THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your stockbroker, solicitor, accountant, bank manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all your Shares in UK Commercial Property Trust Limited (the "**Company**") you should pass this document (but not the enclosed personalised Form of Proxy) at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale was effected.

The Company is authorised as an Authorised Closed-ended investment company which has been granted an authorisation declaration by the GFSC in accordance with section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended (the "**POI Law**"), and Rule 6.02 of the Authorised Closed-Ended Collective Investment Schemes Rules 2008 (the "**Rules**"). Notification of the proposals outlined in this document has been given to the GFSC pursuant to the Rules. Neither the GFSC nor the States of Guernsey has reviewed this document and neither of them takes any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

UK COMMERCIAL PROPERTY TRUST LIMITED

(to be renamed UK Commercial Property REIT Limited)

(a non-cellular company incorporated with limited liability in Guernsey with registered number 45387)

Recommended proposals for the admission of the Company into the United Kingdom REIT regime

and

Notice of General Meeting

Your attention is drawn to the letter from the Chairman set out in Part 1 of this document which recommends that you vote in favour of the Resolution to be proposed at the General Meeting referred to below.

Notice of an extraordinary general meeting of the Company to be held at 10.30 a.m. on 29 May 2018 at the offices of Intertrust Reads Private Clients Limited, Martello Court, Admiral Park, St. Peter Port, Guernsey GY1 3HB (the "**General Meeting**") is set out at the end of this document. A Form of Proxy for use in relation to the General Meeting is enclosed. Whether or not you propose to attend the General Meeting, you are requested to complete the Form of Proxy in accordance with the instructions printed on it, and return it to the Registrar, Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible, but in any event so as to be received no later than 10.30 a.m. on 24 May 2018. Completion of the Form of Proxy will not prevent a Shareholder from attending and voting in person at the General Meeting.

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2018
Latest time and date for receipt of completed Form of Proxy	10.30 a.m. on 24 May
General Meeting	10.30 a.m. on 29 May
Admission to REIT regime	1 July

Notes:

(1) All references to time in this document are to UK time.

(2) If any of the above times and/or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on a Regulatory Information Service.

DEFINITIONS

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

Articles	the articles of incorporation of the Company
Associate	has the meaning given in the Listing Rules
Board or **Directors**	the board of directors of the Company
Company	UK Commercial Property Trust Limited
FCA	the Financial Conduct Authority
Form of Proxy	the form of proxy for use at the General Meeting
FSMA	the Financial Services and Markets Act 2000, as amended from time to time
General Meeting	the extraordinary general meeting of the Company convened for 10.30 a.m. on 29 May 2018 (or any adjournment thereof) notice of which is set out on page 24 of this document
GFSC	the Guernsey Financial Services Commission
Group	the Company and any other direct or indirect subsidiaries of the Company from time to time
HMRC	HM Revenue & Customs
IFRS	International Financial Reporting Standards as adopted in the European Union
ISA	an individual savings account for the purposes of section 694 of the Income Tax (Trading and Other Income) Act 2005
Listing Rules	the listing rules made by the FCA under Part VI of FSMA, as amended from time to time
Non-PID Dividend	a dividend which is not treated for UK tax purposes as a PID
Ordinary Shares or **Shares**	ordinary shares of 25 pence each in the capital of the Company
Phoenix	Phoenix Life Limited and Phoenix Life Assurance Limited
property income distribution or **PID**	a dividend received by a shareholder of the Company in respect of profits and gains of the Tax-Exempt Business of the UK resident members of the Group or in respect of the profits or gains of a non-UK resident member of the Group insofar as they derive from its UK qualifying rental business
POI Law	the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended from time to time
Portfolio	the property assets of the Group from time to time
property rental business	a UK property rental business within the meaning of section 205 of the Corporation Tax Act 2009 or an overseas property business within the meaning of section 206 of such act but, in each case, excluding certain specified types of business
Proposals	the proposals for the Company to become resident in the UK for tax purposes, to apply for entry to the REIT regime and to amend the Articles

qualifying property rental business	a property rental business fulfilling the conditions in section 529 of the Corporation Tax Act 2010
Registrar	Computershare Investor Services (Guernsey) Limited
REIT or **REIT Status**	a company that qualifies as a UK real estate investment trust under the UK REIT regime
REIT regime	the legislation contained in Part 12 of the UK Corporation Tax Act 2010 and the regulations made thereunder
Residual Business	the business of the Group which is not Tax-Exempt Business
Resolution	the resolution to amend the Articles set out in the notice of the General Meeting on page 24 of this document
Rules	the Authorised Closed-ended Investment Schemes Rules 2008, as amended from time to time
Shareholder	a holder of Shares
SIPP	a self-invested personal pension plan
SSAS	a self administered pension plan
Substantial Shareholder	a Shareholder who is beneficially entitled (directly or indirectly) to ten per cent. or more of the Shares or dividends of the Company or controls (directly or indirectly) ten per cent. or more of the voting rights of the Company
Substantial Shareholding	the Shares in respect of which a Substantial Shareholder is entitled to dividends (directly or indirectly) and/or to which a Substantial Shareholder is beneficially entitled (directly or indirectly) and/or votes attached to which are controlled (directly or indirectly) by the Substantial Shareholder
Tax-Exempt Business	a group's qualifying property rental business in the UK and elsewhere in respect of which corporation tax on income and capital gains will no longer be payable following entry to the REIT regime provided that certain conditions are satisfied
UK Listing Authority	the FCA in its capacity as the competent authority for the purposes of Part VI of FSMA

RISK FACTORS

The risk factors set out below are those which are considered to be material in relation to the Proposals but are not the only risks relating to the Group or the Shares or the Proposals. There may be additional material risks that the Company does not consider to be material or of which the Company is not aware.

Risks relating to regulation and legal changes

Changes in regulation and the law including tax laws or political events may substantially and adversely affect the market value of the Portfolio and/or the rental income of the Portfolio. Any change in the tax legislation could affect the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders.

Risks relating to REIT status and the Proposals

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

- it regards a breach of the conditions or failure to satisfy the conditions relating to the REIT regime, or an attempt to avoid tax, as sufficiently serious;
- if the Company has committed a certain number of minor or inadvertent breaches in a specified period; or
- if HMRC has given the Company at least two notices in relation to the avoidance of tax within a ten year period.

