

**THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, or the contents of this document, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser duly authorised under the FSMA if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser.**

If you have sold or transferred all of your Existing Ordinary Shares, please send this document together with the 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 onward transmission to the purchaser or transferee, except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations including, but not limited to, the Excluded Jurisdictions. If you have sold or transferred part of your holding of Existing Ordinary Shares you should contact your stockbroker, bank or other agent through whom the sale or transfer was effected.



*(a public limited company incorporated and registered in England and Wales with registered company number 07124797)*

**Recommended offer for the entire issued and to be issued ordinary share capital  
of A&J Mucklow Group Plc to be implemented by way of  
Scheme of Arrangement under Part 26 of the Companies Act 2006**

**Proposed issue and admission of up to 138,615,684 New Ordinary Shares  
in connection with the Combination  
and  
Notice of General Meeting**

**Peel Hunt**

*Sponsor, Joint Financial Adviser and Joint Broker*

**J.P. Morgan Cazenove**

*Joint Financial Adviser and Joint Broker*

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**You should read this document in its entirety (and in particular the Risk Factors set out in pages 32 to 45 of this document).**

This document, which comprises (a) a circular prepared in compliance with the Listing Rules of the FCA for the purposes of the LondonMetric General Meeting convened pursuant to the Notice of General Meeting contained at the end of this document and (b) a prospectus relating to the issue of New Ordinary Shares in connection with the Combination prepared in accordance with the Prospectus Rules, has been approved by the Financial Conduct Authority ("FCA") in accordance with section 85 of the FSMA and has been made available to the public in accordance with section 3.2 of the Prospectus Rules.

The Company and each of the Directors, whose names appear on page 30 of this document, accept responsibility for the information contained in this document. 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 document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Existing Ordinary Shares are listed in the premium segment of the Official List of the FCA (the "**Official List**") and are admitted to trading on the London Stock Exchange's main market for listed securities (the "**Main Market**"). Application will be made to the FCA and to the London Stock Exchange for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and to trading on the Main Market, respectively. It is expected that Admission will become effective and that unconditional dealings on the London Stock Exchange in the New Ordinary Shares will commence at 8.00 a.m. (London Time) on 28 June 2019. No application is currently intended to be made for New Ordinary Shares to be admitted to listing or dealt with on any other exchange.

Notice of a general meeting of LondonMetric to be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF at 10.30 a.m. (London Time) on 20 June 2019 is set out in Part 18 (Notice of General Meeting). The Form of Proxy for use at the LondonMetric General Meeting accompanies this document and, to be valid, should be completed and returned in accordance with the instructions set out thereon as soon as possible but, in any event, so as to reach LondonMetric's Registrar, Link Asset Services, or at the electronic address provided on the Form of Proxy which is [www.signalshares.com](http://www.signalshares.com), in each case not later than 10.30 a.m. (London Time) on 18 June 2019. Completion and return of the Form of Proxy does not prevent a Shareholder from otherwise attending and voting in person at the LondonMetric General Meeting.

Peel Hunt LLP ("**Peel Hunt**"), which is authorised and regulated by the FCA in the United Kingdom, is acting for the Company and for no one else in connection with the Proposals and will not be responsible to any person other than the Company for providing the protections afforded to clients of Peel Hunt, nor for providing advice in relation to the Proposals, the content of this document or any matter referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Peel Hunt by the FSMA or the regulatory regime established thereunder, neither Peel Hunt nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect and whether in contract, in tort, under statute or otherwise) to any person who is not a client of Peel Hunt in connection with this document, any statement contained herein or otherwise, nor makes any representation or warranty, express or implied, in relation to, the contents of this document, including its accuracy, completeness or verification or for any other statement purported to be made by Peel Hunt, or on behalf of Peel Hunt in connection with the Company, the New Ordinary Shares or the Proposals. Peel Hunt accordingly disclaims to the fullest extent permitted by law all and any responsibility or liability to any person who is not a client of Peel Hunt, whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this document or any such statement.

J.P. Morgan Securities Plc (“**J.P. Morgan Cazenove**”), which conducts its investment banking activities in the UK under the name J.P. Morgan Cazenove, is acting for the Company and for no one else in connection with the Proposals and will not be responsible to any person other than the Company for providing the protections afforded to clients of J.P. Morgan Cazenove, nor for providing advice in relation to the Proposals, the content of this document or any matter referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on J.P. Morgan Cazenove by the FSMA or the regulatory regime established thereunder, neither J.P. Morgan Cazenove nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect and whether in contract, in tort, under statute or otherwise) to any person who is not a client of J.P. Morgan Cazenove in connection with this document, any statement contained herein or otherwise, nor makes any representation or warranty, express or implied, in relation to, the contents of this document, including its accuracy, completeness or verification or for any other statement purported to be made by J.P. Morgan Cazenove, or on behalf of J.P. Morgan Cazenove in connection with the Company, the New Ordinary Shares or the Proposals. J.P. Morgan Cazenove accordingly disclaims to the fullest extent permitted by law all and any responsibility or liability to any person who is not a client of J.P. Morgan Cazenove, whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this document or any such statement. J.P. Morgan Cazenove is authorised in the United Kingdom by the Prudential Regulatory Authority (“**PRA**”) and regulated in the United Kingdom by the FCA and the PRA.

The Company is not regulated or authorised in the United Kingdom by the FCA or by any other regulatory body in the European Economic Area.

No person is authorised in connection with the Proposals to give any information or to make any representation other than as contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised by LondonMetric, Peel Hunt or J.P. Morgan Cazenove.

Without prejudice to any obligation of LondonMetric to publish a supplementary prospectus pursuant to section 87G of the FSMA or paragraph 3.4 of the Prospectus Rules, the publication of this document does not, under any circumstances, state or create any implication that there has been no change in the affairs of the LondonMetric Group or the Mucklow Group since, or that the information contained in this document is correct any time subsequent to, the date of this document.

#### **NOTICE TO OVERSEAS SHAREHOLDERS**

The release, publication or distribution of this document in jurisdictions other than the United Kingdom and the ability of Mucklow Shareholders who are not resident in the United Kingdom to participate in the Combination may be restricted by laws and/or regulations of those jurisdictions. In particular, the ability of persons who are not resident in the United Kingdom to vote their Mucklow Ordinary Shares with respect to the Scheme at the Mucklow Court Meeting, or to execute and deliver forms of proxy appointing another to vote at the Mucklow Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in the United Kingdom or who are subject to other jurisdictions should inform themselves of, and should observe, any applicable requirements. Any failure to comply with these requirements may constitute a violation of the securities laws of any such jurisdiction.

Unless otherwise determined by LondonMetric or required by the Code, and permitted by applicable law and regulation, the Combination will not be implemented and documentation relating to the Combination shall not be made available, directly or indirectly, in, into or from an Excluded Jurisdiction where to do so would violate the laws of that jurisdiction and no person may vote in favour of the Combination by any use, means, instrumentality or form within an Excluded Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Excluded Jurisdiction and persons with access to this document and any documents relating to the Combination (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from any Excluded Jurisdiction.

The availability of New Ordinary Shares under the Combination to Mucklow Shareholders who are not resident in the UK may be affected by the laws of the relevant jurisdictions in which they are resident. This document has been prepared for the purpose of complying with English law and applicable regulations and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside of England.

This document does not constitute an offer to sell or issue or the solicitation of an offer to buy, acquire or subscribe for shares in the capital of LondonMetric in any Excluded Jurisdiction or to any person to whom it is unlawful to make such offer or solicitation. None of the securities referred to in this document shall be sold, issued or transferred in any jurisdiction in contravention of applicable law and/or regulation.

It is the responsibility of each person into whose possession this document comes to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the distribution of this document, the receipt of the New Ordinary Shares and the implementation of the Combination and to obtain any governmental, exchange control or other consents which may be required, comply with other formalities which are required to be observed and pay any issue, transfer or other taxes due in such jurisdiction. To the fullest extent permitted by applicable law, LondonMetric, the Directors, the LondonMetric Group, Peel Hunt and J.P. Morgan Cazenove and all other persons involved in the Combination disclaim any responsibility or liability for the failure to satisfy any such laws, regulations or requirements by any person.

Further details relevant for Mucklow Shareholders in overseas jurisdictions are contained in the Scheme Document.

## NOTICE TO UNITED STATES MUCKLOW SHAREHOLDERS

US holders of Mucklow Ordinary Shares should note that the Combination relates to the securities of an English company with a listing on the London Stock Exchange and is proposed to be implemented pursuant to a scheme of arrangement provided for under English law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Combination will be subject to procedural and disclosure requirements and practices applicable to a scheme of arrangement involving a target company in England listed on the London Stock Exchange, which are different from the disclosure requirements of the US tender offer and proxy solicitation rules. If in the future the Company exercises its right to implement the Combination by way of a Takeover Offer, such Takeover Offer will be made in compliance with all applicable laws and regulations, including, without limitation, to the extent applicable, Section 14(e) of the US Exchange Act and Regulation 14E thereunder, and subject, in the case of participation by Mucklow Shareholders resident in the United States, to the availability of an exemption (if any) from the registration requirements of the US Securities Act and of the securities laws of any state or other jurisdiction of the United States. Such Takeover Offer would be made by the Company and no one else. In addition to any such Takeover Offer, the Company, certain affiliated companies and the nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, shares in Mucklow outside such Takeover Offer during the period in which such Takeover Offer would remain open for acceptance. If such purchases or arrangements to purchase were to be made, they would be made outside the United States and would comply with applicable law, including the US Exchange Act. Any information about such purchases will be disclosed as required in the United Kingdom, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website: <http://www.londonstockexchange.com/>.

The financial information included in this document and other documentation related to the Combination has been or will have been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The New Ordinary Shares to be issued pursuant to the Combination have not been registered under the US Securities Act or under any laws or with any securities regulatory authority of any state or other jurisdiction of the United States and may only be offered or sold in the United States in reliance on an exemption from the registration requirements of the US Securities Act. The New Ordinary Shares are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. Mucklow Shareholders (whether or not US persons) who are or will be affiliates (within the meaning of the US Securities Act) of the Company or Mucklow prior to, or of the Combined Group after, the Effective Date will be subject to certain US transfer restrictions relating to the New Ordinary Shares received pursuant to the Combination. See paragraph 8 of Part 6 (Important Information) of this document.

Under US securities laws, persons who are or will be deemed to be affiliates (as defined under the US Securities Act) of the Company or Mucklow prior to or of the Combined Group after the Effective Date may be subject to timing, manner of sale and volume restrictions on the resale in the United States of New Ordinary Shares received pursuant to the Combination. Whether a person is an “affiliate” of a company for such purposes depends upon the circumstances, but an “affiliate” of a company includes a person that directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, that company, and may include certain officers and directors and significant shareholders of the Company and Mucklow. Mucklow Shareholders who believe they may be affiliates for the purposes of the US Securities Act should consult their own legal advisers prior to any resale of New Ordinary Shares received under the Combination.

For the purposes of qualifying for the exemption from the registration requirements of the US Securities Act afforded by Section 3(a)(10) thereunder, Mucklow will advise the Court that its sanctioning of the Scheme will be relied on by the Company as an approval of the Scheme following a hearing on the fairness of the terms and conditions of the Scheme to Mucklow Shareholders, at which hearing all such shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all such shareholders.

Neither the SEC nor any US state securities commission has approved or disapproved of the New Ordinary Shares to be issued in connection with the Combination or passed judgment upon the fairness or the merits of the Combination or determined if this document is accurate or complete. Any representation to the contrary is a criminal offence in the United States.

It may be difficult for US holders of Mucklow Ordinary Shares to enforce their rights and claims arising out of the US federal securities laws since the Company and Mucklow are organised in countries other than the United States and some or all of their officers and directors may be residents of, and some or all of their assets may be located in, jurisdictions other than the United States. US holders of Mucklow Ordinary Shares may have difficulty effecting service of process within the United States upon those persons or recovering against judgments of US courts, including judgments based upon the civil liability provisions of the US federal securities laws. US holders of Mucklow Ordinary Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court’s judgment.

The receipt of New Ordinary Shares pursuant to the Combination by a US holder of Mucklow Ordinary Shares may be a taxable transaction for US federal income tax purposes and under applicable state and local tax laws. Each US holder of Mucklow Ordinary Shares is urged to consult their independent professional adviser immediately regarding the tax consequences of the Combination.

### **Date of this document**

The date of this document is 30 May 2019.

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## PART 1

### 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 security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.*

*Even though an Element may be required to be inserted into the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.*

Section A – Introduction and warnings		
Element	Disclosure requirement	Disclosure
A.1	Warning	This summary should be read as an introduction to this document. Any decision to invest in the securities should be based on consideration of the document as a whole by the investor. Where a claim relating to the information contained in this document 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 document 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 the document or it does not provide, when read together with the other parts of the document, key information in order to aid investors when considering whether to invest in such securities.
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable; the Company is not engaging any financial intermediaries for any resale of securities or final placement of securities after publication of this document.

Section B – Issuer		
Element	Disclosure requirement	Disclosure
B.1	Legal and commercial name	The issuer’s legal and commercial name is LondonMetric Property Plc.
B.2	Domicile/legal form/legislation/country of incorporation	The Company was incorporated in England and Wales on 13 January 2010 under the Companies Act as a public limited company with registered number 07124797. The principal legislation under which the Company operates is the Companies Act.
B.3	Key factors of issuer’s current operations and principal activities	The LondonMetric Group is a UK Real Estate Investment Trust for the purposes of Part 12 of the Corporation Tax Act

		<p>2010. LondonMetric is the principal company of the UK-REIT group.</p> <p>The LondonMetric Group invests in commercial property, namely distribution, long income and convenience-led retail property. The LondonMetric Group's objective is to own and manage desirable real estate that can deliver reliable, repetitive and growing income-led total returns and outperform over the long term.</p> <p>The LondonMetric Group's property portfolio comprises 138 assets as at 31 March 2019 all of which are located in the UK.</p>
<b>B.4a</b>	<b>Significant trends</b>	<p>The prospects for the UK real estate sector remain attractive. This positive outlook is supported by a resilient economic backdrop, low interest rates and an increasing need for real income returns all of which has reinforced the merits of the income generation capacity of real estate. Whilst the real estate sector has delivered strong returns over the past decade, property returns over the next five years are still expected to average approximately 4 per cent. per annum with wide polarisation between sectors.</p> <p>The growth in e-commerce has caused significant disruption for traditional retail property where there remains over-supply, rents are falling and the investment market has weakened considerably. Conversely, logistics and industrial property has benefitted and continues to see strong occupational and investor demand, as well as good rental growth, that is expected to outperform other property sub-sectors. The "alternative" real estate sectors of student accommodation and healthcare property have also benefited from strong property fundamentals in their markets, whilst other "long income" assets that can deliver long term reliable and growing income streams, such as convenience-led retail and leisure, have also attracted significant investor demand.</p> <p>Political and economic uncertainty is creating some occupational uncertainty across UK real estate but this has been mainly focused on London offices where development activity has reduced in response, resulting in relatively stable demand/supply dynamics.</p> <p><b>Logistics and industrial</b></p> <p>The percentage of non-food retail sales online has grown to an estimated 23 per cent. and is expected to increase further to 28 per cent. by 2023. This has generated strong occupational demand for logistics and industrial property. CBRE expects the e-commerce revolution will continue to drive sustained demand for logistics and industrial space this year (source: CBRE: UK Real Estate Market Outlook 2019). Whilst supply levels and speculative development have responded to increased demand, vacancy rates continue to remain at low levels. Furthermore, after several years of sustained rental growth, Jones Lang LaSalle ("JLL") are forecasting further rental growth in logistics of 2.1 per cent. per annum over the next five years, outperforming most other real estate subsectors (source: JLL:</p>



