him to the Company or if he, or any other person whom the Company reasonably believes to be interested in such shares, has been issued with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares and has failed in relation to any such shares to give the Company the required information within 14 days.
- (c) Notwithstanding any other provision of the Articles, where required by the Listing Rules, a vote must be decided by a resolution of the holders of the Company's shares that have been admitted to premium listing. In addition, where the Listing Rules require that a particular resolution must in addition be approved by the independent shareholders (as such term is defined in the Listing Rules), only independent shareholders who hold the Company's shares that have been admitted to premium listing can vote on such separate resolution.

5.3 Dividends

- (a) Subject to the provisions of the Companies Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.
- (b) Subject to the provisions of the Companies Act, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with

regard to dividends as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those preferential rights.

- (c) All dividends, interest or other sums payable and unclaimed for a period of 12 months after having become payable may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having become payable shall, if the Board so resolves, be forfeited and shall cease to remain owing by, and shall become the property of, the Company.
- (d) The Board may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.
- (e) The Board may also, with the prior authority of an ordinary resolution of the Company and subject to the Articles and such terms and conditions as the Board may determine, offer to holders of shares the right to elect to receive shares of the same class, credited as fully paid, instead of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.
- (f) Unless the Board otherwise determines, the payment of any dividend or other money that would otherwise be payable in respect of shares will be withheld by the Company if such shares represent at least 0.25 per cent. in nominal value of their class and the holder, or any other person whom the Company reasonably believes to be interested in those shares, has been duly served with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares and has failed to supply the required information within 14 days. Furthermore such a holder shall not be entitled to elect to receive shares instead of a dividend.

5.4 Winding up

- (a) If the Company is wound up the liquidator may, with the sanction of a special resolution and any other sanction required by law and subject to the Companies Act, divide among the shareholders in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the like sanction, 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.
- (b) The Board is required to propose an ordinary resolution at the annual general meeting following the fifth anniversary from its initial public offering that the Company should continue as presently constituted and at every fifth annual general meeting thereafter. In the event that a Continuation Resolution is not passed, the Board will be required to formulate proposals for the voluntary liquidation, unitisation, reorganization or reconstruction of the Company for consideration by Shareholders at a general meeting to be convened by the Board for a date not more than six months after the date of the meeting at which such Continuation Resolution was not passed.

5.5 Transfer of shares

- (a) Subject to such of the restrictions in the Articles as may be applicable, each member may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register of members.

- (b) The Board may, in its absolute discretion, refuse to register any transfer of a share in certificated form (or renunciation of a renounceable letter of allotment) unless:
 - (i) it is in respect of a share which is fully paid up;
 - (ii) it is in respect of only one class of shares;
 - (iii) it is in favour of a single transferee or not more than four joint transferees;
 - (iv) it is duly stamped (if so required); and
 - (v) it is delivered for registration to the registered office for the time being of the Company or such other place as the Board may from time-to-time determine, accompanied (except in the case of (a) a transfer by a recognised person where a certificate has not been issued (b) a transfer of an uncertificated share or (c) a renunciation) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so,

provided that the Board shall not refuse to register a transfer or renunciation of a partly paid share in certificated form on the grounds that it is partly paid in circumstances where such refusal would prevent dealings in such share from taking place on an open and proper basis on the market on which such share is admitted to trading. The Board may refuse to register a transfer of an uncertificated share in such other circumstances as may be permitted or required by the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) and the relevant electronic system.

- (c) Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person whom the Company reasonably believes to be interested in the transferor's shares has been duly served with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares, has failed to supply the required information within 14 days and the shares in respect of which such notice has been served represent at least 0.25 per cent. in nominal value of their class, unless the member is not himself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised investment exchange or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded or is in consequence of a bona fide sale to an unconnected party.
- (d) If the Board refuses to register a transfer of a share, it shall send the transferee notice of its refusal, together with its reasons for refusal, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company.
- (e) No fee shall be charged for the registration of any instrument of transfer or any other document relating to or affecting the title to any shares.
- (f) 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 under Section 3(42) of ERISA or the U.S. Code; or (ii) would or might result in the Company and/or its shares being required to register or qualify under the U.S. Investment Company Act and/or the U.S. Securities Act and/or the U.S. Exchange Act and/or any laws of any state of the U.S. that regulate the offering and sale of securities; or (iii) may cause the Company not to be considered a "Foreign Private Issuer" under the U.S. Exchange Act and U.S. Securities Act; or (iv) may cause the Company to be a "controlled foreign corporation" for the purpose of the U.S. Code; or (v) creates a significant legal or regulatory issue for the Company under the U.S. Bank Holding Company Act of 1956 (as amended) or regulations or interpretations thereunder, then any shares which the

Directors decide are shares which are so held or beneficially owned ("**Prohibited Shares**") must be dealt with in accordance with paragraph 7.5(g) below. The Directors may at any time give notice in writing to the holder of a share requiring him to make a declaration as to whether or not the share is a Prohibited Share.

- (g) The Directors shall give written notice to the holder of any share which appears to them to be a Prohibited Share requiring him within 21 days (or such extended time as the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) such share to another person so that it will cease to be a Prohibited Share. From the date of such notice until registration for such a transfer or a transfer arranged by the Directors as referred to below, the share will not confer any right on the holder to receive notice of or to attend and vote at a general meeting of the Company and of any class of shareholder and those rights will vest in the Chairman of any such meeting, who may exercise or refrain from exercising them entirely at his discretion. If the notice is not complied with within 21 days to the satisfaction of the Directors, the Directors shall arrange for the Company to sell the share at the best price reasonably obtainable to any other person so that the share will cease to be a Prohibited Share. The net proceeds of sale (after payment of the Company's costs of sale and together with interest at such rate as the Directors consider appropriate) shall be paid over by the Company to the former holder upon surrender by him of the relevant share certificate (if applicable).
- (h) Upon transfer of a share the transferee of such share shall be deemed to have represented and warranted to the Company that such transferee is acquiring shares in an offshore transaction meeting the requirements of Regulation S and is not, nor is acting on behalf of:
 - (i) a benefit plan investor and no portion of the assets used by such transferee to acquire or hold an interest in such share constitutes or will be treated as "plan assets" of any benefit plan investor under Section 3(42) of ERISA; and/or
 - (ii) a U.S. Person.

5.6 **Variation of rights**

- (a) If at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any shares (whether or not the Company may be or is about to be wound up) may from time-to-time be varied or abrogated in such manner (if any) as may be provided in the Articles by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the class duly convened and held in accordance with the Companies Act.
- (b) The quorum at every such meeting shall be not less than two persons present (in person or by proxy) holding at least one-third of the nominal amount paid up on the issued shares of the relevant class (excluding any shares of that class held as treasury shares) and at an adjourned meeting not less than one person holding shares of the relevant class or his proxy.

5.7 **Alteration of share capital**

The Company may, from time to time, by ordinary resolution:

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

- (d) redenominate its share capital by converting shares from having a fixed nominal value in one currency to having a fixed nominal value in another currency.

5.8 General meetings

- (a) The Board may convene a general meeting (which is not an annual general meeting) whenever it thinks fit.
- (b) A general meeting shall be convened by such notice as may be required by law from time-to-time.
- (c) The notice of any general meeting shall include such statements as are required by the Companies Act and shall in any event specify:
 - (i) whether the meeting is convened as an annual general meeting or any other general meeting;
 - (ii) the place, the day and the time of the meeting;
 - (iii) the general nature of the business to be transacted at the meeting;
 - (iv) if the meeting is convened to consider a special resolution, the text of the resolution and the intention to propose the resolution as such; and
 - (v) with reasonable prominence, that a member entitled to attend and vote is entitled to appoint one or (provided each proxy is appointed to exercise the rights attached to a different share held by the member) more proxies to attend and to speak and vote instead of the member and that a proxy need not also be a member.
- (d) The notice shall be given to the members (other than any who, under the provisions of the Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the Directors and the auditors and to any other person who may be entitled to receive it. The accidental omission to give or send notice of any meeting, or, in cases where it is intended that it be given or sent out with the notice, any other document relating to the meeting including an appointment of proxy to, or the non-receipt of either by, any person entitled to receive the same, shall not invalidate the proceedings at that meeting.
- (e) The right of a member to participate in the business of any general meeting shall include without limitation the right to speak, vote, be represented by a proxy or proxies and have access to all documents which are required by the Companies Act or the Articles to be made available at the meeting.
- (f) A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares of the Company. The Chairman of any general meeting may also invite any person to attend and speak at that meeting if he considers that this will assist in the deliberations of the meeting.
- (g) No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Subject to the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a member so entitled or a proxy for a member so entitled or a duly authorised representative of a corporation which is a member so entitled, shall be a quorum. If, at any time, there is only one person entitled to attend and to vote on the business to be transacted, such person being the sole member so entitled or a proxy for such sole member so entitled or a duly authorised representative of a corporation which is such sole member so entitled, shall be a quorum. The Chairman of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time-to-time (or indefinitely) and from place to place as the meeting shall determine. Where a meeting is adjourned indefinitely, the Board shall fix a time and place for the adjourned meeting. Whenever a meeting is adjourned for 30 days or more or indefinitely, seven clear days' notice at the least, specifying the place, the day and time of the adjourned meeting and the general

nature of the business to be transacted, must be given in the same manner as in the case of the original meeting.

- (h) A resolution put to a vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result on a show of hands) a poll is duly demanded. Subject to the provisions of the Companies Act, a poll may be demanded by:
 - (i) the chairman of the meeting;
 - (ii) at least five members having the right to vote on the resolution;
 - (iii) a member or members representing not less than ten per cent. of the total voting rights of all the members having the right to vote on the resolution (excluding any voting rights attached to shares held as treasury shares); or
 - (iv) member or members holding shares conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than ten per cent. of the total sum paid up on all the shares conferring that right (excluding any voting rights attached to shares in the Company conferring a right to vote on the resolution held as treasury shares).

5.9 Borrowing powers

Subject to the provisions of the Companies Act, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital or any part or parts thereof and 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.

5.10 Issue of shares

- (a) Subject to the provisions of the Companies Act, and to any relevant authority of the Company required by the Companies Act, the Board may allot, grant options over, offer or otherwise deal with or dispose of any new shares or rights to subscribe for or convert any security into shares, at such times and generally on such terms and conditions as the Board may decide, provided that no share shall be issued at a discount.
- (b) Subject to the provisions of the Companies Act and to any rights for the time being attached to any existing shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time-to-time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine and any share may be issued which is, or at the option of the Company or the holder of such share is liable to be, redeemed in accordance with the Articles or as the Directors may determine.
- (c) The business of the Company shall be managed by the Directors who, subject to the provisions of the Companies Act, 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, whether relating to the management of the business or not. 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.

5.11 Directors' fees

- (a) The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time-to-time determine (not exceeding in aggregate £300,000 per annum or such other sum as the Company in general meeting shall from time-to-time determine). Any such fees payable shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provision of the Articles or otherwise and shall accrue from day-to-day.

- (b) The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors.

5.12 Directors' interests

- (a) The Board may authorise any matter proposed to it in accordance with the Articles which would, if not so authorised, involve a breach by a Director of his duty to avoid conflicts of interest under the Companies Act, including any matter which relates to a situation in which a Director has or can have an interest which conflicts, or possibly may conflict, with the interest of the Company (including the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it but excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest). This does not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company. Any authorisation will only be effective if any quorum requirement at any meeting at which the matter was considered is met without counting the Director in question or any other interested Director and the matter was agreed to without their voting or would have been agreed to if their votes had not been counted. The Board may impose limits or conditions on any such authorisation or may vary or terminate it at any time.
- (b) Subject to having, where required, obtained authorisation of the conflict from the Board, a Director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a Director of the Company and in respect of which he has a duty of confidentiality to another person. In particular, a Director shall not be in breach of the general duties he owes to the Company under the Companies Act because he fails to disclose any such information to the Board or to use or apply any such information in performing his duties as a Director, or because he absents himself from meetings of the Board at which any matter relating to a conflict of interest, or possible conflict, of interest is discussed and/or makes arrangements not to receive documents or information relating to any matter which gives rise to a conflict of interest or possible conflict of interest and/or makes arrangements for such documents and information to be received and read by a professional adviser.
- (c) Provided that his interest is disclosed at a meeting of the Board, or in the case of a transaction or arrangement with the Company, in the manner set out in the Companies Act, a Director, notwithstanding his office:
 - (i) may be a party to or otherwise be interested in any transaction or arrangement with the Company or in which the Company is otherwise interested;
 - (ii) may hold any other office or place of profit under the Company (except that of auditor of the Company or any of its subsidiaries);
 - (iii) may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange;
 - (iv) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and
 - (v) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any office or employment or from any transaction or arrangement or from any interest in any body corporate. No such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such profit, remuneration or any other benefit constitute a breach of his duty not to accept benefits from third parties.
- (d) A Director need not declare an interest in the case of a transaction or arrangement with the Company if the other Directors are already aware, or ought reasonably to be aware, of the interest or it concerns the terms of his service contract that have been or are to be

considered at a meeting of the Directors or if the interest consists of him being a director, officer or employee of a company in which the Company is interested.

- (e) The Board may cause the voting rights conferred by the shares in any other company held or owned by the Company or any power of appointment to be exercised in such manner in all respects as it thinks fit and a Director may vote on and be counted in the quorum in relation to any of these matters.

5.13 Restrictions on Directors voting

- (a) A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any transaction or arrangement in which he has an interest which is to his knowledge a material interest and, if he purports to do so, his vote shall not be counted, but this prohibition shall not apply in respect of any resolution concerning any one or more of the following matters:
 - (i) any transaction or arrangement in which he is interested by means of an interest in shares, debentures or other securities or otherwise in or through the Company;
 - (ii) the giving of any guarantee, security or indemnity in respect of money lent to, or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;
 - (iii) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (iv) the giving of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;
 - (v) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
 - (vi) any proposal concerning any other body corporate in which he does not to his knowledge have an interest (as the term is used in Part 22 of the Companies Act) in one per cent. or more of the issued equity share capital of any class of such body corporate (calculated exclusively of any shares of that class in that company held as treasury shares) nor to his knowledge holds one per cent. or more of the voting rights which he holds as shareholder or through his direct or indirect holding of financial instruments (within the meaning of the Disclosure Guidance and Transparency Rules) in such body corporate;
 - (vii) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
 - (viii) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors;
 - (ix) any proposal concerning the funding of expenditure by one or more Directors on defending proceedings against him or them, or doing anything to enable such Director or Directors to avoid incurring such expenditure; or
 - (x) any transaction or arrangement in respect of which his interest, or the interest of Directors generally has been authorised by ordinary resolution.
- (b) A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the

terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

5.14 Number of Directors

Unless and until otherwise determined by an ordinary resolution of the Company, the number of Directors (other than alternate Directors) shall be not less than two and the number is not subject to a maximum.

5.15 Directors' appointment and retirement

- (a) At each annual general meeting of the Company, one-third of the Directors or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third shall retire from office by rotation. If there are fewer than three Directors, one Director shall retire from office.
- (b) At each annual general meeting, any Director who was elected or last re-elected at or before the annual general meeting held in the third calendar year before the current year shall retire by rotation.
- (c) Any Director who would not otherwise be required to retire shall also retire if he has been with the Company for a continuous period of nine years or more at the date of the meeting and shall not be taken into account when deciding which and how many Directors should retire by rotation at the annual general meeting.

5.16 Notice requiring disclosure of interest in shares

- (a) The Company may, by notice in writing under section 793 of the Companies Act, require a person whom the Company knows to be, or has reasonable cause to believe is, interested in any shares or at any time during the three years immediately preceding the date on which the notice is issued to have been interested in any shares, to confirm that fact or (as the case may be) to indicate whether or not this is the case and to give such further information as may be required by the Directors. Such information may include, without limitation, particulars of the person's identity, particulars of the person's own past or present interest in any shares and to disclose the identity of any other person who has a present interest in the shares held by him, where the interest is a present interest and any other interest, in any shares, which subsisted during that three year period at any time when his own interest subsisted to give (so far as is within his knowledge) such particulars with respect to that other interest as may be required and where a person's interest is a past interest to give (so far as is within his knowledge) like particulars for the person who held that interest immediately upon his ceasing to hold it.
- (b) If any shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 14 days after service of the notice), or such other reasonable period as the Directors may determine, the Directors in their absolute discretion may serve a direction notice on the shareholder. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the "default shares") the shareholder shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25 per cent. in nominal value of the class of shares concerned, the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the default shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

5.17 Untraced shareholders

Subject to the Articles, the Company may sell any shares registered in the name of a member if and provided that during the period of 12 years immediately prior to the date of the publication of the advertisement of an intention to make such a disposal the Company has paid at least three cash dividends on the shares and no cash dividend payable on the share has either been claimed or cashed. Until the Company can account to the member, the net proceeds of sale will

be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

5.18 Indemnity of Officers

Subject to the provisions of the Companies Act, but without prejudice to any indemnity to which he may otherwise be entitled, every past or present Director (including an alternate Director) or officer of the Company or a director or officer of an associated company (except the auditors or the auditors of an associated company) may at the discretion of the Board be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company or of an associated company, or in connection with the activities of the Company, or of an associated company, or as a trustee of an occupational pension scheme (as defined in Section 235(6) Companies Act). In addition the Board may purchase and maintain insurance at the expense of the Company for the benefit of any such person indemnifying him against any liability or expenditure incurred by him for acts or omissions as a Director or officer of the Company (or of an associated company).

5.19 REIT provisions

A summary of the REIT provisions included in the Articles is set out in paragraph 4 of Part 8 of this Prospectus.

6. CITY CODE ON TAKEOVERS AND MERGERS

6.1 Mandatory bid

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

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

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

6.2 Compulsory acquisition

Under Sections 974 – 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the Shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding Shares not assented to the offer. It would do so by sending a notice to outstanding holders of Shares telling them that it will compulsorily acquire their Shares and then, six weeks later, it would execute a transfer of the outstanding Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding holders of Shares. The consideration offered to the holders whose Shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

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

The offeror would be required to give any holder of Shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three

months from the date on which the notice is served on the holder of Shares notifying it of its sell-out rights. If a holder of Shares exercises its rights, the offeror is bound to acquire those Shares on the terms of the takeover offer or on such other terms as may be agreed.