In addition, if the conditions for REIT status relating to the share capital of the Company 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 an open ended investment company, the Company will automatically lose REIT status. The Company could therefore 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 condition if it is unable to remedy the breach within a specified timeframe. If the Company were to be required to leave the REIT regime within ten years of joining, HMRC has wide powers to direct how it would be taxed, including in relation to the date on which the Company would be treated as exiting the REIT regime which could have a material impact on the financial condition of the Group and, as a result, Shareholder returns.

If the Proposals are not approved and the Company does not enter the REIT regime the Group may start to incur significant tax within the existing structure.

Risks relating to property and property-related assets

Investments in property are relatively illiquid. Such illiquidity may affect the Company's ability to vary its Portfolio or dispose of or liquidate part of its Portfolio in a timely fashion and at satisfactory prices in response to changes in economic, real estate market or other conditions. This could have an adverse effect on the Group's financial condition and results of operations.

Returns from an investment in property depend largely upon the amount of rental income generated from the property and the expenses incurred in the development or redevelopment and management of the property, as well as upon changes in its market value.

The Company's ability to pay dividends will be dependent principally upon its rental income. Rental income and the market value of properties are generally affected by overall conditions in the relevant local economy, such as growth in gross domestic product, employment trends, inflation and changes in interest rates.

PART 1

LETTER FROM THE CHAIRMAN

UK COMMERCIAL PROPERTY TRUST LIMITED

(to be renamed UK Commercial Property REIT Limited)

(Incorporated in Guernsey with registered number 45387)

Directors

Andrew Wilson *(Chairman)*
Michael Ayre
Robert Fowlds
Margaret Littlejohns
Ken McCullagh
Sandra Platts

Registered Office

PO Box 255
Trafalgar Court
Les Banques
St. Peter Port
Guernsey
GY1 3QL

3 May 2018

Dear Shareholder,

Recommended proposals for the admission of the Company into the United Kingdom REIT regime

Introduction

On 27 April 2018 the Board announced in the annual report and accounts for the year ended 31 December 2017 that it had resolved to proceed with proposals for the Company to become resident in the United Kingdom for tax purposes and, subject to Shareholder approval, to apply for entry to the real estate investment trust ("**REIT**") regime with effect from 1 July 2018. The purpose of this document is to provide Shareholders with further details on the background to the Proposals, explain why the Board believe the Proposals are in the best interest of Shareholders as a whole and to convene a General Meeting at which Shareholders will be asked to approve certain changes to the Articles in connection with the Proposals.

Background to the Proposals

As a result of the intercompany financing arrangements and the deduction of interest and other allowable expenses, the net rental profits of the Group's property holding subsidiaries have historically been sheltered from UK tax. In September 2016, the Group refinanced its internal loan notes and restructured its intercompany loan arrangements. This refinancing has resulted in a small amount of tax currently being incurred by the Group.

As announced by the UK Government in the Autumn Budget 2017, non-UK resident companies that have UK property income, such as the property holding subsidiaries in the Group, will be charged UK corporation tax from 6 April 2020, rather than being subject to UK income tax as they are at present. As a result of becoming subject to UK corporation tax, the property holding subsidiaries would also be subject to different rules in respect of how their tax adjusted profits are calculated, including restrictions on the deductibility of interest and the utilisation of losses.

The Board has reviewed the current structure of the group and determined that change is necessary to preserve the ongoing effectiveness of the group from a UK tax perspective in advance of the above changes. In addition, the Board notes the recent announcement in the Spring Budget 2018 proposing to bring non-resident landlords who invest in UK commercial property, such as the Group, into the UK capital gains tax regime. Accordingly, the Board is proposing that the Company takes the necessary steps on behalf of the Group in order to achieve REIT status.

Since 1 January 2007 there has been legislation in place in the UK to enable qualifying companies (or groups) to apply for REIT status. A company (or group) carrying on a 'property rental business' as defined in UK tax legislation may give notice to opt for the treatment provided by the REIT regime, subject to meeting a number of initial and ongoing conditions.

The basic principle of the REIT regime is that, in relation to a company or group with REIT status, the net rental income derived from the company's or group's rental property portfolio is exempt from UK corporation tax, as are capital gains on the disposal of the rental properties. The REIT regime, in essence, seeks to treat investors in a REIT as if they hold an interest in the property rental business directly.

In order to facilitate the Group qualifying as a REIT, certain changes are required to the Articles. These changes take account of the REIT regime, specifically the REIT rules regarding the payment of dividends to Substantial Shareholders and the requirement that the Company and its Group is UK resident for tax purposes. If approved by Shareholders, the proposed amendments to the Articles will not take effect unless the Board elects to seek approval as a REIT.

Background to conversion to REIT status

General

A REIT is a company that either itself owns and operates a property rental portfolio, which can be commercial, residential or any other type of commercially let property, or comprises a group of companies which carries out these activities. Under the REIT regime at least 90 per cent. of the net rental profits for each accounting period must be distributed to shareholders and in return the REIT is exempt from UK corporation tax on profits and gains relating to its qualifying property rental business.

REITs are intended to enable the income from property rental assets to be generated in a tax efficient manner and to ensure that the net return for shareholders from investing in a property are broadly consistent with returns from direct property investment. Notwithstanding that the Company may become a REIT the Company will continue to be an authorised closed-ended investment scheme in Guernsey (for so long as it remains incorporated and administered in Guernsey and complies with the POI Law and the Rules) and will remain an 'exempt company' for the purposes of Guernsey domestic taxation.

A group of companies which opt into the REIT regime is permitted to carry on both tax-exempt property rental activities and other taxable activities, subject to certain restrictions which are set out below. Electing for REIT status does not change the legal status of a company or its share capital.

Conditions to becoming a REIT

In order to be eligible to apply for REIT status, a group of companies will need to meet certain conditions which are summarised below and are discussed in more detail on page 13. These conditions are as follows;

(a) The principal company of the relevant group 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) and listed on the Official List of the UK Listing Authority (or an overseas equivalent).

(b) The principal company must not be a 'close company' or an open-ended investment company.

(c) The property rental business should comprise at least 75 per cent. of the overall group's activities, measured by reference to both the value of its assets and its total profits.