		<p>UK Big Box Industrial and Logistics Market, January 2019). Rental growth is expected to vary significantly by region, however, with JLL forecasting 4.6 per cent. per annum growth over five years in London &amp; the South East. This rental growth is expected to be most noticeable in the urban logistics segment where the competition from alternative uses is pushing rents forward together with parcel operators seeking last mile depots to meet consumer demands for online shopping. This encouraging occupational story contributed to a strong 2018 for logistics investment market with £7.6 billion of investment activity, 45 per cent. up on the ten year average of £5.6 billion.</p> <p><b>Traditional retail</b></p> <p>Shopping centres, retail parks, high street shops and large format food stores have faced a “perfect storm” of disruption from the growth in e-commerce and increases in costs from business rates, raw materials and labour. As a result, retailers are actively reducing their retail property footprint and this trend shows no signs of slowing down with store closures, company voluntary arrangements and insolvencies ongoing.</p> <p>Consequently, vacancy rates are rising and rents continue to fall with Savills predicting negative rental growth between 2019 and 2022 (source: Savills: UK Retail Warehousing Report, Spring 2019).</p> <p>Owners of shopping centres are being hardest hit and are having to increasingly look at redevelopment of underperforming retail space. Whilst some retail landlords will be able to repurpose the asset and take advantage of a relaxation in planning rules and convert retail space into homes and offices, it remains to be seen whether this will be economical for most with the expectation that distress is likely to build particularly for those that are close to breaching banking covenants and are unable to invest the required capital. The challenges in the occupational market have impacted the investment market where deal volumes have declined significantly.</p> <p><b>Long income, convenience-led retail &amp; leisure</b></p> <p>Despite the growth in online shopping, the store network still remains an integral part of a retailer’s business. Fit for purpose retail property that is let on long leases to robust retailers in sectors where online penetration rates are lower continues to be attractive. These ‘long income’ type assets, particularly where rental income is inflation linked and operational requirements are low, are increasingly appealing to owners that seek to match long term liabilities and those looking for a yield alternative to fixed income.</p> <p>Convenience-led retail in particular is attracting strong investor demand driven by the strong structural support the sector has recently shown. Consumers have continued to shift away from the weekly shop to more frequent top up shopping and this trend is expected to make convenience one of the fastest growing channels in the UK food and grocery market and is predicted to reach £47 billion by 2023.</p> <p>Similarly assets that can offer experiences or that are leisure related such as cinemas and hotels are increasingly being</p>
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		sought by “long income” investors seeking to capture both longer secure income and enhanced returns.																																																									
<b>B.5</b>	<b>Group structure</b>	<p>LondonMetric is the ultimate holding company of the LondonMetric Group, with direct and indirect interests in 46 principal subsidiaries. The LondonMetric Group’s business is conducted by LondonMetric, its subsidiaries and joint ventures.</p> <p>Mucklow is the ultimate holding company of the Mucklow Group. If the Combination becomes effective, Mucklow will become a 100 per cent. subsidiary of LondonMetric.</p>																																																									
<b>B.6</b>	<b>Notifiable interests</b>	<p>As at 28 May 2019 (being the latest practicable date prior to the publication of this document), the interests of the Directors and their immediate families and persons connected with the Directors (within the meaning of sections 252 to 255 (inclusive) of the Companies Act) (all of which are beneficial unless otherwise stated) in the issued share capital of LondonMetric are as follows:</p> <table> <tr> <th><i>Name</i></th><th><i>No. of Ordinary Shares</i></th><th><i>Percentage of issued share capital of LondonMetric</i></th></tr> <tr> <td>Andrew Jones</td><td>3,791,072</td><td>0.541%</td></tr> <tr> <td>Martin McGann</td><td>2,564,560</td><td>0.366%</td></tr> <tr> <td>Valentine Beresford</td><td>2,991,860</td><td>0.427%</td></tr> <tr> <td>Mark Stirling</td><td>2,485,522</td><td>0.355%</td></tr> <tr> <td>Patrick Vaughan*</td><td>12,250,000</td><td>1.748%</td></tr> <tr> <td>Suzanne Avery</td><td>22,750</td><td>0.003%</td></tr> <tr> <td>James Dean</td><td>20,000</td><td>0.003%</td></tr> <tr> <td>Robert Fowlds</td><td>104,000</td><td>0.015%</td></tr> <tr> <td>Andrew Livingston</td><td>68,898</td><td>0.010%</td></tr> <tr> <td>Rosalyn Wilton</td><td>100,000</td><td>0.014%</td></tr> </table> <p>* Includes 20,000 shares held by Rita Vaughan (wife) and 80,000 shares held by the Vaughan Grandchildren’s Trust.</p> <p>As at 28 May 2019 (being the latest practicable date prior to the publication of this document), other than the interests of Directors disclosed above, in so far as is known to the Company, the following LondonMetric Shareholders held, directly or indirectly, three per cent. or more of LondonMetric’s voting rights:</p> <table> <tr> <th><i>Shareholder</i></th><th><i>No. of Ordinary Shares</i></th><th><i>Percentage of issued share capital of LondonMetric</i></th></tr> <tr> <td>Blackrock Group</td><td>53,290,443</td><td>7.6%</td></tr> <tr> <td>Rathbone Brothers Plc</td><td>46,207,569</td><td>6.6%</td></tr> <tr> <td>Standard Life Aberdeen</td><td>38,284,310</td><td>5.5%</td></tr> <tr> <td>Troy Asset Management</td><td>35,037,282</td><td>5.0%</td></tr> <tr> <td>Cohen &amp; Steers</td><td>30,525,053</td><td>4.4%</td></tr> <tr> <td>The Vanguard Group</td><td>28,339,072</td><td>4.0%</td></tr> <tr> <td>Ameriprise Financial Inc</td><td>25,324,293</td><td>3.6%</td></tr> </table>	<i>Name</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of issued share capital of LondonMetric</i>	Andrew Jones	3,791,072	0.541%	Martin McGann	2,564,560	0.366%	Valentine Beresford	2,991,860	0.427%	Mark Stirling	2,485,522	0.355%	Patrick Vaughan*	12,250,000	1.748%	Suzanne Avery	22,750	0.003%	James Dean	20,000	0.003%	Robert Fowlds	104,000	0.015%	Andrew Livingston	68,898	0.010%	Rosalyn Wilton	100,000	0.014%	<i>Shareholder</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of issued share capital of LondonMetric</i>	Blackrock Group	53,290,443	7.6%	Rathbone Brothers Plc	46,207,569	6.6%	Standard Life Aberdeen	38,284,310	5.5%	Troy Asset Management	35,037,282	5.0%	Cohen & Steers	30,525,053	4.4%	The Vanguard Group	28,339,072	4.0%	Ameriprise Financial Inc	25,324,293	3.6%
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		<p>There are no differences between the voting rights enjoyed by those Shareholders set out above and those enjoyed by any other holder of Ordinary Shares.</p> <p>As at 28 May 2019 (the last practicable date prior to the publication of this document), LondonMetric is not aware of any person who will or could, directly or indirectly, jointly or severally, exercise or, immediately following the Combination becoming Effective, could exercise control over LondonMetric and is not aware of any arrangement the operation of which may at a subsequent date result in a change of control of LondonMetric.</p>																																																																																
B.7	Historical financial information	<p><b>Historical financial information on the LondonMetric Group</b></p> <p>Summary financial information for the LondonMetric Group has been extracted without material adjustment from the audited consolidated financial statements for the three financial years ended 31 March 2019, 31 March 2018 and 31 March 2017.</p> <p><b>INCOME STATEMENTS</b></p> <table><tr><th></th><th colspan="3"><i>Year ended 31 March</i></th></tr><tr><th></th><th><i>2019</i></th><th><i>2018</i></th><th><i>2017</i></th></tr><tr><th></th><th><i>£m</i></th><th><i>£m</i></th><th><i>£m</i></th></tr><tr><td>Gross revenue</td><td>86.8</td><td>83.7</td><td>75.6</td></tr><tr><td>Gross rental income</td><td>85.1</td><td>82.0</td><td>73.9</td></tr><tr><td>Property operating expenses</td><td>(1.2)</td><td>(0.8)</td><td>(0.8)</td></tr><tr><td><b>Net rental income</b></td><td>83.9</td><td>81.2</td><td>73.1</td></tr><tr><td>Property advisory fee income</td><td>1.7</td><td>1.7</td><td>1.7</td></tr><tr><td><b>Net income</b></td><td>85.6</td><td>82.9</td><td>74.8</td></tr><tr><td>Administrative costs</td><td>(13.7)</td><td>(13.8)</td><td>(13.3)</td></tr><tr><td>Amortisation of intangible asset</td><td>–</td><td>–</td><td>(0.2)</td></tr><tr><td>Profit on revaluation of investment properties</td><td>75.9</td><td>114.7</td><td>22.2</td></tr><tr><td>Profit/(loss) on sale of investment properties</td><td>0.6</td><td>(2.1)</td><td>(4.5)</td></tr><tr><td>Share of (losses)/profits of joint ventures</td><td>(6.4)</td><td>13.6</td><td>3.6</td></tr><tr><td><b>Operating profit</b></td><td>142.0</td><td>195.3</td><td>82.6</td></tr><tr><td>Finance income</td><td>0.4</td><td>0.4</td><td>1.7</td></tr><tr><td>Finance costs</td><td>(22.9)</td><td>(9.7)</td><td>(21.3)</td></tr><tr><td><b>Profit before tax</b></td><td>119.5</td><td>186.0</td><td>63.0</td></tr><tr><td>Taxation</td><td>0.2</td><td>–</td><td>–</td></tr><tr><td><b>Profit for the year and total comprehensive income</b></td><td>119.7</td><td>186.0</td><td>63.0</td></tr></table>		<i>Year ended 31 March</i>				<i>2019</i>	<i>2018</i>	<i>2017</i>		<i>£m</i>	<i>£m</i>	<i>£m</i>	Gross revenue	86.8	83.7	75.6	Gross rental income	85.1	82.0	73.9	Property operating expenses	(1.2)	(0.8)	(0.8)	<b>Net rental income</b>	83.9	81.2	73.1	Property advisory fee income	1.7	1.7	1.7	<b>Net income</b>	85.6	82.9	74.8	Administrative costs	(13.7)	(13.8)	(13.3)	Amortisation of intangible asset	–	–	(0.2)	Profit on revaluation of investment properties	75.9	114.7	22.2	Profit/(loss) on sale of investment properties	0.6	(2.1)	(4.5)	Share of (losses)/profits of joint ventures	(6.4)	13.6	3.6	<b>Operating profit</b>	142.0	195.3	82.6	Finance income	0.4	0.4	1.7	Finance costs	(22.9)	(9.7)	(21.3)	<b>Profit before tax</b>	119.5	186.0	63.0	Taxation	0.2	–	–	<b>Profit for the year and total comprehensive income</b>	119.7	186.0	63.0
	<i>Year ended 31 March</i>																																																																																	
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		<i>Year ended 31 March</i>		
		<i>2019</i>	<i>2018</i>	<i>2017</i>
Earnings per share				
Basic		17.2p	26.9p	10.1p
Fully diluted		17.1p	26.9p	10.1p
EPRA (basic)		8.8p	8.5p	8.2p
EPRA (fully diluted)		8.7p	8.5p	8.2p
<b>SUMMARY BALANCE SHEETS</b>				
		<i>Year ended 31 March</i>		
		<i>2019</i>	<i>2018</i>	<i>2017</i>
		<i>£m</i>	<i>£m</i>	<i>£m</i>
Investment properties		1,688.0	1,677.6	1,373.4
Total assets		1,813.7	1,826.7	1,543.0
Total liabilities		(596.9)	(677.2)	(536.1)
<b>Net Assets</b>		<b>1,216.8</b>	<b>1,149.5</b>	<b>1,006.9</b>
Net asset value per share		174.7p	165.7p	146.4p
EPRA net asset value per share		174.9p	165.2p	149.8p
<p>Certain significant changes in the financial condition and operating results of the LondonMetric Group occurred during and subsequent to the periods indicated above. These are described below.</p> <p>In the year ended 31 March 2019:</p> <ul style="list-style-type: none"> <li>IFRS reported profit for the year of £119.7 million was predicated EPRA earnings of £61.0 million and on a revaluation gain of £64.4 million including share of joint ventures. IFRS net assets increased 5.9 per cent. to £1,216.8 million. EPRA earnings per share has grown by 3.5 per cent. to 8.8p per share, allowing the LondonMetric Group to increase the dividend for the year by 3.8 per cent. to 8.2p per share. The dividend is 1.07 times covered by EPRA earnings and can be taken as a cash payment or scrip share alternative. EPRA NAV per share increased by 5.9% to 174.9p.</li> <li>Net rental income increased by 3.5 per cent. to £93.8 million. Income from lettings, rent reviews and regears of the existing portfolio generated additional income of £4.2 million, which included lease surrender premiums of £2.5 million compared with £1.5 million last year. Completed developments delivered a further £2.6 million of additional income and net disposals reduced income by £3.1 million. Property costs increased by £0.5 million due to increased costs of vacant units, however property cost leakage continues to be minimal at less than 2 per cent..</li> </ul> <p>IFRS reported net assets increased by £67.3 million or 5.9 per cent. in the year to £1,216.8 million. EPRA net</p>				

		<p>assets increased £72.1 million or 6.3 per cent. in the year to £1,218.7 million. On a per share basis, EPRA net assets increased by 9.7p to 174.9p. The increase in both IFRS and EPRA net assets per share was principally due to the property revaluation gain of 9.3p. EPRA earnings of 8.8p covered the 8.0p dividend paid in the year.</p> <ul style="list-style-type: none"> <li>• The LondonMetric Group continued to invest in urban logistics assets that delivered high levels of rental and valuation growth. The LondonMetric Group's distribution exposure increased to 72.5 per cent. including distribution developments, up from 68.5 per cent. the previous year. Further sales of retail parks reduced the LondonMetric Group's exposure in this sector to less than 5.0 per cent.</li> <li>• Developments in progress at the year end included the 40 acre scheme in Bedford, a retail development pre-let to Aldi in Weymouth and a forward funded pre-let scheme in Durham. Projects at Dagenham, Frimley, Ipswich, Ringwood and Telford completed in the year and investment in development assets remains at modest levels.</li> <li>• In July 2018, the LondonMetric Group entered into the Wells Fargo facility, a new £75 million unsecured debt facility with Wells Fargo, of which £50 million was drawn on a seven year term. In December 2018, the LondonMetric Group entered into the 2018 NPA, a £150 million private placement at a blended fixed rate coupon of 3.5 per cent. and an average maturity of 12 years. As a result, the LondonMetric Group's average debt maturity increased to 6.4 years from 4.8 years the previous year and available undrawn facilities increased to £373.5 million. Other key financing ratios remained consistently strong, with average cost of debt at 3.1 per cent. (2018: 2.8 per cent.) and loan to value of 32 per cent. (2018: 35 per cent.).</li> </ul> <p>In the year ended 31 March 2018:</p> <ul style="list-style-type: none"> <li>• IFRS reported profit increased by £123.0 million to £186.0 million, predicated on a significant revaluation gain of £121.6 million in the year. IFRS net assets were £1,149.5 million or 165.7p per share, an increase of 13.2 per cent. on a per share basis in the year. EPRA earnings increased by 15.9 per cent. to £59.1 million or 8.5p per share. On a per share basis earnings were up 0.3p or 3.7 per cent. from 8.2p the previous year, reflecting the impact of the equity placing of 62.8 million shares in March 2017. EPRA NAV was £1,146.6 million or 165.2p per share, an increase of 11.3 per cent. or 10.3 per cent. on a per share basis.</li> <li>• Net rental income increased by £8.8 million or 10.8 per cent. to £90.6 million, up from £81.8 million the previous year. Like for like income from the property portfolio generated additional income of</li> </ul>
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		<p>£4.4 million from lettings, rent reviews and regears and completed developments delivered a further £4.2 million. Net acquisitions increased income by £3.8 million.</p> <ul style="list-style-type: none"> <li>IFRS reported net assets increased by £142.6 million or 14.2 per cent. in the year to £1,149.5 million. EPRA net assets have increased £116.1 million or 11.3 per cent. in the year to £1,146.6 million. On a per share basis EPRA net assets increased by 15.4p, or 10.3 per cent. to 165.2p. The increase in both IFRS and EPRA net assets per share was principally due to the property revaluation of 17.6p. EPRA earnings of 8.5p covered the 7.6p dividend charge. The movement in EPRA net assets, together with the dividend paid in the year net of the scrip issue of shares of £43.4 million, resulted in a total accounting return of 15.5 per cent.</li> </ul> <p>In the year ended 31 March 2017:</p> <ul style="list-style-type: none"> <li>Reported profit under IFRS fell by £19.7 million to £63.0 million primarily as a result of lower valuation gains. EPRA earnings increased by 5.3 per cent. to £51.0 million or 8.2p per share, compared with £48.5 million or 7.8p the previous year.</li> <li>The growth in EPRA earnings was driven by additional net rental income of £4.1 million, which increased by 5.3 per cent. in the year to £81.8 million. The existing portfolio generated £0.7 million of additional income and the LondonMetric Group's completed developments delivered a further £5.1 million. Net disposals reduced income by £1.8 million, offset by marginal savings in property costs of £0.1 million. The LondonMetric Group's net income as a percentage of gross rents increased marginally to 98.6 per cent.</li> <li>IFRS reported net assets increased by £108.7 million in the year to £1,006.9 million. EPRA net assets increased in the year by £108.4 million or 11.8 per cent. to £1,030.5 million. On a per share basis and after reflecting the impact of the equity placing, net assets increased by 2.1p, or 1.4 per cent., to 149.8p.</li> </ul> <p>Since the 31 March 2019 year end, the LondonMetric Group has completed transactions or entered into agreements to dispose of assets with a total value of £10.5 million and to acquire four assets with a total value of £16.0 million as well as an additional 37 per cent. interest in the DFS JV, the joint venture portfolio of DFS retail and distribution assets, from its joint venture partner for £18.6 million.</p> <p>Since 31 March 2019 (being the end of the last financial period of the Company for which financial information has been published), there has been no significant change in the financial condition, operating results or trading position of the Company.</p>
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## Historical financial information on the Mucklow Group

The summary financial information for the Mucklow Group for the three financial years ended 30 June 2018, 30 June 2017 and 30 June 2016 as set out below has been extracted without material adjustment from the audited financial statements of the Mucklow Group for the three financial years ended 30 June 2018, 30 June 2017 and 30 June 2016.

The summary financial information for the Mucklow Group for the six months ended 31 December 2018 and 31 December 2017 has been extracted without material adjustment from the unaudited interim financial statements of the Mucklow Group for the interim periods ended 31 December 2018 and 31 December 2017.

## SUMMARY INCOME STATEMENTS

	<i>Six months ended</i>		<i>Year ended 30 June</i>		
	<i>31 December</i>				
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Net property income	12.2	11.3	22.5	22.7	22.0
Administration expenses	(2.3)	(1.6)	(3.5)	(3.4)	(3.3)
Profit on disposal of investment and development properties	–	7.7	7.6	1.9	–
Revaluation of investment and development properties	8.7	14.1	49.7	13.0	10.2
Operating profit	18.6	31.5	76.3	34.2	28.9
Total finance costs	(1.4)	(1.6)	(6.8)	(4.6)	(3.7)
Profit for financial year	17.2	29.9	69.5	29.6	25.2
Revaluation of owner-occupied property	–	–	0.2	–	–
Total comprehensive income for the period	17.2	29.9	69.7	29.6	25.2
Earnings per share – basic	27.1p	47.4p	109.8p	46.6p	39.9p
Earnings per share – diluted	27.0p	47.4p	109.8p	46.6p	39.9p
Earnings per share – EPRA	13.5p	12.9p	25.1p	25.1p	23.9p

## SUMMARY BALANCE SHEETS

	<i>As at 31 December</i>		<i>As at 30 June</i>		
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Non-current assets	438.9	396.5	429.5	388.7	364.9
Total assets	456.5	413.2	445.1	396.6	374.9
Total liabilities	(94.7)	(94.3)	(92.7)	(99.9)	(94.3)
Net assets	361.8	318.9	352.4	296.7	280.6
Net asset value per share – basic	572p	504p	557p	469p	443p
Net asset value per share – diluted	570p	504p	557p	469p	443p
Net asset value per share – EPRA	572p	506p	559p	471p	446p

		<p>Certain significant changes in the financial condition and operating results of the Mucklow Group occurred during and subsequent to the periods indicated above. These are described below.</p> <p>In the year ended 30 June 2018:</p> <ul style="list-style-type: none"> <li>Letting activity and occupancy rates were maintained at very high levels during the 12 months, enabling rental and property values to continue to grow, which resulted in substantial increases in pre-tax profit and net asset value per share.</li> <li>Statutory pre-tax profit for the year was £69.5 million, which included a revaluation gain of £49.7 million (2017: £29.6 million – revaluation gain of £13.0 million). The underlying pre-tax profit, which excludes revaluation movements, profit on sale of investment and trading properties and early debt repayment costs was £15.7 million (2017: £15.9 million). The slight reduction in underlying pre-tax profit was due to a £0.6 million increase in property outgoings during the year, following the refurbishment of some vacant properties. Basic net asset value per share increased by 88p to 557p. Mucklow Shareholders' funds rose by £55.7 million to £352.4 million (2017: £296.7 million), while total net borrowings reduced to £71.0 million (2017: £78.5 million). Net debt to equity gearing had fallen to 20 per cent. (2017: 26 per cent.) and loan to value was 16 per cent. (2017: 20 per cent.).</li> <li>The Mucklow Board recommended the payment of dividends amounting to 12.60p per ordinary share, an increase of 3 per cent. over the previous year (2017: 12.24p), making a total for the year of 22.78p (2017: 22.12p), up 3 per cent..</li> <li>EPRA earnings per ordinary share was 25.06p (2017: 25.05p). EPRA net asset value per ordinary share increased by 18.7 per cent. during the year from 471p to 559p.</li> <li>Cushman &amp; Wakefield revalued the Mucklow property portfolio at 30 June 2018. The investment properties and development land were valued at £433.5 million, recognising a revaluation gain of £49.7 million (12.9 per cent.). Most of the valuation gain came from the industrial investment properties, which continued to show steady rental growth and yield compression. The initial yield on the investment properties was 5.6 per cent. (30 June 2017: 6.2 per cent.). The equivalent yield was 6.4 per cent. (30 June 2017: 7.0 per cent.). Cushman &amp; Wakefield also revalued the trading properties at 30 June 2018. The total value was £2.0 million, which showed an unrecognised surplus of £1.5 million against book cost.</li> </ul>
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		<p>In the year ended 30 June 2017:</p> <ul style="list-style-type: none"> <li>The property portfolio continued to perform well, in favourable market conditions. Mucklow maintained a high occupancy level throughout the year and delivered further rental growth, which in turn contributed towards a £0.9 million rise in underlying pre-tax profit (6.0 per cent.) and 25p increase in EPRA net asset value per share (5.6 per cent.). Mucklow refinanced the majority of its banking facilities, extending the terms of its loans and reduced the average cost of borrowing.</li> <li>Statutory pre-tax profit was £29.6 million, which included a revaluation surplus of £13.0 million (2016: £25.2 million, including a revaluation surplus of £10.2 million). The underlying pre-tax profit, which excludes revaluation movements, profit on the sale of investment and trading properties and early repayment costs, increased by 6.0 per cent. during the year to £15.9 million (2016: £15.0 million). Basic net asset value per share increased by 26p to 469p. Shareholders' funds rose to £296.7 million (2016: £280.6 million), while total net borrowings amounted to £78.5 million (2016: £71.2 million). Net debt to equity gearing was 26 per cent. and loan to value 20 per cent..</li> <li>The Mucklow Board recommended the payment of dividends amounting to 12.24p per ordinary share, an increase of 3 per cent. over the previous year (2016: 11.88p), making a total for the year of 22.12p (2016: 21.47p).</li> <li>EPRA adjusted earnings per ordinary share was 4.9 per cent. higher at 25.05p (2016: 23.88p). EPRA net asset value per Mucklow Ordinary Share increased by 5.6 per cent. during the year from 446p to 471p.</li> <li>Cushman &amp; Wakefield revalued the property portfolio at 30 June 2017. The investment properties and development land were valued at £386.9 million, recognising a revaluation surplus of £13.0 million (3.5 per cent.). The initial yield on the investment properties was 6.2 per cent. (30 June 2016: 6.4 per cent.). The equivalent yield was 7.0 per cent. (30 June 2016: 7.2 per cent.). Cushman &amp; Wakefield also revalued the trading properties at 30 June 2017. The total value was £1.9 million (2016: £1.9 million), which showed an unrecognised surplus of £1.4 million against book value (2016: £1.4 million).</li> </ul> <p>In the year ended 30 June 2016:</p> <ul style="list-style-type: none"> <li>The year ended 30 June 2016 saw further increases in underlying profit, net asset value and ordinary dividend per share. The vacancy rate at 30 June 2016 had reduced to an historic low of 3.2 per cent. Midlands industrial property continued to benefit from strong rental growth, as a consequence of steady occupational demand</li> </ul>
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		<p>throughout the year and a diminishing supply of modern space.</p> <ul style="list-style-type: none"> <li>The underlying pre-tax profit, which excludes revaluation movements and profit on the sale of investment and trading properties, increased by 7.9 per cent. during the year to £15.0 million (2015: £13.9 million). Statutory pre-tax profit was £25.2 million, which included a revaluation surplus of £10.2 million (2015: £56.2 million, including a revaluation surplus of £42.3 million). Mucklow Shareholders' funds rose to £280.6 million (2015: £268.6 million), while borrowings, net of cash, amounted to £71.2 million (2015: £69.0 million). Undrawn banking facilities totalled £27.0 million, while net debt to equity gearing had reduced to 25 per cent. (2015: 26 per cent.) and loan to value remained unchanged at 20 per cent. (2015: 20 per cent.).</li> <li>Dividends of 11.88p per Mucklow Ordinary Share (2015: 11.53p) were declared in respect of the 30 June 2016 financial year, making a total for the year of 21.47p (2015: 20.84p), an increase of 3 per cent. over the prior year.</li> <li>EPRA adjusted earnings per Mucklow Ordinary Share was 23.88p (2015: 22.21p). EPRA net asset value per Ordinary share increased by 4.4 per cent. during the year from 427p to 446p.</li> <li>Cushman &amp; Wakefield revalued the Mucklow property portfolio at 30 June 2016. The investment properties and development land were valued at £364.2 million, which showed a revaluation surplus of £10.2 million (2.9 per cent.). The initial yield on the investment properties was 6.4 per cent. (30 June 2015: 6.3 per cent.), rising to 6.7 per cent. on the expiry of rent free periods. The equivalent yield was unchanged at 7.2 per cent. (30 June 2015: 7.2 per cent.). Cushman &amp; Wakefield also revalued the trading properties at 30 June 2016. The total value was £1.9 million (2015: £1.9 million), which showed an unrecognised surplus of £1.4 million against book value (2015: £1.4 million).</li> </ul> <p>In the six months ended 31 December 2018:</p> <ul style="list-style-type: none"> <li>Occupancy levels have remained high and the rent roll continued to grow, mainly on the back of re-letting space and achieving higher rental levels, particularly from industrial and logistics properties. This resulted in further improvements in underlying pre-tax profit and net asset value per share.</li> <li>The underlying pre-tax profit, which excludes revaluation movements and profit on sale of investment and trading properties, was £0.5 million higher at £8.5 million (31 December 2017: £8.0 million). Statutory pre-tax profit for the half year was £17.2 million (31 December 2017: £29.9 million),</li> </ul>
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		<p>which included a revaluation surplus of £8.7 million (31 December 2017: revaluation surplus of £14.1 million and profit on disposal of investment properties of £7.7 million). Shareholders' funds rose to £361.8 million (30 June 2018: £352.4 million), while loan to value (LTV) remained low at 16 per cent. (30 June 2018: 16 per cent.).</p> <ul style="list-style-type: none"> <li>• The Mucklow Board declared an interim dividend of 10.48p per ordinary share, an increase of 3 per cent. over the previous year (31 December 2017: 10.18p), split into two quarterly dividends of 5.24p each. The first quarterly dividend was paid on 15 April 2019 to Mucklow Shareholders on the register at the close of business on 15 March 2019 and the second quarterly dividend will be paid on 15 July 2019 to shareholders on the register at the close of business on 14 June 2019.</li> <li>• EPRA earnings per Mucklow Ordinary Share increased by 4.4 per cent. to 13.45p (31 December 2017: 12.88p). EPRA net asset value per ordinary share increased by 13p to 572p (30 June 2018: 559p).</li> <li>• Cushman &amp; Wakefield revalued the Mucklow property portfolio at 31 December 2018. The investment properties and development land were valued at £443.3 million (30 June 2018: £433.5 million), recognising a revaluation gain of £8.7 million (2.0 per cent.). The initial yield on the investment properties was 5.8 per cent. (30 June 2018: 5.6 per cent.). The equivalent yield was 6.3 per cent. (30 June 2018: 6.4 per cent.). Cushman &amp; Wakefield also revalued the trading properties at 31 December 2018. The total value was £2.0 million, which showed an unrecognised surplus of £1.5 million against book value.</li> <li>• As at 30 April 2019, Cushman &amp; Wakefield valued the Mucklow property portfolio at £453 million, an uplift on Mucklow's 31 December 2018 property portfolio valuation of £10 million.</li> <li>• Since 31 December 2018 (being the end of the last financial period of Mucklow for which financial information has been published) there has been no significant change in the financial condition, operating results or trading position of Mucklow.</li> </ul>
<b>B.8</b>	<b>Pro forma financial information</b>	<p>The unaudited pro forma financial information of the Combined Group comprises the unaudited pro forma statement of net assets of the LondonMetric Group as at 31 March 2019, which has been prepared to illustrate the effect on the consolidated net assets of the LondonMetric Group as if the Combination had taken place on 31 March 2019 and the unaudited pro forma income statement of the LondonMetric Group for the year ended 31 March 2019, which has been prepared to illustrate the effect on the income statement of the LondonMetric Group as if the Combination had taken place on 1 April 2018.</p>

The unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the LondonMetric Group's actual financial position or results.