7. MATERIAL CONTRACTS OF THE GROUP

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

7.1 Placing Agreement

The Placing Agreement dated 27 April 2018 between the Company, the Investment Manager, the Directors and Winterflood Securities, pursuant to which, subject to certain conditions, Winterflood Securities has agreed to use reasonable endeavours to procure subscribers for Shares pursuant to the Placing at the Issue Price.

The Placing Agreement may be terminated by Winterflood Securities in certain customary circumstances prior to Admission. The Company has appointed Winterflood Securities as sole sponsor, financial adviser and bookrunner to the Company in connection with the Offering.

The obligation of the Company to issue the Shares and the obligation of Winterflood Securities to use its reasonable endeavours to procure subscribers for Shares pursuant to the Placing is conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, among others: (i) Admission having become effective on or before 8.00 a.m. on 31 May 2018 (or such later time and/or date as the Company and Winterflood Securities may agree (not being later than 8.00 a.m. on 30 June 2018)); (ii) the Placing Agreement becoming wholly unconditional (save as to Admission) and not having been terminated in accordance with its terms at any time prior to Admission; and (iii) the Minimum Gross Proceeds being raised.

The Company, the Directors and the Investment Manager have given warranties to Winterflood Securities concerning, *inter alia*, the accuracy of the information contained in this Prospectus. The Company and the Investment Manager have also given indemnities to Winterflood Securities. The warranties and indemnities given by the Company, the Directors and the Investment Manager (as the case may be) are standard for an agreement of this nature.

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

7.2 The Initial Portfolio Acquisition Agreement

The Initial Portfolio Acquisition Agreement dated 27 April 2018 entered into between ERPF, the Minority Limited Partners, Horizon Investments (One) Limited, Horizon Investments (Two) Limited and the Investment Manager (in its capacity as general partner of the Limited Partnerships), pursuant to the terms of which ERPF and the Minority Limited Partners have agreed, conditionally upon, (i) Admission, and (ii) the Minimum Gross Proceeds being raised, to sell respectively their entire capital contributions and drawn down limited partner loan commitments in: (a) Horizon Secure Residential Leasing L.P. to Horizon Investments (One) Limited, and (b) Horizon Long Lease Housing L.P. to Horizon Investments (Two) Limited.

The aggregate consideration payable to ERPF for the acquisition of the interests in the Limited Partnerships will be satisfied by Horizon Investments (One) Limited and Horizon Investments (Two) Limited procuring the allotment by the Company to ERPF on Admission of, in aggregate, the Consideration Shares at the Issue Price. The aggregate consideration payable to the Minority Limited Partners is £200 in cash. The acquisition of the Limited Partnership interests will complete on Admission.

The Group will be required to pay the SDLT on the acquisition of the Limited Partnership interests.

The Initial Portfolio Acquisition Agreement is governed by the laws of England and Wales.

7.3 The Option Agreement

The Option Agreement dated 27 April 2018 entered into between the Investment Manager (in its capacity as general partner of the Limited Partnerships) and Horizon Scotland (GP) Limited, pursuant to the terms of which the Investment Manager (in its capacity as general partner of the Limited Partnerships) has granted Horizon Scotland (GP) Limited an option to acquire the Investment Manager's entire general partner capital contributions in the Limited Partnerships for an aggregate consideration of £20. The Option Agreement is exercisable by Horizon Scotland (GP) Limited at any time for a period of 30 days following Admission.

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

7.4 The Investment Management Agreement

The Investment Management Agreement dated 27 April 2018 entered into between the Company and the Investment Manager, pursuant to which the Investment Manager has been appointed, subject the Admission, as alternative investment fund manager to the Company with responsibility for portfolio and risk management of the Portfolio.

Further details relating to the terms of the Investment Management Agreement and the Annual Management Fee payable to the Investment Manager are set out in the section entitled "The Investment Management Agreement" in Part 5 of this Prospectus.

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

7.5 The Depositary Agreement

The Depositary Agreement dated 27 April 2018 entered into between the Depositary, the Investment Manager and the Company, pursuant to which, the Depositary acts as the sole depositary of the Company and is responsible for:

- (a) ensuring the Company's cash flows are properly monitored;
- (b) the safe keeping of Scheme Property (as defined therein) entrusted to it (which it shall hold on trust for the Company) by the Company and/or the Investment Manager acting on behalf of the Company; and
- (c) the oversight and supervision of the Investment Manager and the Company.

The duties and obligations of the Depositary under the Depositary Agreement are construed in accordance with all laws, rules and regulations applicable from time to time, including, the AIFM Directive, FSMA and the FCA Handbook (the "**Applicable Provisions**"). Under the Depositary Agreement, the Investment Manager and the Company are responsible for providing the Depositary with information required by the Depositary to carry out its duties. Subject to the Applicable Provisions, the Company indemnifies the Depositary, its officers, agents and employees (each an "**Indemnified Person**") against any liability or loss suffered or incurred by an Indemnified Person as a result or in connection with the proper provision of services under the agreement except as a result of fraud, wilful default or negligence on the part of the Indemnified Person.

Pursuant to the Depositary Agreement, the Depositary warrants (amongst other things) that it is and will remain an approved depositary.

In consideration of its services, the Depositary is entitled to be paid a depositary fee equal to: (i) 0.015 per cent. per annum of the Net Asset Value up to £200 million; (ii) 0.01 per cent. per annum of the Net Asset Value from £200 million to £500 million; and (iii) 0.005 per cent. per annum of the Net Asset Value over £500 million, subject to a minimum fee of £30,000 per annum (plus VAT if applicable).

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

7.6 The Administration Agreement

The Administration Agreement dated 27 April 2018 between the Company and the Administrator whereby the Administrator is appointed to act as administrator of the Company.

Under the terms of the of the Administration Agreement, the Administrator provides the day-to-day administration of the Company and is also responsible for the Company's general administrative functions, such as the calculation and publication of the Net Asset Value and maintenance of the Company's accounting records. Under the terms of the Administration Agreement, an administration fee will be charged for the provision of the administration services. Under the terms of the Administration Agreement, the Administrator is entitled to an administration fee of £65,000 per annum (exclusive of VAT) and in addition, an ad valorem fee of one basis point on assets under management in excess of £250 million, subject to any additional fees depending on increased activities of the Company. The Administrator shall also be entitled to reimbursement of all out-of-pocket costs, expenses and charges reasonably and properly incurred on behalf of the Company.

The above fees are stated exclusive of VAT and will be subject to VAT at applicable rates.

The Administration Agreement is for an initial period of 12 months from the date of the agreement and shall continue until terminated by either party on at least 6 months' written notice such notice not to expire earlier than the initial period. In addition, either party may terminate the Administration Agreement:

- (i) by service of three months' written notice should the parties not reach an agreement regarding any increase of the fees payable under the Administration Agreement; or
- (ii) upon service of written notice if the other party commits a material breach of its obligations under the Administration Agreement (including any payment default) which that party has failed to remedy within 60 days of receipt of a written notice to do so from the other party; or
- (iii) if a party goes into liquidation or an order is made or a resolution is passed to put the other party into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation); or
- (iv) if a receiver or administrator is appointed over the other party's undertakings (in whole or in part); or
- (v) either party ceases to hold any permits or authorisations necessary for it to perform its obligations under the Administration Agreement.

The Administration Agreement limits the Administrator's liability thereunder to the lesser of £500,000 or an amount equal to five times the fees payable to the Administrator in the preceding 12 month period pursuant to the Administration Agreement. The Company has agreed to indemnify the Administrator, and its affiliates and their directors, officers and employees from and against any and all losses incurred by the Administrator provided they have not resulted from the negligence, fraud, fraudulent misrepresentation or wilful default of the Administrator or the indemnified parties. The indemnity is customary for an agreement of this nature.

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

7.7 The Company Secretarial Services Agreement

The Company Secretarial Services Agreement between the Company and the Company Secretary dated 27 April 2018, pursuant to which the Company Secretary has agreed to provide certain company secretarial services to the Company and the Company Secretary is the named company secretary of the Company.

Under the terms of the Company Secretarial Services Agreement, the Company Secretary is entitled to customary fees. The Company Secretary will also be entitled to reimbursement of all reasonable out of pocket expenses incurred by it in providing its services under the agreement.

The Company Secretarial Services Agreement is for an initial period of 12 months from the date of the agreement and shall continue until terminated by either party on at least 6 months' written notice (such notice not to expire earlier than the expiry of the initial period. In addition, either party may terminate the Company Secretarial Services Agreement:

- (i) by service of three months' written notice should the parties not reach an agreement regarding any increase of the fees payable under the Company Secretarial Services Agreement; or
- (ii) upon service of written notice if the other party commits a material breach of its obligations under the Company Secretarial Services Agreement (including any payment default) which that party has failed to remedy within 60 days of receipt of a written notice to do so from the first party; or
- (iii) upon service of written notice if a resolution is passed or an order made for the winding-up, dissolution or administration of the other party, or if the other party is declared insolvent or if an administrator, administrative receiver, manager or provisional liquidator (or similar officer to any of the foregoing in the relevant jurisdiction) is appointed over the whole of or a substantial part of the other party or its assets or undertakings.

The Company Secretarial Services Agreement limits the Company Secretary's liability thereunder to the lesser of £500,000 or an amount equal to five times the annual fee payable to the Company Secretary pursuant to the Company Secretarial Services Agreement in the preceding 12 month period pursuant to the Company Secretarial Services Agreement. The Company has agreed to indemnify, defend and hold harmless the Company Secretary, its directors, officers, employees and agents from and against any and all losses, damages, liabilities, professional fees, court costs and expenses resulting or arising from the Company's breach of the agreement and, in addition, any third-party claims, actions, proceedings, investigations or litigation relating to or arising from or in connection with the agreement, except to the extent such losses are determined to have resulted from fraud, wilful default or negligence on the Company Secretary's part. This indemnity is customary for an agreement of this nature.

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

7.8 The Registrar Agreement

The Registrar Agreement dated 27 April 2018 between the Company and Link Market Services Limited pursuant to which the Registrar agreed to act as registrar to the Company.

Under the agreement, the Registrar is entitled to a fee calculated on the basis of the number of Shareholders and the number of transfers processed (exclusive of any VAT). The Registrar is also entitled to reimbursement of all out of pocket costs, expenses and charges properly incurred on behalf of the Company.

The Registrar Agreement may be terminated on six months' notice by either party, such notice not to expire prior to the end of the three years of appointment and is also terminable on shorter notice in the event of breach of the agreement or insolvency.

The Company has given certain market standard indemnities in favour of the Registrar in respect of the Registrar's potential losses in carrying on its responsibilities under the Registrar Agreement. The Registrar's liabilities under the Registrar Agreement are subject to a cap.

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

7.9 The Receiving Agent Agreement

The Receiving Agent Agreement dated 27 April 2018 between the Company and Link Asset Services pursuant to which the Receiving Agent has agreed to act as receiving agent in connection with the Offer for Subscription. Under the terms of the agreement, the Receiving Agent is entitled to receive a fixed fee from the Company of £13,950 (exclusive of VAT) per annum in connection with these services. The Receiving Agent will also be entitled to reimbursement of all out-of-pocket expenses reasonably incurred by it in connection with its duties.

The Company has given certain market standard indemnities in favour of the Receiving Agent in respect of the Receiving Agent's potential losses in carrying on its responsibilities under the Receiving Agent Agreement. The Receiving Agent's liabilities under the Receiving Agent Agreement are subject to a cap.

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

8. THE EXISTING LOAN FACILITIES

The Limited Partnerships are parties to the Existing Loan Facilities. Following the completion of the Initial Portfolio Acquisition Agreement, the Existing Loan Facilities will become material contracts of the Group and the key terms of the Existing Loan Facilities (and associated security agreements) which will apply following Admission are summarised below.

8.1 The HSRL Loan Agreement

Pursuant to the HSRL Rothschild Loan dated 29 January 2016, and made between (1) Horizon Secure Residential Leasing L.P. (acting through its general partner Horizon (GP) Limited (the "**Borrower**"), (2) N M Rothschild & Sons Limited (the "**Agent**"), (3) N M Rothschild & Sons Limited (the "**Security Agent**") and (4) Rothschild Bank International Limited ("**Lender B**") and Partnership Life Assurance Company Limited ("**Lender A**") (the "**Original Lenders**"), the Original Lenders have made available to the Borrower a total of £13,870,000 (the "**HSRL Rothschild Loan Agreement**"). This comprises of a term loan facility which was drawn down in full on or around the 29 January 2016 (the "**Loan**").

In respect of the Loan, all amounts borrowed must be applied towards the repayment of the equity funding provided by East Riding Pension Fund (as defined in the HSRL Rothschild Loan Agreement) to the Borrower, payment of costs and expenses incurred by the Borrower in respect of the HSRL Rothschild Loan Agreement and to fund the general working capital requirements of the Borrower.

The HSRL Rothschild Loan Agreement has a term of the earlier of (a) 19 years and 6 months from the date of the HSRL Rothschild Loan Agreement or (b) the day after the date on which the Plexus Lease (as defined in the HSRL Rothschild Loan Agreement with the earliest termination date expires (the "**Termination Date**"). The Loan shall amortise and be repaid on each Repayment Instalment (as defined in the HSRL Rothschild Loan Agreement) and the last Repayment Instalment shall be repaid on the Termination Date.

The interest rate is calculated in two ways. In respect of the part of the Loan made available by Lender A it is equal to the fixed rate which is 3.69410 per cent. per annum. In respect of the part of the Loan made available by Lender B it is equal to the aggregate of the margin (being 2 per cent. per annum) and LIBOR (as defined in the HSRL Rothschild Loan Agreement). The interest payment dates are 25 January, 25 April, 25 July and 25 October each year, plus the Termination Date.

The HSRL Rothschild Loan Agreement is secured by a first ranking security agreement over the assets of the Borrower in favour of the Security Agent dated 29 January 2016 and a first ranking security agreement over certain contracts detailed in the schedule thereto dated 21 December 2016.

The HSRL Rothschild Loan Agreement contains undertakings, representations and warranties customary for a loan facility of this nature, including:

- a negative pledge not to create or permit to subsist any security interest on any asset of the Borrower; and
- restrictions on disposals of assets.

The HSRL Rothschild Loan Agreement includes several financial covenants. Projected Interest Cover ("**PIC**") must be 200 per cent. at all times. Loan to Value ("**LTV**") must not exceed 55 per cent. from the date of the HSRL Rothschild Loan Agreement until the fifth anniversary of the HSRL Rothschild Loan Agreement and 52.5 per cent. from the fifth anniversary of the HSRL Rothschild Loan Agreement to the Termination Date. Historic Debt Service Cover ("**HDSC**") must

be at least 130 per cent. PIC, LTV and HDSC must be calculated on each Interest Payment Date, immediately prior to a Disposal and immediately prior to any substitution of a Property (as each term is defined in the HSRL Rothschild Loan Agreement) and at any other times that the Agent shall require.

Breach of the financial covenants constitute an event of default. In addition, the HSRL Rothschild Loan Agreement contains other events of default customary for a secured facility of this nature, including insolvency events of default which are applicable to each of the Transaction Obligors, the Investment Advisor, the Guarantor or the Housing Provider (as each term is defined in the HSRL Rothschild Loan Agreement). An event of default which is continuing would entitle the Agent to:

- cancel the total commitments under the HSRL Rothschild Loan Agreement;
- declare that all or part of the Loan, together with all other amounts under the Finance Documents (as defined in the HSRL Rothschild Loan Agreement) be immediately due and payable;
- declare that all or part of the Loan be payable on demand; and/or
- exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents.

The HSRL Rothschild Loan Agreement is governed by English law.

8.2 The HLLH Loan Agreement

Pursuant to the HLLH Rothschild Loan dated 19 February 2016, and made between (1) Horizon Long Lease Housing LP (acting through its general partner Horizon (GP) Limited (the "**Borrower**"), (2) N M Rothschild & Sons Limited (the "**Agent**"), (3) N M Rothschild & Sons Limited (the "**Security Agent**") and (4) Rothschild Bank International Limited ("**Lender B**") and Partnership Life Assurance Company Limited ("**Lender A**") (the "**Original Lenders**"), the Original Lenders have made available to the Borrower a total of £6,540,000 (the "**HLLF Rothschild Loan Agreement**"). This comprises of a term loan facility which was drawn down in full on or around the 19 February 2016 (the "**Loan**").

In respect of the Loan, all amounts borrowed must be applied towards the repayment of the equity funding provided by East Riding Pension Fund (as defined in the HLLH Rothschild Loan Agreement) to the Borrower, payment of costs and expenses incurred by the Borrower in respect of the HLLH Rothschild Loan Agreement and to fund the general working capital requirements of the Borrower.

The HLLH Rothschild Loan Agreement has a term of 20 years from the date of the HLLH Rothschild Loan Agreement (the "**Termination Date**"). The Loan shall amortise and be repaid on each Repayment Instalment (as defined in the HLLH Rothschild Loan Agreement) and the last Repayment Instalment shall be repaid on the Termination Date.

The interest rate is calculated in two ways. In respect of the part of the Loan made available by Lender A it is equal to the fixed rate which is 3.3146 per cent. per annum. In respect of the part of the Loan made available by Lender B it is equal to the aggregate of the margin (being 2 per cent. per annum) and LIBOR (as defined in the HLLH Rothschild Loan Agreement). The interest payment dates are 25 January, 25 April, 25 July and 25 October each year, plus the Termination Date.

The HLLH Rothschild Loan Agreement is secured by a first ranking security agreement over the assets of the Borrower in favour of the Security Agent dated 19 February 2016 and a first ranking security agreement over certain contracts detailed in the schedule thereto dated 21 December 2016.

The HLLH Rothschild Loan Agreement contains undertakings, representations and warranties customary for a loan facility of this nature, including:

- a negative pledge not to create or permit to subsist any security interest on any asset of the Borrower; and
- restrictions on disposals of assets.