(d) A minimum of 90 per cent. of the REIT's 'profits' for an accounting period (calculated under statutory UK tax principles after interest, capital allowances, other deductions for tax purposes and excluding chargeable gains) from the Tax-Exempt Business must be distributed to investors. This distribution is referred to as a property income distribution or 'PID'.

(e) The group must not be subject to any loans considered to be on uncommercial terms.

The Company, and where relevant the Group, should satisfy all the above conditions to be eligible to apply for REIT status (save for condition (a) in relation to tax residency which is considered in more detail in the sub-paragraph headed "Tax residency of the Company" below) and the Board expects the Group to continue to comply with the rules of the REIT regime in the future.

In addition to the above conditions, as a REIT, the Company and, where relevant, the Group should take account of various restrictions in order to maximise tax efficiency as follows.

(a) The Group will be subject to a financing costs cover test on the Tax-Exempt Business. This is a form of gearing test. The Group will need to be within the limits envisaged by the test to avoid an

additional tax charge. In effect this would require the Group to ensure that its net rental income is not less than 1.25 times the costs of gearing. It is expected that the Group will be well within these limits.

(b) The Company would be liable to UK corporation tax in the event that distributions are made to any Substantial Shareholder. Further details are set out in paragraph headed "The Substantial Shareholder rule" below. The Group can protect itself against the risk of this tax charge provided it can demonstrate it has taken reasonable steps to avoid paying distributions to such Substantial Shareholders. The proposed amendments to the Articles should enable the Group to satisfy this requirement.

Reasons for and benefits of the Group becoming a REIT

Provided that REIT status is achieved and maintained, the Group will be exempt from UK corporation tax on the profits and gains derived from the qualifying property rental business provided that it meets certain conditions. This will effectively reduce the burden of taxation in respect of the Tax-Exempt Business.

Further details of the REIT regime and the implications of the Group becoming a REIT are set out in Part 2 of this document.

The implications of the Company becoming a REIT

General

Obtaining REIT status would not materially alter the Group's business or operations, but (on the basis of the relevant conditions being satisfied) is a more tax-efficient structure when compared overall with the Group's future position as a non-resident landlord. There will not be any changes to the investment policy or investment strategy or the legal corporate structure of the Group in relation to obtaining REIT status. It is the intention of the Board that the Group's business will continue to comprise predominantly of the Tax-Exempt Business. The Board is not proposing any changes to its management and administrative arrangements, save to reflect the change in tax residency noted below.

The Board is not proposing any changes to the level of debt financing currently available with Barclays Bank plc or Barings Real Estate Advisers as a result of obtaining REIT status. However, as part of the proposals the Group is taking the opportunity to simplify elements of its structure. The simplification of the Group's structure, entry into the REIT regime and any related amendments to the facilities are subject to the consent of the relevant debt provider.

Dividend policy

The Company intends to employ the same dividend policy following the election for REIT status as it does now and the Board expects that this will exceed the required PID in respect of the distribution conditions.

Within the REIT regime, distributions from the Company may, in the hands of the Shareholders, comprise PIDs, ordinary dividends or a combination of the two. The Company will be required to distribute to Shareholders (by way of a PID), on or before the filing date of the Company's tax return for the accounting period in question, at least 90 per cent. of the income profits of the Tax-Exempt Business (broadly, calculated using statutory tax rules). Subject to certain exceptions, these PIDs will be subject to withholding tax at the basic rate of income tax (currently 20 per cent.). The Company may be able to distribute additional amounts over and above the minimum PID requirement, in which case such amounts will be treated for UK tax purposes as ordinary corporate dividends or as a PID, dependent on their source. For further details, please see Part 2 of this document.

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 (copies of which may be obtained on request from the Registrars).

The precise proportion of recurring property rental income that the Group distributes may vary between years, according to the needs of the business. Ordinarily, however, the Board would expect to distribute a high proportion (including the mandatory PID element) of recurring property rental earnings, on the basis of adjusted earnings per share as reported under IFRS. A proportion of trading property profits

and other income from non-property activities (if any) may also be distributed, to the extent the Board regards those earnings as sustainable. Capital gains arising on the disposal of investment properties will, ordinarily, be retained and reinvested within the business to support future growth.

Tax position of the Shareholders

The comments in this section are provided for general guidance only. Shareholders who are in any doubt concerning the taxation implications of any matters reflected here should consult their professional advisers.

The adoption of REIT status by the Group will alter the Shareholders' tax positions in respect of the receipt of dividends paid under the REIT regime. On the basis that REIT status is achieved with effect from 1 July 2018, the first distribution that the Company could make under the REIT regime would relate to profits for part of the year ended 31 December 2018. The amount and payment date of any such distribution will be announced in autumn 2018.

As discussed above, distributions from the Company may comprise PIDs, ordinary dividends or a combination of the two. If, as described above, capital gains are retained in the business and not distributed, only distributions of profits after interest, capital allowances and other tax deductions will constitute PIDs. Whilst there is no requirement to distribute income arising from capital gains, to the extent such gains arise from the Tax-Exempt Business they would constitute PIDs if distributed. Other dividends will be taxed in the hands of Shareholders in the same way as other dividends paid by any other UK resident company. Further detail in respect of the attribution of distributions is included in Part 3 of this document.

Broadly, PIDs are treated for UK tax purposes in the hands of shareholders as property rental income rather than ordinary corporate dividends. They may be subject to withholding tax at source, at the basic rate of UK income tax (currently at a rate of 20 per cent.). Additional UK taxes may be payable based on a shareholder's marginal UK income tax rate. UK tax-exempt investors, for example ISAs and SIPPs, will not be subject to tax (withholding tax or otherwise) on the PIDs. A summary in tabular form of the UK tax position of distributions paid by the Company for certain groups of Shareholders is set out on page 19.

A general guide to the treatment for the principal classes of Shareholders is set out in Part 3 of this document.

The Substantial Shareholder rule

Within the REIT regime, corporation tax will be incurred by the Company if it makes a distribution to a Substantial Shareholder unless the Company has taken reasonable steps to avoid such a distribution being paid. Shareholders should note that this restriction only applies to Shareholders that are companies or other bodies corporate and to certain entities which are deemed to be bodies corporate. It does not apply to nominees.