The unaudited pro forma financial information is based on the consolidated income statement of the LondonMetric Group for the year ended 31 March 2019 and the consolidated net assets of the LondonMetric Group as at 31 March 2019, as set out in the audited consolidated financial statements of the LondonMetric Group for the year ended 31 March 2019, and has been prepared in a manner consistent with the accounting policies adopted by LondonMetric in preparing such information and on the basis set out in the notes set out below.

### Unaudited pro forma statement of net assets

	<i>LondonMetric Group as at 31 March 2019 (note 1) £m</i>	<i>Mucklow Group as at 31 December 2018 (interims) (note 2) £m</i>	<i>Adjustments as a result of the Combination (notes 3,4) £m</i>	<i>Pro forma net assets of the Combined Group £m</i>
<b>Assets</b>				
<b>Non-current assets</b>				
Investment property	1,688.0	437.0	–	2,125.0
Intangible assets	–	–	52.9	52.9
Investments in equity-accounted joint ventures	98.9	–	–	98.9
Other tangible assets	0.4	1.4	–	1.8
Other receivables	–	0.5	–	0.5
	<u>1,787.3</u>	<u>438.9</u>	<u>52.9</u>	<u>2,279.1</u>
<b>Current assets</b>				
Held for sale assets	–	5.0	–	5.0
Trading properties	–	0.5	–	0.5
Trade and other receivables	5.8	1.5	–	7.3
Cash and cash equivalents	20.6	10.6	–	31.2
	<u>26.4</u>	<u>17.6</u>	<u>–</u>	<u>44.0</u>
<b>Total assets</b>	<u>1,813.7</u>	<u>456.5</u>	<u>52.9</u>	<u>2,323.1</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings	(558.9)	(79.8)	(139.0)	(777.7)
Derivative financial instruments	(1.6)	–	–	(1.6)
	<u>(560.5)</u>	<u>(79.8)</u>	<u>(139.0)</u>	<u>(779.3)</u>
<b>Current liabilities</b>				
Trade and other payables	(36.4)	(14.5)	–	(50.9)
Taxation	–	(0.4)	–	(0.4)
	<u>(36.4)</u>	<u>(14.9)</u>	<u>–</u>	<u>(51.3)</u>
<b>Total liabilities</b>	<u>(596.9)</u>	<u>(94.7)</u>	<u>(139.0)</u>	<u>(830.6)</u>
<b>Net assets</b>	<u>1,216.8</u>	<u>361.8</u>	<u>(86.1)</u>	<u>1,492.5</u>

#### Notes:

1. The consolidated net assets of the LondonMetric Group at 31 March 2019 have been extracted without material adjustment from the audited consolidated financial statements of the LondonMetric Group for the year ended 31 March 2019 which are incorporated by reference in this document.

#### Adjustments:

2. The consolidated net assets of the Mucklow Group have been extracted without material adjustment from the unaudited consolidated interim financial statements of the Mucklow Group for the period ended 31 December 2018, which are incorporated by reference in this document.
3. An adjustment has been made to reflect the estimated intangible assets arising on the acquisition of the Mucklow Group.

For the purposes of this pro forma information, no adjustment has been made to the separate assets and liabilities of Mucklow Group to reflect fair value. The difference between the book value of net assets of the Mucklow Group at 31 December 2018 and the estimated consideration has therefore been presented as a single value in "Intangible assets". The net assets of the Mucklow Group will be subject to a fair value restatement as at the effective date of the transaction. Actual intangible assets included in the Combined Group's next published financial statements may therefore be materially different from that included in the pro forma statement of net assets.

The value attributed to the issued and to be issued ordinary share capital of Mucklow is £414.7 million based upon 63,294,833 Mucklow Ordinary Shares in issue on the last Business Day prior to commencement of the Offer Period and an exchange ratio of 2.19 New Ordinary Shares plus 204.5 pence in cash for each Mucklow Ordinary Share.

	£m
Consideration payable in cash	129.4
Consideration payable in Company shares	285.3
Total consideration	414.7
Book value of the Mucklow Group's net assets as at 31 December 2018	361.8
Estimated intangible assets arising on the Combination	52.9

- The increase in borrowings comprises the consideration payable in cash of £129.4 million and, estimated fees and expenses incurred in connection with the Combination of £9.6 million, as disclosed in paragraph 21.5 of Part 16 (Additional Information) of this document.
- No account has been taken of the financial performance of the LondonMetric Group since 31 March 2019, the financial performance of the Mucklow Group since 31 December 2018, nor of any other event save as disclosed above.

### Unaudited pro forma income statement

	<i>LondonMetric Group for the year ended 31 March 2019 (note 1) £m</i>	<i>Mucklow Group for the year ended 30 June 2018 (note 2) £m</i>	<i>Adjustments as a result of the Combination (note 3 and 4) £m</i>	<i>Pro forma income statement of the Combined Group £m</i>
Gross revenue	86.8	25.1	—	111.9
Gross rental income	85.1	24.1	—	109.2
Property operating expenses	(1.2)	(2.6)	—	(3.8)
Net rental income	83.9	21.5	—	105.4
Property advisory fee income	1.7	—	—	1.7
Service charge income	—	1.0	—	1.0
Net income	85.6	22.5	—	108.1
Administrative costs	(13.7)	(3.5)	(9.6)	(26.8)
Profit on revaluation of investment properties	75.9	49.7	—	125.6
Profit on sale of investment properties	0.6	7.6	—	8.2
Share of losses from joint ventures	(6.4)	—	—	(6.4)
<b>Operating profit</b>	<b>142.0</b>	<b>76.3</b>	<b>(9.6)</b>	<b>208.7</b>
Finance income	0.4	—	—	0.4
Finance costs	(22.9)	(6.8)	—	(29.7)
<b>Profit before tax</b>	<b>119.5</b>	<b>69.5</b>	<b>(9.6)</b>	<b>179.4</b>
Taxation	0.2	—	—	0.2
<b>Profit for the year</b>	<b>119.7</b>	<b>69.5</b>	<b>(9.6)</b>	<b>179.6</b>
Revaluation of owner occupied property	—	0.2	—	0.2
<b>Total comprehensive income</b>	<b>119.7</b>	<b>69.7</b>	<b>(9.6)</b>	<b>179.8</b>

#### Notes:

- The consolidated income statement of the LondonMetric Group for the year ended 31 March 2019 has been extracted without material adjustment from the audited consolidated financial statements of the LondonMetric Group for the year ended 31 March 2019 which are incorporated by reference in this document.

#### Adjustments:

- The consolidated income statement of the Mucklow Group has been extracted without material adjustment from the audited consolidated financial statements of the Mucklow Group for the year ended 30 June 2018, which are incorporated by reference in this document.

		<p>3. The adjustment to Administrative costs comprises the estimated fees and expenses incurred in connection with the Combination of £9.6 million, as disclosed in paragraph 21.5 of Part 16 (Additional Information) of this document.</p> <p>4. No account has been taken of the financial performance of the LondonMetric Group since 31 March 2019, the financial performance of the Mucklow Group since 30 June 2018, nor of any other event save as disclosed above.</p>
<b>B.9</b>	<b>Profit forecast</b>	Not applicable; there are no profit forecasts included in this document.
<b>B.10</b>	<b>Qualifications in the audit report</b>	Not applicable; the audit reports on the historical financial information contained within this document are not qualified.
<b>B.11</b>	<b>Qualified working capital</b>	<p>Not applicable.</p> <p>In the opinion of LondonMetric, after taking into account existing bank and other facilities available to the LondonMetric Group, the working capital available to the LondonMetric Group is sufficient for its present requirements, that is, for at least the 12 months following the date of this document.</p> <p>In the opinion of LondonMetric, after taking into account existing bank and other facilities available to the Combined Group, the working capital available to the Combined Group is sufficient for its present requirements, that is, for at least the 12 months following the date of this document.</p>

### Section C – Securities

<b>Element</b>	<b>Disclosure requirement</b>	<b>Disclosure</b>
<b>C.1</b>	<b>Type and class of securities being offered</b>	In consideration of the acquisition to be effected by the Combination, LondonMetric intends to issue 138,615,684 ordinary shares of 10 pence each in the capital of LondonMetric (“ <b>New Ordinary Shares</b> ”) (assuming that the maximum number of New Ordinary Shares are issued in connection with the Combination) to the Scheme Shareholders. The ISIN of the New Ordinary Shares is GB00B4WFW713.
<b>C.2</b>	<b>Currency of the securities</b>	Pounds sterling in respect of the Ordinary Shares and the New Ordinary Shares.
<b>C.3</b>	<b>Number of shares in issue</b>	As at the close of business on 28 May 2019 (the latest practicable date prior to publication of this document), the Company has 700,661,819 fully paid Ordinary Shares in issue. The Company has no partly paid Ordinary Shares in issue.
<b>C.4</b>	<b>Description of the rights attaching to the securities</b>	The New Ordinary Shares will, when issued, rank equally in all respects with Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue. The New Ordinary Shares will not rank for the LondonMetric Fourth Quarter Dividend announced by LondonMetric in respect of the three-month period to 31 March 2019.
<b>C.5</b>	<b>Restrictions on the free transferability of the securities</b>	The Ordinary Shares are freely transferrable subject to the following restrictions which are contained in the Articles: (i) the Board may decline to recognise any instrument or



		<p>transfer unless it is: in respect of only one class of shares; in favour of not more than four joint transferees; duly stamped (if required); not in favour of a minor, infant, bankrupt or person with mental disorder; and lodged at the registered office of LondonMetric, accompanied by the certificate for the shares to be transferred and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; (ii) the Board may refuse to register any transfer of a certificated share which is not fully paid; and (iii) the Board may, in circumstances permitted by the FCA and the London Stock Exchange, disprove a transfer of any share, provided that exercise of such powers does not disturb the market in the shares.</p> <p>The making of the proposed offer of New Ordinary Shares to persons located or resident in, or who are citizens of, or who have a registered address in countries other than the United Kingdom, may be affected by the law or regulatory requirements of the relevant jurisdiction, which may include restrictions on the free transferability of such New Ordinary Shares.</p>
<b>C.6</b>	<b>Admission</b>	<p>The Existing Ordinary Shares are listed in the premium segment of the Official List and are admitted to trading on the Main Market. Application will be made to the FCA and to the London Stock Exchange for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and to trading on the Main Market, respectively. It is expected that Admission will become effective and that unconditional dealings on the London Stock Exchange in the New Ordinary Shares will commence at 8.00 a.m. (London Time) on 28 June 2019. No application is currently intended to be made for New Ordinary Shares to be admitted to listing or dealt with on any other exchange.</p>
<b>C.7</b>	<b>Dividend policy</b>	<p>It is the intention of the Directors that the Company will pay dividends from surplus income to the extent that such income is distributable in line with its dividend policy. Where opportunities exist that fit the LondonMetric Group's strategy, the LondonMetric Group may reinvest disposal proceeds.</p> <p>The Company is required to meet a minimum distribution test for each year that it is the principal company of a group UK-REIT. This minimum distribution test requires the Company to distribute 90 per cent. of the income profits of the Property Rental Business for each year. The issue of scrip dividends counts towards the minimum distribution test. The Board continues to believe that a continuation of LondonMetric's dividend policy of recent years will enable the Company to continue to meet this minimum distribution requirement.</p> <p>There can be no guarantee as to the amount of any dividend payable by the Company.</p>

Section D – Risks		
Element	Disclosure requirement	Disclosure
D.1	Key information on the key risks that are specific to the issuer or its industry	<ul style="list-style-type: none"> <li>The Combined Group's business and performance will depend on, and may be materially adversely affected by, general property and investment market conditions as well as conditions specific to the Combined Group's investments such as decreases in capital values and weakening of rental yields. The Combined Group's ability to dispose of its properties, and the price realised in any such disposals, will also depend on the general conditions affecting the investment market at the time of the disposal.</li> <li>Market conditions may delay or prevent the Combined Group from making appropriate investments that generate attractive or acceptable returns. Adverse market conditions have historically had a significant negative impact on the availability of credit, property pricing and liquidity levels. Adverse market conditions and their consequences may have a material adverse effect on the Combined Group's net asset value or its ability to make distributions to Shareholders.</li> <li>The valuation of property and property related assets is inherently subjective and uncertain, in part because all property valuations are made on the basis of assumptions which may not prove to be accurate, and, in part because of the individual nature of each property. Valuations of the Combined Group's investments may not reflect actual sale prices even where a sale occurs shortly after the relevant valuation date.</li> <li>The Combined Group may suffer from delays in locating and acquiring investments on a timely basis as a result of limited availability of suitable investments, competition from other property investors and/or lack of access to debt or access to debt on more expensive terms. The Combined Group's inability to select and invest, alone or as co-owner, in properties on a timely basis may have a material adverse effect on the potential returns to Shareholders and delay or limit distributions to Shareholders by the Enlarged Company.</li> <li>The Combined Group is exposed to risks relating to its indebtedness in the longer term and its level of gearing which, if they materialise, could have a material adverse effect on the Company's ability to make distributions to Shareholders. LondonMetric's incurrence of floating rate debt will expose it to risks associated with movements in interest rates.</li> <li>The Combined Group is subject to the risk of contracting counterparties (primarily providers of capital to the Combined Group or joint venture partners) failing to meet their obligations. A default by a major tenant or a significant number of tenants in the Property Portfolio</li> </ul>

		<p>could result in a significant loss of rental income, void costs, a reduction in asset value and increased bad debts.</p> <ul style="list-style-type: none"> <li>• The Combined Group is reliant on the performance and retention of key personnel.</li> <li>• There is no guarantee that the Combined Group will maintain UK-REIT status. If the Combined Group fails to maintain such status or fails to comply with all UK-REIT conditions HMRC may require the Combined Group to exit the UK-REIT regime. If LondonMetric fails to remain qualified as a UK-REIT, its rental income and gains will be subject to UK taxation and it may be disqualified from being a UK-REIT. This would cause the Combined Group's rental income and gains to be subject to UK tax and could reduce LondonMetric's reserves available to make distributions to Shareholders and the yield on the Ordinary Shares.</li> </ul>
<b>D.3</b>	<b>Key information on the risks specific to the securities</b>	<ul style="list-style-type: none"> <li>• LondonMetric is unable to predict whether the New Ordinary Shares issued will be able to be sold in the open market. Any sales of substantial amounts of New Ordinary Shares in the public market, or the perception that such sales might occur, could materially adversely affect the market price of the Ordinary Shares.</li> <li>• The market price of the Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the stock market regarding the Ordinary Shares or securities similar to them (both in connection with the market approval of its current strategy or if the Combined Group's operating results and prospects from time to time are below the expectations of market analysts and investors) or in response to various facts and events, including any regulatory changes affecting the Combined Group's operations, half yearly or yearly operating results or business developments of the Combined Group or its competitors.</li> <li>• The market price of the Ordinary Shares may be subject to wide fluctuations in response to general stock market fluctuations and economic conditions or changes in political sentiment that may adversely affect the market price of the Ordinary Shares, regardless of the Combined Group's actual performance or conditions in its key markets.</li> <li>• If LondonMetric elects to increase its capital it may require further equity financing, which may be dilutive to the Company's existing Shareholders. LondonMetric may also issue new Ordinary Shares in the future pursuant to a share option plan, which may dilute Shareholders' equity.</li> </ul>

Section E – Offer		
Element	Disclosure requirement	Disclosure
E.1	Net proceeds and costs of the offer	<p>There will be no proceeds received by the LondonMetric Group as a result of the issue of New Ordinary Shares to Mucklow Shareholders in connection with the Combination. The total costs and expenses of or incidental to the offer and the issue of New Ordinary Shares payable to advisers, legal and accounting fees and expenses, and the costs of printing and distribution of documents are estimated to amount to approximately £9.6 million (excluding applicable VAT).</p>
E.2a	Reason for offer and use of proceeds	<p>The offer is being made in order for LondonMetric to acquire the entire ordinary share capital of Mucklow, thereby effecting a combination of the LondonMetric Group and the Mucklow Group.</p> <p>The LondonMetric Directors and the Mucklow Directors believe there is a compelling strategic, operational and financial rationale for the Combination, providing a highly attractive investment case. In particular:</p> <ul style="list-style-type: none"> <li>• both companies have complementary and high quality investment portfolios, with a similar focus on income , income growth and progressive dividend policies;</li> <li>• the Combined Group will create a larger and more resilient company with gross property assets (including its shares in joint ventures) of £2.3 billion, comprising 72 per cent. distribution and industrial, with greater income diversification and total contracted rental income of £115.8 million;</li> <li>• the terms of the Combination are based on a NAV-for-NAV valuation approach;</li> <li>• the Combination is consistent with LondonMetric’s strategy of increasing exposure to distribution and long income real estate assets, with the Combination accelerating LondonMetric’s urban logistics exposure from £0.5 billion to £0.8 billion (including Mucklow’s multi-let industrial portfolio) where rental growth is superior;</li> <li>• the Combined Group will benefit from enhanced management expertise, providing a solution to succession planning for Mucklow’s Chairman and Chief Executive;</li> <li>• by combining the two complementary portfolios, LondonMetric will be able to unlock operational synergies, accelerate identified asset management opportunities and deliver Mucklow’s development and redevelopment opportunities;</li> </ul>

		<ul style="list-style-type: none"> <li>the Combined Group will continue to operate with a conservative level of leverage and should benefit from a lower cost of borrowing in the future;</li> <li>the Combination is expected to be immediately earnings accretive through economies of scale and cost efficiencies, with rental reversion and portfolio initiatives expected to deliver further benefits, leading to material enhancement of earnings and dividend progression over the medium term; and</li> <li>the cash and share offer provides enhanced liquidity and a premium to the current share price for Mucklow Shareholders seeking to realise value, together with the ability to benefit from the income and value creation of a larger, more resilient business with greater geographical and income diversification, which will be focused on delivering enhanced income led total returns for its shareholders.</li> </ul>
<b>E.3</b>	<b>Terms and conditions of the offer</b>	<p>Under the terms of the Combination, which will be subject to the Conditions (which will be set out in full in the Scheme Document), Mucklow Shareholders will be entitled to receive from LondonMetric:</p> <p><b>2.19 New Ordinary Shares and 204.5 pence in cash for each Mucklow Ordinary Share</b></p> <p>On the basis of the Closing Price per Ordinary Share of 205.8 pence on 22 May 2019 (the last Business Day prior to the commencement of the Offer Period), the Combination values each Mucklow Ordinary Share at 655.2 pence and the entire issued and to be issued share capital of Mucklow at approximately £414.7 million.</p> <p>The Combination will include a Mix and Match Facility so that eligible Mucklow Shareholders (other than Restricted Overseas Persons) may seek, subject to availability, to vary the proportion of cash and New Ordinary Shares they receive in respect of their holdings of Mucklow Ordinary Shares, subject to equal and opposite elections being made by other Mucklow Shareholders. In the event that such Mucklow Shareholders do not seek to make such variation, they will be entitled to receive from LondonMetric 2.19 New Ordinary Shares and 204.5 pence in cash for each Mucklow Ordinary Share as set out above. The total number of New Ordinary Shares to be issued and the total cash consideration to be paid pursuant to the Combination will not change.</p> <p>The Mucklow Ordinary Shares will be acquired pursuant to the Combination fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching thereto.</p> <p>The offer made to effect the Combination relates only to the Mucklow Ordinary Shares and does not extend to the Mucklow</p>

		<p>Preference Shares, for which no offer is being made by LondonMetric.</p> <p>Application will be made to the FCA and to the London Stock Exchange for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and to trading on the Main Market, respectively. It is expected that Admission will become effective and that dealings on the London Stock Exchange in the New Ordinary Shares will commence at 8.00 a.m. (London Time) on 28 June 2019.</p>
<b>E.4</b>	<b>Material interests</b>	Not applicable; there are no interests, known to LondonMetric, material to the issue of New Ordinary Shares or which are conflicting interests.
<b>E.5</b>	<b>Name of person selling securities/lock-up agreements</b>	<p>Not applicable; there are no entities or persons offering to sell Ordinary Shares.</p> <p>Not applicable; there are no lock-up agreements.</p>
<b>E.6</b>	<b>Dilution</b>	Subject to the Combination becoming Effective, up to 138,615,684 New Ordinary Shares will be issued. This will result in LondonMetric's issued share capital increasing by approximately 19.8 per cent. If the Combination becomes Effective, Shareholders will suffer an immediate dilution as a result of the Combination following which they will hold approximately 83.5 per cent. of the Enlarged Share Capital.
<b>E.7</b>	<b>Expenses charged to the Investor</b>	Not applicable; no expenses will be charged to any investor by the Company in respect of the Proposals.