The HLLH Rothschild Loan Agreement includes several financial covenants. Projected Interest Cover (“**PIC**”) must be 200 per cent. at all times. Loan to Value (“**LTV**”) must not exceed 55 per cent. from the date of the HLLH Rothschild Loan Agreement until the fifth anniversary of the HLLH Rothschild Loan Agreement and 52.5 per cent. from the fifth anniversary of the HLLH Rothschild Loan Agreement to the Termination Date. Historic Debt Service Cover (“**HDSC**”) must be at least 130 per cent. PIC, LTV and HDSC must be calculated on each Interest Payment Date, immediately prior to a Disposal and immediately prior to any substitution of a Property (as each term is defined in the HLLH Rothschild Loan Agreement) and at any other times that the Agent shall require.

Breach of the financial covenants constitute an event of default. In addition, the HLLH Rothschild Loan Agreement contains other events of default customary for a secured facility of this nature, including insolvency events of default which are applicable to each of the Transaction Obligors, the Investment Advisor, the Guarantor or the Housing Provider (as each term is defined in the HLLH Rothschild Loan Agreement). An event of default which is continuing would entitle the Agent to:

- cancel the total commitments under the HLLH Rothschild Loan Agreement;
- declare that all or part of the Loan, together with all other amounts under the Finance Documents (as defined in the HLLH Rothschild Loan Agreement) be immediately due and payable;
- declare that all or part of the Loan be payable on demand; and/or
- exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents.

The HLLH Rothschild Loan Agreement is governed by English law.

9. LITIGATION

There have been no governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened, nor of any such proceedings having been pending or threatened since the date of incorporation of the Company which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company and/or the Group.

10. WORKING CAPITAL

The Company is of the opinion that, on the basis the Minimum Net Proceeds are raised, the working capital available to the Company is sufficient for its present requirements, that is for at least the next 12 months from the date of this Prospectus.

11. CAPITALISATION AND INDEBTEDNESS

As at the date of this Prospectus, the Company has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness, and has not entered into any mortgage, charge or security interest, and the Company’s issued share capital consists of 50,000 Restricted Shares of £1.00 each, all fully paid up and one Share of £0.01.

12. NO SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Company since the date of its incorporation.

13. GENERAL

- 13.1 The Investment Manager is a limited company incorporated in Scotland with registration number SC493523. The Investment Manager is regulated by the FCA as a full-scope AIFM. The business address of the Investment Manager is Tallis House, 2 Tallis Street, London EC4Y 0AB (telephone number +44 (0)203 666 5185) and the registered office of the Investment Manager is Exchange Crescent, Conference Square, Edinburgh EH3 8OL. The Investment Manager has given and not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which it appears. The Investment Manager accepts responsibility for Section 4 of Part 1 (The Investment Opportunity and Strategy), Section 5 of Part 1 (The Initial Portfolio), Section 6 of Part 1 (The Investment Manager and Track Record), Section 7 of Part 1 (Pipeline), Section 8 of Part 1 (Investment Process), Part 2 (The Initial Portfolio and Pipeline), Part 3 (The Group's Target Markets), Section 2 of Part 5 (The Investment Manager) and Section 3 of Part 5 (Conflicts of Interest) of this Prospectus (together the “**Investment Manager Sections**”) for the purposes of Prospectus Rule 5.5.3(f). To the best of the knowledge and belief of the Investment Manager (who has taken all reasonable care to ensure that such is the case), the Investment Manager Sections are in accordance with the facts and do not omit anything likely to affect the import of such Investment Manager Sections.
- 13.2 JLL has given and not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which it appears and has authorised the contents of the Valuation Report and the Market Commentary for the purposes of Prospectus Rule 5.5.3R(2)(f). JLL accepts responsibility for the Valuation Report and the Market Commentary. To the best of the knowledge and belief of JLL (who has taken all reasonable care to ensure that such is the case), the information contained in the Valuation Report and the Market Commentary is in accordance with the facts and contains no omission likely to affect the import of such information. JLL was incorporated in England and Wales on 25 October 1974 under the Companies Acts 1948 to 1967 (with registered number 01188567). JLL's registered office is situated at 30 Warwick Street, London W1B 5NW (telephone number +44 (0)20 7493 4933).
- 13.3 Winterflood Securities has given and not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which it appears.
- 13.4 BDO LLP has been the only auditor of the Company since incorporation. BDO LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.
- 13.5 Where third party information has been referenced in this Prospectus, the source of that third party information has been disclosed. All information in this Prospectus that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 13.6 INDOS Financial Limited, whose registered office is located at 54 Fenchurch Street, London EC3M 3JY, acts as the Company's depositary. The Depositary is a private limited company, registered in England and Wales under number 08255973 and its telephone number is +44 (0)20 3876 2218. The Depositary maintains its registered office and place of central administration in the United Kingdom. The Depositary is authorised and regulated by the FCA.
- The Depositary is not involved, directly or indirectly, with the business affairs, organisation, sponsorship or management of the Company and is not responsible for the preparation of this Prospectus and accepts no responsibility for any information contained in this Prospectus.
- The Depositary will not hold the Company's property assets in custody. Title to such property assets will be recorded in the relevant land register as being held by the Company, or another Group company or investment vehicle, as appropriate.
- The Depositary's asset ownership and verification duties with respect to non-custodial assets of the Company apply on a look-through basis to underlying assets held by financial or legal structures established by the Company or by the Investment Manager acting on behalf of the Company for the purpose of investing in the underlying assets and which are controlled directly or indirectly by the Company or the Investment Manager acting on behalf of the Company.
- 13.7 The accounting reference date of the Company is 30 June.

- 13.8 The property assets of the Group are held and controlled by the Group directly and no custodial assets are expected to be held in third party custody arrangements.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company and the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the life of this Prospectus:

- (a) the memorandum of association of the Company and the Articles;
- (b) the Valuation Report; and
- (c) this Prospectus.

PART 10

AIFM DIRECTIVE – ARTICLE 23 DISCLOSURES

This Prospectus contains the information required to be made available to investors in the Company before they invest, pursuant to Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers (the “**AIFM Directive**”) and UK implementing measures (the Alternative Investment Fund Managers Regulations No.1773/2013, and consequential amendments to the FCA Handbook).

The table below sets out information required to be disclosed pursuant to the AIFM Directive and related national implementing measures.

This Prospectus contains solely that information that Horizon (GP) Limited (as the alternative investment fund manager of the Company) (the “**AIFM**”) is required to make available to investors pursuant to the AIFM Directive and should not be relied upon as the basis for any investment decision.

DISCLOSURE REQUIREMENT	DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE
1(a) a description of the investment strategy and objectives of the Company	Information on the investment strategy and objectives of the Company are outlined in sections 2 and 4 of Part 1 of this Prospectus.
(b) if the Company is a feeder fund, information on where the master fund is established;	N/a
(c) if the Company is a fund of funds, information on where the underlying funds are established;	N/a
(d) a description of the types of assets in which the Company may invest;	The types of assets in which the Company may invest are outlined in section 4 of Part 1 under the heading “Investment Opportunity and Strategy” and Part 2 of this Prospectus.
(e) the investment techniques that the Company may employ and all associated risks;	The investment techniques used by the Company are described in Part 1 of this Prospectus. The section entitled “Risk Factors” (pages 20 to 31 inclusive) of this Prospectus provide an overview of the risks involved in investing in the Company.
(f) any applicable investment restrictions;	The investment restrictions applicable to the Company are set out in section 2 of Part 1 of this Prospectus under the heading “Investment Policy”.
(g) the circumstances in which the Company may use leverage;	The circumstances in which the Company may use leverage and the restrictions on the use of leverage are described in section 2 of Part 1 under the heading “Gearing”.
(h) the types and sources of leverage permitted and the associated risks;	The Company's borrowings shall not exceed 50 per cent of the Net Asset Value calculated at the time of drawdown.

(i) the maximum level of leverage which the Investment Manager is entitled to employ on behalf of the Company;	<p>The AIFM Directive prescribes two methods of measuring and expressing leverage (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.</p> <p>Without prejudice to the foregoing (in compliance with the investment policy concerning gearing), the Company has set a maximum leverage limit of 200 per cent. (on both a “gross” and “commitment” basis).</p> <p>Certain risks associated with the Company’s use of leverage are described in the “Risk Factors” section of this Prospectus.</p>
(j) any collateral and asset reuse arrangements;	N/a
(2) a description of the procedures by which the Company may change its investment strategy or investment policy, or both;	<p>No material change will be made to the investment policy and investment restrictions without the prior approval of the FCA and 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 the FCA and the Shareholders.</p>
(3) a description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, the applicable law and the existence or absence of any legal instruments providing for the recognition and enforcement of judgments in the territory where the Company is established;	<p>The Company is a company limited by shares, incorporated in England and Wales. While investors acquire an interest in the Company on subscribing for or purchasing shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, Shareholders have no direct legal or beneficial interest in those investments. The liability of Shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the Shares held by them.</p> <p>Shareholders’ rights in respect of their investment in the Company are governed by the Articles and the Companies Act. Under English law, the following types of claim may in certain circumstances be brought against a company by its shareholders: contractual claims under its articles of association; claims in misrepresentation in respect of statements made in its prospectus and other marketing documents; unfair prejudice claims and derivative actions. In the event that a Shareholder considers that it may have a claim against the Company in connection with such investment in the Company, such Shareholder should consult its own legal advisers.</p> <p>Jurisdiction and applicable law</p> <p>As noted above, Shareholders’ rights are governed principally by the Articles and the Companies Act. By subscribing for Shares, investors agree to be bound by the Articles which are governed by, and construed in accordance with, the laws of England and Wales.</p>

	<p>Recognition and enforcement of foreign judgments</p> <p>Regulation (EC) 593/2008 ("Rome I") must be applied in all member states of the European Union (other than Denmark). Accordingly, where a matter comes before the courts of a relevant member state, the choice of a governing law in any given agreement is subject to the provisions of Rome I. Under Rome I, the member state's court may apply any rule of that member state's own law which is mandatory irrespective of the governing law and may refuse to apply a rule of governing law if it is manifestly incompatible with the public policy of that member state. Further, where all other elements relevant to the situation at the time of the choice are located in a country other than the country whose law has been chosen, the choice of the parties shall not prejudice the application of provisions of the law of that other country which cannot be derogated from by agreement.</p> <p>Shareholders should note that there are a number of legal instruments providing for the recognition and enforcement of foreign judgments in England. Depending on the nature and jurisdiction of the original judgment, Council Regulation (EC) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, Regulation (EC) No 805/2004 of the European Parliament and of the Council of 21 April 2004 creating a European Enforcement Order for uncontested claims, the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters done at Lugano on 30 October 2007, the Administration of Justice Act 1920 and the Foreign Judgment (Reciprocal Enforcement) Act 1933 may apply. There are no legal instruments providing for the recognition and enforcement of judgments obtained in jurisdictions outside those covered by the instruments listed above, although such judgments might be enforceable at common law.</p>
<p>(4) the identity of the AIFM, the Company's depositary, the auditor and any other service providers and a description of their duties and the investors' rights;</p>	<p><i>The Investment Manager:</i></p> <p>Pursuant to the Investment Management Agreement, the Company has appointed Horizon (GP) Limited to act as the Company's AIFM. The Investment Manager will maintain responsibility for implementing appropriate portfolio and risk management standards and procedures for the Company and will also carry out the on-going oversight functions and ensure compliance with the applicable requirements of the AIFM Rules. Further details of the Investment Management Agreement are set out in Part 5 of this Prospectus.</p> <p><i>Administrator:</i></p> <p>Link Alternative Fund Administrators Limited has been appointed as Administrator to the Company. The Administrator will provide the day-to-day administration of the Company and will also be responsible for the Company's general administrative functions, such as the calculation and publication of the Net Asset Value and maintenance of the Company's accounting records.</p> <p><i>Company Secretary:</i></p> <p>Link Company Matters Limited has also been appointed as the Company Secretary to provide company secretarial services required under the Companies Act.</p>

	<p>Registrar:</p> <p>The Company will utilise the services of Link Asset Services as registrar in relation to the transfer and settlement of Shares.</p> <p>Depositary:</p> <p>INDOS Financial Limited has been appointed as the sole depositary of the Company.</p> <p>Auditor:</p> <p>BDO LLP provides audit services to the Group. The auditor's principal responsibilities are to audit and express an opinion on the financial statements of the Company in accordance with applicable law and auditing standards. The annual report and accounts are prepared according to accounting standards laid out under IFRS.</p> <p>Investors' Rights</p> <p>The Company is reliant on the performance of third party service providers, including the Investment Manager, the Administrator, the Company Secretary, the Depositary, the Auditor and the Registrar.</p> <p>Without prejudice to any potential right of action in tort that a Shareholder may have to bring a claim against a service provider, each Shareholder's contractual relationship in respect of its investment in Shares is with the Company only. Accordingly, no Shareholder will have any contractual claim against any service provider with respect to such service provider's default.</p> <p>In the event that a Shareholder considers that it may have a claim against a third party service provider in connection with such Shareholder's investment in the Company, such Shareholder should consult its own legal advisers.</p> <p>The above is without prejudice to any right a Shareholder may have to bring a claim against an FCA authorised service provider under section 138D of the Financial Services and Markets Act 2000 (which provides that breach of an FCA rule by such service provider is actionable by a private person who suffers loss as a result), or any tortious cause of action. Shareholders who believe they may have a claim under section 138D of the Financial Services and Markets Act 2000, or in tort, against any service provider in connection with their investment in the Company, should consult their legal adviser.</p> <p>Shareholders who are "Eligible Complainants" for the purposes of the FCA "Dispute Resolutions Complaints" rules (natural persons, micro-enterprises and certain charities or trustees of a trust) are able to refer any complaints against FCA authorised service providers to the Financial Ombudsman Service ("FOS") (further details of which are available at www.fscs.org.uk). Additionally, Shareholders may be eligible for compensation under the Financial Services Compensation Scheme ("FSCS") if they have claims against an FCA authorised service provider which is in default. There are limits on the amount of compensation. Further information about the FSCS can be found at www.fscs.org.uk. To determine eligibility in relation to either the FOS or the FSCS, Shareholders should consult the respective websites above and speak to their legal advisers.</p>
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(5) a description of how the Investment Manager complies with the requirements referred to in IPRU-INV 11.3.11G (Professional negligence) relating to professional liability risk;	In order to cover potential professional liability risks resulting from the Investment Manager's activities, the Investment Manager holds a professional indemnity insurance policy against liability arising from professional negligence which is appropriate to the risks covered.
(6) a description of: (a) any management function delegated by the Investment Manager;	N/a
(b) any safe-keeping function delegated by the depositary;	The Company is not expected to invest in or hold custodial assets. However, to the extent the Company does hold custodial assets in accordance with the terms of the Depositary Agreement, and subject to the provisions of the AIFM Directive, the Depositary may delegate its safe-keeping functions. The liability of the Depositary shall in principle not be affected by any delegation of its custody function and the Depositary shall be liable to the Company or its investors for the loss of financial instruments by the Depositary or a third party to whom the custody of financial instruments has been delegated. The Depositary may discharge its responsibility in case of a loss of a financial instrument: (i) in the event it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary; (ii) where it has contractually discharged its responsibility in compliance with article 21(13) of the AIFM Directive; or (iii) in compliance with the conditions set out under article 21(14) of the AIFM Directive where the laws of a third country require that certain financial instruments be held by a local entity and there are no local entities that satisfy the delegation requirements of article 21(11) of the AIFM Directive. Save as aforesaid, the Depositary shall be liable to the Company for any loss or liability incurred by the Company as a consequence of the Depositary's fraud, wilful default, negligence, or bad faith in failing to properly fulfil its obligations pursuant to the AIFM Directive. In the absence of the Depositary's fraud, wilful default, negligence, or bad faith in failing to properly fulfil its obligations pursuant to the AIFM Directive, the Depositary shall not be liable to the Company or any other person with respect to any act or omission in connection with the services provided under the Depositary Agreement.
(c) the identity of each delegate appointed in accordance with FUND 3.10 (Delegation); and	N/a
(d) any conflicts of interest that may arise from such delegations;	N/a

(7) a description of the Company's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing any hard-to-value assets, in line with FUND 3.9 (Valuation);	A description of the Company's valuation procedures is outlined in sections 10 and 11 of Part 1 of this Prospectus.
(8) a description of the Company's liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors;	<p>The Company is a closed-ended investment company incorporated in England and Wales on 29 March 2018 which carries on business as the principal company of a REIT group. Shareholders are entitled to participate in the assets of the Company attributable to their Shares in a winding-up of the Company or other return of capital, but they have no rights of redemption.</p> <p>Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected. The Company mitigates this risk by maintaining a balance between continuity of funding and flexibility through the use of bank deposits and loans.</p>
(9) a description of all fees, charges and expenses, and the maximum amounts directly or indirectly borne by investors;	<p>The costs and expenses (including irrecoverable VAT) of, and incidental to, the Issue are expected to be 1.7 per cent. of the Gross Proceeds.</p> <p>Assuming Gross Proceeds of £125 million, the Company's ongoing annual expenses are currently expected to amount to 1.6 per cent. of Net Asset Value per annum assuming a Net Asset Value on Admission of £122.9 million, calculated according to current AIC guidelines.</p> <p>Given that many of the fees are irregular in their nature, the maximum amount of fees, charges and expenses that Shareholders will bear in relation to their investment cannot be disclosed in advance.</p>
(10) a description of how the Investment Manager ensures a fair treatment of investors;	<p>The Directors of the Company have certain statutory duties with which they must comply. These include a duty upon each Director to act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. As a company listed on the UKLA's Official List, the Company is required under the Premium Listing Principles to treat all Shareholders of a given class equally.</p> <p>The Investment Manager maintains a conflicts of interest policy to avoid and manage any conflicts of interest that may arise between it and the Company.</p> <p>No investor has a right to obtain preferential treatment in relation to their investment in the Company and the Company does not give preferential treatment to any investors.</p> <p>The Shares rank <i>pari passu</i> with each other.</p>