Under the REIT regime a Substantial Shareholder is defined as a holder of excessive rights in a company (or other body corporate) who, either directly or indirectly (i) is beneficially entitled to ten per cent. or more of the company's dividends; (ii) is beneficially entitled to ten per cent. or more of a company's share capital; or (iii) controls ten per cent. or more of the voting rights in a company.

The background to the charge recognises that in certain circumstances such shareholders resident in jurisdictions with particular double tax agreements with the UK can reclaim all or part of the UK income tax payable by them on the dividend. This charging provision seeks to collect from the Company an amount of UK corporation tax equivalent to the basic rate income tax liability on the dividend irrespective of the tax treatment of the shareholder.

A tax charge may be imposed only if a REIT 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 has a stake in the company of 10 per cent. or more. The amount of the tax charge is calculated by reference to the total dividend that is paid to the Substantial Shareholder and is not restricted to the excess over 10 per cent.

The Board considers it appropriate that the Company should put in place the mechanisms in accordance with the guidance issued by HMRC so that the Company can avoid the imposition of such a tax charge in circumstances where a Substantial Shareholding occurs following its entry into the REIT regime. The changes proposed to be made to the Articles will give the Board the powers it needs to demonstrate to HMRC that such 'reasonable steps' have been taken.

The Company has engaged with its largest shareholder, Phoenix Life Limited ("**PLL**"), who along with Phoenix Life Assurance Limited ("**PLAL**") own approximately 48 per cent. of the Company's issued share capital. Phoenix are supportive of the Proposals and PLL are in the process of an internal restructuring of their investment such that it will not be deemed to be a Substantial Shareholding under the REIT regime.

Tax residency of the Company

In order to achieve REIT status, the Company must be UK tax resident and not tax resident in any other jurisdiction.

To become tax resident in the UK it is intended that the Company will move its central management and control into the UK with effect from 1 July 2018. This means that once the Company has entered the REIT regime future Board and Shareholder meetings (including the Company's annual general meeting) will be held in the UK. The changes proposed to be made to the Articles will permit the Company to hold these meetings in the UK and will require the majority of the Board to be UK resident.

To ensure the Company is not treated as tax resident in Guernsey it is intended that the Company will continue to apply for exempt status in Guernsey. Exempt status must be applied for on an annual basis.

Amendment to the Articles

A description of the proposed amendments to the Articles are set out in more detail Part 4 of this document.

A copy of the existing Articles and the proposed new Articles marked to show the changes will be available during normal business hours (Saturdays, Sundays and public holidays excepted) at the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW up to and including close of business on 29 May 2018 and at the venue of the General Meeting for at least 15 minutes prior to the start of the meeting and up until the close of the meeting.

The adoption of the new Articles is conditional upon the approval of Shareholders at the General Meeting. The Resolution will be proposed as a special resolution which means that in order for the Resolution to be passed at least 75 per cent. of the votes cast on the Resolution must be in favour.

Change of name

Subject to the Resolution being approved at the General Meeting, the Board is proposing to change the name of the Company to UK Commercial Property REIT Limited with effect from admission to the REIT regime.

Expected timetable for admission to the REIT regime

A company satisfying the conditions for REIT status can choose the date from which the REIT regime will apply by specifying such date in its notice to HMRC. The Board, subject to the passing of the Resolution at the General Meeting, intends to serve notice to HMRC for entry to the REIT regime to take effect from 1 July 2018.

Guernsey regulatory notification

The GFSC has been notified of the Proposals pursuant to Part 5 of the Rules.

Costs

The costs and fees payable by the Company in relation to its entry into the REIT regime are expected to be approximately £520,000.

General Meeting

The Company's entry into the REIT regime is conditional, *inter alia*, on the approval of Shareholders. You will find set out at the end of this document a notice convening the General Meeting at 10.30 a.m. on 29 May 2018, to be held at the offices of Intertrust Reads Private Clients Limited, Martello Court, Admiral Park, St. Peter Port, Guernsey GY1 3HB. All Shareholders are entitled to attend and vote on the Resolution to be proposed at the General Meeting.

Documents available for inspection

Copies of the following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document at the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW up to and including close of business on 29 May 2018, and at the venue of the General Meeting for at least 15 minutes prior to and during the General Meeting:

(a) this document;

(b) the existing Articles; and

(c) the new Articles.

Action to be taken

Shareholders will find enclosed a Form of Proxy for use at the General Meeting. Whether or not you propose to attend the General Meeting, you should complete the Form of Proxy and return it to Computershare Investor Services (Guernsey) Limited, PO Box 82, The Pavilions, Bridgewater Road, Bristol BS99 7NH, as soon as possible, but in any event not later than 10.30 a.m. on 24 May 2018.

Shareholder voting intentions

Phoenix, the Company's largest shareholder, has irrevocably undertaken to vote in favour of the Resolution. The Phoenix shareholding is split between PLL and PLAL. In aggregate, Phoenix holds approximately 48 per cent. of the Company's issued share capital.

Recommendation

The Board considers that the Proposals and the Resolution are in the best interests of the Shareholders as a whole. Accordingly, the Board unanimously recommends that all Shareholders vote in favour of the Resolution to be proposed at the General Meeting. The Directors, who in aggregate have an interest in 157,000 Shares (being approximately 0.01 per cent. of the issued share capital), intend to vote such Shares in favour of the Resolution.

Yours faithfully,

Andrew Wilson
Chairman

PART 2

THE REIT REGIME

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, possibly with retrospective effect. The following paragraphs are not advice.

Overview

The REIT regime was introduced with the intention of encouraging greater investment in the UK property market and it follows similar legislation in other European countries, as well as the long-established regimes in the United States, Australia and the Netherlands.

Investing in property through a corporate investment vehicle (outwith the REIT regime) has the disadvantage that, in comparison to a direct investment in property assets, some categories of shareholders (but not UK companies) effectively suffer tax twice on the same income – first, indirectly, when members of a group pay UK direct tax on their 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 were to invest directly in the property assets. As a REIT, UK resident companies within the Group and non-UK resident companies within the Group with a UK qualifying property rental business would no longer pay UK direct taxes on their income and capital gains from the Tax-Exempt Business, provided that certain conditions are satisfied. Instead, distributions in respect of the Tax-Exempt Business will be treated for UK tax purposes as property income in the hands of Shareholders (Part 3 of this document contains further detail on the UK tax treatment of shareholders after entry into the REIT regime). However, UK corporation tax and overseas taxation will still be payable in the normal way in respect of income and gains from the Group's business (generally including any property trading business, overseas property rental business and certain other non-property activities and investments) not included in the Tax-Exempt Business (the "**Residual Business**").