## PART 2

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>Time and/or date<sup>1</sup></i>
Announcement of the proposed Combination	23 May 2019
Publication of this document and the Scheme Document	30 May 2019
<b>Latest time for receipt of Forms of Proxy (or electronic/CREST proxy instructions) for the LondonMetric General Meeting</b>	<b>10.30 a.m. on 18 June 2019</b>
Record time and date for eligibility to vote at the LondonMetric General Meeting	Close of business on 18 June 2019
Latest time and date for receipt of forms of election for the Mucklow Court Meeting	11.00 a.m. on 18 June 2019
Latest time and date for receipt of form of proxy for the Mucklow General Meeting	11.15 a.m. on 18 June 2019
Voting record time for the Mucklow Court Meeting and Mucklow General Meeting	10.00 p.m. on 18 June 2019
<b>LondonMetric General Meeting</b>	<b>10.30 a.m. on 20 June 2019</b>
<b>Mucklow Court Meeting</b>	<b>11.00 a.m. on 20 June 2019</b>
<b>Mucklow General Meeting</b>	<b>11.15 a.m. on 20 June 2019<sup>2</sup></b>
Latest time and date for receipt of CREST instructions and forms of election	1.00 p.m. on 24 June 2019
Last day for dealings in, and for registration of transfers and disablement in CREST of, Mucklow Ordinary Shares	26 June 2019
Scheme Record Time	6.00 p.m. on 26 June 2019
<b>Mucklow Court Hearing to sanction the Scheme</b>	27 June 2019
<b>Effective Date of the Scheme</b>	27 June 2019
Suspension of listing and dealings in Mucklow Ordinary Shares	7.30 a.m. 27 June 2019
Admission of the New Ordinary Shares to the Official List and commencement of dealings in New Ordinary Shares on the London Stock Exchange	8.00 a.m. on 28 June 2019
New Ordinary Shares to be issued and CREST accounts credited in respect of New Ordinary Shares as soon as possible after	8.00 a.m. on 28 June 2019
Delisting of Mucklow Ordinary Shares	by no later than 8.00 a.m. on 28 June 2019
Despatch of definitive share certificates for New Ordinary Shares in certificated form	Within 14 days of the Effective Date
Despatch of cheques and definitive share certificates for New Ordinary Shares in certificated form or settlement through CREST in respect of the New Ordinary Shares and the cash consideration payable in respect of Scheme Shares held in uncertificated form	Within 14 days of the Effective Date

Payments in respect of fractional entitlements (where applicable)

Within 14 days of  
the Effective Date

Long-stop Date, being the date by which the Scheme must be implemented

30 September 2019

**Notes:**

1. All references to times in this document are to London times. The dates and times in the expected timetable are indicative only, may be subject to change (including as a result of changes to Court times and the regulatory timetable) and will depend, among other things, on the date on which the Conditions are satisfied or, if capable of waiver, waived, and therefore the date on which the Court sanctions the Scheme (which may not be the same day on which the Court hears Mucklow's application). If any of the times and/or dates above change, the revised time(s) and/or date(s) will be notified to Shareholders by announcement through a Regulatory Information Service provider.
2. The Mucklow General Meeting will commence at 11:15 a.m. on 20 June 2019 or, if later, as soon thereafter as the Court Meeting has been concluded or adjourned.

## **PART 3**

### **SHARE CAPITAL STATISTICS**

Number of Existing Ordinary Shares	700,661,819
Number of New Ordinary Shares expected to be issued to Mucklow Shareholders pursuant to the Scheme	138,615,684
Enlarged Share Capital	839,277,503
New Ordinary Shares as a percentage of Enlarged Share Capital	16.5 per cent.
ISIN number for Existing Ordinary Shares and the New Ordinary Shares	GB00B4WFW713

## PART 4

### LONDONMETRIC DIRECTORS, COMPANY SECRETARY AND ADVISERS

<b>Directors</b>	Patrick Vaughan ( <i>Chairman</i> ) Andrew Jones ( <i>Chief Executive</i> ) Martin McGann ( <i>Finance Director</i> ) Mark Stirling ( <i>Asset Director</i> ) Valentine Beresford ( <i>Investment Director</i> ) Robert Fowlds ( <i>Non-executive Director and Senior Independent Director</i> ) Suzanne Avery ( <i>Non-executive Director</i> ) James Dean ( <i>Non-executive Director</i> ) Andrew Livingston ( <i>Non-executive Director</i> ) Rosalyn Wilton ( <i>Non-executive Director</i> )
<b>Company Secretary</b>	Jadzia Duzniak
<b>Registered office of the Company and business address of each of the Directors</b>	1 Curzon Street London W1J 5HD
<b>Sponsor, Joint Financial Adviser and Joint Broker</b>	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET
<b>Joint Financial Adviser and Joint Broker</b>	J.P. Morgan Securities Plc 25 Bank Street Canary Wharf London E14 5JP
<b>Legal advisers to the Company</b>	CMS Cameron McKenna Nabarro Olswang LLP Cannon Place 78 Cannon Street London EC4N 6AF
<b>Legal advisers to the Sponsor, Joint Financial Advisers and Joint Brokers</b>	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ
<b>Auditors to the Company</b>	Deloitte LLP 1 New Street Square London EC4A 3HQ
<b>Reporting accountant to the Company</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Registrars</b>	Link Asset Services The Registry 34 Beckenham Road Beckenham, Kent BR3 4TU

<b>PR adviser</b>	FTI Consulting 200 Aldersgate Street London EC1A 4HD
<b>Property valuers – LondonMetric</b>	CBRE Limited St. Martin's Court 10 Paternoster Row London EC4M 7HP
<b>Property valuers – Mucklow</b>	Cushman & Wakefield Debenham Tie Teung Limited 125 Old Broad Street London EC2N 1AR
<b>Receiving Agent</b>	Link Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

## PART 5

### RISK FACTORS

*Any investment in Ordinary Shares involves risk. Prior to investing in Ordinary Shares, prospective investors should carefully consider the risks associated with any investment in securities and, in particular, all the information in this document, including the risks described below. The risks set out below do not purport to be a complete list or explanation of all the risks involved in investing in the Ordinary Shares or which may adversely affect the LondonMetric Group's or, following the Combination, the Combined Group's business but are those which the Directors are aware of and which they consider material. However, additional risks and uncertainties not currently known to the Directors or that the Directors currently consider immaterial, may also adversely affect the LondonMetric Group's or, following the Combination, the Combined Group's business, results of operations, financial condition and prospects. If any or a combination of the following risks materialise the LondonMetric Group's and, following the Combination, the Combined Group's business, financial condition and/or operational performance could be materially adversely affected. In that case, the trading price of the Ordinary Shares may decline and investors may lose all or part of the value of their investment. You should consider carefully whether an investment in the Ordinary Shares is suitable for you in light of the information in this document and your personal circumstances.*

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

*An investment in Ordinary Shares is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result from the investment. Accordingly, prospective investors are recommended to obtain independent financial advice from an adviser authorised under the FSMA (or another appropriately authorised independent professional adviser) who specialises in advising upon investments in shares or other securities.*

#### **RISKS RELATING TO THE COMBINED GROUP AND ITS BUSINESS**

##### ***The Combined Group's performance will depend on general property and investment market conditions***

The Combined Group's performance will be affected by general conditions affecting the commercial real estate market as a whole and/or events specific to the Combined Group's investments, such as a decrease in capital values and weakening of rental yields. The Combined Group's business and results of operations may be materially adversely affected by the following factors outside of its control:

- general economic factors which may affect rental income, such as inflation, fluctuations in interest rates, levels of employment and gross domestic product;
- a general commercial or property market contraction;
- a decline in commercial or rental values;
- changing demand for commercial property and changing supply within a particular geographic location;
- the attractiveness of property relative to other investment choices;
- the availability of credit; and



- changes in laws and governmental regulations in relation to property, including those governing permitted and planning usage, taxes and government charges, health and safety and environmental compliance.

Such events could lead to an increase in capital expenditure or running costs of the Combined Group and/or reduce the rental and/or capital values of the Combined Group's property assets and, consequently, may have a material adverse effect on the Combined Group's business prospects and results of operations.

***The Combined Group's rental income may be adversely affected by increasing competition from other property owners, the insolvency of tenants, or increasing operating costs***

Both rental income and property values may also be affected by other factors specific to the real estate market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of the insolvency of tenants or otherwise, the periodic need to renovate, repair and re-let space and the costs thereof, the costs of maintenance and insurance and increased operating costs. Similarly, rent reviews may not result in rental income from any property being received at such properties at the expected rental value. In addition, certain significant expenditures, including operating expenses, must be met by the owner when a property is vacant.

***Market conditions may delay or prevent the Combined Group from making appropriate investments that generate attractive returns***

Market conditions may have a negative impact on the Combined Group's ability to identify and execute investments in suitable assets that generate acceptable returns. Adverse market conditions have historically had a significant negative impact on the availability of credit, property pricing and liquidity levels. Lenders have also tightened their lending criteria, lending lower multiples of income and lowering loan to value ratios which would impact the Combined Group in the longer term which will finance acquisitions through borrowings. Depressed market conditions may also restrict the supply of suitable assets that may generate acceptable returns and adverse market conditions may lead to increasing numbers of tenant defaults. Adverse market conditions and their consequences may have a material adverse effect on the Combined Group's net asset value or its ability to make distributions to Shareholders.

***Market conditions could affect the Combined Group's ability to adjust its Property Portfolio strategically***

Whilst the Combined Group is not a limited life company, and is under no obligation to sell its assets within a fixed time frame, there can be no assurance that, at the time the Combined Group seeks to dispose of its assets, conditions in the relevant market will be favourable or that the Combined Group will be able to maximise the returns on such disposed assets. As property assets are relatively illiquid, such illiquidity may affect the Combined Group's ability to adjust, dispose of or liquidate its portfolio in a timely fashion and at satisfactory prices. To the extent that market conditions are not favourable, the Combined Group may not be able to dispose of property assets at a gain. If the Combined Group were required to dispose of or liquidate an investment on unsatisfactory terms, it may realise less than the value at which the investment was previously recorded, which could result in a decrease in Net Asset Value and this may have a negative impact on the Combined Group's business and results of operations. As a result of the foregoing, there can be no assurances that the Property Portfolio can generate attractive returns for its Shareholders.

Further, in acquiring a property, the Combined Group may agree to restrictions that prohibit the sale of that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. In addition, in circumstances where the Combined Group purchases properties when capitalisation rates are low and purchase prices are high, the value of its properties may not increase over time. This may restrict the Combined Group's ability to sell its properties, or in the event that it is able to sell such property, may lead to losses on the sale.

***Property valuation is inherently subjective and uncertain***

The valuation of the Combined Group's property and property-related assets is inherently subjective, in part because all property valuations are made on the basis of assumptions which 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 Combined Group's property valuations can be benchmarked by the Combined Group's external valuers. Valuations of the Combined Group's investments may not reflect actual sale prices even where any such sales occur shortly after the relevant valuation date.

The Combined 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, and contractual or other liabilities, or 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.

***The Combined Group may suffer from delays in locating and acquiring and disposing of suitable investments***

The Combined Group's business strategy is to create and actively manage a property investment portfolio in the UK. Locating suitable properties and negotiating acceptable purchase contracts, conducting due diligence and ultimately investing in a property typically requires a significant amount of time. The Combined Group may face delays in locating and acquiring suitable investments. The Combined Group's inability to select and invest, alone or as co-owner, in properties on a timely basis may have a material adverse effect on the potential returns to Shareholders and delay or limit distributions to Shareholders by the Combined Group.

***Competition may affect the ability of the Combined Group to make appropriate investments***

The Combined Group expects to face competition from other property investors. Competitors may have greater financial resources than the Combined Group and a greater ability to borrow funds to acquire properties. Competition in the property market may also lead either to an over-supply of property through over-development or higher prices for existing properties being driven up through competing bids by potential purchasers. There can be no assurance that the Combined Group will be successful in sourcing suitable investments or that the Combined Group will make any investments in property assets at all. The existence and extent of competition in the property market may have a material adverse effect on the Combined Group's ability to secure tenants for its properties at satisfactory rental rates and on a timely basis.

***The Combined Group's due diligence may not identify all risks and liabilities in respect of an acquisition***

Prior to entering into an agreement to acquire any property, the Combined 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, property valuations as well as building and environmental surveys). To the extent that the Combined Group or other third parties underestimate or fail to identify risks and liabilities associated with the investment in question, the Combined Group may be subject to defects in title, to environmental, structural or operational defects requiring remediation, or the Combined Group may be unable to obtain necessary permits.

If there is a due diligence failure, there may be a risk that properties are acquired that are not consistent with the Combined Group's investment strategy, fail to perform in accordance with projections or carry a cost burden.

In particular, environmental liabilities may result in significant investigation, removal, or remediation costs. Investigation, removal, or remediation required by governmental authorities under environmental regulations, or in connection with a change in use or redevelopment, may impose substantial costs on the Combined Group regardless of whether the Combined Group originally caused the contamination. In addition, such environmental liabilities could adversely affect the Combined Group's ability to sell, lease or redevelop the property, or to borrow using the property as security. Laws and regulations, which may be amended over time, may also impose liability for the release of certain materials, including asbestos, into the air or water from a property investment, and such release can form the basis for liability to third persons for personal injury or other damages. Other environmental laws and regulations limit the development of, and

impose liability for, the disturbance of wetlands or the habitats of threatened or endangered species. In the event the Combined Group's due diligence fails to uncover material defects or liabilities, including environmental liabilities, which are not covered by insurance proceeds, this may have a material adverse effect on the Combined Group's results of operations and, financial condition.

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

The Combined Group expects to incur certain third-party costs in respect of potential investment acquisitions, including in connection with financing, valuations and professional services associated with the sourcing and analysis of suitable assets. There can be no assurance as to the level of such costs, and given that there can be no guarantee that the Combined Group will be successful in its negotiations to acquire any given property, the greater the number of deals that do not reach completion, the greater the likely impact of such costs on the Combined Group's results of operations and financial condition.

***Availability of debt may affect the Combined Group's ability to acquire investments***

It is likely that the Combined Group will use part of its existing cash resources and incur additional borrowings to finance additions to the Property Portfolio. Lack of access to debt or on more expensive terms may in the longer term adversely affect the net revenue of the Combined Group.

***The Company's incurrence of floating rate debt will expose it to risks associated with movements in interest rates***

The Company anticipates incurring debt with interest payable based on LIBOR or other fluctuating base rates. Whilst the Company intends to hedge its interest rate exposure on such borrowings, such measures may not be sufficient to protect the Company from risks associated with movements in prevailing interest rates, to the extent that the interest rate risk on such borrowings is unhedged or such hedges are inadequate to fully protect against interest rate fluctuations. Increased exposure to interest rate movements may have a material adverse effect on the Company's results of operations.

***The Combined Group is exposed to risks relating to its indebtedness in the longer term and its level of gearing***

It is likely that the Combined Group will part use its existing cash resources and incur additional borrowings to finance additions to the Property Portfolio. On a pro forma basis as at 31 March 2019 the Combined Group had significant cash balances and a modest level of leverage. The Combined Group's ability to generate sufficient cash flow to make scheduled interest payments on its indebtedness in the longer term and the Combined Group's ability to refinance its indebtedness when due will depend on its future financial performance, which will be affected by a range of economic, competitive and business factors, many of which are outside the Combined Group's control. The first significant maturity of the LondonMetric Group's financing facilities is the Syndicated Revolving Facility, of which £106.25m is due to be repaid on 1 April 2021.

If in the future the Combined Group's gearing level increases, the volatility of the Combined Group's financial performance may increase and the effect of any change in the valuation of the Combined Group's assets on its financial position and results of operations may be amplified, shareholder returns will increase through the use of gearing where the value of the Combined Group's underlying assets is rising but will decrease where the underlying asset value is falling.

Additionally, in the event that the rental income of the Property Portfolio falls for whatever reason, including tenant defaults, the use of borrowings will increase the impact of such fall on the net revenue of the Combined Group. Moreover, in circumstances where the value of the Combined Group's assets are declining, the use of borrowings by the Combined Group may depress its Net Asset Value.

Each of the foregoing events could have a material adverse effect on the Combined Group's ability to make distributions to Shareholders.

***A default by a major tenant or a significant number of tenants in the Property Portfolio could result in a significant loss of rental income, void costs, a reduction in asset value and increased bad debts***

The Combined Group's revenue is derived directly or indirectly from rent received from a number of tenants operating across a number of sectors. The LondonMetric Group's top five tenants accounted for 34.2 per cent. of the LondonMetric Group's rent roll as at 31 March 2019. A downturn in business, bankruptcy or insolvency could force the Combined Group's tenants to default on their rental obligations and/or vacate the premises. Such a default, in particular by a series of the Combined Group's tenants in any one asset or by several of the Combined Group's tenants could result in a significant loss of rental income, void costs, an increase in bad debts and a decrease in the value of the Property Portfolio. Such a default may also prevent the Combined Group from increasing rents or result in lease terminations by, or reductions in rent for, other tenants.

***There is no guarantee that the strategic and investment objectives of the Combined Group will be met***

There can be no guarantee that the strategic and investment objectives of the Combined Group will be met. The results of the Combined Group's operations will depend, amongst other things, on the availability of opportunities for the acquisition of assets, the level and volatility of interest rates, readily accessible funding alternatives, conditions in the financial markets, general economic conditions and the ability of management to implement the strategy.

***The Combined Group's performance will depend on its ability to manage its property assets successfully***

Revenues earned from, and the capital value and disposal value of, properties held by the Combined Group and the Combined Group's business may be materially adversely affected by a number of factors inherent in property investment, including, but not limited to:

- decreased demand by potential tenants for properties;
- inability to recover operating costs such as local taxes and service charges on vacant space;
- exposure to the creditworthiness of tenants, including the inability to collect rent and other contractual payments from tenants (which includes the risk of tenants defaulting on their obligations and seeking the protection of bankruptcy laws), which could result in delays in receipt of rental and other contractual payments, inability to collect such payments at all, the re-negotiation of tenant leases on terms less favourable to the Combined Group, or the termination of tenant leases;
- material declines in rental values;
- defaults by a number of tenants with material rental obligations (including pre-let obligations) or a default by a significant tenant at a specific property that may hinder or delay the sale of such property;
- material litigation with tenants;
- material expenses in relation to the construction of new tenant improvements and re-letting a relevant property, including the provision of financial inducements to new tenants such as rent free periods; and
- increases in operating and other expenses or cash needs without a corresponding increase in turnover or tenant reimbursements, including as a result of increases in the rate of inflation if it exceeds rental growth, property taxes and other statutory charges, insurance premiums and other void costs, and unforeseen capital expenditure affecting the properties which cannot be recovered from tenants.

If the Combined Group's revenues earned from tenants, or the value of its properties are adversely impacted by the above or other factors, the Combined Group's business prospects, results of operations and cash flows may be materially adversely affected.

***The Combined Group is exposed to the risks associated with development projects***

Although not a key component of the Combined Group's strategy, some of the properties in the Property Portfolio are held as development properties. Property development involves certain risks. The Combined

Group may incur construction costs for a development that exceed original estimates due to increased material, labour or other costs. Developments may fail to deliver expected returns due to these additional costs, inconsistent timing with the economic and market cycle, adverse letting conditions or lettings below original estimates and planning or construction delays resulting from contractor failure or supply chain interruption.

***The Combined Group is reliant on the performance and retention of key personnel***

The LondonMetric Group is, and the Combined Group will continue to be, internally managed and will rely on its executive management team and their experience, skill and judgment, in identifying, selecting and negotiating the acquisition of suitable investment opportunities. The Combined Group will also rely on the Directors to manage the day-to-day affairs of the Combined Group. There can be no assurance as to the continued service of these individuals as directors and employees of the Combined Group. The departure of any of these individuals from the Combined Group without adequate replacement may have a material adverse effect on the Combined Group's business prospects and results of operations. There may be an inability to attract, motivate and retain high calibre personnel.

***The Combined Group has entered into joint ventures over which the Combined Group may not have full control and in respect of which it may have contingent liabilities***

The LondonMetric Group has entered into the MIPP Partnership and, a joint venture relating to residential properties at the Moore House, London. Under such arrangements the Combined Group will be required to share control and specified major decisions require the approval of the Combined Groups joint venture partners including decisions to sell, retain or develop assets.

The Combined Group will also be required, in certain circumstances, to provide additional funding to the joint ventures.

The Combined Group's joint venture partners may have economic or business interests that are inconsistent with the Combined Group's objectives or the joint venture partners could face severe financial distress or become insolvent, potentially leaving the Combined Group liable for its share of any liabilities relating to the investment or joint venture or otherwise prejudicing the investment or joint venture.