<p>(11) whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of:</p> <p>(a) that preferential treatment;</p>	<p>The Investment Manager may enter into arrangements with certain investors to rebate part of the Annual Management Fee attributable to those investors' Shares, in each case without the prior approval of, or disclosure of the detail of those terms to Shareholders. The types of investors who may benefit are investors making significant or strategic investments in the Shares.</p>
<p>(b) the type of investors who obtain such preferential treatment; and</p>	<p>Please see (a) above.</p>
<p>(c) where relevant, their legal or economic links with the Company or the Investment Manager;</p>	<p>Please see (a) above.</p>
<p>(12) the procedure and conditions for the issue and sale of units or shares;</p>	<p>The terms and conditions under which investors can subscribe for Shares under the Placing are set out in Part 11 of this Prospectus.</p> <p>The terms and conditions and application form to subscribe for Shares under the Offer for Subscription are set out in Part 12 and Appendix 1 of this Prospectus.</p> <p>New Shares may be issued at the Board's discretion and providing relevant Shareholder issuance authorities are in place. Shareholders do not have the right to redeem their Shares. While the Company will typically have Shareholder authority to buy back Shares any such buy back is at the absolute discretion of the Board and no expectation or reliance should be placed on the Board exercising such discretion.</p>
<p>(13) the latest net asset value of the Company or the latest market price of the unit or share of the Company, in line with FUND 3.9 (Valuation);</p>	<p>The Company has not yet published a Net Asset Value in accordance with Article 19 of the AIFM Directive.</p> <p>When published, Net Asset Value announcements can be found on the Company's website: www.horizonreit.com.</p>
<p>(14) the latest annual report, in line with FUND 3.3 (Annual report of an AIF);</p>	<p>The Company has not yet published an annual report in line with Article 22 of the AIFM Directive.</p> <p>When published, annual reports can be found on the Company's website: www.horizonreit.com.</p>
<p>(15) where available, the historical performance of the Company;</p>	<p>The Company has not yet published any annual or interim financial statements.</p> <p>When published, annual and interim financial statements can be found on the Company's website: www.horizonreit.com.</p>
<p>(16)</p> <p>(a) the identity of the prime brokerage firm;</p>	<p>N/a</p>

(b) a description of any material arrangements of the Company with its prime brokerage firm and the way any conflicts of interest are managed;	N/a
(c) the provision in the contract with the depositary on the possibility of transfer and reuse of Company assets; and	N/a
(d) information about any transfer of liability to the prime brokerage firm that may exist; and	N/a
(17) a description of how and when the information required under FUND 3.2.5 R and FUND 3.2.6 R will be disclosed.	<p>The Investment Manager as AIFM is required under AIFM Directive to make certain periodic disclosures to Shareholders of the Company.</p> <p>Under Article 23(4) of the AIFM Directive, the Investment Manager must periodically disclose to Shareholders:</p> <ul style="list-style-type: none"> • the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature; • any new arrangements for managing the liquidity of the Company; and • the current risk profile of the Company and the risk management systems employed by the Investment Manager to manage those risks. <p>This information shall be disclosed as part of the Company's annual and half year reporting to Shareholders.</p> <p>Under Article 23(5) of AIFM Directive, the Investment Manager must disclose to Shareholders on a regular basis:</p> <ul style="list-style-type: none"> • any changes to: (i) the maximum level of leverage that the Investment Manager may employ on behalf of the Company; and (ii) any right or reuse of collateral (including any security, guarantee or indemnity) or any guarantee granted under the leveraging arrangement; and • the total amount of leverage employed by the Company. <p>Information on changes to the maximum level of leverage and any right of re-use of collateral or any guarantee under the leveraging arrangements shall be provided without undue delay.</p> <p>Information on the total amount of leverage employed by the Company shall be disclosed as part of the Company's periodic reporting to Shareholders.</p> <p>Without limitation to the generality of the foregoing, any information required under Article 23(4) or 23(5) of AIFM Directive may be disclosed to Shareholders: (a) in the Company's annual report or half-yearly report; (b) by the Company issuing an announcement via a RIS; (c) a subsequent prospectus; and/or (d) by the Company publishing the relevant information on www.horizonreit.com.</p>

PART 11

TERMS AND CONDITIONS OF THE PLACING

1. INTRODUCTION

- 1.1 Each Placee who may lawfully be, and is invited to participate by Winterflood Securities and which confirms its agreement (whether orally or in writing) to Winterflood Securities to subscribe for Shares under either the Placing will be irrevocably bound by these terms and conditions and will be deemed to have accepted them.
- 1.2 Winterflood Securities may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and may require any such Placee to execute a separate placing letter.

2. AGREEMENT TO SUBSCRIBE FOR SHARES

- 2.1 Conditional on, amongst other things: (i) Admission occurring and becoming effective by 8.00 a.m. on or prior to 31 May 2018 (or such later time and/or date, not being later than 30 June 2018, as specified by Winterflood Securities); (ii) the Minimum Gross Proceeds being raised; (iii) the Placing Agreement becoming otherwise unconditional in all respects in respect of the Placing and not having been terminated on or before the date of the Placing; and (iv) Winterflood Securities confirming to the Placees their allocation of Shares (verbally or by electronic mail), a Placee agrees to become a member of the Company and agrees to subscribe for those Shares allocated to it by Winterflood Securities at the Issue Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.
- 2.2 Applications under the Placing must be for a minimum subscription amount of £1,000.
- 2.3 Any commitment to acquire Shares under the Placing agreed orally with Winterflood Securities, as agent for the Company, will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and Winterflood Securities, to subscribe for the number of Shares allocated to it on the terms and subject to the conditions set out in this Part 11 and in a contract note (the “**Contract Note**”) and in accordance with the Articles. Except with the consent of Winterflood Securities, each person will be deemed to have confirmed that such oral commitment will not be capable of variation or revocation after the time at which it is made. In the event that Winterflood Securities has procured acceptances from any person in connection with the Placing prior to the date of the despatch of this Prospectus, Winterflood Securities will, prior to Admission, request confirmation from any such person that their earlier commitment remains firm and binding upon these terms and conditions and no reliance may be placed by such person on an earlier version or draft of this Prospectus.
- 2.4 Each Placee's allocation of Shares under the Placing will be evidenced by a Contract Note confirming: (i) the number of Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such Shares; and (ii) settlement instructions to pay Winterflood Securities, as agent for the Company. The provisions as set out in this Part 11 will be deemed to be incorporated into that Contract Note.
- 2.5 The Shares issued pursuant to the Placing will rank *pari passu* in all respects with the existing ordinary shares of the Company and will rank in full for all dividends and other distributions declared, made or paid on the ordinary share capital of the Company after Admission.
- 2.6 If the Minimum Gross Proceeds are not raised, the Placing will lapse and all proceeds will be returned to Placees without interest and at the Placee's risk.
- 2.7 None of the Company, the Directors or Winterflood Securities owes any fiduciary duty to any Placee in respect of the representations, warranties, undertakings or indemnities in the Placing Agreement.
- 2.8 For the avoidance of doubt, the Placing will not be underwritten and no commissions are payable to a Placee in respect of their Placing commitment.

3. PAYMENT FOR SHARES

- 3.1 Each Placee undertakes to pay the Issue Price for the Shares issued to the Placee in the manner and by the time directed by Winterflood Securities. In the event of any failure by any Placee to pay as so directed and/or by the time required by Winterflood Securities, the relevant Placee's application for Shares may, at the discretion of Winterflood Securities, either be accepted or rejected and, in the former case, paragraph 3.2 below shall apply.
- 3.2 Each Placee is deemed to agree that if it does not comply with its obligation to pay the Issue Price for the Shares allocated to it in accordance with paragraph 3.1 of these terms and conditions and Winterflood Securities elects to accept that Placee's application, Winterflood Securities may sell all or any of the Shares allocated to the Placee on such Placee's behalf and retain from the proceeds an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will, however, remain liable for any shortfall below the aggregate amount owed by such Placee and it may be required to bear any tax or other charges (together with any interest or penalties) which may arise upon the sale of such Shares on such Placee's behalf.
- 3.3 The Company has applied for all of the Shares (including the Placing Shares) to be held in CREST. Settlement of transactions in the Shares following Admission will take place in CREST but Winterflood Securities reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction.
- 3.4 Placing Shares will be delivered direct into the Placee's CREST account provided payment has been made in terms satisfactory to Winterflood Securities and the details provided by the Placee have provided sufficient information to all the CREST system to match to the CREST account specified. Placing Shares comprised in the Placing commitment by a Placee are expected to be delivered to the CREST account which a Placee specifies by telephone to the Placee's usual sales contact at Winterflood Securities.
- 3.5 If the Placee does not provide any CREST details or if the Placee provides insufficient CREST details to match within the CREST system to such Placee's details, Winterflood may, at its absolute discretion, deliver or procure the delivery of the Placing commitment by such Placee in certificated form provided payment has been made in terms satisfactory to Winterflood Securities and all conditions in relation to the Placing have been satisfied or waived.

4. REPRESENTATIONS AND WARRANTIES

- By agreeing to subscribe for Shares under either the Placing, each Placee which enters into a commitment to subscribe for Shares will (for itself and for any person(s) procured by it to subscribe for Shares and any nominee(s) for any such person(s)) be deemed to irrevocably agree, undertake, represent, warrant and acknowledge to each of the Company, Winterflood Securities, the Investment Manager and the Registrar that:
- 4.1 in agreeing to subscribe for Shares under the Placing, it is relying solely on this Prospectus and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time by any person concerning the Company, the Shares, the Placing or Admission (including, without limitation, the roadshow presentation prepared by the Company or research by any party containing information about the Company). It agrees that none of the Company, Winterflood Securities, the Investment Manager or the Registrar, nor any of their respective officers, agents, employees or affiliates, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- 4.2 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Shares under the Placing, it warrants and represents that it is a person to whom the Shares may be lawfully offered under that other territory or jurisdiction's laws and regulations, 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, Winterflood Securities, the Investment Manager or the Registrar or any of their respective officers, agents, employees or affiliates 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 Placing;

- 4.3 it has carefully read and understands this Prospectus in its entirety and acknowledges that it is acquiring Shares on the terms and subject to the conditions set out in this Part 11 and in the Contract Note and the Articles as in force at the date of Admission;
- 4.4 the price payable per Share is payable to Winterflood Securities on behalf of the Company in accordance with the terms of these terms and conditions and in the Contract Note;
- 4.5 it has the funds available to pay for in full the Shares for which it has agreed to subscribe and it will pay the total subscription amount in accordance with the terms set out in these terms and conditions and as set out in the Contract Note on the due time and date;
- 4.6 it has not relied on Winterflood Securities or any person affiliated with Winterflood Securities in connection with any investigation of the accuracy of any information contained in this Prospectus;
- 4.7 it acknowledges that the content of this Prospectus is exclusively the responsibility of the Company, the Directors and the Investment Manager and neither Winterflood Securities nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any information, representation or statement contained in this Prospectus or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Placing based on any information, representation or statement contained in this Prospectus or otherwise;
- 4.8 it acknowledges that no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by Winterflood Securities, the Company or the Investment Manager;
- 4.9 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- 4.10 it is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by it or any other person on the acquisition by it of any Shares or the agreement by it to acquire any Shares;
- 4.11 it accepts that none of the Shares have been or will be registered under the securities laws, or with any securities regulatory authority of, the United States, any member state of the EEA other than the United Kingdom, Australia, Canada, the Republic of South Africa, New Zealand or Japan (each a **"Restricted Jurisdiction"**). Accordingly, the Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Jurisdiction unless an exemption from any registration requirement is available;
- 4.12 if it is within the United Kingdom, it is (a) a person who falls within (i) Articles 49(2)(A) to (D) or (ii) Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (the **"Order"**) or is a person to whom the Shares may otherwise lawfully be offered under such Order, or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Shares may be lawfully offered under that other jurisdiction's laws and regulations and (b) a qualified investor (as such term is defined in section 86(7) of FSMA);
- 4.13 if it is a resident in the EEA (other than the United Kingdom), it is (a) a qualified investor within the meaning of the law in the relevant EEA member state implementing Article 2(1)(i), (ii) or (iii) of the Prospectus Directive and (b) if the relevant member state has implemented the AIFM Directive, that it is a person to whom the Shares may lawfully be marketed to under the applicable implementing legislation (if any) of the relevant member state;

- 4.14 in the case of any Shares acquired by an investor as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, (i) the Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant member state other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of Winterflood Securities has been given to the offer or resale; or (ii) where Shares have been acquired by it on behalf of persons in any relevant member state other than qualified investors, the offer of those Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- 4.15 if it is outside the United Kingdom, neither this Prospectus nor any other offering, marketing or other material in connection with the Placing (for the purposes of this Part 11, each a **"Placing Document"**) constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Shares pursuant to the Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 4.16 it does not have a registered address in, and is not a citizen, resident or national of a Restricted Jurisdiction or any jurisdiction in which it is unlawful to make or accept an offer of the Shares and it is not acting on a non-discretionary basis for any such person;
- 4.17 if the investor is a natural person, such investor is not under the age of majority (18 years of age in the United Kingdom) on the date of such investor's agreement to subscribe for Shares under the Placing;
- 4.18 it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person and you acknowledge and agree that no Placing Document is being issued by Winterflood Securities in its capacity as an authorised person under section 21 of FSMA and such documents may not therefore be subject to the controls which would apply if they were made or approved a financial promotion by an authorised person;
- 4.19 it is aware of and acknowledges that it is required to comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving, the United Kingdom;
- 4.20 it is aware of the provisions of the Criminal Justice Act 1993 and the Market Abuse Regulation regarding insider dealing and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with any obligations imposed by such statutes;
- 4.21 unless it is otherwise expressly agreed with the Company and Winterflood Securities in the terms of any particular placing, it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other Placing Document to any persons within the United States or to any U.S. Persons, nor will it do any of the foregoing;
- 4.22 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;
- 4.23 no action has been taken or will be taken in any jurisdiction other than the United Kingdom that would permit a public offering of the Shares or possession of the Prospectus (and any supplementary prospectus issued by the Company), in any country or jurisdiction where action for that purpose is required;
- 4.24 it acknowledges that neither Winterflood Securities nor any of its respective affiliates nor any person acting on its or their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing or providing any advice in relation to the Placing and participation in the Placing is on the basis that it is not and will not be a client of Winterflood Securities and that Winterflood Securities does not have any duties or responsibilities to it for providing protection afforded to their respective clients or for providing advice in relation to the Placing;

- 4.25 that, save in the event of fraud on the part of Winterflood Securities, none of Winterflood Securities, its ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of their respective directors, members, partners, officers and employees, shall be responsible or liable to a Placee or any of its clients for any matter arising out of Winterflood Securities' role as sponsor, financial adviser and bookrunner or otherwise in connection with the Placing and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;
- 4.26 it acknowledges that where it is subscribing for Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this Prospectus; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Company and/or Winterflood Securities. It agrees that the provision of this paragraph shall survive any resale of the Shares by or on behalf of any such account;
- 4.27 it irrevocably appoints any Director and any director of Winterflood Securities to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Shares for which it has given a commitment under the Placing in the event of its own failure to do so;
- 4.28 it accepts that if the Placing does not proceed or the relevant conditions to the Placing and Offer Agreement are not satisfied as regards the relevant placing or the Shares for which valid application are received and accepted are not admitted to trading on the Main Market of the London Stock Exchange for any reason whatsoever, then none of Winterflood Securities or the Company or the Investment Manager, 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;
- 4.29 in connection with its participation in the Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2007 No. 2157) in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2015/849/EC 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 purpose of money laundering and terrorist financing); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- 4.30 it acknowledges that due to anti-money laundering requirements, Winterflood Securities, the Administrator, the Registrar and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Winterflood Securities and the Company may refuse to accept the application and the subscription monies relating thereto. It holds harmless and will indemnify Winterflood Securities and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been requested has not been provided by it in a timely manner;
- 4.31 that it is aware of, has complied with and will at all times comply with its obligations in connection with money laundering under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and Terrorism Act 2006;

- 4.32 Winterflood Securities and the Company are entitled to exercise any of their rights under the Placing and Offer Agreement or any other right in their absolute discretion without any reference or liability whatsoever to it and that, as Placee, it has no rights against either Winterflood Securities, the Company or any of their respective directors and employees under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999;
- 4.33 the representations, undertakings and warranties contained in this Prospectus are irrevocable. It acknowledges that Winterflood Securities and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of Shares are no longer accurate, it shall promptly notify Winterflood Securities and the Company;
- 4.34 where it or any person acting on behalf of it is dealing with Winterflood Securities, any money held in an account with Winterflood Securities on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Winterflood Securities to segregate such money, as that money will be held by Winterflood Securities under a banking relationship and not as trustee;
- 4.35 any of its clients, whether or not identified to Winterflood Securities, will remain its sole responsibility and will not become clients of Winterflood Securities for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 4.36 it accepts that the allocation of Shares shall be determined by Winterflood Securities, in its absolute discretion (following consultation with the Company and the Investment Manager) and that it may scale down the Placing commitments for this purpose on such basis as it may determine;
- 4.37 time shall be of the essence as regards its obligations to settle payment for the Shares and to comply with its other obligations under the Placing;
- 4.38 it authorises Winterflood Securities to deduct from the total amount subscribed under the Placing the aggregation commission (if any) payable on the number of Shares allocated under the Placing;
- 4.39 in the event that a supplementary prospectus is required to be produced pursuant to section 87G FSMA and in the event that it chooses to exercise any right of withdrawal pursuant to section 87(Q)(4) FSMA, such Placee will immediately re-subscribe for the Shares previously comprising its placing commitment;
- 4.40 the commitment to subscribe for Shares on the terms set out in these terms and conditions will continue notwithstanding any amendment that may in the future be made to the terms of the Placing and that it will have no right to be consulted or require that its consent be obtained with respect to the Company's conduct of the Placing;
- 4.41 it is capable of being categorised as a person who is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook; and
- 4.42 if it is acting as a "distributor" (for the purposes of the MiFID II Product Governance Requirements):
- 4.42.1 it acknowledges that the Target Market Assessment undertaken by the Investment Manager and Winterflood does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares, and each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels;

4.42.2 notwithstanding any Target Market Assessment undertaken by the Investment Manager and Winterflood, it confirms that it has satisfied itself as to the appropriate knowledge, experience, financial situation, risk tolerance and objectives and needs of the investors to whom it plans to distribute the Shares and that it has considered the compatibility of the risk/reward profile of such Shares with the end target market;

4.42.3 it acknowledges that the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom; and

4.42.4 it acknowledges that Winterflood Securities is acting for the Company in connection with the Placing and for no-one else and that it will not treat you as its customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the Shares or concerning the suitability of the Shares for you or be responsible to you for the protections afforded to their customers.