While within the REIT regime, the Tax-Exempt Business will be treated as a separate business for UK corporation tax purposes to the Residual Business and a loss incurred by the Tax-Exempt Business cannot be set off against profits of the Residual Business (and vice versa).

As a REIT, the Company will be required to distribute to Shareholders 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 (broadly, calculated using normal tax rules) of the UK-resident members of the Group in respect of the Tax-Exempt Business and of the non-UK resident members of the Group as they derive from their UK qualifying property rental business arising in each accounting period. Failure to meet this requirement will result in a tax charge calculated by reference to the extent of the failure.

In this document, 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.

The treatment of a dividend paid by the Company in the first year after it becomes a REIT should depend on whether it is paid out of profits that existed before or after the Group became a REIT. For example, if the Company elects for REIT status with effect from 1 July 2018 and has before that date announced an intention to pay an interim dividend for payment after that date, that dividend would be paid entirely out of profits earned before the Group entered the REIT regime and will therefore be a Non-PID Dividend. A dividend later in 2018 may be paid partly out of profits earned prior to the Group becoming a REIT and partly out of profits earned subsequently and may therefore comprise partly a PID and partly a Non-PID Dividend. The Company will provide Shareholders with a certificate setting out how much of their dividend is a PID and how much is a Non-PID Dividend.

Subject to certain exceptions, PIDs will be subject to withholding tax at the basic rate of income tax (currently 20 per cent.). As referred to above, further details of the UK tax treatment of Shareholders after entry into the REIT regime are contained in Part 3 of this document.

Qualification as a REIT

The Group will become a REIT group by the Company (as the principal company of the Group) serving notice on HMRC setting out the date from which the Group wishes to obtain REIT status. The date may be in the future but notice cannot be given retrospectively. In order to qualify as a REIT, the Group must satisfy certain conditions set out in Part 12 of the Corporation Tax Act 2010. A non-exhaustive summary of the material conditions is set out below. Broadly, the Company must satisfy the conditions set out in paragraphs (A), (B), (C) and (D) below and the Group companies must satisfy the conditions set out in paragraph (E).

(A) *Company conditions*

The Company must be a solely UK-resident company (other than an open-ended investment company) whose ordinary shares are admitted to trading on a recognised stock exchange, such as the London Stock Exchange and listed on the Official List of the UK Listing Authority (or a foreign equivalent). The Company must also not (apart from in one exceptional circumstance) be a 'close company' (as defined in section 439 of the Corporation Tax Act 2010) (the "**close company condition**"). In summary, the close company condition amounts to a requirement that not less than 35 per cent. of the REIT's shares are beneficially held by the public and for this purpose the 'public' excludes directors of the REIT and certain of their associates, and shareholders who, alone or together with certain associates, control more than five per cent. of the REIT's share capital.

(B) *Share capital restrictions*

The Company must have only one class of ordinary share in issue and the only other shares it may issue are non-voting fixed rate preference shares.

(C) *Interest restrictions*

The Company 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. 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 of consideration) under the terms of issue of securities listed on a recognised stock exchange.

(D) *Financial Statements*

The Company must prepare financial statements in accordance with statutory requirements ("**Financial Statements**") and submit these to HMRC. The Financial Statements must contain the information about the Tax-Exempt Business and the Residual Business separately. The REIT regime specifies the information to be included and the basis of the preparation of their Financial Statements.

(E) *Conditions for the Tax-Exempt Business*

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

(a) the Tax-Exempt Business must throughout the accounting period involve at least three properties;

(b) throughout the accounting period no one property may represent more than 40 per cent. of the total value of the properties involved in the Tax-Exempt Business. Assets must be valued at fair value and in accordance with International Accounting Standards ("**IAS**") and at fair value when the IAS offers a choice between a cost basis and a fair value basis;

(c) treating all members of the Group as a single company, the Tax-Exempt Business must not include any property which is classified as owner-occupied in accordance with generally accepted accounting practice;

(d) at least 90 per cent. of the amounts shown in the Financial Statements of the Group companies as income profits (broadly calculated using the normal tax rules) of the UK

resident members of the Group arising in respect of the Tax-Exempt Business in the accounting period, and the income profits of the non-UK resident members of the Group insofar as they arise in respect of such members' UK qualifying property rental business in the accounting period, must be distributed by the Company on or before the filing date for the Company'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 10 per cent. rule will be treated as having been paid;

(e) the profits arising from the qualifying property rental business must represent at least 75 per cent. of the Group's total profits for the accounting period (the "**75 per cent. profits test**"). Profits for this purpose means profits before deduction of tax and excludes realised and unrealised gains and losses on the disposal of property, calculated in accordance with IAS; and

(f) at the beginning of the accounting period the value of the assets in the qualifying 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**"). Assets must be valued in accordance with IAS and at fair value where IAS offers a choice of valuation between cost basis and fair value and in applying this test no account is to be taken of liabilities secured against or otherwise relating to assets (whether generally or specifically). Cash held by any company in the Group is deemed to be an asset of the property rental business for the purposes of the 75 per cent. assets test.

Effect of becoming a REIT

(A) *Company taxation*

As a REIT, the Group will not pay UK-direct tax on profits and gains from the Tax-Exempt 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, intra-group letting of property, letting of administrative property which is temporarily surplus to requirements and certain income such as dividends and interest from members of the Group carrying on non-UK activities. UK corporation tax could also be payable if a member of the Group (as opposed to property involved in the UK qualifying property rental business) is sold in the future. The Group would also continue to pay indirect taxes such as value added tax, stamp duty land tax and stamp duty reserve tax in the normal way.

(B) *Attribution of dividends*

Distributions by the Company will be attributed in the following order.

(a) In satisfaction of the obligation to distribute 90 per cent. of the profits of the Tax-Exempt Business, calculated under tax principles and excluding chargeable gains, which arise in the accounting period – paid, under deduction of income tax at 20 per cent. where appropriate, as a PID.