***The Combined Group may not acquire 100 per cent. control of its future investments and may be subject to the risks associated with joint venture investments***

The Combined Group may enter into a variety of investment structures in which the Combined Group acquires less than a 100 per cent. interest in a particular asset or entity and the remaining ownership interest is held by one or more third parties. These joint venture arrangements may expose the Combined Group to the risk that:

- third-party owners become insolvent or bankrupt, or fail to fund their share of any capital contribution which might be required;
- third-party owners may have economic or other interests that are inconsistent with the Combined Group's interests and are in a position to take or influence actions contrary to the Combined Group's interests and plans (for example, in implementing active asset management measures), which may create impasses on decisions and affect the Combined Group's ability to implement its strategies and/or dispose of the asset or entity;
- disputes develop between the Combined Group and third parties who have an interest in the asset or entity in question, with any litigation or arbitration resulting from any such disputes increasing the Combined Group's expenses and distracting the Directors from their other managerial tasks;
- third-party owners do not have enough liquid assets to make cash advances that may be required in order to fund operations, maintenance and other expenses related to the property, which could result in the loss of current or prospective tenants and may otherwise adversely affect the operation and maintenance of the property;



- a co-owner breaches agreements related to the property, which may cause a default under such agreements and result in liability of the Combined Group and otherwise materially adversely affect the co-ownership arrangement;
- the Combined Group may, in certain circumstances, be otherwise liable for the actions of third-party owners; and
- a default by any co-owner could constitute a default under applicable mortgage loan financing documents, which could result in a foreclosure and the loss of all or a substantial portion of the investment made by the co-owner.

Any of the foregoing may subject a property to liabilities in excess of those contemplated by the Company and thus reduce amounts available for distribution to the Shareholders.

***The Combined Group is subject to the risk of contracting counterparties failing to meet their obligations***

The Combined Group engages in contractual relationships with third parties in the ordinary course of business. For the Combined Group, this relates primarily to tenants of the Combined Group's properties, providers of capital to the Combined Group or joint venture partners.

In circumstances where the Combined Group seeks to create value by undertaking refurbishment of its property assets, it will typically be dependent on the performance of third-party contractors who might undertake the management or execution of such development on behalf of the Combined Group. The Combined Group may also rely on third-party contractors to assist in the management of its properties.

The failure of third parties to fulfil their contractual responsibilities could place the Combined Group and its business at risk. Examples of such failures include a bank defaulting on its commitment to provide financing to a purchaser, purchasers defaulting in respect of the purchase of a property from the Property Portfolio, costs overrun in relation to services provided by third party contractors or tenants of the Property Portfolio becoming insolvent or defaulting on rental payments.

In addition, if one of the Combined Group's major counterparties such as a joint venture partner defaulted on its obligations to members of the Combined Group, this could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

***The Combined Group may suffer losses in excess of insurance proceeds, if any, or from uninsurable events***

The Combined Group's properties may suffer physical damage resulting in losses (including loss of rent) which may not be fully compensated for by insurance. In addition, there are certain types of losses, generally of a catastrophic nature, that may be uninsurable or are not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, and other factors, might also result in insurance proceeds being insufficient to repair or replace a property. Should an uninsured loss or a loss in excess of insured limits occur, the Combined Group may lose capital invested in the affected property as well as anticipated future revenue from that property. In addition, the Combined Group could be liable to repair damage caused by uninsured risks. The Combined Group might also remain liable for any debt or other financial obligations related to that property. Any material uninsured losses may have a material adverse effect on the Combined Group's business prospects, results of operations and financial condition.

***The Combined Group may be subject to liability following the disposal of investments***

The Combined Group may be exposed to future liabilities and/or obligations with respect to disposal of investments. The Combined Group may be required or may consider it prudent to set aside provisions for warranty claims or contingent liabilities in respect of property disposals. The Combined Group may be required to pay damages (including litigation costs) to a purchaser to the extent that any representations or warranties that it had given to a purchaser prove to be inaccurate or to the extent that it has breached any of its covenants or obligations contained in the disposal documentation. In certain circumstances, it is possible that any representations and warranties incorrectly given could give rise to a right by the purchaser to unwind the contract in addition to the payment of damages. Further, the Combined Group may become involved in

disputes or litigation in connection with such disposed investments. Certain obligations and liabilities associated with the ownership of investments can also continue to exist notwithstanding any disposal, such as certain environmental liabilities. Any such claims, litigation or obligations, and any steps which the Combined Group is required to take to meet these costs, such as sales of assets or increased borrowings, may have a material adverse effect on the Combined Group's results of operations, financial condition and business prospects.

***Disposal of properties or shares may have negative implications, including unfavourable tax consequences***

Although the Combined Group is a UK-REIT, if the Combined Group disposes of a property in a manner indicative of a company that is trading in property rather than investing, the property may be treated as having been disposed of in the course of a trade, and any gain will be subject to corporation tax at regular corporate rates. For example, acquiring a property with a view to sale followed by a disposal on completion of the development would indicate a trading activity, whereas effective management of its property portfolio through acquisitions and disposals with the intention to increase rental income, should not. Further, where development of a property has occurred following acquisition and the cost of development exceeds 30 per cent. of the fair value of the property at the later of the date of the acquisition of the property or the date the company holding the property entered the UK-REIT, the proceeds will be taxable if a disposal takes place within three years of completion of the development. Whilst the Combined Group does not intend to dispose of property in the course of a trade, HMRC may challenge whether a disposal has been in the course of a trade with the consequence that corporation tax will be payable in respect of any profits from the disposal of such property. While a disposal of shares in a company carrying on Property Rental Business should be exempt from tax under the REIT rules, such disposals will be subject to tax in circumstances where a property has been developed within the last three years and the cost of development exceeds 30 per cent. of the fair value of the property at the later of the date of the acquisition of the property or the date the company holding the property entered the UK-REIT.

***A change in the Combined Group's tax status or in taxation legislation in the UK could adversely affect the Combined Group's profits and portfolio value and/or returns to Shareholders***

The levels of and reliefs from taxation may change, adversely affecting the financial prospects of the Combined Group and/or the returns payable to Shareholders. The taxation of an investment in the Company and the availability and value of tax reliefs referred to in this document depends on the individual circumstances of Shareholders.

Any change in the Combined Group's tax status or in taxation legislation in the UK or any country where the Combined Group has assets or operations (including a change in interpretation of such legislation) could affect the value of the assets held by the Combined Group or affect the Company's ability to achieve its investment objectives or provide favourable returns to Shareholders. In particular, an increase in the rates of stamp duty land tax could have a material impact on the price at which UK land can be acquired, and therefore on asset values. Any such change could also adversely affect the net amount of any dividends payable to Shareholders and/or the price of Ordinary Shares.

The Combined Group is also subject to transfer pricing risk in relation to any transactions between related parties that are not conducted on an arm's length basis. The Company believes its tax status and planning to have been in compliance with all current laws and regulations. However, any changes in tax laws or interpretation thereof or any investigation into the tax status of the LondonMetric Group and/or the Combined Group by the relevant authorities may result in findings against the Company and/or another member of the Combined Group which may adversely affect the Combined Group's financial condition and prospects.



***There is no guarantee that the Combined Group will maintain UK-REIT status***

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

- it regards a breach of conditions or failure to satisfy the conditions relating to the Property Rental Business, or an attempt to obtain a tax advantage, as sufficiently serious;
- if the Combined Group has committed a certain number of breaches in a specified period (see below); or
- if HMRC has given the members of the Combined Group at least two notices in relation to the avoidance of tax within a 10 year period.

If the conditions for UK-REIT status relating to the share capital of the Company (i.e. the parent company of the Combined Group ceases to be listed) or 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 Combined Group will automatically lose its UK-REIT status.

The Combined Group could therefore lose its status as a group UK-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 UK-REIT or due to a breach of the close company conditions if it is unable to remedy the breach within a specified timeframe.

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

***If the Combined Group fails to remain qualified as a UK-REIT, its rental income and gains will be subject to UK taxation***

The Combined Group will benefit from UK-REIT status. The requirements for maintaining UK-REIT status, however, are complex. Minor breaches of the UK-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 Combined Group losing its qualification as a REIT. If the Combined Group fails to meet certain of the statutory requirements to maintain its status as a UK-REIT, it and its subsidiaries may be subject to corporation tax on some or all of their property rental income and chargeable gains on the sale of some or all properties and shares in certain companies and, if the Combined Group is required to leave the UK-REIT regime within ten years of joining (i.e. before 1 October 2020), HMRC has wide powers to direct how it is to be taxed (before and after it leaves the UK-REIT regime). This would cause the Combined Group's rental income and gains to be subject to UK taxation and could reduce the reserves available to make distributions to Shareholders and the yield on the Ordinary Shares. In addition, incurring a tax liability might require the Combined Group to borrow funds, liquidate some of its assets or take other steps that could negatively affect its operating results. Moreover, if the Combined Group's UK-REIT status is withdrawn altogether because of its failure to meet one or more UK-REIT qualification requirements, it may be disqualified from being a UK-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 REIT distribution requirements limit the Company's ability to fund acquisitions and capital expenditures through retained income earnings. To obtain full exemption from UK tax on the tax-exempt business, the Company is required to distribute annually to Shareholders an amount sufficient to meet the 90 per cent. distribution test by way of property income distribution, or PID. The Company would be required to pay tax at regular corporate rates on any shortfall to the extent that it distributes as a PID less than the amount required to meet the 90 per cent. distribution test each year. Therefore, the Company's ability to grow through acquisitions would be limited if the Company were unable to obtain further debt or issue shares.

In addition, differences in timing between the receipt of cash and the recognition of income for the purposes of the UK-REIT rules and the effect of any potential debt amortisation payments could require the Company to borrow funds to meet the distribution requirements that are necessary to achieve the full tax benefits

associated with qualifying as a UK-REIT even if the then-prevailing market conditions are not favourable for these borrowings.

As a result of these factors, the constraints of maintaining UK-REIT status could limit the Combined Group's flexibility to make investments.

***The Company's status as a UK-REIT may restrict business consolidation opportunities and distribution opportunities to Shareholders***

In order to maintain its UK-REIT status, the Combined Group must continue to satisfy certain conditions. Complying with those conditions may mean that the Company is restricted with respect to any potential corporate or business restructure and any future distribution opportunities.

If the Company is acquired by an entity that is not a UK-REIT, the Company is likely in most cases to fail to meet the requirements for being a UK-REIT. If so, the Combined Group will be treated as leaving the REIT regime at the end of the accounting period preceding the takeover and ceasing from the end of that accounting period to benefit from the regime's tax exemptions.

In addition, a UK-REIT may become subject to an additional tax charge if it pays a dividend to, or in respect of, a Substantial Shareholder, that is a company which has rights to 10 per cent. or more of the dividends or shares or controls at least 10 per cent. of the voting rights. This additional tax charge will not be incurred if the UK-REIT has taken reasonable steps to avoid paying dividends to a Substantial Shareholder. Therefore, the Articles contain provisions designed to avoid the situation where dividends may become payable to a Substantial Shareholder and these provisions are summarised at paragraph 6.1.12 of Part 16 (Additional Information) of this document. These provisions provide the Directors with powers to identify Substantial Shareholders and to prohibit the payment of dividends on Ordinary Shares that form part of a Substantial Shareholding, unless certain conditions are met. The Articles also allow the Board to require the disposal of Ordinary Shares forming part of a Substantial Shareholding in certain circumstances where the Substantial Shareholder has failed to comply with the above provisions. Accordingly, while there is no prohibition on the Company being acquired, there might be potentially negative tax consequences of such an acquisition if made by an entity which itself is not a UK-REIT might make it less likely than would be the case for other types of companies.

***Uncertainty surrounding the process and terms of the UK's withdrawal from the EU could have a material adverse effect on the LondonMetric Group and, following the Combination, the Combined Group***

On 23 June 2016, a referendum was held on the UK's membership in the EU, the outcome of which was a vote in favour of leaving the EU. On 29 March 2017, the UK government notified the EU that it was triggering the formal process for leaving the EU under Article 50 of the Treaty of the European Union, which allows a Member State to decide to withdraw from the EU in accordance with its own constitutional requirements. The triggering of Article 50 commenced a two year negotiating period for the UK to agree the terms of its exit from the EU, which, on 10 April 2019, was extended to 31 October 2019. Without any further extension to such negotiating period or agreement on the terms of the UK's withdrawal from the EU, the UK's membership in the EU would end automatically on 31 October 2019.

As at the date of this document, the terms on which the UK is expected to leave the EU remains uncertain. There are a number of areas of uncertainty in connection with the future of the UK and its relationship with the EU and the negotiation of the UK's exit terms and related matters has already become protracted. Given this uncertainty and the range of possible outcomes, it is not currently possible to determine the impact that the referendum, the UK's departure from the EU and/or any related matters may have on general economic conditions in the UK, including the UK property sector. Accordingly, the terms of any such exit, and the accompanying political and economic uncertainty surrounding the UK's withdrawal from the EU, could have a material adverse effect on the LondonMetric Group's and, following the Combination, the Combined Group's business, results of operation, financial condition and prospects.

***The Combined Group may be treated as a “passive foreign investment company” for US federal income tax purposes, which could have adverse tax consequences to US shareholders.***

The Combined Group may be treated as a “passive foreign investment company” or “PFIC”, for U.S. federal income tax purposes, which could have adverse consequences to US shareholders. A non-US corporation generally will be considered a PFIC for any taxable year in which 75 per cent. or more of its gross income is passive income, or 50 per cent. or more of the average value of its assets are considered “passive assets” (generally, assets that generate passive income). For purposes of these tests, “passive income” includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business.

The determination of PFIC status is a factual determination that must be made annually at the close of each taxable year. It has not been determined whether the Combined Group will be treated as a PFIC in the current or succeeding taxable years. If the Combined Group were treated as a PFIC for US tax purposes, US shareholders of the Combined Group may become subject to certain US reporting obligations and to adverse US federal income tax consequences, including with respect to the income derived by the Combined Group, the distributions received and the gain, if any, derived from the sale or other disposition of Combined Group shares. Specifically, the PFIC rules could have the effect of subjecting US shareholders to an interest charge on any deferred taxation and taxing gain upon the sale of shares as ordinary income. If the Combined Group were classified as a PFIC in any year with respect to which a US Holder owns the Ordinary Shares, the Combined Group would continue to be treated as a PFIC with respect to the US holder in all succeeding years during which the US holder owns such securities, regardless of whether the Combined Group continues to meet the tests described above.

Further, prospective investors should assume that a “qualified electing fund” election, which, if made, could serve as an alternative to the general PFIC rules and could reduce any adverse consequences to US taxpayers if the Combined Group were to be classified as a PFIC, will not be available because the Combined Group does not expect to provide the information needed to make such an election. A “mark-to-market” election may be available, however, if the Combined Group’s ordinary shares are regularly traded.

**All prospective investors of New Ordinary Shares are urged to consult with their own tax advisers concerning the US federal income tax considerations associated with acquiring, owning and disposing of New Ordinary Shares in light of their particular circumstances.**

## **RISKS RELATING TO THE COMBINATION**

***The Combination is subject to the Conditions which may not be satisfied or waived***

Completion of the Combination is subject to the Conditions being satisfied (or, if permitted, waived) which include:

- approval of the resolution necessary to effect the Combination by Shareholders;
- approval of the resolution proposed at the Mucklow Court Meeting by the requisite majority of Scheme Shareholders;
- approval of the resolution necessary to implement the Scheme by the requisite majority of Mucklow Shareholders at the Mucklow General Meeting;
- the sanction of the Scheme by the Court;
- the FCA and the London Stock Exchange approving the admission of the New Ordinary Shares to the Official List and to trading on the Main Market; and
- delivery of the Court Order to the Registrar of Companies.

***A third party may have or be able to obtain a large enough shareholding in Mucklow to delay or prevent completion of the Combination***

Mucklow Ordinary Shares are freely traded on the Main Market. Although LondonMetric is not aware of the existence of any such shareholders as at the date of this document, it is possible that a shareholder with significant shareholding could use, or could threaten to use, its shareholding to vote against the Scheme when Mucklow shareholder consent is sought. Such an action could materially delay or prevent the implementation of the Scheme and the Combination and therefore deprive the parties of some or all of the anticipated benefits of the Combination.

***If the Combination completes, the integration of the Mucklow Group with the LondonMetric Group could result in operating difficulties and other adverse consequences***

If the Combination completes, the process of integrating Mucklow and its subsidiaries may create unforeseen operating difficulties and expenditures and pose management, administrative and financial challenges. Specifically, integrating operations and personnel and pre-completion or post-completion costs may prove more difficult and/or expensive than anticipated, thereby rendering the value of the Mucklow Group less than the value paid. The integration of the Mucklow Group may require significant time and effort on the part of the Company and the LondonMetric Group's management. The challenges of integrating the Mucklow Group may also be exacerbated by differences between LondonMetric's and Mucklow's operational and business culture, the need to implement cost cutting measures, difficulties in maintaining internal controls and difficulties in establishing control over cash flows and expenditures. Such difficulties in successfully integrating Mucklow could have an adverse effect on the Company's financial condition and results of operations.

***The Combined Group may fail to realise the business growth opportunities, revenue benefits, cost savings, operational efficiencies and other benefits anticipated from the Proposals***

The integration of the LondonMetric Group and the Mucklow Group will require investment of time and money and present a number of challenges. As described in paragraph 2 of Part 7 (Letter from the Chairman) of this document, the Board believe that these anticipated cost savings as well as other operating efficiencies and the business growth opportunities, revenue benefits and other benefits it expects to achieve by combining its operations with those of the Mucklow Group constitute an important addition to significant part of the business rationale for the Proposals. However, these expected business growth opportunities, revenue benefits, cost savings and other operational efficiencies and other benefits may not develop, for various reasons, including because the assumptions upon which the Board determined process of integration and potential costs savings may prove to be incorrect.

Under any of these circumstances, the business growth opportunities, revenue benefits, cost savings and other benefits anticipated by the Board to result from the Proposals may not be achieved as expected, or at all, or may be delayed, or may involve additional costs. To the extent that the LondonMetric Group incurs higher integration costs or achieves lower revenue benefits or fewer cost savings than expected, the Combined Group's operating results, and prospects and the price of the Ordinary Shares may suffer.

## **RISKS RELATING TO CAPITAL GROWTH AND DIVIDENDS**

***Future dividends will be dependent on the ability of the Combined Group to generate distributable reserves***

Any future dividends will depend upon a number of factors, including the availability of distributable reserves. The generation of profits for distribution depends on the successful management of the Combined Group's investments, the yields on existing and new properties, interest costs, taxes and profits on the development and sale of properties. The above circumstances could have a material adverse effect on the business, financial condition or results of the Combined Group.

If long term interest rates increase, the Company may not be able to meet future dividend expectations and the level of income or the prospect of income and capital growth will be reduced accordingly.

***Problems identifying and acquiring sufficient suitable properties within a reasonable time period could adversely impact capital growth and dividends***

There is no guarantee that the Combined Group will be able to acquire a sufficient number of suitable properties which will enable returns of capital and income returns to be achieved. Having excess uninvested cash may further affect the Combined Group's ability to achieve returns of capital and income returns.

The level of dividend and dividend growth on the Ordinary Shares will depend principally on income received from the underlying assets. The level of income of the Combined Group will be affected by the level of borrowings incurred by the Combined Group and the amount of income required to service interest payments on external borrowing.

As properties will continue to be selected and acquired by the Combined Group after Admission, it is currently difficult to calculate accurately the total acquisition and financing costs for the acquisition of such properties. In the event that the actual acquisition and financing costs exceed the anticipated costs, this may reduce the anticipated returns to Shareholders.

**RISKS RELATING TO ORDINARY SHARES**

***The market price of the Ordinary Shares may fluctuate widely and there may be limited liquidity in the Ordinary Shares***

The Company is unable to predict whether the Ordinary Shares issued will be able to be sold in the open market. Any sales of substantial amounts of Ordinary Shares in the public market, or the perception that such sales might occur, could materially adversely affect the market price of the Ordinary Shares.

The market price of the Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the stock market regarding the Ordinary Shares or securities similar to them (both in connection with the market approval of its current strategy or if the Combined Group's operating results and prospects from time to time are below the expectations of market analysts and investors) or in response to various facts and events, including any regulatory changes affecting the Combined Group's operations, half yearly or yearly operating results or business developments of the Combined Group or its competitors.

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including those referred to in this Section headed "Risk Factors", as well as stock market fluctuations and general economic conditions or changes in political sentiment that may adversely affect the market price of the Ordinary Shares, regardless of the Combined Group's actual performance or conditions in their key markets.

***LondonMetric Shareholders will experience dilution in their ownership of the Company***

The unavoidable effect of the Combination becoming Effective will be a reduction in the proportionate ownership and voting interests in LondonMetric of existing LondonMetric Shareholders (who are not also Mucklow Shareholders). Assuming that the maximum number of New Ordinary Shares are issued to Mucklow Shareholders, each LondonMetric Shareholder will be diluted by up to approximately 16.5 per cent.

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

If the Company elects to increase its capital it may require further equity financing, which may be dilutive to the Company's existing Shareholders. The Company may also issue new shares in the future pursuant to a share option plan, which may dilute Shareholders' equity.

***There is no guarantee that net asset value and market price are directly correlated***

There is no guarantee that the market price of the Ordinary Shares will reflect fully the underlying value of the assets held by the LondonMetric Group and, following the Combination, the Combined Group. As well as being affected by the underlying value of the assets held, the market value of the Ordinary Shares will, amongst other factors, be influenced by their dividend yield and the supply and demand for the Ordinary Shares in the market. As such, the market value of the Ordinary Shares may vary considerably from the



underlying value of the LondonMetric Group's and, following the Combination, the Combined Group's assets.