5. UNITED STATES PURCHASE AND TRANSFER RESTRICTIONS

Unless it is otherwise expressly agreed with the Company and Winterflood Securities in the terms of any particular placing, by participating in the Placing, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, Winterflood Securities, the Investment Manager and the Registrar that:

- 5.1 it is not a U.S. Person, is not located within the United States, is acquiring the Shares in an offshore transaction meeting the requirements of Regulation S and is not acquiring the Shares for the account or benefit of a U.S. Person;
- 5.2 it acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons absent registration or an exemption from registration under the U.S. Securities Act;
- 5.3 it acknowledges that the Company has not registered under the U.S. Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the U.S. Investment Company Act;
- 5.4 unless the Company expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Part 4 of subtitle B of fiduciary responsibility or prohibited transaction Title I of ERISA; (ii) a "plan" as defined in Section 4975 of the U.S. Code, including an individual retirement account, that is subject to Section 4975 of the U.S. Code; or (iii) an entity whose underlying assets include the assets of any such "employee benefit plan" or "plans" by reason of ERISA or the Plan Assets Regulation, or otherwise (including certain insurance company general accounts) for the purposes of Section 4.6 of ERISA or Section 4975 of the U.S. Code. In addition, if an investor is a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA or Section 4975 of the U.S. Code, its purchase, holding, and disposition of the Shares must not constitute or result in a non-exempt violation of any such substantially similar law;

- 5.5 that if any Shares offered and sold pursuant to Regulation S are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

“HORIZON HOUSING REIT PLC (THE “**COMPANY**”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**INVESTMENT COMPANY ACT**”). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED, EXERCISED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE SECURITIES ACT OR AN EXEMPTION THEREFROM AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS. FURTHER, NO PURCHASE, SALE OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY BE MADE UNLESS SUCH PURCHASE, SALE OR TRANSFER WILL NOT RESULT IN THE ASSETS OF THE COMPANY CONSTITUTING “PLAN ASSETS” WITHIN THE MEANING OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”) OR THE PLAN ASSETS REGULATION;”

- 5.6 if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the Shares, it will do so only in compliance with an exemption from the registration requirements of the U.S. Securities Act and under circumstances which: (a) will not require the Company to register under the U.S. Investment Company Act; and (b) will not result in the assets of the Company constituting “plan assets” within the meaning of ERISA or the Plan Assets Regulation;
- 5.7 it is purchasing the 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 Shares in any manner that would violate the U.S. Securities Act, the U.S. Investment Company Act or any other applicable securities laws;
- 5.8 it acknowledges that the Company reserves the right to make inquiries of any holder of the Shares or interests therein at any time as to such person’s status under the U.S. federal securities laws and to require any such person that has not satisfied the Company that the holding of Shares by such person will not violate or require registration under the U.S. securities laws to transfer such Shares or interests in accordance with the Articles;
- 5.9 it is entitled to acquire the Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, Winterflood Securities, the Investment Manager or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with its acceptance of participation in the Placing;
- 5.10 it has received, carefully read and understands this Prospectus, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the Shares to or within the United States or to any U.S. Persons, nor will it do any of the foregoing; and
- 5.11 if it is acquiring any Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

The Company, Winterflood Securities, the Investment Manager and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the

foregoing representations, warranties, acknowledgments and agreements. If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with, the investor must immediately notify the Company.

6. SUPPLY OF INFORMATION

If Winterflood Securities, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for Shares under the Placing such Placee must promptly disclose it to them.

7. DATA PROTECTION

Each Placee acknowledges that it has been informed that, pursuant to applicable data protection legislation the Company and/or the Registrar and/or the Administrator holds personal data relating to past and present Shareholders. Personal data may be retained on record for a period exceeding six years after which it is no longer used (subject always to any limitations on retention periods set out in the applicable data protection legislation). The Registrar and the Administrator will process such personal data at all times in compliance with applicable data protection legislation and shall only process such information for the purposes set out below (collectively, the "**Purposes**"), being to:

- (a) process its personal data to the extent and in such manner as is necessary for the performance of their obligations under their respective service contracts, including as required by or in connection with its holding of Shares, including processing personal data in connection with credit and money laundering checks on it;
- (b) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Shares;
- (c) process its personal data for the Registrar's and/or the Administrator's internal administration; and
- (d) to comply with the legal and regulatory obligations of the Company, the Administrator and/or the Registrar.

In order to meet the Purposes, it will be necessary for the Company, the Registrar and/or the Administrator to provide personal data to:

- (a) third parties located either within, or outside of the EEA, if necessary for the Registrar and/or the Administrator to perform their functions, or when it is within their legitimate interests, and in particular in connection with the holding of Shares; or
- (b) their affiliates, the Company or the Investment Manager and their respective associates, some of which are located outside of the EEA.

Any sharing of personal data between parties will be carried out in compliance with applicable data protection legislation and provided that such safeguards are in place.

Insofar as a data protection notice is required to be given to any data subjects, who comprise the personal data being processed, under applicable data protection legislation the Company and/or the Registrar and/or the Administrator (as applicable) shall provide such data protection notice as required under applicable data protection legislation.

By becoming registered as a holder of Shares a person becomes a data subject (as defined under applicable data protection legislation). In providing the Registrar and the Administrator with information, the Placee hereby represents and warrants to the Company, the Registrar and the Administrator that: (i) it has notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of any data protection notice which has been provided by the Company and/or the Registrar and/or the Administrator; and (ii) where consent is legally competent and/or required under applicable data protection legislation the Placee has obtained the consent of any data subject to the Company and Registrar and the Administrator, and their respective affiliates and group companies, holding and

using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out above in this paragraph 7).

Each Placee acknowledges that by submitting personal data to the Administrator and/or the Registrar (acting for and on behalf of the Company): where (a) the Placee is a natural person or (b) where the Placee is not a natural person, he/she/it (as the case may be) represents and warrants that he/she/it (as applicable):

- (a) has read and understood the terms of the Company's Privacy Notice which will be available for consultation on the Company's website www.horizonreit.com following the implementation of EU Regulation 2016/679 after 25 May 2018; and/or
- (b) has brought the Company's Privacy Notice to the attention of any underlying data subjects on whose behalf or account the Placee may act or whose personal data will be disclosed to the Company as a result of the Placee agreeing to subscribe for Shares under the Initial Placing and/or the Placing Programme; and
- (c) the Placee has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company.

Where the Placee acts for or on account of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising in relation to the 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, the Administrator and the Registrar, the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and
- (d) immediately on demand, fully indemnify the Company, the Administrator and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company, the Administrator and/or Registrar in connection with any failure by the Placee to comply with the provisions set out above.

8. MISCELLANEOUS

- 8.1 The rights and remedies of the Company, Winterflood Securities, the Investment Manager and the Registrar under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 8.2 On application, if a Placee is an individual, that Placee may be asked to disclose in writing or orally, his nationality. If a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.
- 8.3 Each Placee agrees to be bound by the Articles once the Shares, which the Placee has agreed to subscribe for pursuant to the Placing, have been acquired by the Placee. The contract to subscribe for Shares under the Placing and the appointments and authorities mentioned in this Prospectus 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 Winterflood Securities, the Company 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.

- 8.4 In the case of a joint agreement to subscribe for Shares under the Placing, references to a Placee in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.
- 8.5 Winterflood Securities and the Company expressly reserve the right to modify the Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined. The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in paragraph 7.1 of Part 9 of this Prospectus.

PART 12

TERMS AND CONDITIONS OF THE OFFER FOR SUBSCRIPTION

The Shares are only suitable for investors who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in Shares is part of a diversified investment programme and who fully understand and are willing to assume the risks involved in such an investment programme. In the case of a joint Application, references to you in these Terms and Conditions of Application are to each of you, and your liability is joint and several. Please ensure you read these terms and conditions in full before completing the Application Form.

The Offer for Subscription is only being made in the United Kingdom. If you are outside of the United Kingdom see paragraph 2.7 of this Part 12.

1. INTRODUCTION

Shares are available under the Offer for Subscription at the Issue Price.

Applications must be made on the application form (the “**Application Form**”) attached to this Prospectus or otherwise published by the Company.

In addition to completing and returning the Application Form which can be found at Appendix 1 to Link Asset Services, you will also need to complete and return a Tax Residency Self Certification Form. The “individual tax residency self-certification – sole holding” form can be found at the end of this Prospectus at Appendix 2. Further copies of this form and the relevant form for joint holdings or corporate entity holdings can be requested from Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. **It is a condition of application that (where applicable) a completed version of the Tax Residency Self Certification Form is provided with the Application Form before any application can be accepted.**

2. EFFECT OF APPLICATION

Applications under the Offer for Subscription must be for a minimum of 1,000 Shares and thereafter in multiples of 1,000 Shares.

2.1 Offer to acquire Shares

By completing and delivering an Application Form, you, as the applicant, and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:

- (a) offer to subscribe for such number of Shares at 100 pence per Share as may be purchased by the subscription amount specified in Box 1 on your Application Form (being a minimum of 1,000 Shares), or such smaller number 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;
- (b) agree that, in consideration of the Company agreeing that it will not, prior to the date of Admission in relation to the Issue, offer for subscription any Shares to any person other than by means of the procedures referred to in this Prospectus your application may not be revoked (subject to any legal right to withdraw your application which arises as a result of the publication of a supplementary prospectus by the Company prior to Admission) and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to or, in the case of delivery by hand, on receipt by, the Receiving Agent of your Application Form;

- (c) undertake to pay the subscription amount specified in Box 1 on your Application Form in full on application and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive a share certificate for the Shares applied for in certificated form or be entitled to commence dealing in Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such Shares unless and until you make payment in cleared funds for such Shares and such payment is accepted by the Receiving Agent (which acceptance shall not constitute an acceptance of your application under the Offer for Subscription and shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent, the Company and Winterflood Securities against all their respective 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 Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by way of a cheque in your favour at your risk, for an amount equal to the proceeds of the remittance which accompanied your Application Form, without interest);
- (d) agree, that where on your Application Form a request is made for Shares to be deposited into a CREST account (a “**CREST Account**”), (i) the Receiving Agent may in its absolute discretion issue such Shares in certificated form registered in the name(s) of the holder(s) specified in your Application Form (and recognise that the Receiving Agent will so amend the form if there is any delay in satisfying the identity of the applicant or the owner of the CREST Account or in receiving your remittance in cleared funds) and (ii) the Receiving Agent, the Company or Winterflood Securities 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 Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address set out on your Application Form;
- (e) agree, in respect of applications for Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 2.1(d) above to issue Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled or pursuant to paragraph 2.1(d) above (and any monies returnable to you) may be retained by the Receiving Agent:
- (i) pending clearance of your remittance;
 - (ii) pending investigation of any suspected breach of the warranties contained in paragraphs 2.5(a), (b), (f), (h), (m), (n), (o), (p), (q) or (t) or any other suspected breach of these Terms and Conditions of Application; or
 - (iii) pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purpose of the UK 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;
 - (iv) agree, on the request of the Receiving Agent to disclose promptly in writing to them such information as the Receiving Agent may request in connection with your application and authorise the Receiving Agent to disclose any information relating to your application which they may consider appropriate;
 - (v) agree that if satisfactory evidence of identity is not provided to the Receiving Agent within a reasonable time (in the opinion of the Receiving Agent) following a request, the Company may terminate the agreement with you to allot Shares and, in such case, the 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 on which the payment accompanying the application was first drawn without interest and at your risk;

- (vi) agree that you are not applying on behalf of a person engaged in money laundering;
- (vii) undertake to ensure that, in the case of an application 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;
- (viii) undertake to pay interest at the rate described in paragraph 2.2 below if the remittance accompanying your Application Form is not honoured on first presentation;
- (ix) authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of Shares for which your application is accepted or if you have completed Section 2B on your Application Form, but subject to paragraph 2.1(d) above, to deliver the number of Shares for which your application is accepted into CREST, and/or to return any monies returnable by a cheque drawn on a branch of a UK clearing house to the bank account name from which such monies were received without interest and at your risk;
- (x) confirm that you have read and complied with paragraph 2.7 below;
- (xi) agree that all subscription cheques and payments will be processed through a bank account (the **"Acceptance Account"**) in the name of "Link Market Services Limited re: Horizon Housing REIT PLC – Offer for Subscription A/C" opened by the Receiving Agent;
- (xii) agree that your Application Form is addressed to the Company and the Receiving Agent;
- (xiii) agree that if a fractional entitlement to a Share arises on your application, the number of Shares issued to you will be rounded down to the nearest whole number and any fractions shall be retained by the Company for its benefit;
- (xiv) acknowledge that the offer to the public of Shares is being made only in the United Kingdom and represent that you are a United Kingdom resident (unless you are able to provide such evidence as the Company may, in its absolute discretion, require that you are entitled to apply for Shares); and
- (xv) agree that any application may be rejected in whole or in part at the sole discretion of the Company.

2.2 **Acceptance of your offer**

The Receiving Agent under instruction of the Company, may accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected).

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

The Receiving Agent will present all cheques and bankers' drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful applicants' payments.

The Receiving Agent may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Company to be the interest on the amount of the payment from the date on which all

payments in cleared funds are due to be received until the date of receipt of cleared funds. The rate of interest will be a rate equal to the London Inter-Bank Offered Rate for seven day deposits in Sterling plus 2 per cent. per annum. The right is also reserved to reject in whole or in part, or to scale down or limit, any application.

Except as provided below, 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 building society that is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or that has arranged for its cheques or bankers' drafts to be cleared through the facilities provided for members of either of those companies. Such cheques or bankers' drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of an individual applicant where they have sole or joint title to the funds, should be made payable to "Link Market Services Limited re: Horizon Housing REIT PLC – Offer for Subscription A/C" and crossed "A/C payee only". Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping/endorsing the cheque or banker's draft to that effect. The account name should be the same as that shown on the Application Form.

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 23 May 2018. Applicants should send payment to the bank account as detailed on the Application Form. Applicants must ensure that they remit sufficient funds to cover any charges incurred by their bank.

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

Applicants choosing to settle via CREST, that is DVP, will need to match their instructions to Link Asset Services' participant account RA06 by no later than 1.00 p.m. on 30 May 2018, allowing for the delivery and acceptance of the Shares to be made against payment of the Issue Price per Share, following the CREST matching criteria set out in the Application Form.

2.3 Conditions

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

- (a) Admission in relation to the Shares issued pursuant to the Issue occurring and becoming effective by 8.00 a.m. (London time) on 31 May 2018 or such later time and/or date as the Company and Winterflood Securities may agree (being not later than 8.00 a.m. on 30 June 2018)
- (b) the Placing Agreement becoming otherwise unconditional in all respects in relation to the Issue (save as to Admission) and not having been terminated in accordance with its terms prior to Admission; and
- (c) the Minimum Gross Proceeds being raised.

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

2.4 Return of application monies

Where application monies have been banked and/or received, if any application is then subsequently not accepted in whole, or is accepted in part only (as a result of any scaling back or otherwise), or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest by returning your cheque, or by crossed cheque in your favour, by post

at the risk of the person(s) entitled thereto, without interest. In the meantime, application monies will be retained by the Receiving Agent in a non-interest bearing separate account.

2.5 Warranties

By completing an Application Form, you:

- (a) undertake and warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions of Application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- (b) warrant, if the laws of any territory or jurisdiction outside the UK are applicable to your application, that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company, Winterflood Securities or the Receiving Agent or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside of the UK in connection with the Offer for Subscription in respect of your application;
- (c) confirm that (save for advice received from your financial adviser (if any)) in making an application you are not relying on any information or representations in relation to the Company other than those contained in this Prospectus and any supplementary prospectus published by the Company prior to Admission (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for this Prospectus, any such supplementary prospectus, or any part thereof shall have any liability for any such other information or representation;
- (d) agree that, having had the opportunity to read this Prospectus and the Key Information Document, you shall be deemed to have had notice of all information and representations concerning the Company and the Shares contained in this Prospectus and the Key Information Document;
- (e) acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus published by the Company prior to Admission and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, Winterflood Securities or the Receiving Agent;
- (f) warrant that you are not under the age of 18 on the date of your application;
- (g) agree that all documents and monies sent by post to, by, from or on behalf of the Company or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint holders, the address of the first named holder) as set out in your Application Form;
- (h) confirm that you have reviewed the restrictions contained in paragraph 2.7 below and warrant that you (and any person on whose behalf you apply) comply with the provisions therein;
- (i) agree that, in respect of those Shares for which your Application Form has been received and processed and not rejected, acceptance of your Application Form shall be constituted by the Company instructing the Registrar to enter your name on the Register;
- (j) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription shall be governed by and construed in accordance with the laws of England and Wales and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or

proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;

- (k) irrevocably authorise the Company and Winterflood Securities or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Shares subscribed by or issued to you into your name and authorise any representatives of the Company and/or Winterflood Securities and/or the Receiving Agent to execute any documents required therefor and to enter your name on the Register;
- (l) agree to provide the Company with any information which it, Winterflood Securities or the Receiving Agent may request in connection with your application or to comply with any other relevant legislation (as the same may be amended from time-to-time) including without limitation satisfactory evidence of identity to ensure compliance with the UK Money Laundering Regulations;
- (m) warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, Winterflood Securities or the Receiving Agent acting in breach of the regulatory or legal requirements of any territory in connection with the Offer for Subscription or your application;
- (n) represent and warrant to the Company that: (i) you are not a U.S. Person, are not located within the United States and are not acquiring the Shares for the account or benefit of a U.S. Person; (ii) you are acquiring the Shares in an offshore transaction meeting the requirements of Regulation S; (iii) you understand and acknowledge that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, into or within the United States or to, or for the account or benefit of, U.S. Persons; and (iv) you understand and acknowledge that the Company has not registered and will not register as an investment company under the U.S. Investment Company Act;
- (o) represent and warrant to the Company that if in the future you decide to offer, sell, transfer, assign or otherwise dispose of the Shares, you will do so only: (i) in an offshore transaction complying with the provisions of Regulation S under the U.S. Securities Act to a person outside the United States and not known by the transferor to be a U.S. Person, by pre-arrangement or otherwise; (ii) within the United States in accordance with Rule 144 of the U.S. Securities Act, if available, and in compliance with any applicable securities laws of any state or other jurisdiction in the United States; or (iii) to the Company or a subsidiary thereof. You understand and acknowledge that any sale, transfer, assignment, pledge or other disposal made other than in compliance with the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- (p) agree that Winterflood Securities and the Receiving Agent are acting for the Company in connection with the Offer for Subscription and for no-one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the Shares or concerning the suitability of the Shares for you or be responsible to you for the protections afforded to their customers;
- (q) agree that the exercise by Winterflood Securities of any right of termination or other right or discretion under the Placing Agreement shall be within its absolute discretion of Winterflood Securities and that Winterflood Securities need not make any reference to you or shall have any liability to you whatsoever in connection with any such exercise or decision not to exercise. You will have no rights against any person under the Placing Agreement pursuant to the Contracts (rights of Third Parties) Act 1999;
- (r) warrant that you:
 - (i) fully understand the risks associated with such investment; and

- (ii) 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;
- (s) warrant that you are not subscribing for the Shares using 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 Shares;
- (t) you holds harmless and will indemnify Winterflood Securities and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been requested has not been provided by it in a timely manner;
- (u) warrant that the information contained in the Application Form is true and accurate;
- (v) agree that if you request that Shares are issued to you on a date other than Admission relating to the Issue and such Shares are not issued on such date that the Company, Winterflood Securities and their respective agents and the Directors will have no liability to you arising from the issue of such Shares on a different date;
- (w) confirm that 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 Issue, 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 the 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 statement therein misleading.