(b) At the discretion of the Company, a distribution of all or any of the following:

(i) profits earned by the (taxable) Residual Business in the period;

(ii) reserves of the Residual Business including brought forward reserves; and

(iii) profits representing the difference between the accounting distributable profits and profits calculated for tax purposes of the Tax-Exempt Business (the difference principally results from the effect of claiming capital allowances in calculating the profits of the Tax-Exempt Business).

This distribution is treated as a normal dividend and no tax is withheld by the Company.

(c) Distribution of the remaining 10 per cent. of the Tax-Exempt Business income (calculated under tax principles and excluding chargeable gains) paid – under deduction of basic rate income tax at 20 per cent., where appropriate as a PID.

(d) Distribution of gains relating to the Tax-Exempt Business – paid under deduction of 20 per cent. basic rate income tax, where appropriate as a PID.

(e) Distribution of any other amount – treated as a normal dividend and no tax is withheld by the Company.

(C) *Financial Statements*

As mentioned above, a REIT will be required to submit Financial Statements to HMRC.

(D) *Interest cover ratio*

A tax charge will arise if, in respect of any accounting period, the ratio of the income profits (before capital allowances) of the UK resident members of the Group plus the UK income profits of any non-UK resident member of the Group, in each case, in respect of its Tax-Exempt Business plus the financing costs incurred in respect of the Tax-Exempt Business divided by the financing costs incurred in respect of the Tax-Exempt Business, excluding certain intra-group financing costs, is less than 1.25. This ratio is calculated by reference to the Financial Statements, apportioning costs relating partly to the Tax-Exempt Business and partly to the Residual Business reasonably. The amount (if any) by which the financing costs exceeds the amount of those costs which would cause that ratio to equal 1.25 is chargeable to corporation tax.

(E) *Property development and property trading by a REIT*

A property development by a UK resident member of the Group can be within the Tax-Exempt Business provided certain conditions are met. However, if the costs of the development exceed 30 per cent. of the fair value of the asset at the later of: (a) the date on which the Company becomes a REIT; and (b) the date of the acquisition of the development property, and the REIT sells the development property within three years of completion, the property will be treated as never having been within the Tax-Exempt Business. If a UK resident member of the Group disposes of a property (whether or not a development property) in the course of a trade, the property will be treated as never having been within the Tax-Exempt Business.

(F) *Certain tax avoidance arrangements*

If HMRC believes that a member of the Group 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 Tax-Exempt Business.

(G) *Movement of assets in and out of the Tax-Exempt Business*

In general, where an asset owned by a UK-resident member of the Group and used for the Tax-Exempt Business begins to be used for the Residual Business, there will be a capital gain tax-free step up in the base cost of the property. Where an asset owned by a UK-resident member of the Group and used for the Residual Business begins to be used for the Tax-Exempt 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 to development property.

(H) *Funds awaiting reinvestment*

Cash awaiting reinvestment, and all other cash, is deemed to be an asset of the qualifying property rental business for the purposes of the REIT conditions.

(I) *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 Tax-Exempt Business and capital gains on disposal of properties in the Tax-Exempt Business.

The position is different where a REIT is taken over by an acquiror 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 (in particular the 'close company' condition) 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 Tax-Exempt Business and capital gains on disposal of property forming part of its Tax-Exempt Business. The properties in the Tax-Exempt Business are treated as having been sold and reacquired at market value for the purposes of corporation tax on chargeable gains immediately before the end of the preceding accounting period. These disposals should be tax free because they are deemed to have been made at a time when the company was still in the REIT regime and future capital 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 re-characterised retrospectively as normal dividends.

(J) *Exit from the REIT regime*

The Company can give notice to HMRC that it wants the Group to leave the REIT regime at any time but not with retrospective consent. The Board retains the right to decide to exit the REIT regime at any time in the future without Shareholder consent if it considers this to be in the best interests of the Group.

If the Group voluntarily leaves the REIT regime within ten years of joining and disposes of any property that was involved in its Tax-Exempt Business within two years of leaving, any uplift in the base cost of the property as a result of the deemed disposal on entry into the REIT regime is 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 or failure to satisfy the conditions relating to the Tax-Exempt Business, or an attempt to avoid tax, as sufficiently serious;

(b) the Company has committed a certain number of minor or inadvertent breaches in a specified period; or

(c) HMRC has given the Company at least two notices in relation to the avoidance of tax within a ten year period.

In addition, if 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 or the Company ceases to be UK resident, becomes dual resident or an open-ended investment company, the Group will automatically lose REIT status (for further details regarding these conditions see above).

Shareholders should note that it is possible that the Company 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 condition if it is unable to remedy the breach within a specified timeframe.

Where the Group is required to leave the REIT regime within ten 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.

PART 3

UK TAX TREATMENT OF SHAREHOLDERS AFTER ENTRY INTO THE REIT REGIME

Introduction

The following paragraphs are intended as a general guide only and are based on the Company's understanding of current UK tax law and HMRC practice, each of which is subject to change, possibly with retrospective effect. The following paragraphs are not 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, after the Company has been admitted to the REIT regime.

Except where otherwise indicated, they apply only to Shareholders who are resident for tax purposes 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.

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.

(A) UK Taxation of Non-PID Dividends

Non-PID Dividends paid by the Company will be taxed in the same way as dividends paid by the Company prior to entry into the REIT regime, whether in the hands of individual or corporate Shareholders and regardless of whether the Shareholder is resident for tax purposes in the UK.

(B) UK Taxation of PIDs

(i) UK taxation of Shareholders who are UK resident individuals

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 Corporation Tax Act 2010 applies, treated as a separate UK property business from any other UK property business (a "**different UK property business**") carried on by the relevant Shareholder. This means that surplus expenses from a Shareholder's different UK property business cannot be offset against a PID as part of a single calculation of the profits of the Shareholder's UK property business.

Please see also section B(iv) (Withholding tax) below.

(ii) UK taxation of UK resident 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 profits of a property rental business. This means that, subject to the availability of any exemptions or reliefs, such Shareholders should be liable to UK corporation tax 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 Corporation Tax Act 2010 applies, treated as a separate Schedule A business from any other Schedule A business (a "**different Schedule A business**") carried on by the relevant Shareholder. This means that any surplus expenses from a Shareholder's different Schedule A business cannot be offset against a PID as part of a single calculation of the Shareholder's Schedule A profits.

Please see also section B(iv) (Withholding tax) below.

(iii) UK taxation of all 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.