***Shareholders outside the United Kingdom may not be able to participate in future equity offerings***

The Companies Act provides for pre-emptive rights to be granted to LondonMetric Shareholders, unless such rights are disapplied by a special resolution in accordance with the Articles. However, the securities laws of certain jurisdictions may restrict the Company's ability to allow the participation of LondonMetric Shareholders in future offerings. In particular, LondonMetric Shareholders in the United States may not be entitled to exercise those pre-emptive rights unless a registration statement under the US Securities Act is declared effective with respect to those rights, or an exemption from the registration requirements under the US Securities Act is otherwise available. The Company does not intend to file any such registration statement, and the Company cannot assure prospective US investors that any exemption from the registration requirements under the US Securities Act or applicable non US securities law would be available to enable US or other non-UK holders to exercise such pre-emption rights or, if available, that the Company will utilise any such exemption. Any LondonMetric Shareholder who is unable to participate in future equity offerings may suffer dilution.

***There will be no public market for the Ordinary Shares in the United States or elsewhere outside the United Kingdom***

Following Admission, there will be no public market for the Ordinary Shares, including the New Ordinary Shares, in the United States or elsewhere outside the United Kingdom. The New Ordinary Shares have not been, and will not be, registered under the US Securities Act or any state securities laws of the United States and will be subject to significant restrictions on resale in the United States. The Company does not intend to apply for listing of the Ordinary Shares on a securities exchange or automated quotation system in the United States or elsewhere outside the United Kingdom. As a consequence, an active trading market is not expected to develop for the Ordinary Shares outside the United Kingdom and investors outside the United Kingdom may not be able to sell them at an acceptable price or at all.

## **PART 6**

### **IMPORTANT INFORMATION**

#### **1. TO VOTE ON THE RESOLUTION**

Whether or not you plan to attend the LondonMetric General Meeting in person, please either:

1. complete a Form of Proxy in accordance with the instructions printed on the Form of Proxy and return it to Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4TU so that it is received by Link Asset Services no later than 10.30 a.m., on 18 June 2019;
2. appoint a proxy electronically by logging on to [www.signalshares.com](http://www.signalshares.com) and following the procedures on the website, so that it is received by Link Asset Services by no later than 10.30 a.m., on 18 June 2019; or
3. if you hold Ordinary Shares in CREST and wish to appoint a proxy utilising the CREST electronic proxy appointment service, complete and transmit a CREST Proxy Instruction in accordance with the procedures described in the CREST Manual, so that it is received by LondonMetric's agent (ID RA10) by no later than 10.30 a.m., on 18 June 2019.

The completion and return of the completed Form of Proxy, electronic submission of your proxy or transmission of a CREST Proxy Instruction, will not prevent you from attending the LondonMetric General Meeting and voting in person (in substitution for your proxy vote) if you so wish and are so entitled.

A summary of the action to be taken by the Shareholders is set out in Part 7 (Letter from the Chairman) and Part 18 (Notice of General Meeting) of this document.

#### **2. DEFINITIONS**

Capitalised terms have the meanings ascribed to them in Part 17 (Definitions) of this document.

#### **3. INCORPORATION BY REFERENCE**

Certain information in relation to the Combined Group has been incorporated by reference into this document. Please see Parts 11 to 14 of this document.

#### **4. NO INCORPORATION OF WEBSITES**

Save where expressly stated in this document, none of the content of LondonMetric's website [www.londonmetric.com](http://www.londonmetric.com) or Mucklow's website [www.mucklow.com](http://www.mucklow.com) forms part of this document.

#### **5. FORWARD-LOOKING STATEMENTS**

This document includes statements that are, or may be deemed to be, "forward- looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "projects", "assumes", "expects", "intends", "may", "will", "would" or "should", or in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Combined Group's result of operations, financial condition, prospects, growth strategies and the industries in which the Combined Group operates. By their nature, forward- looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including without limitation: conditions in the markets, market position of the Company, earnings, financial position, return on capital, anticipated investments and capital expenditures, changing business or other market conditions and general economic conditions. These and other factors could adversely affect the



outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this document based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to the Company's continuing obligations under the Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Rules, the Company undertakes no obligation to update publicly or revise any forward looking statement whether as a result of new information, future events or otherwise. None of these statements made in this document in any way obviates the requirements of the Company to comply with the Listing Rules, Prospectus Rules, the Disclosure Guidance and Transparency Rules or the FSMA.

## **6. GENERAL NOTICE**

Nothing contained in this document and/or the Form of Proxy is intended to constitute investment, legal, tax, accounting or other professional advice. This document is for your information only and, except as explicitly stated otherwise, nothing in this document is intended to endorse or recommend a particular course of action. Each prospective investor should consult his, her or its legal adviser, financial adviser or tax adviser for advice.

## **7. OVERSEAS SHAREHOLDERS**

The availability of New Ordinary Shares issued pursuant to the Combination to persons resident in, or citizens of, jurisdictions outside the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons not resident in the United Kingdom should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas Mucklow Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection with the Combination, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

This document has been prepared for the purposes of complying with English law, the Prospectus Rules and the Listing Rules and the information disclosed in the document may not be the same as that which would have been disclosed if the document had been prepared in accordance with the laws of any other jurisdiction. The New Ordinary Shares to be issued pursuant to the Combination have not and will not be registered under the relevant securities laws of any jurisdiction other than the United Kingdom. Accordingly, subject to certain exceptions, the New Ordinary Shares may not be offered, sold, resold or delivered directly or indirectly in or into a Restricted Jurisdiction (namely Canada, Australia, Japan, the Republic of South Africa, New Zealand, Israel, Norway and Switzerland and any other jurisdiction where the relevant action would constitute a violation of the relevant laws and regulations of such jurisdiction or would result in a requirement to comply with any governmental or other consent or any registration, filing or other formality which LondonMetric or Mucklow regards as unduly onerous).

Due to restrictions on Restricted Overseas Persons holding New Ordinary Shares, LondonMetric may, in its sole discretion, determine that either: (a) any New Ordinary Shares issued to a Restricted Overseas Person be sold, in which event the relevant New Ordinary Shares shall be issued to such holder and LondonMetric shall appoint a person to procure that such shares be sold on behalf of such holder; or (b) that such New Ordinary Shares shall not be issued to such holder but shall instead be issued to a nominee for such holder who shall sell the New Ordinary Shares so issued.

## **8. UNITED STATES CONSIDERATIONS**

US holders of Mucklow Ordinary Shares should note that the Combination relates to the securities of an English company with a listing on the London Stock Exchange and is proposed to be implemented pursuant to a scheme of arrangement provided for under English law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Combination will be subject to procedural and disclosure requirements and practices applicable to a scheme of arrangement involving a target company in England listed on the London Stock Exchange, which are different from the disclosure requirements of the US tender offer and proxy solicitation rules. If in the future the Company exercises its right to implement the Combination by way of a Takeover Offer, such Takeover Offer will be made in compliance with all applicable laws and regulations, including,

without limitation, to the extent applicable, Section 14(e) of the US Exchange Act and Regulation 14E thereunder, and subject, in the case of participation by Mucklow Shareholders resident in the United States, to the availability of an exemption (if any) from the registration requirements of the US Securities Act and of the securities laws of any state or other jurisdiction of the United States. Such Takeover Offer would be made by the Company and no one else. In addition to any such Takeover Offer, the Company, certain affiliated companies and the nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, shares in Mucklow outside such Takeover Offer during the period in which such Takeover Offer would remain open for acceptance. If such purchases or arrangements to purchase were to be made, they would be made outside the United States and would comply with applicable law, including the US Exchange Act. Any information about such purchases will be disclosed as required in the United Kingdom, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website: <http://www.londonstockexchange.com>.

The financial information included in this document and other documentation related to the Combination has been or will have been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The New Ordinary Shares to be issued pursuant to the Combination have not been registered under the US Securities Act or under any laws or with any securities regulatory authority of any state or other jurisdiction of the United States and may only be offered or sold in the United States in reliance on an exemption from the registration requirements of the US Securities Act. The New Ordinary Shares are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. Mucklow Shareholders (whether or not US persons) who are or will be affiliates (within the meaning of the US Securities Act) of the Company or Mucklow prior to, or of the Combined Group after, the Effective Date will be subject to certain US transfer restrictions relating to the New Ordinary Shares received pursuant to the Combination.

Under US securities laws, persons who are or will be deemed to be affiliates (as defined under the US Securities Act) of the Company or Mucklow prior to or of the Combined Group after the Effective Date may be subject to timing, manner of sale and volume restrictions on the resale in the United States of New Ordinary Shares received pursuant to the Combination. Whether a person is an “affiliate” of a company for such purposes depends upon the circumstances, but an “affiliate” of a company includes a person that directly, or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, that company, and may include certain officers and directors and significant shareholders of the Company and Mucklow. Mucklow Shareholders who believe they may be affiliates for the purposes of the US Securities Act should consult their own legal advisers prior to any resale of New Ordinary Shares received under the Combination.

For the purposes of qualifying for the exemption from the registration requirements of the US Securities Act afforded by Section 3(a)(10) thereunder, Mucklow will advise the Court that its sanctioning of the Scheme will be relied on by the Company as an approval of the Scheme following a hearing on the fairness of the terms and conditions of the Scheme to Mucklow Shareholders, at which hearing all such shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all such shareholders.

Neither the SEC nor any US state securities commission has approved or disapproved of the New Ordinary Shares to be issued in connection with the Combination or passed judgment upon the fairness or the merits of the Combination or determined if this document is accurate or complete. Any representation to the contrary is a criminal offence in the United States.

It may be difficult for US holders of Mucklow Ordinary Shares to enforce their rights and claims arising out of the US federal securities laws since the Company and Mucklow are organised in countries other than the United States and some or all of their officers and directors may be residents of, and some or all of their assets may be located in, jurisdictions other than the United States. US holders of Mucklow Ordinary Shares may have difficulty effecting service of process within the United States upon those persons or recovering against judgments of US courts, including judgments based upon the civil liability provisions of the US

federal securities laws. US holders of Mucklow Ordinary Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment. Shareholders in the United States should be aware that completion of the Combination, issuance of the New Ordinary Shares and the other Proposals described herein may have tax consequences to shareholders in the United States that are different from those applicable to shareholders in the United Kingdom or elsewhere. This document does not address any United States federal or state income tax consequences of the Combination, the issuance of the New Ordinary Shares or any of the other Proposals.

The Combined Group may be treated as a PFIC for US federal income tax purposes, which could have adverse consequences on US investors. The Combined Group has not definitively determined whether it was a PFIC for any prior taxable year. Prospective investors should assume that a "qualified electing fund" election, which, if made, could serve as an alternative to the general PFIC rules and could reduce any adverse consequences to US taxpayers if the Combined Group were to be classified as a PFIC, will not be available because the Combined Group does not expect to provide the information needed to make such an election. A "mark-to-market" election may be available, however, if the Combined Group's ordinary shares are regularly traded. All prospective purchasers of New Ordinary Shares are urged to consult with their own tax advisers concerning the US federal income tax considerations associated with acquiring, owning and disposing of New Ordinary 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. All shareholders should consult their own tax advisors with respect to their own particular circumstances.

## **9. ACCOUNTING CONSIDERATIONS**

### **Accounting year ends**

LondonMetric's financial year ends on 31 March and Mucklow's financial year ends on 30 June. It is intended that the consolidated financial reports for the Combined Group will have an accounting financial year ending on 31 March each year.

### **Sources of financial information**

In this document unless otherwise stated:

- financial information relating to LondonMetric has been extracted unless otherwise stated, without material adjustment, from the audited historical financial information referred to in Part 11 (Historical Financial Information on the LondonMetric Group) of this document for the financial years ended 31 March 2019, 31 March 2018 and 31 March 2017 prepared in accordance with IFRS;
- the summary cash flow statements for the years ending 31 March 2017 and 31 March 2018 reflect the amended comparatives extracted from the audited consolidated financial statements in the following year to 31 March 2018 and 31 March 2019 respectively;
- financial information relating to Mucklow has been extracted unless otherwise stated, without material adjustment, from the audited historical financial information referred to in Part 13 (Historical Financial Information on the Mucklow Group) of this document for the financial years ended 30 June 2018, 30 June 2017 and 30 June 2016 prepared in accordance with IFRS and the unaudited consolidated financial statements contained in the half-yearly reports of the Mucklow Group for the six months ended 31 December 2018 and 31 December 2017, prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU; and
- where information has been sourced from a third party, LondonMetric confirms that the information has been accurately reproduced and, as far as LondonMetric is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been used, the source of such information has been identified wherever it appears in this document.

### **Pro forma financial information relating to the Combined Group**

In this document, any reference to pro forma financial information is to information which has been extracted without material adjustment from the unaudited pro forma financial information contained in Part 14 (Unaudited Pro Forma Financial Information of the Combined Group).

### **10. MARKET AND INDUSTRY DATA**

This Prospectus includes market and industry data that the Company has obtained from industry publications. As noted in this Prospectus, the Company has obtained market and industry data relating to LondonMetric Group's business from the following providers of industry data:

- Knight Frank: Investment Yield Guides, published in December 2016 and December 2018;
- Colliers International: UK Research & Forecast Report: REIF IN BRIEF Q4, published in 2018;
- CBRE: Logistics: The Property Perspective, published in 2018;
- JLL: The UK Big Box Industrial and Logistics Market, published in January 2019;
- CBRE: UK Real Estate Market Outlook, published in 2019;
- Savills: UK Retail Warehousing Report, published in Spring 2019;
- IGD: UK Convenience Channel Forecast, July 2018;
- Kantar Worldpanel: Great British Grocery Market Share, April 2019 and January 2015;
- Capital Economics: UK Commercial Property Outlook, February 2019; and
- Global Data: E-retail in the UK 2018-2023, November 2018.

The Company confirms that information sourced from third parties has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published from third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## PART 7

### LETTER FROM THE CHAIRMAN

#### LONDONMETRIC PROPERTY PLC

*(a public limited company incorporated and registered in England and Wales  
with registered company number 07124797)*

*Directors:*

Patrick Vaughan (*Chairman*)  
Andrew Jones (*Chief Executive*)  
Martin McGann (*Finance Director*)  
Mark Stirling (*Asset Director*)  
Valentine Beresford (*Investment Director*)  
Robert Fowlds (*Non-executive Director and Senior Independent Director*)  
Suzanne Avery (*Non-executive Director*)  
James Dean (*Non-executive Director*)  
Andrew Livingston (*Non-executive Director*)  
Roselyn Wilton (*Non-executive Director*)

*Registered Office:*

1 Curzon Street  
London W1J 5HB

30 May 2019

Dear LondonMetric Shareholder

**Recommended offer for the entire issued and to be issued ordinary share capital of  
A&J Mucklow Group Plc to be implemented by way of Scheme of Arrangement under  
Part 26 of the Companies Act 2006**

#### 1. INTRODUCTION

On 23 May 2019, the Boards of LondonMetric and Mucklow jointly announced that they had reached agreement on the terms of a recommended merger pursuant to which LondonMetric will acquire the entire issued and to be issued ordinary share capital of Mucklow (the “**Combination**”). The Combination is to be effected by means of a scheme of arrangement between Mucklow and Mucklow Shareholders under Part 26 of the Companies Act.

In view of the size of the Combination, it is deemed a Class 1 acquisition under the Listing Rules and a purpose of this document is to provide LondonMetric Shareholders with information on Mucklow and to requisition a meeting of the LondonMetric Shareholders to approve the Combination.

It is intended that the consideration payable by LondonMetric to Mucklow Shareholders in connection with the Combination, which is subject to the Conditions, will be satisfied by a combination of cash and the issue of New Ordinary Shares to Mucklow Shareholders. Under the terms of the Combination, Mucklow Shareholders will be entitled to receive:

#### **2.19 New Ordinary Shares and 204.5 pence in cash for each Mucklow Ordinary Share**

resulting in Mucklow Shareholders owning 16.5 per cent. and LondonMetric Shareholders owning 83.5 per cent. of the Enlarged Share Capital.

On the basis of the Closing Price per Ordinary Share of 205.8 pence on 22 May 2019, being the last Business Day prior to the commencement of the Offer Period, the Combination values each Mucklow Ordinary Share at 655.2 pence and the entire issued and to be issued share capital of Mucklow at approximately £414.7 million.



The Combination represents a premium of approximately:

- 19.7 per cent. to the Closing Price per Mucklow Ordinary Share of 547.5 pence on 22 May 2019 (being the last Business Day prior to commencement of the Offer Period);
- 28.0 per cent. to the three-month volume weighted average price per Mucklow Ordinary Share of 512.0 pence (being the volume weighted average Closing Price for the three-month period ended on 22 May 2019, being the last Business Day prior to commencement of the Offer Period); and
- 11.4 per cent. to the rolled-forward Mucklow NAV per Mucklow Ordinary Share of 588 pence (being Mucklow's EPRA NAV as at 31 December 2018 of £363.3 million (572 pence per Mucklow Ordinary Share) plus valuation uplift on Mucklow's portfolio of £10 million (16 pence per Mucklow Ordinary Share) between 31 December 2018 and 30 April 2019.

The Mucklow Shareholders' entitlement under the terms for the Combination have been based on a NAV-for-NAV valuation approach, which reflects the historical performance of the Mucklow business and its future prospects.

The offer made to effect the Combination relates only to the Mucklow Ordinary Shares and does not extend to the Mucklow Preference Shares, for which no offer is being made by LondonMetric. Following completion of the Combination, LondonMetric intends to undertake a review to evaluate the extent to which maintaining the Mucklow Preference Shares in issue as an additional class of listed securities of Mucklow remains appropriate in the context of the Combined Group and, as a result, whether a separate offer or other form of corporate action may be undertaken by LondonMetric in respect of the Mucklow Preference Shares at a later date. Holders of the Mucklow Preference Shares should note that any offer, if made, would not be subject to the provisions of the Code.

The Combination will include a Mix and Match Facility so that eligible Mucklow Shareholders (other than Restricted Overseas Persons) may seek, subject to availability, to vary the proportion of cash and New Ordinary Shares they receive in respect of their holdings of Mucklow Ordinary Shares, subject to equal and opposite elections being made by other Mucklow Shareholders. The total number of New Ordinary Shares to be issued and the total cash consideration to be paid pursuant to the Combination will not change.

The Combination is subject to the conditions described in paragraph 9 of this Part 7. The Scheme Document was published on the same date as this document. It is expected that the Mucklow Court Meeting and the Mucklow General Meeting will be held on 20 June 2019 and that the Scheme will become effective on 27 June 2019 and the Proposals completed by the end of 28 June 2019.

LondonMetric is required to comply with the provisions of Chapter 10.5 of the Listing Rules in relation to the Combination and therefore seeks the approval of Shareholders pursuant to the Listing Rules.

This document constitutes a circular prepared in compliance with the Listing Rules of the FCA for the purposes of the LondonMetric General Meeting convened pursuant to the Notice of General Meeting contained at the end of this document. This document is also a prospectus relating to the issue of the New Ordinary Shares in connection with the Combination prepared in accordance with the Prospectus Rules and approved by the FCA.

The LondonMetric General Meeting has been convened for 10.30 a.m. on 20 June 2019 at the offices of CMS Cameron McKenna Olswang LLP at Cannon Place, 78 Cannon Street, London EC4N 6AF at which the Resolution will be proposed. An explanation of the Resolution to be proposed at the meeting is set out in paragraph 16 of this Part 7.

The Board unanimously considers that the Proposals are in the best interests of LondonMetric and its Shareholders and recommends that Shareholders vote in favour of the Resolution to be proposed at the LondonMetric General Meeting, as they have irrevocably undertaken to do in respect of their own beneficial holdings to the extent they are permitted to vote on the Resolution.

The Mucklow Board has similarly recommended to Mucklow Shareholders that Mucklow Shareholders vote in favour of the Scheme at the Mucklow Court Meeting and vote in favour of the resolution at the Mucklow

General Meeting as they have irrevocably undertaken to do in respect of their own beneficial holdings of Mucklow Ordinary Shares.

I am writing to give you details of the Proposals, including the background to and reasons for them, to explain why your Board considers the Proposals to be in the best interests of LondonMetric and its Shareholders and to seek your approval of the Resolution.

## **2. BACKGROUND TO AND REASONS FOR THE PROPOSALS**

LondonMetric's objective is to own and manage desirable real estate that can deliver reliable, repetitive and growing income-led total returns and outperform over the long term.

Over a number of years, LondonMetric has successfully re-positioned its portfolio away from operational retail, office and residential property towards sectors with sustainable and growing income that benefit from structural shifts and changing consumer shopping habits namely distribution, long income and convenience-led retail property.

Distribution warehousing has grown to represent 72.5 per cent. of LondonMetric's portfolio and, driven by the growth in online shopping, the supply and demand dynamics in this sector have helped LondonMetric to deliver strong income led total returns. Over a six year period to 31 March 2019, LondonMetric has more than doubled net rental income and EPRA earnings per share whilst delivering a total accounting return of 102 per cent. Total shareholder return over the same period was 156 per cent., compared to 57 per cent. for the FTSE 350 Real Estate Super Sector.

Similarly, Mucklow has built a portfolio focused on distribution and industrial assets, delivering strong property and shareholder returns with a similar focus on income and income growth. The LondonMetric Directors believe that the Combination will enable LondonMetric to grow its distribution and urban logistics portfolio further, accelerate active asset management opportunities across the Mucklow portfolio, combine management expertise, increase scale and deliver enhanced income-led shareholder returns.