2.6 Money Laundering

You agree that, in order to ensure compliance with the UK Money Laundering Regulations, the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and any other applicable regulations, the Receiving Agent may at its absolute discretion require verification of identity of the subscriber(s) (the “**holder(s)**”) as the applicant lodging an Application Form and further may request from you and you will assist in providing identification of:

- (a) the owner(s) and/or controller(s) (the “**payor**”) of any bank account not in the name of the holder(s) on which is drawn a payment by way of banker’s draft or cheque; or
- (b) where it appears to the Receiving Agent that a holder or the payor is acting on behalf of some other person or persons.

Any failure or delay to provide the necessary evidence of identity may result in your application being rejected or delays in the despatch of documents or crediting of CREST accounts.

Without prejudice to the generality of this paragraph 2.6, verification of the identity of holders and payors will be required if the value of the Shares applied for, whether in one or more applications considered to be connected, exceeds €15,000 (or the Sterling equivalent). If, in such circumstances, you use a building society cheque or banker’s draft you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the cheque or banker’s draft and adds its stamp. If, in such circumstances, the person whose account is being debited is not a holder you will be required to provide for both the holder and the payor an original or a copy of that person’s passport or driving licence certified by a solicitor and an original or certified copy of the following which is no more than three months old, a gas, electricity, water or telephone (not mobile) bill, a recent bank statement or a council tax bill, in their name and showing their current address (which originals will be returned by post at the addressees’ risk) together with a signed declaration as to the relationship between the payor and you the holder.

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

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

If the amount being subscribed exceeds €15,000 (or the Sterling equivalent) you should endeavour to have the declaration contained in Section 5 of the Application Form signed by an appropriate firm as described in that Section. If you cannot have that declaration signed and the amount being subscribed exceeds €15,000 (or the Sterling equivalent) then you must provide with the Application Form the identity documentation detailed in Section 6 of the Application Form for each underlying beneficial owner.

2.7 Non-United Kingdom investors

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

None of the Shares have been or will be registered under the laws of any member state of the EEA (other than the United Kingdom), Canada, Japan, Australia, the Republic of South Africa or under the U.S. Securities Act or with any securities regulatory authority of any state or other political subdivision of the United States, any member state of the EEA (other than the United Kingdom), Canada, Japan, Australia or the Republic of South Africa. If you subscribe for Shares you will, unless the Company and the Receiving Agent agree otherwise in writing, be deemed to represent and warrant to the Company that you are not a U.S. Person or a resident of any member state of the EEA (other than the United Kingdom), Canada, Japan, Australia, the Republic of South Africa or a corporation, partnership or other entity organised under the laws of any member state of the EEA (other than the United Kingdom), the U.S. or Canada (or any political subdivision of either) or Japan or Australia or the Republic of South Africa and that you are not subscribing for such Shares for the account of any U.S. Person or resident of any member state of the EEA (other than the United Kingdom), Canada, Japan, Australia or the Republic of South Africa and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Shares in or into any member state of the EEA (other than the United Kingdom), the United States, Canada, Japan, Australia or the Republic of South Africa or to any U.S. Person or person resident in Canada, any member state of the EEA (other than the United Kingdom), Japan, Australia or the Republic of South Africa. No application will be accepted if it shows the applicant, payor or a holder having an address other than in the United Kingdom.

2.8 The Data Protection

Each applicant acknowledges that it has been informed that, pursuant to applicable data protection legislation the Company and/or the Registrar and/or the Administrator, holds personal data relating to past and present Shareholders. Personal data may be retained on record for a period exceeding six years after which it is no longer used (subject always to any limitations on retention periods set out in the applicable data protection legislation). The Registrar and the Administrator will process such personal data at all times in compliance with applicable data protection legislation and shall only process such information for the purposes set out below (collectively, the “**Purposes**”), being to:

- (a) process its personal data to the extent and in such manner as is necessary for the performance of their obligations under their respective service contracts, including as required by or in connection with its holding of Shares, including processing personal data in connection with credit and money laundering checks on it;

- (b) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Shares;
- (c) process its personal data for the Registrar's and/or the Administrator's internal administration; and
- (d) to comply with the legal and regulatory obligations of the Company, the Administrator, the Registrar and/or the Receiving Agent.

In order to meet the Purposes, it will be necessary for the Company, the Registrar and/or the Administrator to provide personal data to:

- (a) third parties located either within, or outside of the EEA, if necessary for the Registrar and/or the Administrator to perform their functions, or when it is within their legitimate interests, and in particular in connection with the holding of Shares; or
- (b) their affiliates, the Company or the Investment Manager and their respective associates, some of which are located outside of the EEA.

Any sharing of personal data between parties will be carried out in compliance with applicable data protection legislation and provided that such safeguards are in place.

Insofar as a data protection notice is required to be given to any data subjects, who comprise the personal data being processed, under applicable data protection legislation the Company and/or the Registrar and/or the Administrator (as applicable) shall provide such data protection notice as required under applicable data protection legislation.

By becoming registered as a holder of Shares a person becomes a data subject (as defined under applicable data protection legislation). In providing the Registrar and the Administrator with information, the applicant hereby represents and warrants to the Company, the Registrar and the Administrator that: (i) it has notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of any data protection notice which has been provided by the Company and/or the Registrar and/or the Administrator; and (ii) where consent is legally competent and/or required under applicable data protection legislation the applicant has obtained the consent of any data subject to the Company and Registrar and the Administrator, and their respective affiliates and group companies, holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out above in this paragraph 2.8).

Each applicant acknowledges that by submitting personal data to the Administrator, the Registrar and/or the Receiving Agent (acting for and on behalf of the Company), where (a) the applicant is a natural person or (b) where the applicant is not a natural person, he/she/it (as the case may be) represents and warrants that he/she/it (as applicable):

- (a) has read and understood the terms of the Privacy Notice which will be available for consultation on the Company's website www.horizonreit.com following the implementation of EU Regulation 2016/679 after 25 May 2018; and/or
- (b) has brought the Company's Privacy Notice to the attention of any underlying data subjects on whose behalf or account the applicant may act or whose personal data will be disclosed to the Company as a result of the applicant agreeing to subscribe for Shares under the Offer for Subscription; and
- (c) the applicant has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company.

Where the applicant acts for or on account of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising in relation to the Offer for Subscription:

- (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, the Administrator, the Registrar and the Receiving Agent the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and
- (d) immediately on demand, fully indemnify the Company, the Administrator, the Registrar and the Receiving Agent and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company, the Administrator, the Registrar and/or the Receiving Agent in connection with any failure by the applicant to comply with the provisions of the above paragraph.

2.9 **Miscellaneous**

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

The rights and remedies of the Company, the Investment Manager, Winterflood Securities and the Receiving Agent under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.

The Company reserves the right to extend the closing time and/or date of the Offer for Subscription from 1.00 p.m. on 23 May 2018. In that event, the new closing time and/or date will be notified to applicants through a Regulatory Information Service.

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 persons entitled thereto.

The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Admission. If such right is exercised and the Offer for Subscription does not proceed or the relevant conditions to the Placing Agreement are not satisfied or the Shares for which valid applications are received and accepted are not admitted to the premium segment of the Main Market of the London Stock Exchange for any reason whatsoever, then none of the Company and Winterflood Securities nor any of their affiliates, nor any of their respective directors, officers, shall have any liability whatsoever to it or any other person.

You agree that Winterflood Securities and the Receiving Agent are acting for the Company in connection with the Offering and for no-one else, and that neither Winterflood Securities nor the Receiving Agent will treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of the Shares or concerning the suitability of the Shares for you or otherwise in relation to the Offering or for providing the protections afforded to their customers.

Save where the context requires otherwise, terms used in these Terms and Conditions of Application bear the same meaning as where used in this Prospectus.

PART 13

DEFINITIONS AND GLOSSARY

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

Administration Agreement	the administration agreement between the Company and the Administrator, a summary of which is set out in paragraph 7.6 of Part 9 of this Prospectus
Administrator	Link Alternative Fund Administrators Limited, in its capacity as the Company's administrator
Admission	admission to trading on the London Stock Exchange's Main Market of the Shares becoming effective in accordance with the LSE Admission Standards and admission of the Shares to the premium listing segment of the Official List becoming effective in accordance with the Listing Rules
Affordable Market Rent Housing	open market rental accommodation for tenants on an assured shorthold tenancy basis. In all main respects this is mainstream market rent housing but at the affordable end of the market
AIC	the Association of Investment Companies
AIC Code	the AIC Code of Corporate Governance, as amended from time to time
AIC Guide	the AIC Corporate Governance Guide for Investment Companies, as amended from time to time
AIF	an alternative investment fund
AIFM	an alternative investment fund manager
AIFM Directive	the European Union's Alternative Investment Fund Managers directive (No. 2011/61/EU) and all legislation made pursuant thereto, including, where applicable, the applicable implementing legislation and regulations in each member state of the European Union
AIFM Regulations	the Alternative Investment Fund Managers Regulations 2013 of the United Kingdom (SI 2013/1773)
AIFM Rules	the AIFM Directive and all applicable rules and regulations implementing the AIFM Directive in the UK, including without limitation the AIFM Regulations and all relevant provisions of the FCA handbook
ALMO	an arm's length management organisation, a not-for-profit company that provides housing services on behalf of a Local Authority
Annual Management Fee	the annual management fee payable to the Investment Manager pursuant to the terms of the Investment Management Agreement as more particularly described in Part 5 of this Prospectus
Application Form	the application form attached to this Prospectus for use in connection with the Offer for Subscription
Articles	the articles of association of the Company

Assisted Living	a type of residential care which involves an individual (or a couple) living independently in a specialist complex (often known as Assisted Living Facilities). The facilities in which the individual lives differ in terms of what they offer, but usually they provide nurses and care staff onsite to attend to individuals with care needs at any given time
Audit Committee	the audit committee established by the Board
Benefit Plan Investor	(i) an employee benefit plan that is subject to the fiduciary responsibility or prohibited transaction provisions of Title I of the ERISA (including, as applicable, assets of an insurance company general account) or a plan that is subject to the prohibited transaction provisions of section 4975 of the U.S. Tax Code (including an individual retirement account), (ii) an entity whose underlying assets include “plan assets” by reason of a Plan’s investment in the entity, or (iii) any benefit plan investor” as otherwise defined in section 3(42) of ERISA or regulations promulgated by the U.S. Department of Labor
Business Day	any day which is not a Saturday or Sunday, Christmas Day, Good Friday or a bank holiday in the City of London
Capital gains tax or CGT	UK taxation of capital gains or corporation tax on chargeable gains, as the context may require
certificated or in certificated form	not in uncertificated form
COB Rules	the FCA Conduct of Business Rules applicable to firms with investment business customers
Companies Act	the Companies Act 2006 and any statutory modification or re-enactment thereof for the time being in force
Company	Horizon Housing REIT PLC
Company Secretary	Link Company Matters Limited
Company Secretarial Services Agreement	the company secretarial services agreement between the Company and the Company Secretary, a summary of which is set out in paragraph 7.7 of Part 9 of this Prospectus
Consideration Shares	the 56.25 million Shares, in aggregate, to be allotted to ERPF (at the Issue Price) as consideration for the acquisition by the Group of the interests in the Limited Partnerships under the terms of the Initial Portfolio Acquisition Agreement
CPI	the consumer price index, a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care as calculated on a monthly basis by the Office of National Statistics
CREST Manual	the compendium of documents entitled “CREST Manual” issued by Euroclear from time-to-time
CREST	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
CTA 2009	Corporation Tax Act 2009 and any statutory modification or re-enactment thereof for the time being in force
CTA 2010	Corporation Tax Act 2010 and any statutory modification or re-enactment thereof for the time being in force

Depository	INDOS Financial Limited
Depository Agreement	the depository agreement between the Company, the Investment Manager and the Depository, a summary of which is set out in paragraph 7.5 of Part 9 of this Prospectus
Directors or Board	the board of directors of the Company
Disclosure Guidance and Transparency Rules	the disclosure guidance and transparency rules made by the Financial Conduct Authority under Section 73A of FSMA
Distribution	any dividend or other distribution on or in respect of the Shares of the Company and references to a Distribution being paid include a distribution not involving a cash payment being made
Distribution Transfer	a disposal or transfer (however effected) by a person of his rights to a Distribution from the Company such that he is not beneficially entitled (directly or indirectly) to such a Distribution and no person who is so entitled subsequent to such disposal or transfer (whether the immediate transferee or not) is (whether as a result of the transfer or not) a Substantial Shareholder
Distribution Transfer Certificate	a certificate in such form as the Directors may specify from time to time to the effect that the relevant person has made a Distribution Transfer, which certificate may be required by the Directors to satisfy them that a Substantial Shareholder is not beneficially entitled (directly or indirectly) to a Distribution
EEA	European Economic Area
ERISA	U.S. Employee Retirement Income Security Act of 1976, as amended
ERPF	East Riding Pension Fund
EU or European Union	the European Union
Euroclear	Euroclear UK & Ireland Limited, being the operator of CREST
Excess Charge	in relation to a Distribution which is paid or payable to a person, all tax or other amounts which the Directors consider may become payable by the Company under Section 551 of the CTA 2010 and any interest, penalties, fines or surcharge attributable to such tax as a result of such Distribution being paid to or in respect of that person
Excluded Shareholders	subject to certain exceptions, Shareholders who have a registered address in, who are incorporated in, registered in or otherwise resident or located in any Excluded Territory
Excluded Territory	Australia, Canada, Japan, New Zealand and the Republic of South Africa and any other jurisdiction where the extension or availability of the Offering would breach any applicable law
Existing Lenders	together Partnership Life Assurance Company Limited and Rothschild Bank International Limited
Existing Loan Facilities	together: (i) the £13,870,000 term loan facility dated 29 January 2016 between, (1) Horizon Secure Residential Leasing L.P. (as borrower), (2) NM Rothschild & Sons Limited (as agent and security agent) and (3) the Existing Lenders; and

	(ii) the £6,540,000 term loan facility dated 19 February 2016 between, (1) Horizon Long Lease Housing L.P. (as borrower), (2) NM Rothschild & Sons Limited (as agent and security agent) and (3) the Existing Lenders
Extra Care Housing	purpose-built (or purpose adapted) single household accommodation that is owned or occupied under an occupancy agreement. The accommodation is in a building or campus of similar households specifically designed to facilitate the delivery of care to people, either now or when they need it in the future. These schemes are also known under other labels; for example 'sheltered housing', 'assisted living', or 'retirement homes'
FATCA	the U.S. Foreign Account Tax Compliance Act of 2010, as amended
FCA	the Financial Conduct Authority
FCA Handbook	the FCA handbook of rules and guidance as amended from time to time
FRI	full repairing and insuring
FSMA	the Financial Services and Markets Act 2000 and any statutory modification or re-enactment thereof for the time being in force
Gross Asset Value	the aggregate value of the total assets of the Company as determined in accordance with the accounting principles adopted by the Company from time-to-time
Gross Proceeds	the gross proceeds of the Issue (including, for the avoidance of doubt, the aggregate value of the Consideration Shares at the Issue Price)
Group	the Company and the other companies in its group for the purposes of Section 606 of CTA 2010
HMRC	Her Majesty's Revenue and Customs
Homes England	the former funding and investment arm of the Homes and Communities Agency, now an independent body
Housing Association	an independent society, body of trustees or company established for the purpose of providing low-cost social housing for people in housing need generally on a non-profitmaking basis. Any trading surplus is typically used to maintain existing homes and to help finance new ones. Housing Associations are regulated by the RSH
IFRS	International Financial Reporting Standards as adopted by the European Union
Initial Portfolio	the portfolio of properties held by the Limited Partnerships as at the date of this Prospectus, as more particularly described in Part 2 of this Prospectus
Initial Portfolio Acquisition Agreement	the initial portfolio acquisition agreement entered into between, ERPF, the Minority Limited Partners, Horizon Investments (One) Limited, Horizon Investments (Two) Limited and the Investment Manager (in its capacity as general partner of the Limited Partnerships) relating to the acquisition by the Group of the interests in the Limited Partnerships held by ERPF and the Minority Limited Partners, a summary of which is set out in paragraph 7.2 of Part 9 of this Prospectus

interest in the Company	includes, without limitation, an interest in a Distribution made or to be made by the Company
Intermediaries	the entities listed on pages 32 and 33 of this Prospectus together with any other intermediary (if any) that is appointed by the Company to offer the Shares to retail investors after the date of this Prospectus and reference to “Intermediary” shall be construed accordingly
Intermediaries Booklet	the booklet entitled “Horizon Housing REIT PLC Share Offer: Information for Intermediaries” and containing, among other things, the Intermediaries Terms and Conditions
Intermediaries Terms and Conditions	the terms and conditions agreed between the Company and the Intermediaries in relation to the Offer for Subscription and as contained in the Intermediaries Booklet
Investment Management Agreement	the investment management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 7.4 of Part 9 of this Prospectus
Investment Manager	Horizon (GP) Limited
ISA	UK individual savings account
ISIN	International Securities Identification Number
Issue	together, the Offering and the issue of the Consideration Shares
Issue Price	100 pence per Share
ITA	the Income Tax Act 2007 and any statutory modification or re-enactment thereof for the time being in force
Key Information Document	the key information document dated 27 April 2018 relating to the Company produced pursuant to the PRIIPs Regulation, as amended and updated from time to time
LHA	Local Housing Allowance
Limited Partnerships	together, Horizon Secure Residential Leasing L.P. and Horizon Long Lease Housing L.P. each registered as Scottish limited partnerships (and reference to a “ Limited Partnership ” shall be construed accordingly)
Link Asset Services	a trading name of Link Market Services Limited
Listing Rules	the listing rules made by the UK Listing Authority pursuant to Part VI of the FSMA
Local Authority	the administrative bodies for the local government in England comprising of 326 authorities (including 32 London boroughs)
London Stock Exchange	London Stock Exchange plc
LPI	Limited Price Indexation
LSE Admission Standards	the admission and disclosure standards published by the London Stock Exchange
Main Market	the London Stock Exchange’s main market for listed securities
Management Engagement Committee	the management engagement committee established by the Board