Please see also section B(iv) (Withholding tax) below.

(iv) Withholding tax

(a) *General*

Subject to certain exceptions summarised at paragraph (d) below, the Company is required to withhold UK income tax at source at the basic rate (currently 20 per cent.) from its PIDs unless the Company has reasonable belief that the recipient is entitled to receive such distributions gross. The Company will provide Shareholders with a certificate setting out the amount of tax withheld. Tax is not required to be deducted when distributions are paid to certain types of shareholder including UK corporate bodies (such as open-ended investment companies) and UK tax-exempt bodies (such as SIPPs and ISAs). Where distributions are made to Shareholders resident in a country with a double taxation treaty with the UK, tax should be withheld and the Shareholder may seek a refund of the tax where the treaty withholding tax rate is lower.

(b) *Shareholders resident in the UK*

Where UK income tax has been withheld at source, Shareholders who are individuals may, depending on their individual 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 corporates may, depending on their individual circumstances, be liable to pay UK corporation tax on their PID but they should note that, where UK income tax is 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.

(c) *Shareholders who are not resident for tax purposes in the UK*

It is not possible for a Shareholder to make a claim under a double taxation treaty for a PID to be paid by the Company gross or at a reduced rate. The right of a Shareholder to claim repayment of any part of the tax withheld from a PID will depend on the existence and terms of any double tax treaty between the UK and the country in which the Shareholder is resident for tax purposes.

(d) *Exceptions to requirement to withhold UK income tax*

Shareholders should note that in certain circumstances the Company is not required 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 and where the person beneficially entitled to a PID is a charity, under section 531 of the Income Tax Act 2007 and section 485(3) of the Corporation Tax Act 2010.

Payments made to the manager of an ISA may also be made gross.

The Company will also not be required to withhold UK 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 either a body described in the paragraph above or the European Investment Fund.

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 (copies of which may be obtained on request from the Registrars).

A summary in tabular form of the UK tax position of distributions paid by the Company for certain groups of Shareholders is shown below (based on UK tax rates for the tax year to 5 April 2019).

UK resident individual	
PID	*Non-PID Dividend*
• Tax withheld by the Company at 20 per cent. • Taxed at the marginal income tax rate. • Credit is given for the tax withheld by the Company. Therefore, to the extent that an individual is a lower, higher or additional rate tax payer, a repayment or further tax may be due.	• No tax withheld by the Company. • Taxed as top slice of income at effective rates of 7.5%, 32.5% or 38.1% for basic rate, higher rate and additional rate taxpayers respectively. • Taxable non-PID dividends are treated as subject to the annual dividend allowance. This is £2,000 from 6 April 2018.

Non-UK resident individual	
PID	*Non-PID Dividend*
• Tax withheld by the Company at 20 per cent. • May reclaim the difference between 20 per cent. withholding and the relevant dividend withholding tax rate agreed under the relevant double tax treaty (if applicable). • Potentially subject to tax in individual's country of residence depending on local tax rules.	• No tax withheld by the Company. • Potentially subject to tax in individual's country of residence depending on local tax rules.

UK resident company	
PID	*Non-PID Dividend*
• No tax withheld by the Company. • Subject to corporation tax at the prevailing rate (currently 20 per cent.).	• No tax withheld by the Company. • Treated as a normal UK company dividend – likely to be exempt from tax.

Non-UK resident company	
PID	*Non-PID Dividend*
• Tax withheld by the Company at 20 per cent. • May reclaim the difference between 20 per cent. withholding and the relevant dividend withholding tax rate agreed under the relevant double tax treaty (if applicable). • No further UK tax.	• No tax withheld by the Company. • No UK tax.

UK tax exempt Shareholder (including SIPPs and ISAs)	
PID	*Non-PID Dividend*
• No tax withheld by the Company. • No UK tax.	• No tax withheld by the Company. • No UK tax.

(C) UK taxation of chargeable gains, stamp duty and stamp duty reserve tax in respect of Shares in the Company

Subject to the paragraph headed "Introduction", above, the following comments apply to both individual and corporate shareholders, regardless of whether such shareholders are resident for tax purposes in the UK.

(a) UK taxation of chargeable gains

Chargeable gains arising on the disposal of shares in the Company following admission to the REIT regime will be taxed in the same way as chargeable gains arising on the disposal of shares in the Company prior to entry into the REIT regime. The admission of the Group to the REIT regime will not constitute a disposal of shares in the Company by shareholders for UK chargeable gains purposes.

(b) UK stamp duty and UK stamp duty reserve tax ("SDRT")

A conveyance or transfer on sale or other disposal of shares in the Company following entry into the REIT regime will be subject to UK stamp duty or UK SDRT in the same way as it would have been prior to entry into the REIT regime.

(D) ISAs, SSASs and SIPPs

The Ordinary Shares will be a qualifying investment for the purposes of an ISA, provided they are acquired by an ISA plan manager. Shares in equities listed on the Main Market, such as the Company, only qualify for the purposes of an ISA where the investments of the REIT themselves continue to meet certain tests laid down by law. The intention of the Directors is to manage the Company in a way which will allow the Ordinary Shares to continue to qualify as ISA investments. In addition, the Ordinary Shares in the Company will be eligible for inclusion in a SSAS or a SIPP.

For the 2018/19 tax year ISAs have an overall subscription limit of £20,000 per person, all of which can be invested in stocks and shares.

(E) UK inheritance tax

For UK inheritance tax purposes the situs of a registered security is generally regarded as where the register of shareholdings is kept. On the basis that the Company's register of shareholdings continues to be in Guernsey the shares in the Company should be regarded as non-UK situs assets for UK inheritance tax purposes.

If you are in any doubt as to your tax position you should consult your professional adviser.

PART 4

PROPOSED AMENDMENTS TO THE ARTICLES

As explained in the letter from the Chairman, it is proposed that the Articles be amended in order 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 a Substantial Shareholder.

For these purposes "**Company**" includes any body corporate and certain entities which are deemed to be bodies corporate for the purposes of overseas jurisdictions with which the UK has a double taxation agreement or for the purposes of such double tax agreements.

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 tax charge based on the quantum of distribution paid to the Substantial Shareholder (and not restricted to the excess over ten per cent.).

The proposed amendments to the Articles will include the insertion of a new article (the "**New Article**") the provisions of which are set out below.