More specifically, the Combination has a number of attractions for LondonMetric, including as follows:

### ***Access to a complementary portfolio, focused on urban logistics***

The Combination provides LondonMetric with access to a substantial portfolio of distribution and industrial assets materially expanding LondonMetric's footprint without incurring normal purchaser costs that would have arisen on a typical asset acquisition. The transaction will add 3.2 million square feet of distribution space and provides significant upside to deliver future stakeholder value. As at 30 April 2019, approximately 70 per cent. of Mucklow's £453 million portfolio was in the distribution and industrial sectors. The LondonMetric Directors estimate the Combination would increase LondonMetric's end-to-end logistics platform to approximately £1.65 billion and its total portfolio to approximately £2.3 billion.

Furthermore, the majority of Mucklow's assets are focused on urban logistics (as derived from the reclassification of Mucklow assets into LondonMetric's asset classes using LondonMetric's criteria), a segment that has been a strategic priority for LondonMetric where it has grown its exposure significantly as it has sought to position its portfolio towards locations where there is strong competition from more valuable land uses and superior income growth. Urban logistics, typically comprising smaller size warehousing up to 100,000 square feet and located close to major conurbations, has been the strongest performing distribution sub sector over the last few years and, in the LondonMetric Directors' view, is expected to continue to outperform. The LondonMetric Directors estimate the Combination would increase LondonMetric's urban logistics exposure from £0.5 billion to £0.8 billion (including Mucklow's multi-let industrial portfolio), representing 35 per cent. of the enlarged portfolio and up from 27 per cent. at 31 March 2019.

The LondonMetric Directors estimate a further 14 per cent. of Mucklow's portfolio is in long income assets, which have a WAULT of 14.1 years and are let to strong occupiers mainly consisting of Costco, Dunelm and Safestore. Long income continues to be an attractive long term segment of the real estate market and will complement LondonMetric's exposure in this area, which together with the convenience and leisure portfolio currently represents 22 per cent. of LondonMetric's portfolio.



***Access to attractive assets, located in strong locations that can deliver reliable and growing income as well as value growth***

As at 31 December 2018, Mucklow's investment portfolio was 97.6 per cent. occupied, had an average WAULT of 7.2 years and was let at an average rent of £6.90 per square foot, generating £26.1 million per annum of rental income. This passing income compares to an ERV of £7.50 per square foot, with an implied reversion of £2.3 million (8.7 per cent.). As at 30 April 2019, the portfolio consisted of 64 investment assets let to a diverse number of quality occupiers across a broad range of sectors with the top ten occupiers only accounting for approximately 25 per cent. of total rental income and only Costco, at 5.9 per cent., accounting for more than 5 per cent. The NIY on the portfolio is 5.4 per cent., compared to LondonMetric's 31 March 2019 NIY of 4.7 per cent..

The Mucklow portfolio also includes an attractive short cycle development pipeline of which 135,000 square feet is currently under construction and expected to generate income (subject to lettings) of approximately £1.0 million following practical completion in autumn 2019. Furthermore, there is over 0.4 million square feet in the pipeline, with further redevelopment opportunities also in the existing portfolio.

Mucklow's top five assets account for approximately 25 per cent. of total portfolio value with an average square footage per site of approximately 147,300. Approximately 86 per cent. of Mucklow's portfolio is located in the Midlands, predominantly the West Midlands with a focus on Birmingham and surrounding areas, with the remainder located in London and the South East. The West Midlands is one of the UK's premier distribution and industrial locations, strategically positioned to benefit from good infrastructure and strong transport networks serving the second largest conurbation in the UK.

Over the last five years, the West Midlands has seen average annual take up of 15 million square feet, the largest of any region in the UK. Prime rents have risen by approximately 27 per cent. since 2012 which is marginally behind the approximately 31 per cent. rental growth in London, the best performing region. Over 2018, rents in Birmingham grew by 7 per cent. and strong demand is resulting in continued upward pressure on rents. Supply of small and medium box warehousing (up to 50,000 square feet) in the West Midlands has fallen to its lowest level for seven years, which is less than a third of its peak level in 2012 and is equivalent to just 1.1 years of demand, below the UK's average of 1.5 years.

Based on the location, quality and valuation of Mucklow's portfolio, the LondonMetric Directors believe that Mucklow's assets are highly attractive and have the potential to deliver reliable, predictable and growing income. The Combined Group will have a 79 per cent. weighting to the two largest UK conurbations and regions (the South East and Midlands) with increased income diversification, as demonstrated by LondonMetric's top ten tenant exposure falling from 51 per cent. to 39 per cent. and an average WAULT of 11.3 years. Furthermore, with an equivalent yield on Mucklow's portfolio of 6.1 per cent. (as at 31 December 2018) the LondonMetric Directors believe that the portfolio offers good asset management potential to capture organic rental growth, increase the portfolio's security of income and enhance values over the medium term.

***Good strategic fit and operational efficiencies***

As part of succession planning for its business, Mucklow has been looking to recruit a new Chief Executive and restructure its management team to prepare for the longer term. The Combination addresses these succession issues. The Combined Group will benefit from enhanced management expertise, which could accelerate the asset management and development potential in the combined portfolio.

LondonMetric and Mucklow have conducted a general review of the operations, assets and employees of the other and this has led to the identification of potential synergies resulting from the Combination.

***Further enhancement of LondonMetric's investment case***

The Combination potentially increases the attractiveness of the LondonMetric Group to equity investors as a result of:

- the increased scale of the LondonMetric business and, based on share prices as at 28 May 2019 (being the latest practicable date prior to publication of this document), an increase in its market capitalisation from £1,418.1 million to £1,698.7 million;

- a further reduction in the LondonMetric Group's EPRA cost ratio which, at 15.0 per cent. as at 31 March 2019, is already one of the lowest in the sector;
- the Combination is expected to be immediately earnings accretive through economies of scale and cost efficiencies, with rental reversion and portfolio initiatives expected to deliver further benefits, leading to material enhancement of earnings and dividend progression over the medium term; and
- the Combined Group will continue to operate with a conservative level of leverage and should benefit from a lower cost of borrowing in the future as it draws down on cheaper financing available under its Syndicated Revolving Facility.

In assessing the terms of the Combination, the Mucklow Directors considered the value and prospects of Mucklow's business and the potential medium term value of Mucklow Ordinary Shares on a standalone basis, the potential financial and strategic benefits resulting from a combination of Mucklow and LondonMetric, and the potential prospects and value of the Combined Group. Whilst Mucklow has a clear strategy to deliver shareholder value and the Mucklow Directors believe Mucklow would have a strong independent future, the Mucklow Directors consider that the Combination provides shareholders with value at a level which adequately recognises Mucklow's growth potential:

- the Combination represents a material premium of approximately 19.7 per cent. to the Closing Price per Mucklow Share of 547.5 pence on 22 May 2019 (being the last Business Day prior to commencement of the Offer Period) and a premium of 11.4 per cent. on the rolled-forward Mucklow NAV per Mucklow Ordinary Share (being Mucklow's EPRA NAV as at 31 December 2018 of £363.3 million (572 pence per Mucklow Ordinary Share) plus valuation uplift on Mucklow's portfolio of £10 million (16 pence per Mucklow Ordinary Share) between 31 December 2018 and 30 April 2019;
- the Combination allows Mucklow Shareholders to crystallise a significant portion of their investment in cash, with the Mix and Match Facility enabling Mucklow Shareholders to elect to vary the proportion in which they receive cash;
- the Mucklow Directors consider that the share element of the Combination should create value for Mucklow Shareholders through increased share liquidity, access to a wider pool of equity investors and financing efficiencies; and
- the Mucklow Directors recognise the benefits of being part of a larger, more resilient company with a similar focus on income and income growth as Mucklow, delivering enhanced income-led total returns for its shareholders driven by a progressive dividend policy (pro forma combined earnings yield of 5.3 per cent. and dividend cover of 1.07x based on LondonMetric's 31 March 2019 and Mucklow's 30 June 2018 full year results).

### **3. INFORMATION ON LONDONMETRIC**

LondonMetric is a public limited company incorporated in England and Wales and is the holding company of the LondonMetric Group. The LondonMetric Group is a UK-REIT group that invests in commercial property, namely distribution, long income property and convenience-led retail in the UK. The LondonMetric Group's objective is to own and manage desirable real estate that can deliver reliable, repetitive and growing income-led total returns and outperform over the long term.

As at 28 May 2019 (being the last practicable date prior to publication of this document), LondonMetric had a market capitalisation of £1,418.1 million and, as at 31 March 2019, had a NAV of £1,216.8 million and a NAV per Ordinary Share of 174.7 pence (174.9 pence calculated in accordance with EPRA guidelines).

As at 31 March 2019, the LondonMetric Group, including its share of joint ventures, had investment property assets of £1,846.2 million and in the financial year to 31 March 2019, the LondonMetric Group reported a consolidated profit of £119.7 million.

LondonMetric was admitted to the premium segment of the Official List and to trading on the Main Market of the London Stock Exchange on 1 October 2010. The LondonMetric Group was formed out of a merger between London & Stamford Property Plc and Metric, which completed on 25 January 2013.

The LondonMetric Group has a highly experienced management team which includes Andrew Jones, Martin McGann, Valentine Beresford, Mark Stirling and Andrew Smith, who form the Executive Committee. Patrick Vaughan, as non-executive chairman has been involved in a number of listed and unlisted property companies and funds since 1970, including Arlington Securities Plc and Pillar Property Plc.

On 23 May 2019, LondonMetric declared the LondonMetric Fourth Quarter Dividend of 2.5 pence per LondonMetric Ordinary Share, which will be paid on 11 July 2019 to LondonMetric Shareholders on the register of members on 7 June 2019.

#### **4. INFORMATION ON MUCKLOW**

Mucklow is a public limited company incorporated in England and Wales and is the holding company of the Mucklow Group. The Mucklow Group is a UK-REIT that invests in commercial property within the UK, predominately in logistics and distribution, offices, industrial real estate assets. The Mucklow Group's long-term objective is focused on acquiring a quality portfolio of modern, income producing properties, providing strong income-led total returns with the potential for long term capital growth.

As at 28 May 2019 (being the last practicable date prior to publication of this document), Mucklow had a market capitalisation of £401.9 million and, as at 31 December 2018, had net assets of £361.8 million and an unaudited NAV per Ordinary Share of 572 pence (572 pence calculated in accordance with EPRA guidelines).

As at 31 December 2018, the Mucklow Group had investment property assets of £443.3 million and, in the six months to 31 December 2018, the Mucklow Group made a consolidated profit of £17.2 million. As at 30 April 2019, the Mucklow Group investment property assets were valued at £453 million, an uplift on the 31 December 2018 valuation of £10 million.

Mucklow was founded in 1933 and has been listed on the Official List and admitted to trading on the Main Market since 4 April 1962 and has been a UK-REIT since 2007. The Mucklow Group's primary sector focus is industrial and its geographic focus is in the Midlands region.

#### **5. INTENTIONS OF THE COMBINED GROUP**

Following completion of the Combination, the Combined Group will look to own and manage UK property, specialising in distribution warehousing, long income and convenience-led retail. The Combined Group will seek to deliver reliable, repetitive and growing income-led total returns that outperform over the long term through its programme of active asset management and capital recycling.

##### ***Board, management and employees***

LondonMetric and Mucklow recognise the importance of the skills and experience of the existing management and employees of Mucklow. Following completion of the Combination it is intended that the existing employment rights, including pension rights, of the management and employees of the Combined Group will be fully safeguarded. The Chairman and Chief Executive and the Non-Executive Directors of Mucklow will step down from the Combined Group upon completion of the Combination. The Finance Director of Mucklow will remain with the Combined Group for a short period following the Combination to ensure an orderly handover.

Following completion of the Combination, certain reporting functions which exist in relation to Mucklow's status as a premium-listed publicly traded company will no longer be required or will be reduced in size, reflecting the new structure within the Combined Group, which might result in limited rationalisation of employee roles. There is no further intention to make any material changes to the conditions of employment or the balance of skills and functions of the employees and management of the Mucklow Group or the

LondonMetric Group, and, other than as set out below, no other material changes to Mucklow's current headcount are expected.

Save in respect of the current accumulation period of the Mucklow Share Incentive Plan 2014 which is due to end on 31 October 2019, LondonMetric has not entered into, and has not had discussions on proposals to enter into, any form of incentivisation arrangements with members of Mucklow's management and no such discussions are expected to take place prior to the Combination becoming Effective. Existing participants in the Mucklow Share Incentive Plan 2014 who are making partnership share contributions in respect of the current accumulation period will be entitled to continue making contributions and, following the end of the such period, will receive an award of partnership shares and matching shares in the form of Ordinary Shares in accordance with the terms of the Mucklow Share Incentive Plan 2014 and their relevant partnership share agreement. Other than the Ordinary Shares to be awarded at the end of the current accumulation period, there shall be no further awards made under the Mucklow Share Incentive Plan 2014.

### ***Pensions***

The LondonMetric Board does not intend to make any material changes with regard to employer contributions into Mucklow's existing defined contribution pension schemes (unless required to do so in order to comply with applicable legislation). Any future members of these defined contribution pension schemes would be able to participate on the same basis as existing members.

### ***Places of business, headquarters and other matters***

Immediately following completion of the Combination, the Combined Group will continue to operate both LondonMetric and Mucklow offices located in London and Halesowen, respectively. The LondonMetric Board intends to undertake a review of the combined property portfolio, which it expects to result in some portfolio rationalisation over time. This rationalisation, if undertaken, would be expected to result in the reduced operation of the Halesowen office, which might result in additional headcount reduction to that set out above.

The headquarters and headquarters function of the Combined Group will be at LondonMetric's offices in London. The LondonMetric Board does not envisage any other changes with respect to the redeployment of Mucklow's existing material fixed assets. Mucklow does not have a research and development function.

### ***Dividends***

#### ***Mucklow dividends***

On 12 February 2019, Mucklow announced its first and second quarterly interim dividends in respect of the periods June to September 2018 (the "**Mucklow First Quarterly Interim Dividend**") and October to December 2018 (the "**Mucklow Second Quarterly Interim Dividend**") each of 5.24 pence per Mucklow Ordinary Share. The Mucklow First Quarterly Interim Dividend was paid on 15 April 2019. The Mucklow First Quarterly Interim Dividend was paid on 15 April 2019. The Mucklow Second Quarterly Interim Dividend, which was due to be paid on 15 July 2019 to Mucklow Shareholders on the register of members on 14 June 2019, will now be paid on 26 June 2019 to Mucklow Shareholders on the register of members on 7 June 2019. Mucklow Shareholders will be entitled to receive and retain the Mucklow Second Quarterly Interim Dividend in full.

In addition if (i) the Effective Date has not occurred by the Long-stop Date and (ii) the Long-stop Date is extended beyond Mucklow's customary quarterly dividend record date, Mucklow Shareholders will also be entitled to receive any quarterly dividend announced, declared or paid by Mucklow in respect of such period in the ordinary course and consistent with past practice of Mucklow as to timing and amount. Any dividend that is permissible under this criteria is a "**Mucklow Permitted Dividend**".

Other than any Mucklow Permitted Dividend, if any dividend or other distribution is authorised, declared, made or paid in respect of Mucklow Ordinary Shares on or after the date of this announcement and with a record date on or before the Effective Date, LondonMetric reserves the right to reduce the consideration payable for each Mucklow Share under the Combination accordingly by reference to the amount per

Mucklow Share of all or part of any such dividend or other distribution, and the cash element will be reduced first on a pence for pence basis.

To the extent that such a dividend or distribution has been declared but not paid prior to the Effective Date, and such dividend or distribution is cancelled, then the Offer Price shall not be subject to change in accordance with this paragraph.

Any exercise of rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Combination.

#### *LondonMetric dividends*

LondonMetric announced its results for the year ended 31 March 2019 on 23 May 2019 and declared a fourth quarter dividend for the year ended 31 March 2019 of 2.5 pence per Ordinary Share (the “**LondonMetric Fourth Quarter Dividend**”). On the expected dividend payment timetable only existing LondonMetric Shareholders will be entitled to this dividend.

In addition if (i) the Effective Date has not occurred by the Long-stop Date and (ii) the Long-stop Date is extended beyond LondonMetric’s customary quarterly dividend record date, LondonMetric Shareholders will also be entitled to receive any quarterly dividend announced, declared or paid by LondonMetric in respect of such period in the ordinary course and consistent with past practice of LondonMetric as to amount. Any dividend that is permissible under this criteria is a “**LondonMetric Permitted Dividend**”. LondonMetric will only declare a LondonMetric Permitted Dividend if Mucklow declares a Mucklow Permitted Dividend and LondonMetric will ensure that the record date of any LondonMetric Permitted Dividend aligns with the payment date of any Mucklow Permitted Dividend (where such a Mucklow Permitted Dividend is declared) and will be set on or sufficiently before the Scheme Record Time, such that Mucklow Shareholders will not be entitled to receive that LondonMetric Permitted Dividend in addition to the relevant Mucklow Permitted Dividend.

Save in respect of the LondonMetric Fourth Quarter Dividend and a LondonMetric Permitted Dividend, LondonMetric has agreed not to authorise, declare, make or pay any dividend or other distribution per LondonMetric Share per quarter on or after the date of this announcement and prior to the Effective Date.

The New Ordinary Shares will be issued credited as fully paid-up and will rank pari passu in all respects with the Ordinary Shares in issue at the time the New Ordinary Shares are issued, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date on or after the Effective Date. Accordingly, based on the expected timetable for the Combination to become Effective, Scheme Shareholders, assuming the Scheme Shareholder has retained his/her New Ordinary Shares, would receive the LondonMetric first quarterly interim dividend for the period April to June 2019, which is expected to be paid in October 2019.

Following the Effective Date, the Company will continue to adopt a progressive dividend policy, increasing the level of dividends paid as its earnings grow. The Directors expect that the dividend will continue to be paid quarterly and that a scrip alternative will continue to be offered.

#### *Combined Group’s UK-REIT status*

Both the LondonMetric and Mucklow groups fall within the UK-REIT regime and enjoy the tax benefits provided by that regime. The Combined Group is expected to fall within the UK-REIT regime and the relevant tax benefits will continue to apply to the Combined Group.



## 6. SUMMARY HISTORICAL FINANCIAL INFORMATION ON THE LONDONMETRIC GROUP

Summary financial information for the LondonMetric Group for the three financial years ended 31 March 2019, 31 March 2018 and 31 March 2017 as set out below has been extracted without material adjustment from the audited financial statements of LondonMetric for the years ended 31 March 2019, 31 March 2018 and 31 March 2017.

	<i>Year ended 31 March</i>		
	<i>2019</i>	<i>2018</i>	<i>2017</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Net rental income <sup>(1)</sup>	93.8	90.6	81.8
IFRS reported profit	119.7	186.0	63.0
Revaluation surplus <sup>(1)</sup>	64.4	121.6	21.0
EPRA earnings for the year	61.0	59.1	51.0
IFRS earnings per share (p)	17.2	26.9	10.1
EPRA earnings per share (p)	8.8	8.5	8.2
Dividend per share (p)	8.2	7.9	7.5
Investment properties <sup>(1)</sup>	1,846.2	1,842.0	1,533.8
Cash <sup>(1)</sup>	24.1	39.3	46.1
Gross debt <sup>(1)</sup>	626.2	708.9	527.7
Loan to value <sup>(1)(2)</sup> (%)	32.0	35.0	30.0
EPRA net assets	1,218.7	1,146.6	1,030.5
IFRS NAV per share (p)	174.7	165.7	146.4
EPRA NAV per share (p)	174.9	165.2	149.8

(1) Includes share of joint ventures and associates.

(2) Net debt as a percentage of investment property assets, adjusted for deferred consideration received on sales.

## 7. SUMMARY HISTORICAL FINANCIAL INFORMATION ON THE MUCKLOW GROUP

Summary financial information for the Mucklow Group for the three financial years ended 30 June 2018, 30 June 2017 and 30 June 2016 and the interim period as set out below has been extracted without material adjustment from the audited financial statements of Mucklow for the years ended 30 June 2018, 30 June 2017 and 30 June 2016 and the six month periods ended 31 December 2018 and 31 December 2017.

	<i>Six month period ended 31 December</i>		<i>Year ended 30 June</i>		
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Net rental income	12.2	11.3	22.5	22.7	22.0
IFRS reported profit	17.2	29.9	69.5	29.6	25.2
Revaluation surplus	8.7	14.1	49.7	13.0	10.2
EPRA earnings for the year	8.5	8.1	15.8	15.9	15.0
IFRS earnings per share (p)	27.14	47.36	109.74	46.63	39.86
EPRA earnings per share (p)	13.45	12.88	25.06	25.05	23.88
Dividend per share (p)	10.48	10.18	22.78	22.12	21.47
Investment properties	443.3	402.8	433.5	386.9	364.2
Cash	10.6	6.3	8.8	5.8	7.1
Gross debt	79.8	79.9	79.8	84.3	78.3
Loan to value (%)	16	18	16	20	20
EPRA net assets	363.3	320.4	353.9	298.1	282.0
IFRS NAV per share (p)	572	504	557	469	443
EPRA NAV per share (p)	572	506	559	471	446

## **8. FINANCIAL EFFECTS OF THE PROPOSALS**

An unaudited pro forma statement of net assets of the LondonMetric Group as at 31 March 2019, which has been prepared to illustrate the effect on the consolidated net assets of the LondonMetric Group as if the Combination had taken place on 31 March 2019 and the unaudited pro forma income statement of the LondonMetric Group for the year ended 31 March 2019, which has been prepared to illustrate the effect on the consolidated income statement of the LondonMetric Group as if the Combination had taken place on 1 April 2018 are set out in Part 14 (Unaudited Pro Forma Financial Information of the Combined Group) of this document.

The Board believes that the effect of the Combination on the Company will be immediately accretive to earnings per share and is also expected to lead the material enhancement of earnings over the medium term.

## **9. CONDITIONS TO THE COMBINATION**

The Combination is subject to the terms and conditions set out in the Scheme Document. The Combination will be conditional upon the Scheme becoming unconditional and becoming Effective, subject to the Code, by not later than 11.59 p.m. on the Long-stop Date.