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
Market Commentary	the market commentary prepared by JLL in relation to the UK social housing market and private rental market, as set out at Part 4 of this Prospectus
member account ID	the identification code or number attached to any member account in CREST
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (“ MiFID ”) and Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (“ MiFIR ”, and together with MiFID, “ MiFID II ”)
Minimum Gross Proceeds	the minimum Gross Proceeds, being £113 million
Minimum Net Proceeds	the Minimum Gross Proceeds less, (i) the costs and expenses of the Issue, and (ii) £56.25 million, being the deemed value of the Consideration Shares at the Issue Price
Minority Limited Partners	Horizon Infrastructure Partnership Limited and Infrastructure Partnership LLP
MRI	Market Rent Inflation
Net Asset Value	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 Share	the Net Asset Value divided by the number of Shares in issue from time to time
Net Proceeds	the Gross Proceeds less, (i) the costs and expenses of the Issue, and (ii) £56.25 million, being the deemed value of the Consideration Shares at the Issue Price
Non-PID Dividend	a distribution by the Company which is not a PID
NURS	a non-UCITS retail scheme, which is an authorised fund which is neither a UCITS nor a qualified investor scheme
Offer for Subscription	the offer for subscription of Shares at the Issue Price which is expected to close on 23 May 2018
Offering	together, the Placing and the Offer for Subscription
Office	the registered office for the time being of the Company
Official List	the Official List of the UK Listing Authority
Option Agreement	the option agreement entered into between the Investment Manager (in its capacity as general partner of the Limited Partnerships) and Horizon Scotland (GP) Limited, a summary of which is set out in paragraph 7.3 of Part 9 of this Prospectus
Overseas Person	a potential investor who is not resident in, or who is not a citizen of, the UK
person	includes a body of persons, corporate or unincorporated, wherever domiciled

PID or Property Income Distribution	the distribution by the Company of the profits of the Company's Property Rental Business by way of a dividend in cash or the issue of share capital in lieu of a cash dividend in accordance with Section 530 of the CTA 2010
Placee	a person who subscribes for Shares pursuant to the Placing
Placing	the placing of Shares at the Issue Price which is expected to close on 24 May 2018
Placing Agreement	the agreement relating to the Offering entered into between the Company, the Investment Manager, the Directors and Winterflood Securities, a summary of which is set out in paragraph 7.1 of Part 9 of this Prospectus
Plan Asset Regulations	the U.S. Department of Labor Regulations, 29 C.F.R. 2510.3-101, as and to the extent modified by section 3(42) of ERISA
Plans	a tax qualified annuity plan described in section 405 of the U.S. Tax Code and an individual retirement account or individual retreat annuity as described in section 408 of the U.S. Tax Code
Portfolio	the Group's portfolio of investments from time to time
PRIIPs Regulation	Regulation EU No.1286/2014 on key information documents for packaged retail and insurance-based investment products
Property Rental Business	the qualifying property rental business in the UK and elsewhere of UK resident companies within a REIT and non-UK resident companies within a REIT with a UK qualifying property rental business
Prospectus	this Prospectus prepared in accordance with the Prospectus Rules
Prospectus Directive	the EU Prospectus Directive 2003/71/EC
Prospectus Rules	the Prospectus Rules made by the Financial Conduct Authority under Section 73A of FSMA
Receiving Agent	Link Asset Services, in its capacity as the Company's receiving agent
Receiving Agent Agreement	the receiving agent agreement between the Company and the Receiving Agent, a summary of which is set out in paragraph 7.9 of Part 9 of this Prospectus
Register	the register of members of the Company
Registered Housing Providers	Housing Associations and ALMOs
Registrar	Link Asset Services, in its capacity as the Company's registrar
Registrar Agreement	the registrar agreement between the Company and the Registrar, a summary of which is set out in paragraph 7.8 of Part 9 of this Prospectus
Regulation S	Regulation S promulgated under the U.S. Securities Act
Regulatory Information Service	a service authorised by the UKLA to release regulatory announcements to the London Stock Exchange
REIT or Real Estate Investment Trust	a Real Estate Investment Trust as defined in Part 12 of the CTA 2010

Relevant Member State	a member state of the European Economic Area which has implemented this Prospectus Directive
Relevant Registered Shareholder	a Shareholder who holds all or some of the shares in the Company that comprise a Substantial Shareholding (whether or not a Substantial Shareholder)
Residual Business	that part of the business of companies within a REIT that is not part of the Property Rental Business
Restricted Shares	non-voting redeemable fixed rate preference shares of £1.00 each in the capital of the Company
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 Group's status as a REIT
RICS	Royal Institution of Chartered Surveyors
RPI	Retail Price Index, an inflationary indicator that measures the change in the cost of a fixed basket of retail goods as calculated on a monthly basis by the Office of National Statistics
RSH	the Regulator of Social Housing (formed from the regulatory arm of the former Homes and Communities Agency)
SDLT	stamp duty land tax
SDRT	stamp duty reserve tax
Shareholder	a holder of Shares
Shares	ordinary shares of £0.01 each in the capital of the Company
Sheltered Housing	sheltered housing allows independent living with a basic level of support, in a smaller and easier-to-manage home. It is usually only available to those aged 55 and over. Features vary from scheme to scheme and a package of services can be arranged separately from the local authority or a private care agency. Unlike care homes, sheltered housing is not inspected or given ratings
Similar Law	any U.S. federal, state, local or foreign law that is similar to section 406 of ERISA or section 4975 of the U.S. Tax Code
SIPP	a self-invested personal pension as defined in Regulation 3 of the UK Retirement Benefits Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001
Specialist Social Housing	includes a range of products (such as Extra Care, Supported Living, Sheltered Housing and Assisted Living) and provides the housing accommodation (and care solution where applicable) to those most in need, whilst affording bespoke accommodation, independence and value for money
SSAS	a small self-administered scheme as defined in Regulation 2 of the UK Retirement Benefits Schemes (Restriction on Discretion to Approve) (Small Self-Administered Schemes) Regulations 1991
Sterling or £	the lawful currency of the United Kingdom
Substantial Shareholder	any person whose interest in the Company, whether legal or beneficial, direct or indirect, may cause the Company to be liable to pay tax under Section 551 of CTA 2010 (as such legislation may be modified, supplemented or replaced from time to time)

	on or in connection with the making of a Distribution to or in respect of such person including, at the date of adoption of the Articles, any holder of excessive rights as defined in Section 553 of CTA 2010
Substantial Shareholding	the Shares in relation to which or by virtue of which (in whole or in part) a person is a Substantial Shareholder
Supported Living	schemes that provide personal care to people as part of the support that they need to live in their own homes. The personal care is provided under separate contractual arrangements to those for the person's housing. The accommodation is often shared, but can be single household
Takeover Code	the City Code on Takeovers and Mergers
Takeover Panel	the Panel on Takeovers and Mergers
Target Market Assessment	has the meaning defined on page 33 of this Prospectus
Terms and Conditions of Application	the terms and conditions to which subscriptions under the Offer for Subscription are subject as set out in Part 12 of this Prospectus
UCITS	an authorised fund authorised by the FCA in accordance with the UCITS Directive
UCITS Directive	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended
UK Corporate Governance Code	the UK Corporate Governance Code as published by the Financial Reporting Council from time-to-time
UK Listing Authority or UKLA	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
UK Money Laundering Regulations	the UK Money Laundering Regulations, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
U.S. Code	U.S. Internal Revenue Code of 1986, as amended
U.S. Exchange Act	U.S. Securities Exchange Act of 1934, as amended
U.S. Investment Company Act	U.S. Investment Company Act of 1940, as amended
U.S. Person	any person who is a U.S. person within the meaning of Regulation S adopted under the U.S. Securities Act
U.S. Securities Act	U.S. Securities Act of 1933, as amended
Valuation Report	the valuation report prepared by JLL in relation to the Initial Portfolio, as set out at Part 6 of this Prospectus
Valuer or JLL	Jones Lang LaSalle Limited, in its capacity as the Company's external valuer
VAT	value added tax
WAULT	weighted average unexpired lease term
Winterflood Securities	Winterflood Securities Limited

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Applications should be returned to the Receiving Agent so as to be received by Link Asset Services no later than 1.00 p.m. (London time) on 23 May 2018.

In addition to completing and returning the Application Form which can be found at Appendix 1 to Link Asset Services, you will also need to complete and return a Tax Residency Self Certification Form. The “individual tax residency self-certification – sole holding” form can be found at the end of this Prospectus at Appendix 2. Further copies of this form and the relevant form for joint holdings or corporate entity holdings can be requested from Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. **It is a condition of application that (where applicable) a completed version of the Tax Residency Self Certification Form is provided with the Application Form before any application can be accepted.**

HELP DESK: If you have a query concerning completion of this Application Form please telephone Link Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

1. APPLICATION

Fill in (in figures) in Box 1 the amount of money being subscribed for Shares. The amount being subscribed must be a minimum of £1,000, and thereafter in multiples of £1,000. Financial intermediaries who are investing on behalf of clients should make separate applications or, if making a single application for more than one client, provide details of all clients in respect of whom application is made in order to benefit most favourably from any scaling back should this be required or to benefit most favourably from any commission arrangements.

2A. HOLDER DETAILS

Fill in (in block capitals) the full name and address of each holder. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference and the address given for the first named will be entered as the registered address for the holding on the share register and used for all future correspondence. A maximum of four joint holders is permitted. All holders named must sign the Application Form at section 3.

2B. CREST

If you wish your Shares to be deposited in a CREST Account in the name of the holders given in section 2A enter in section 2B the details of that CREST Account. Where it is requested that Shares be deposited into a CREST Account please note that payment for such Shares must be made prior to the day such Shares might be allotted and issued. It is not possible for an applicant to request that Shares be deposited in their CREST Account on an against payment basis. Any Application Form received containing such a request will be rejected.

3. SIGNATURE

All holders named in section 2A must sign section 3 and insert the date. The Application Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which originals will be returned by post at the addressee's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

4. SETTLEMENT

(a) *Cheques/Bankers' draft*

Payments can 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 Link Market Services Limited RE: Horizon Housing 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 confirmed the name of the account holder by stamping and endorsing the cheque/banker's draft to such effect.

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

(b) *Electronic Bank Transfers*

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 1.00 p.m. on 23 May 2018. Applicants should send payment to the bank account as detailed on the Application Form. Applicants must ensure that they remit sufficient funds to cover any charges incurred by their bank.

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

Electronic Payment should be made to the bank account details below:

Sort Code: 15-10-00

Account No. 32622553

IBAN NO. GB19RBOS15100032622553

Swift No. RBOSGB2L

Account Name: Link Market Services Limited RE: Horizon Housing REIT PLC OFS CHAPS A/C

(c) *CREST settlement*

The Company will apply for the Shares issued pursuant to the Offer for Subscription in uncertificated form to be enabled for CREST transfer and settlement with effect from Admission (the "**Settlement Date**"). Accordingly, settlement of transactions in the Shares will normally take place within the CREST system.

The Application Form in Appendix 1 contains details of the information which the Company's Receiving Agent, Link Asset Services, will require from you in order to settle your application within CREST, if you so choose. If you do not provide any CREST details or if you provide insufficient CREST details for Link Asset Services to match to your CREST account, Link Asset Services will deliver your Shares in certificated form provided payment has been made in terms satisfactory to the Company.

The right is reserved to issue your Shares in certificated form should the Company, having consulted with Link Asset Services, 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 Link Asset Services in connection with CREST.

The person named for registration purposes in the Application Form (which term shall include the holder of the relevant CREST account) must be: (i) the person procured by you to subscribe for or acquire the relevant Shares; or (ii) yourself; or (iii) a nominee of any such person or yourself, as the case may be. Neither Link Asset Services 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. Link Asset Services, 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 when your settlement agent/custodian of a matching or acceptance instruction to our CREST input will then allow the delivery of your Shares to your CREST account against payment of the Issue Price per Share 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 Shares to be made prior to 8.00 a.m. on 31 May 2018 against payment of the Issue Price per Share. 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 2 per cent. per annum.

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:	25 May
Settlement Date:	31 May
Company:	Horizon Housing REIT PLC
Security Description:	Ordinary share of £0.01 each
SEDOL:	BF5FMZ3
ISIN:	GB00BF5FMZ33

If you wish to settle via CREST, that is DVP, will need to match your instructions to Link Asset Service's participant account RA06 by no later than 1.00 p.m. on 30 May 2018.

5. RELIABLE INTRODUCER DECLARATION

Applications will be subject to the UK's verification of identity requirements. This will involve you providing the verification of identity documents listed in section 6 of the Application Form UNLESS you can have the declaration provided at section 5 of the Application Form given and signed by a firm acceptable to the Receiving Agent. In order to ensure your application is processed timely and efficiently all applicants are strongly advised to have the declaration provided in section 5 of the Application Form completed and signed by a suitable firm.

6. IDENTITY INFORMATION

Applicants need only consider section 6 of the Application Form if the declaration in section 5 cannot be completed. Notwithstanding that the declaration in section 5 has been completed and signed the Receiving Agent reserves the right to request of you the identity documents listed in section 6 and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time your application might be rejected or revoked. Where certified copies of documents are provided such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

7. CONTACT DETAILS

To ensure the efficient and timely processing of your Application Form, please provide contact details of a person the Receiving Agent may contact with all enquiries concerning your application. Ordinarily this contact person should be the person signing in section 3 on behalf of the first named holder. If no details are provided here but a regulated person is identified in section 5, the Receiving Agent will contact the regulated person. If no details are entered here and no regulated person is named in section 5 and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

INSTRUCTIONS FOR DELIVERY OF COMPLETED APPLICATION FORMS – Completed Application Forms should be returned, by post to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by hand (during normal business hours), to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received no later than 1.00 p.m. (London time) on 23 May 2018, together in each case with payment in full in respect of the application. If you post your Application Form, you are recommended to use first class post and to allow at least two days for delivery. Application Forms received after this date may be returned.

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APPENDIX 1 – APPLICATION FORM

Please send this completed form by post or by hand (during normal business hours) to Link Asset Services, Corporate Actions at The Registry, 34 Beckenham Road, Beckenham Kent BR3 4TU so as to be received no later than 1.00 p.m. (London time) on 23 May 2018.

FOR OFFICIAL USE
ONLY

Log No.

The Directors may, with the prior approval of Winterflood Securities, alter such date and thereby shorten or lengthen the offer period. In the event that the offer period is altered, the Company will notify investors of such change.

Important: Before completing this form, you should read the prospectus dated 27 April 2018 (the “**Prospectus**”) and the Terms and Conditions of the Offer for Subscription set out in this Prospectus and accompanying notes to this form.

Box 1 (minimum of
£1,000, and thereafter in
multiples of £1,000)

£

To: Horizon Housing REIT PLC and the Receiving Agent

1. APPLICATION

I/We the person(s) detailed in section 2A below offer to subscribe the amount shown in Box 1 for Shares subject to the Terms and Conditions of Application under the Offer for Subscription set out in the Prospectus and subject to the articles of association of the Company in force from time-to-time.

2A. DETAILS OF HOLDER(S) IN WHOSE NAME(S) SHARES WILL BE ISSUED (BLOCK CAPITALS)

1:

Mr, Mrs, Ms or Title:

Forenames (in full):

Surname/Company name:

Date of Birth:

Address (in full):

Postcode:

Daytime Telephone No.

Designation (if any):



2:	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
Date of Birth:		
Address (in full):		
		Postcode:

3:	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
Date of Birth:		
Address (in full):		
		Postcode:

4:	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
Date of Birth:		
Address (in full):		
		Postcode:

2B. CREST ACCOUNT DETAILS INTO WHICH SHARES ARE TO BE DEPOSITED (IF APPLICABLE)

Only complete this section if Shares allotted are to be deposited in a CREST Account which must be in the same name as the holder(s) given in Section 2A.

(BLOCK CAPITALS)

CREST Participant ID:

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CREST Member Account ID:

--	--	--	--	--	--	--	--

3. SIGNATURE(S): ALL HOLDERS MUST SIGN

By completing the signature/execution boxes below you are deemed to have read the Prospectus and agreed to the terms and conditions in Part 12 of the Prospectus (Terms and Conditions of Application under the Offer for Subscription) and to have given the warranties, representations and undertakings set out therein.

Signature by an individual (or joint individual applicants)

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

Execution by a company

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

PLEASE TICK THE RELEVANT BOX BELOW CONFIRMING YOUR METHOD OF PAYMENT FROM OPTIONS 4A, 4B OR 4C BELOW:

4A. CHEQUES/BANKER'S DRAFT

☐

Pin or staple to this form your cheque or banker's draft for the exact amount shown in Box 1 made payable to Link Market Services Limited RE: Horizon Housing REIT PLC – Offer For Subscription A/C. Cheques and banker's payments must be drawn in Sterling on an account at a bank branch in the United Kingdom and must bear a United Kingdom bank sort code number in the top right hand corner. If you use a banker's draft or a building society cheque you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the banker's draft or cheque and adds its stamp.