The New Article:

(a) provides directors with powers to identify Substantial Shareholders;

(b) prohibits the payment of dividends on Shares that form part of a Substantial Shareholding, unless certain conditions are met;

(c) allows 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

(d) seeks 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 (c) are not met, the Substantial Shareholder concerned does not become beneficially entitled to that dividend.

References in this Part 4 to dividends include any other distributions.

In addition, it is proposed that additional minor amendments are made to the Articles to reflect recent changes that have been made to the Companies (Guernsey) Law, 2008 by the Companies (Guernsey) Law, 2008 (Amendment) Ordinance, 2015 including (i) clarifying the conflict of interest provisions which mean that a Director will no longer be required to determine the monetary value of such interest; and (ii) the updating of the notice provisions to set limits on when shareholders will be deemed to have received notices sent by post or by email.

A copy of the existing Articles and the proposed new Articles marked to show the changes will be available during normal business hours (Saturdays, Sundays and public holidays excepted) at the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW up to and including close of business on 29 May 2018 and at the venue of the General Meeting for at least 15 minutes prior to the start of the meeting and up until the close of the meeting.

The effect of the New Article is explained in more detail below.

(A) 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.

Accordingly, the New Article would 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. If a person is a Substantial Shareholder at the date the New Article is adopted, that Substantial Shareholder (and any registered shareholder holding Shares on its behalf) must give such a notice within two business days after the date the New Article is adopted. The New Article gives 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 would be seven days after a request is made or such other period as the Board may decide), the Board would be entitled to impose sanctions, including withholding dividends (as described in paragraph (B) 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 (E) below).

(B) Preventing payment of a dividend to a Substantial Shareholder

The New Article provides that a dividend may 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 save that, as discussed above, PLL are in the process of an internal restructuring of their shareholding to ensure that it is not deemed to be a Substantial Shareholding under the REIT regime.

If in these circumstances payment of a dividend is withheld, the dividend will be paid subsequently if the Board is satisfied that:

(a) the Substantial Shareholder concerned is not beneficially entitled to the dividends (see also (C) below);

(b) the shareholding is not part of a Substantial Shareholding;

(c) 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 would be paid to the transferee); or

(d) 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 would 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.

(C) Payment of a dividend where rights to it have been transferred

The New Article provides 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:

(a) to ensure that the entitlement to future dividends will be disposed of; and

(b) 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 (B) 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 (as described in paragraph (E) below). 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.

(D) Trust arrangements where rights to dividends have not been disposed of by Substantial Shareholder

The New Article provides 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.

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.

(E) Mandatory sale of Substantial Shareholdings

The New Article also allows the Board to require the disposal of Shares forming part of a Substantial Shareholding if:

(a) 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);

(b) there has been a failure to provide information requested by the Board; or

(c) 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.

(F) Takeovers

The New Article does 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 Group to cease to qualify as a REIT.

(G) Other

The New Article also gives 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.

Finally, certain additional amendments are being proposed to the Articles in order to remove certain requirements to conduct business in or from Guernsey and to ensure that the majority of Directors will not be resident in the United Kingdom (which were previously necessary in order to ensure that the Company did not become tax resident in the United Kingdom) as such provisions will no longer be required once the Company enters the REIT regime and becomes tax resident in the United Kingdom.

UK COMMERCIAL PROPERTY TRUST LIMITED

(to be renamed UK Commercial Property REIT Limited)

(incorporated in Guernsey with registered number 45387)

NOTICE OF AN EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of UK Commercial Property Trust Limited (the "**Company**") will be held at 10.30 a.m. on 29 May 2018 at the offices of Intertrust Reads Private Clients Limited, Martello Court, Admiral Park, St. Peter Port, Guernsey GY1 3HB to consider and, if thought fit, pass the following special resolution:

THAT, with effect from the Company entering into the UK REIT regime (expected to be effective on 1 July 2018 or as soon thereafter) pursuant to the terms of the notice given to HM Revenue & Customs in accordance with Part 12 of the Corporation Tax Act 2010: (i) the articles of incorporation produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification containing amendments required for the purposes of the Company's entry into the REIT regime be adopted as the articles of incorporation in substitution for and to the exclusion of all existing articles of incorporation; and (ii) the name of the Company be changed to UK Commercial Property REIT Limited.

Defined terms in this Notice and the resolution have the same meanings as given to them in the circular sent to shareholders of the Company on 3 May 2018 save where the context requires otherwise.

PO Box 225
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL

By Order of the Board

3 May 2018

Notes:

1. A member who is entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and vote instead of him or her. A proxy need not be a member of the Company. More than one proxy may be appointed provided that each proxy is appointed to exercise the rights attached to different shares.

2. A Form of Proxy is enclosed for use at the General Meeting. The Form of Proxy should be completed and sent, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, so as to reach the Registrars at Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not later than 10.30 a.m. on 24 May 2018.

3. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Computershare Investor Services (Guernsey) Limited. In the case of a member who is an individual, the revocation notice must be under the hand of the appointer or of his attorney duly authorised in writing. In the case of a member which is a company, the revocation notice must be executed under its common seal or under the hand of an officer of the company or an attorney duly authorised. Any power of attorney or any other authority under which the revocation notice is signed (or a notarially certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Computershare Investor Services (Guernsey) Limited not less than 24 hours (excluding any part of a day that is not a business day) before the time fixed for the holding of the meeting, or any adjourned meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

   The completion and return of the Form of Proxy will not preclude you from attending the meeting. If you have appointed a proxy and attend the meeting in person your proxy appointment will remain valid and you may not vote at the meeting in person unless you have provided a hard copy notice to revoke the proxy to Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than 48 hours (excluding any part of a day that is not a business day) prior to the commencement of the meeting as set out above.

4. To have the right to attend and vote at the General Meeting (and also for the purposes of calculating how many votes a member may cast on it poll) a member must first have his or her name entered on the register of members not later than close of business on 24 May 2018. Changes to entries in the register after that time shall be disregarded in determining the rights of any member to attend and vote at the meeting.

5. As at 5.00 p.m. on 2 May 2018, the Company's issued share capital comprised 1,299,412,465 Ordinary Shares with a total of 1,299,412,465 voting rights. The Company does not hold any Ordinary Shares in treasury.

6. Any person holding five per cent. or more of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such other party complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.