4B. ELECTRONIC BANK TRANSFER☐

If you are subscribing for Shares and sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 1.00 p.m. on 23 May 2018.

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 23 May 2018, together with the name and number of the account to be debited with such payment and the branch contact details and reference number.

Contact at Bank Branch and Telephone Number:	
Sort Code:	Account Number:
Account Name:	Bank Name and Address:

Reference Number (should be your name and telephone number):
--

Electronic Payment should be made to the bank account details below:

Sort Code: 15-10-00

Account No:

IBAN No:

Swift No:

Account Name: Link Market Services Limited RE: Horizon Housing REIT PLC OFS CHAPS A/C

4C. SETTLEMENT BY DELIVERY VERSUS PAYMENT (DVP)☐

Only complete this section if you choose to settle your application within CREST, that is delivery versus payment (DVP).

Please indicate the CREST Participant ID from which the DEL message will be received by the Receiving Agent for matching, which should match that shown in 2B above, together with the relevant Member Account ID.

(BLOCK CAPITALS)

CREST Participant ID:

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CREST Member Account ID:

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You or your settlement agent/custodian's CREST account must allow for the delivery and acceptance of Shares to be made against payment at the Issue Price per Share, following the CREST matching criteria set out below:

Trade Date:	25 May
Settlement Date:	31 May
Company:	Horizon Housing REIT PLC
Security Description:	Ordinary share of £0.01 each
SEDOL:	BF5FMZ3
ISIN:	GB00BF5FMZ33

Should you wish to settle DVP, you will need to match your instructions to Link Asset Services' participant account RA06 by no later than 1.00 p.m. on 30 May 2018.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

Applicants wishing to settle DVP will still need to complete and submit a valid Application Form to be received by no later than 1.00 p.m. on 23 May. You should tick the relevant box in section 4C.

Applicants will also need to ensure that their settlement instructions have been input to Link Asset Services' Participant account (RA06) by no later than 1.00 p.m. on 30 May. Note: Link Asset Services will not take any action until a valid DEL message has been alleged to the Participant account by the applicant.

No acknowledgement of receipt or input will be provided.

In the event of late/non settlement the company reserves the right to deliver shares outside of CREST in certificated form provided that payment has been made in terms satisfactory to the company and all other conditions of the Offer for Subscription have been satisfied.

In the event of late CREST settlement, the Company, after having consulted with Link Asset Services, reserves the right to deliver Ordinary Shares outside CREST in certificated form provided payment has been made in terms satisfactory to the Company and all other conditions in relation to the Offer for Subscription have been satisfied.

5. RELIABLE INTRODUCER DECLARATION

Completion and signing of this declaration by a suitable person or institution may avoid presentation being requested of the identity documents detailed in section 6 of this form.

The declaration below may only be signed by a person or institution (such as a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the "firm") which is itself subject in its own country to operation of 'know your customer' and anti-money laundering regulations no less stringent than those which prevail in the United Kingdom.

DECLARATION:

To the Company and the Receiving Agent

With reference to the holder(s) detailed in section 2A, all persons signing at section 3 and the payor identified in section 6 if not also a holder (collectively the "**subjects**") WE HEREBY DECLARE:

1. we operate in the United Kingdom, or in a country where money laundering regulations under the laws of that country are, to the best of our knowledge, no less stringent than those which prevail in the United Kingdom and our firm is subject to such regulations;
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 subjects is known to us in a business capacity and we hold valid identity documentation on each of them and we undertake to immediately provide to you copies thereof on demand;
4. we confirm the accuracy of the names and residential business address(es) of the holder(s) given at section 2A and if a CREST Account is cited at section 2B that the owner thereof is named in section 2A;
5. having regard to all local money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the Shares mentioned; and



6. where the payor and holder(s) are different persons we are satisfied as to the relationship between them and reason for the payor being different to the holder(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 this firm or its officials.

Signed:	Name:	Position:
Name of regulatory authority:		Firm's licence number:
Website address or telephone number of regulatory authority:		
STAMP of firm, giving full name and business address:		

6. IDENTITY INFORMATION

If the declaration in section 5 cannot be signed and the value of your application is greater than €15,000 (or the Sterling equivalent), please enclose with that Application Form the documents mentioned below, as appropriate. Please also tick the relevant box to indicate which documents you have enclosed, all of which will be returned by the Receiving Agent to the first named Applicant.

Holders				Payor

Tick here for documents provided

In accordance with internationally recognised standards for the prevention of money laundering, the documents and information set out below must be provided:

A. For each holder being an individual enclose:

- (1) an original or a certified clear photocopy of one of the following identification documents which bear both a photograph and the signature of the person: current passport – Government or Armed Forces identity card – driving licence; and

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- (2) an original or certified copies of at least two of the following documents no more than 3 months old which purport to confirm that the address given in section 2A is that person's residential address: a recent gas, electricity, water or telephone (not mobile) bill – a recent bank statement – a council rates bill – or similar document issued by a recognised authority; and

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- (3) if none of the above documents show their date and place of birth, enclose a note of such information; and

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- (4) details of the name and address of their personal bankers from which the Receiving Agent may request a reference, if necessary.

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B. For each holder being a company (a “holder company”) enclose:

- (1) a certified copy of the certificate of incorporation of the holder company; and

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- (2) the name and address of the holder company's principal bankers from which the Receiving Agent may request a reference, if necessary; and

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- (3) a statement as to the nature of the holder company's business, signed by a director; and

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- (4) a list of the names and residential addresses of each director of the holder company; and

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(5)	for each director provide documents and information similar to that mentioned in A above; and	<table border="1" style="width: 100%; height: 25px;"><tr><td></td><td></td><td></td><td></td><td></td></tr></table>					
(6)	a copy of the authorised signatory list for the holder company; and	<table border="1" style="width: 100%; height: 25px;"><tr><td></td><td></td><td></td><td></td><td></td></tr></table>					
(7)	a list of the names and residential/registered address of each ultimate beneficial owner interested in more than 5 per cent. of the issued share capital of the holder company and, where a person is named, also complete C below and, if another company is named (hereinafter 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.	<table border="1" style="width: 100%; height: 25px;"><tr><td></td><td></td><td></td><td></td><td></td></tr></table>					
C.	For each person named in B(7) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(1) to (4).	<table border="1" style="width: 100%; height: 25px;"><tr><td></td><td></td><td></td><td></td><td></td></tr></table>					
D.	For each beneficiary company named in B(7) as a beneficial owner of a holder company enclose:						
(1)	a certified copy of the certificate of incorporation of that beneficiary company; and	<table border="1" style="width: 100%; height: 25px;"><tr><td></td><td></td><td></td><td></td><td></td></tr></table>					
(2)	a statement as to the nature of that beneficiary company's business signed by a director; and	<table border="1" style="width: 100%; height: 25px;"><tr><td></td><td></td><td></td><td></td><td></td></tr></table>					
(3)	the name and address of that beneficiary company's principal bankers from which the Receiving Agent may request a reference, if necessary; and	<table border="1" style="width: 100%; height: 25px;"><tr><td></td><td></td><td></td><td></td><td></td></tr></table>					
(4)	a list of the names and residential/registered address of each beneficial owner owning more than 5 per cent. of the issued share capital of that beneficiary company.	<table border="1" style="width: 100%; height: 25px;"><tr><td></td><td></td><td></td><td></td><td></td></tr></table>					
E.	If the payor is not a holder and is not a bank providing its own cheque or banker's payment on the reverse of which is shown details of the account being debited with such payment (see note 5 on how to complete this form) enclose:						
(1)	if the payor is a person, for that person the documents mentioned in A(1) to (4); or	<table border="1" style="width: 100%; height: 25px;"><tr><td></td><td></td><td></td><td></td><td></td></tr></table>					
(2)	if the payor is a company, for that company the documents mentioned in B(1) to (7); and	<table border="1" style="width: 100%; height: 25px;"><tr><td></td><td></td><td></td><td></td><td></td></tr></table>					

- (3) an explanation of the relationship between the payor and the holder(s).

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The Receiving Agent reserves the right to ask for additional documents and information.

7. CONTACT DETAILS

To ensure the efficient and timely processing of this application please enter below the contact details of a person the Receiving Agent may contact with all enquiries concerning this application. Ordinarily this contact person should be the person signing in section 3 on behalf of the first named holder. If no details are provided here but a regulated person is identified in section 5, the Receiving Agent will contact the regulated person. If no details are entered here and no regulated person is named in section 5 and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

Contact name:

E-mail address:

Contact address:

Postcode:

Telephone No:

Fax No:



APPENDIX 2 – TAX RESIDENCY SELF-CERTIFICATION FORM (INDIVIDUALS)

Company that shares are held in: *	Horizon Housing REIT PLC
Investor code *	
Name: *	
Registered Address: * <i>If your address has changed, then you will need to notify us separately. See the questions and answers.</i>	
Tax Residence Address <i>Only if different to your registered address above</i>	
Date of Birth * (DD/MM/YYYY)	

Country/Countries of Residence for Tax Purposes	
Country of residence for tax purposes	Tax Identification Number <i>In the UK this would be your NI number</i>
1 *	1 *
2	2
3	3
4	4

US Citizen

Please mark the box ONLY if you are a US Citizen (see definition below)

☐

Declarations and Signature

I acknowledge that the information contained in this form and information regarding my shares may be reported to the local tax authority and exchanged with tax authorities of another country or countries in which I may be tax resident where those countries have entered into Agreements to exchange Financial Account information.

I undertake to advise the Company within 30 days of any change in circumstances which causes the information contained herein to become incorrect and to provide the Company with a suitably updated Declaration within 30 days of such change in circumstances.

I certify that I am the shareholder (or I am authorised to sign for the shareholder**). If this relates to a joint holding, I also acknowledge that as a joint holder I may be reported to the relevant tax authority if all the other holders do not provide a Tax Residency Self-Certification.

I declare that all statements made in this declaration are, to the best of my knowledge and belief, correct and complete.

Signature: *	
Print Name: *	
Date: *	
Daytime telephone number / email address***	

* Mandatory field

** If signing under a power of attorney, please also attach a certified copy of the power of attorney.

*** We will only contact you if there is a question around the completion of the self-certification form.

“US Citizen”

- All US citizens. An individual is a citizen if that person was born in the United States or if the individual has been naturalized as a US citizen.
- You can also be a US citizen, even if born outside the United States if one or both of your parents are US citizens.



INTRODUCTION

The law requires that Financial Institutions collect, retain and report certain information about their account holders, including the account holders tax residency.

Please complete the form above and provide any additional information requested.

If your declared country/countries of residence for tax purposes is not the same as that of the Financial Institution and is either the US or is on the OECD list of countries which have agreed to exchange information (<http://www.oecd.org/tax/transparency/AEOI-commitments.pdf>), the Financial Institution will be obliged to share this information with its local tax authority who may then share it with other relevant local tax authorities.

Failure to validly complete and return this form will result in you being reported onwards to the relevant local tax authority. Additionally, if this form has been issued in conjunction with an application for a new holding, then your application may be adversely impacted.

Definitions of terms used in this form can be found below.

If your registered address (or name) has changed, then you must advise us separately. Any details you enter in the "Tax Residence Address" will be used for tax purposes only and will not be used to update your registered details.

If any of the information about your tax residency changes, you are required to provide the Company with a new, updated, self-certification form within 30 days of such change in circumstances.

JOINT HOLDERS (IF RELEVANT)

All joint holders are treated as separate holders for these tax purposes and every joint holder is required to give an Individual Tax Residency Self-Certification. If any one or more is reportable, the value of the whole shareholding will be reported for all joint shareholder(s).

If we do not receive the self-certification from each joint shareholder, then the whole holding will be treated as undocumented and all holders (including those who have completed the self-certification form) will be reported to the relevant tax authorities.

If you have any remaining questions about how to complete this form or about how to determine your tax residency status you should contact your tax adviser.

DEFINITIONS

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ("The Common Reporting Standard") <http://www.oecd.org/tax/automatic-exchange/common-reporting-standard/> contains definitions for the terms used within it. However, the following definitions are for general guidance only to help you in completing this form.

"Account Holder"

The Account Holder is either the person(s) whose name(s) appears on the share register of a Financial Institution. Or where Link Asset Services holds the shares on your behalf, the person whose name appears on the register of entitlement that Link Asset Services maintains.

"Country/Countries of residence for tax purposes"

You are required to list the country or countries in which you are resident for tax purposes, together with the tax reference number which has been allocated to you, often referred to as a **tax identification number (TIN)**. Special circumstances (such as studying abroad, working overseas, or extended travel) may cause you to be resident elsewhere or resident in more than one country at the same time (dual residency). The country/countries in which you might be obliged to submit a tax return are likely to be your country/countries of tax residence. If you are a US citizen or hold a US passport or green card, you will also be considered tax resident in the US even if you live outside the US.

“Tax Identification Number or TIN”

The number used to identify the shareholder in the country of residence for tax purposes.

Different countries (or jurisdictions) have different terminology for this and could include such as a National Insurance number, social security number or resident registration number. Some jurisdictions that do issue TINs have domestic law that does not require the collection of the TIN for domestic reporting purposes so that a TIN is not required to be completed by a shareholder resident in such jurisdictions. Some jurisdictions do not issue a TIN or do not issue a TIN to all residents.

“US Citizen”

- All US citizens. An individual is a citizen if that person was born in the United States or if the individual has been naturalized as a US citizen.
- You can also be a US citizen, even if born outside the United States if one or both of your parents are US citizens.

If you have any questions about these definitions or require further details about how to complete this form then please contact your tax adviser.

NOTHING IN THIS PROSPECTUS CAN BE CONSIDERED TO BE TAX ADVICE.

QUESTIONS & ANSWERS

Why are you writing to me and asking for a “Tax Residency Self Certification”?

The governments of more than 90 countries around the world have agreed to exchange tax related information. These governments have passed similar sets of laws to enable the Automatic Exchange of Information (“AEOI”). The full list of countries involved can be seen at: www.oecd.org/tax/transparency/AEOI-commitments.pdf

Additionally, the United States has over 100 similar agreements with many countries referred to as the ‘Foreign Account Tax Compliance Act’.

The legislation can vary slightly from jurisdiction to jurisdiction, but at a high level, it requires Financial Institutions to:

- Identify existing Holders that may be resident (for tax purposes) in other participating jurisdictions. Then contact any such Holders and request that they complete a “Tax Residency Self Certification” form.
- Obtain a “Tax Residency Self Certification” form for all new Holders.
- Identify holders who move from one jurisdiction to another and request that they complete a “Tax Residency Self Certification” form.

(a)

- Identify Holders who have payments sent to a different jurisdiction.
- Submit a return to the Financial Institution’s “local” tax authority on an annual basis. As an example for a company incorporated in the UK, then the local tax authority would be HM Revenue & Customs (HMRC).
- Follow up on any non responders at least annually for at least 3 years.

(b)

The “local” tax authority will pass information onto the tax authority in the relevant jurisdiction. As an example the tax authority in the US is the Inland Revenue Service (“IRS”), so HMRC will exchange information with IRS.

Where can I find out more information about the legislation?

The legislation is quite complex and you may wish to speak to your tax adviser.



The web site of your local tax authority will contain more information e.g. HMRC for the UK; the IRS for the US; Jersey Income Tax Department for Jersey, etc.

Additionally, the web site of The Organisation for Economic Co-operation and Development (OECD) gives further information.

What happens if I do not complete the form?

In the annual report that the Financial Institution sends to their local tax authority you will be shown as 'Undocumented'.

The local tax authority will collate the responses from all of its financial institutions and pass that information onto the relevant local tax authority for the jurisdictions identified.

Link Asset Services is not able to comment on what action the tax authority for the jurisdiction will take.

What if I am a Tax Resident in 2 or more countries?

The self-certification form allows for up to 4 tax residencies to be recorded.

I do not pay tax or I do not know which country I am tax resident in

Please refer to your local tax authority or tax adviser.

I do not have a tax identification number

Please refer to your local tax authority or tax adviser.

Note that different countries call their tax identification numbers using alternative terminology. As an example in the UK it would be a National Insurance number.

I have already completed a W8 or W9 form. Do I still need to complete a "Tax Residency Self Certification"?

Yes. The US legislation governing W8/W9 forms overlaps with US FATCA legislation.

What is classed as my Tax Residence Address?

Please refer to your local tax authority or tax adviser.

In addition, you may wish to consider: Where you are a citizen with a passport; Your residential home address in a country and unrestricted right of entry back into that country once you depart.

Joint Holders

When there are multiple holders on an account, then every joint holder must complete a Tax Residency Self Certification and every joint holder will receive a letter in their own right. The letter will be sent to the registered address recorded for the holding.

Joint holders are treated as separate holders for these tax purposes. If any one of the joint holders is reportable, the value of the whole shareholding will be reported for all of the joint shareholder(s).

If we do not receive a validly completed self certification for each joint shareholder, the whole shareholding will be treated as "undocumented" and all shareholders (including those who have completed the self-certification form) will be reported to the relevant tax authorities.

Can I use the Self Certification Form to advise of a Change of Name?

No. You must advise Link Asset Services separately.

For more information, see www.linkassetservices.com

Can I use the Self Certification Form to advise of the death of a holder, or registration of a power of Attorney?

No. You must advise Link Asset Services separately. For more information, see www.linkassetservices.com

How do I contact Link Asset Services, to advise of a change of address or any other changes to my account?

Share Holder Portal: www.linkassetservices.com

Telephone: +44 (0) 371 664 0300

Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.

Address: The Registry
34 Beckenham Road
Beckenham, Kent, BR3 4TU

I would like future dividends paid into a different bank account

Contact Link Asset Services. For more information, see www.linkassetservices.com

I have given a different address for tax purposes, will the registered address of my share holding be altered?

No. The details on the Self Certification form are for tax purposes only. If you want to alter any of the registered details relating to your investment then you need to inform Link Asset Services. For more information, see www.linkassetservices.com

I have recently sold all of the shares, do I still need to complete a Self-Certification form?

Yes. Your account will be reportable in the current year, but will cease to be reportable in subsequent years.