The Conditions include, among other things:

- (a) the approval of the Scheme by a majority in number representing 75 per cent. or more in value of the Scheme Shareholders entitled to vote and present and voting, either in person or by proxy, at the Mucklow Court Meeting and at any separate class meeting which may be required by the Court or at any adjournment of any such meeting;
- (b) the Mucklow Court Meeting and any separate class meeting which may be required by the Court or any adjournment of any such meeting being held on or before the 22nd day after the expected date of the Mucklow Court Meeting, to be set out in the Scheme Document (or such later date as may be agreed by LondonMetric and Mucklow in writing and the Court may allow);
- (c) all resolutions in connection with, or necessary to approve and implement the Scheme, as set out in the notice of the Mucklow General Meeting, being duly passed by the requisite majority or majorities at the Mucklow General Meeting, or at any adjournment of that meeting;
- (d) the Mucklow General Meeting or any adjournment of that meeting being held on or before the 22nd day after the expected date of the Mucklow General Meeting, to be set out in the Scheme Document (or such later date as may be agreed by LondonMetric and Mucklow and the Court may allow);
- (e) the sanction of the Scheme (without modification, or with such modifications as are agreed by LondonMetric and Mucklow) by the Court;
- (f) the passing at the LondonMetric General Meeting (or at any adjournment of that meeting), in each case by the requisite majority of LondonMetric Shareholders, of any resolution to approve, effect and implement the Combination;
- (g) the FCA having acknowledged to LondonMetric or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New Ordinary Shares to the Official List with a premium listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject) will become effective as soon as a dealing notice has been issued by the FCA and any listing conditions having been satisfied;
- (h) the London Stock Exchange having acknowledged to LondonMetric or its agent (and such acknowledgement not having been withdrawn) that the New Ordinary Shares will be admitted to trading on the Main Market; and
- (i) delivery of the Court Order having been made to the Registrar of Companies.



## **10. STRUCTURE OF THE COMBINATION**

### **10.1 *Scheme of Arrangement and Consideration***

It is intended that the Combination will be effected by means of a scheme of arrangement between Mucklow and Mucklow Shareholders under Part 26 of the Companies Act.

The purpose of the Scheme is to provide for LondonMetric to become the owner of the whole of the issued and to be issued ordinary share capital of Mucklow. The procedure involves, amongst other things, an application by Mucklow to the Court to sanction the Scheme, in consideration for which Mucklow Shareholders who are on the register of members at the Scheme Record Time will receive consideration on the basis set out in paragraph 1 of this Part 7.

Upon the Scheme becoming Effective:

- (a) the CREST accounts of the Mucklow Shareholders who hold Scheme Shares in uncertificated form will be credited with the New Ordinary Shares and cash in consideration for their Scheme Shares (and dependent upon elections under the terms of the Mix and Match Facility); and
- (b) Mucklow Shareholders who hold their Scheme Shares in certificated form will receive share certificates in respect of New Ordinary Shares and cash in consideration for their Scheme Shares (and dependent upon elections under the terms of the Mix and Match Facility),

in each case no later than 14 days after the Effective Date.

The New Ordinary Shares will be issued in registered form and will be capable of being held in both certificated and uncertificated form. Fractions of the New Ordinary Shares will not be allotted or issued pursuant to the Combination, but entitlements of Scheme Shareholders will be rounded down to the nearest whole number of New Ordinary Shares.

Fractional entitlements to which holders of Scheme Shares would have become entitled will be aggregated, allotted and issued to the person appointed by LondonMetric as nominee for such Scheme Shareholders and sold in the market as soon as practicable after the Effective Date. The net proceeds of sale shall be paid to such Scheme Shareholders in due proportions in due course, provided that individual entitlements to amounts of less than £5 will not be paid to holders of Scheme Shares but will instead be retained for the benefit of LondonMetric.

No amounts of cash of less than one penny shall be paid to any Scheme Shareholder pursuant to the Combination and the aggregate amount of cash to which a Scheme Shareholder shall be entitled under the Combinations shall be rounded down to the nearest penny.

### **10.2 *Conditions***

The implementation of the Scheme will be subject to the Conditions which are summarised in paragraph 9 of this Part 7.

If the Scheme does not become Effective by 11.59 p.m. on the Long-stop Date, the Scheme will lapse and the Combination will not take place (unless the Panel otherwise consents).

Under the Companies Act, the Scheme also requires the sanction of the Court. The hearing by the Court to sanction the Scheme is expected to be held on 27 June 2019, subject to satisfaction or waiver of the other Conditions. LondonMetric has confirmed that it will be represented by counsel at such hearing so as to consent to the Scheme and undertake to the Court to be bound thereby.

Once the necessary approvals from Mucklow Shareholders have been obtained and the other Conditions have been satisfied, or (where applicable) waived, the Scheme will become effective upon sanction by the Court and the delivery of a copy of the Court Order to, and, if so ordered by the Court, the registration of the Court Order together with the statement of capital attached thereto by the Registrar of Companies. Upon the Scheme becoming effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted in favour of the Scheme at the Mucklow Court Meeting or the resolution proposed at the Mucklow General Meeting.

### 10.3 *Election to switch*

LondonMetric has reserved the right to elect (with Mucklow's consent in writing) to implement the Combination by way of a Takeover Offer (subject to the Panel's consent where necessary). In this event, the Takeover Offer will be implemented on the same terms (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme. If LondonMetric does elect to implement the Combination by way of a Takeover Offer, and if sufficient acceptances of such offer are received and/or sufficient Mucklow Ordinary Shares are otherwise acquired, it is the intention of LondonMetric to apply the provisions of sections 979 to 982 (inclusive) of the Companies Act to acquire compulsorily any outstanding Mucklow Ordinary Shares to which such offer relates.

## 11. MIX AND MATCH FACILITY

Under the terms of the Combination, Mucklow Shareholders (other than Restricted Overseas Persons) are being offered the opportunity, under the Mix and Match Facility, to seek to vary the proportions of cash consideration and New Ordinary Shares they receive in respect of their holdings of Scheme Shares.

Satisfaction of elections under the Mix and Match Facility will be subject to equal and opposite elections being made by other Mucklow Shareholders. Elections under the Mix and Match Facility may only be made in respect of whole numbers of Mucklow Ordinary Shares. An eligible Mucklow Shareholder may elect to receive cash or New Ordinary Shares in respect of all or part of their holding of Mucklow Ordinary Shares. Furthermore, an eligible Mucklow Shareholder may elect to receive cash in respect of some of their Scheme Shares and New Ordinary Shares in respect of others. In the event that an eligible Mucklow Shareholder makes no election, such Mucklow Shareholder will be entitled to receive from LondonMetric:

### **2.19 New Ordinary Shares and 204.5 pence in cash for each Mucklow Ordinary Share**

Irrespective of the number of Mucklow Shareholders who make an election, the total cash consideration to be paid and the total number of New Ordinary Shares to be issued pursuant to the Combination will not be varied (save where required to accommodate rounding of individual entitlements to the nearest whole Scheme Share). Accordingly, LondonMetric's ability to satisfy all elections for cash consideration and/or New Ordinary Shares made by Mucklow Shareholders will depend on other Mucklow Shareholders making equal and opposite elections. To the extent that cash elections and share elections cannot be satisfied in full, they will be scaled down on a pro rata basis. Minor adjustments to the entitlements of Mucklow Shareholders pursuant to elections made under the Scheme may be made by the receiving agent at the instruction of Mucklow and LondonMetric on a basis that Mucklow and LondonMetric consider to be fair and reasonable to the extent necessary to satisfy all entitlements pursuant to elections under the Scheme as nearly as may be practicable. Such adjustments will be final and binding on Scheme Shareholders.

As a result, eligible Mucklow Shareholders who make an election will not know the exact amount of cash consideration or number of New Ordinary Shares they are entitled to receive until settlement of the consideration under the Combination. When the Scheme becomes Effective, an announcement will be made concerning the extent to which elections under the Mix and Match Facility have been satisfied.

Elections made by eligible Mucklow Shareholders under the Mix and Match Facility will not affect the entitlements of Mucklow Shareholders who do not make any such election.

The Mix and Match Facility will remain open until 1.00 p.m. on 24 June 2019 or such later time and/or date (if any) as Mucklow and LondonMetric may agree and announce via a Regulatory Information Service.

If the issue of New Ordinary Shares to any Restricted Overseas Person, or to any person who is reasonably believed to be an Restricted Overseas Person, would or may infringe the laws of a jurisdiction outside England and Wales or would or may require any governmental or other consent or any registration, filing or other formality which cannot be complied with, or compliance with which would be unduly onerous, LondonMetric may at its discretion determine that such Restricted Overseas Person shall either (i) not have allotted or issued to him New Ordinary Shares and that the New Ordinary Shares which would otherwise have been attributable to such Restricted Overseas Person under the terms of the Combination shall be sold in the market and the cash proceeds of such sale be forwarded to such Restricted Overseas Person or (ii) that

the New Ordinary Shares shall be issued to such Restricted Overseas Person but shall be sold in the market on his behalf and the cash proceeds of such sale forwarded to the relevant Restricted Overseas Person (in each case after deduction of broking fees and other sale costs and expenses).

Further details of the Mix and Match Facility are included in the Scheme Document.

## **12. FINANCING THE COMBINATION**

If the Scheme becomes Effective, it will result (assuming that the maximum number of New Ordinary Shares are issued pursuant to the Scheme and that no options or awards under the Mucklow Share Schemes are exercised prior to the Court's sanction of the Scheme), in 138,615,684 New Ordinary Shares being issued in connection with the Combination, and a total cash consideration of approximately £130 million being paid, subject to the terms of the Mix and Match Facility referred to in paragraph 11 of this Part 7.

The cash consideration payable by LondonMetric under the terms of the Combination will be funded from draw downs under the Syndicated Facility Agreement.

Peel Hunt and J.P. Morgan Cazenove, as joint financial advisers to LondonMetric, are satisfied that sufficient resources are available to LondonMetric to enable it to satisfy in full the cash consideration payable to Mucklow Shareholders under the terms of the Combination.

Further details of the financing arrangements are set out in Part 16 (Additional Information) of this document.

## **13. DEALINGS**

Prior to the Scheme becoming Effective, an application will be made to the London Stock Exchange and the FCA respectively for trading of the Mucklow Ordinary Shares on the Main Market and the listing of Mucklow Ordinary Shares on the Official List to be cancelled. The last day of dealings in, and for registration of transfers of, Mucklow Ordinary Shares is expected to be the day before the Mucklow Court Hearing and at the close of business on that date the trading of Mucklow Ordinary Shares on the Main Market will be suspended. No transfers of Mucklow Ordinary Shares will be registered after this date, other than the registration of Mucklow Ordinary Shares released, transferred or issued under the Mucklow Share Schemes.

It is intended that the delisting of the Mucklow Ordinary Shares will take effect on the Effective Date. In addition, on the Effective Date, entitlements to Mucklow Ordinary Shares held within the CREST system will be cancelled and share certificates in respect of Scheme Shares will cease to be valid and should, if so requested by Mucklow, be sent to Mucklow for cancellation. Upon the Scheme becoming Effective, the Mucklow Preference Shares will remain admitted to listing on the standard listing segment of the Official List, and to trading on the London Stock Exchange.

Upon the Scheme becoming Effective, LondonMetric (and/or its nominee(s)) will acquire Mucklow Ordinary Shares fully paid and free from all liens, equitable interests, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attaching to them including the right to receive and retain all dividends and distributions (if any) declared or made after the Effective Date.

## **14. LISTING, DEALING AND SETTLEMENT**

Applications will be made to the FCA for the New Ordinary Shares to be issued in consideration for the Combination to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities.

It is expected that Admission will become effective and that unconditional dealings in the New Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. (London Time) on 28 June 2019. No application is currently intended to be made for the Existing Ordinary Shares or the New Ordinary Shares to be admitted to listing or dealt with on any other exchange.

On completion of the Combination, the New Ordinary Shares will be issued credited as fully paid, and on identical terms to and will rank *pari passu* with the Ordinary Shares in issue at the time the New Ordinary Shares are issued in connection with the Combination (including the right to receive and return all dividends and other distributions declared, made or paid on the Ordinary Shares after the Combination becomes Effective). The New Ordinary Shares will be registered in the names of the persons to whom they are issued, either:

- in certificated form, with the relevant share certificate expected to be despatched by post, at the applicant's risk, within seven days of Admission; or
- in CREST, with delivery (to the designated CREST account) of the New Ordinary Shares applied for expected to take place as soon as possible after 8.00 a.m. on 28 June 2019.

## **15. MUCKLOW SHARE SCHEMES**

Mucklow currently operates two employee share plans. Participants in the Mucklow 2015 Performance Share Plan will be written to separately to inform them of the effect of the Scheme on their rights under the Mucklow 2015 Performance Share Plan and appropriate proposals will be made to such participants in due course.

Participants in the Mucklow Share Incentive Plan 2014 will participate in the Combination on the same terms as other Mucklow Shareholders in respect of their plan shares. New Ordinary Shares received by the trustees of the Mucklow Share Incentive Plan 2014 under the Scheme on behalf of participants in the Mucklow Share Incentive Plan 2014 will remain in the Mucklow Share Incentive Plan 2014 subject to the terms of the Mucklow Share Incentive Plan 2014.

## **16. GENERAL MEETING**

You will find set out at the end of this document a Notice of General Meeting convening a general meeting to be held on 20 June 2019 at 10.30 a.m. at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF. The full text of the Notice of General Meeting is set out in Part 18 (Notice of General Meeting) of this document.

At the LondonMetric General Meeting, the Resolution will be proposed to approve the Combination as a Class 1 transaction for the purposes of Chapter 10 of the Listing Rules and authorise the Directors to implement the Combination.

The Combination is conditional on the passing of the Resolution.

The Company is calling the LondonMetric General Meeting on less than 21 days' notice as permitted by the enabling resolution passed at the Company's annual general meeting held on 11 July 2018. The Company considers doing so to be merited by the business of the meeting and considers proceeding to Admission and completion of the Combination as soon as possible and minimising the risk of events arising which may result in the Combination not proceeding, to be to the advantage of Shareholders as a whole.

## **17. IRREVOCABLE UNDERTAKINGS**

LondonMetric has received irrevocable undertakings from each of the Mucklow Directors to vote in favour of the Scheme at the Mucklow Court Meeting and vote in favour of the Mucklow Resolution to be proposed at the Mucklow General Meeting, in respect of a total of 455,170 Mucklow Ordinary Shares, representing, in aggregate, approximately 0.72 per cent. of the ordinary share capital of Mucklow in issue on 28 May 2019 (being the latest practicable date prior to this document).

In addition to the Mucklow Directors, various members of the Mucklow family have undertaken irrevocably to vote in favour of the Scheme at the Mucklow Court Meeting and to vote in favour of the Mucklow Resolution to be proposed at the Mucklow General Meeting in respect of their own beneficial holdings of 12,251,734 Mucklow Ordinary Shares representing, in aggregate, approximately 19.36 per cent. of the ordinary share capital of Mucklow in issue on 28 May 2019 (being the latest practicable date prior to this document).

LondonMetric has also received irrevocable undertakings from each of Unicorn Asset Management Limited, TR Property Investment Trust Plc and Wesleyan Assurance Society to vote in favour of the Scheme at the Mucklow Court Meeting and to vote in favour of the Mucklow Resolution to be proposed at the Mucklow General Meeting, in respect of a total of 9,913,713 Mucklow Ordinary Shares, representing, in aggregate, approximately 15.66 per cent. of the ordinary share capital of Mucklow in issue on 28 May 2019 (being the latest practicable date prior to this document). In addition, M&G Limited with a beneficial holding of 2,283,330 Mucklow Ordinary Shares representing approximately 3.61 per cent., has given a statement of intent to vote in favour of the Scheme at the Mucklow Court Meeting and to vote in favour of the Mucklow Resolution to be proposed at the Mucklow General Meeting.

In total, therefore, LondonMetric has received irrevocable undertakings and a statement of intent to vote in favour of the Scheme at the Mucklow Court Meeting and to vote in favour of the Mucklow Resolution to be proposed at the Mucklow General Meeting in respect of 24,903,947 Mucklow Ordinary Shares representing, in aggregate, approximately 39.35 per cent. of the ordinary share capital of Mucklow in issue on 28 May 2019 (being the latest practicable date prior to this document).

LondonMetric has also received irrevocable undertakings from each of the LondonMetric Directors to vote in favour of the Resolution to be proposed at the LondonMetric General Meeting in relation to the Combination in respect of a total of 24,398,662 Ordinary Shares, representing, in aggregate, approximately 3.48 per cent. of the ordinary share capital of LondonMetric in issue on 28 May 2019 (being the latest practicable date prior to this document).

Unicorn Asset Management Limited which has provided an irrevocable undertaking to vote in favour of the Scheme in respect of its shareholding in Mucklow, is also a shareholder of LondonMetric and has provided an irrevocable undertaking to vote in favour of the Resolution to be proposed at the LondonMetric General Meeting in respect of 10,520,000 Ordinary Shares representing, in aggregate, approximately 1.50 per cent. of the ordinary share capital of LondonMetric in issue on 28 May 2019 (being the latest practicable date prior to the date of this document). In addition, M&G Limited, which has provided a statement of intent to vote in favour of the Scheme in respect of its shareholding in Mucklow, is also a shareholder of LondonMetric and has provided a statement of intent to vote in favour of the Resolution to be proposed at the LondonMetric General Meeting in respect of 9,216,692 Ordinary Shares representing approximately 1.32 per cent. of the ordinary share capital of LondonMetric in issue on 28 May 2019 (being the latest practicable date prior to the date of this document).

Accordingly, LondonMetric has received irrevocable undertakings and statements of intent to vote in favour of the Resolution to be proposed at the LondonMetric General Meeting in relation to the Combination, in respect of a total of 44,135,354 Ordinary Shares, representing approximately 6.30 per cent. of the ordinary share capital of LondonMetric in issue on 28 May 2019 (being the latest practicable date prior to the date of this document).

## **18. ACTION TO BE TAKEN IN RESPECT OF THE LONDONMETRIC GENERAL MEETING**

You will find enclosed with this document a Form of Proxy for use at the LondonMetric General Meeting. Whether or not you intend to be present at the LondonMetric General Meeting in person, it is important that you complete and return the Form of Proxy in accordance with the instructions printed on it to Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive no later than 10.30 a.m. on 18 June 2019. As an alternative to completing a hard copy proxy form, you can appoint a proxy electronically by logging into [www.signalshares.com](http://www.signalshares.com).

If you hold Ordinary Shares in CREST, you may also appoint a proxy by completing and transmitting a CREST Proxy Instruction to ID RA10 so that it is received by no later than 10.30 a.m. on 18 June 2019.

Completion and return of the Form of Proxy will not preclude you from attending the LondonMetric General Meeting in person, if you so wish and are entitled.



## **19. RISKS AND FURTHER INFORMATION**

Attention is drawn to the risks and additional information contained in the “Summary”, “Risk Factors” and “Additional Information” sections of this document. Recipients of this document are advised to read the whole of this document and not rely only on the summary information presented in the “Summary” section of this document.

## **20. MUCKLOW BOARD RECOMMENDATION**

The Mucklow Board has recommended to Mucklow Shareholders that Mucklow Shareholders vote in favour of the Scheme at the Mucklow Court Meeting and vote in favour of the Mucklow Resolution to be proposed at the Mucklow General Meeting as they have irrevocably undertaken to do (or procure to be done) in respect of their own beneficial holdings of 455,170 Mucklow Ordinary Shares representing, in aggregate, approximately 0.72 per cent. of the ordinary share capital of Mucklow in issue on 28 May (being the latest practicable date prior to publication of this document).

## **21. LONDONMETRIC BOARD RECOMMENDATION**

The Board has received financial advice from J.P. Morgan Cazenove and Peel Hunt in relation to the Proposals. In providing their advice, J.P. Morgan Cazenove and Peel Hunt have relied upon the Directors’ commercial assessments of the Proposals.

The Board consider that the Proposals and the Resolution are in the best interests of the Shareholders as a whole. The Board unanimously recommends that Shareholders vote in favour of the Resolution to be proposed at the LondonMetric General Meeting, as they have irrevocably undertaken to do in respect of their own beneficial holdings, as set out below.

The LondonMetric Directors have therefore undertaken to vote in favour of the Resolution to be proposed at the LondonMetric General Meeting in respect of 24,398,662 Ordinary Shares representing, in aggregate, 3.48 per cent. of the existing share capital of LondonMetric as at 28 May 2019 (being the latest practicable date prior to publication of this document).

Yours faithfully,

**Patrick Vaughan**  
*Chairman*



## PART 8

### INFORMATION ON THE LONDONMETRIC GROUP

#### 1. INTRODUCTION

LondonMetric is a public limited company incorporated in England and Wales and is the holding company of the LondonMetric Group. The LondonMetric Group is a UK-REIT group that invests in commercial property, namely distribution, long income and convenience-led retail property. The LondonMetric Group's objective is to own and manage desirable real estate that can deliver reliable, repetitive and growing income-led total returns and outperform over the long term.

The LondonMetric Group was formed out of a merger between London & Stamford Property Plc and Metric, which completed on 25 January 2013. Since the merger, LondonMetric has repositioned its portfolio away from operational retail, office and residential property towards sectors with sustainable and growing income that benefit from structural shifts and changing customer shopping habits.

LondonMetric's history can be traced back to Pillar Property Plc, an investment fund founded in 1991 by property veterans Raymond Mould and Patrick Vaughan. In 1994, Pillar Property Plc was valued at £170 million following its initial public offering. Over the next ten years Pillar Property Plc returned £438 million to shareholders, and was sold to The British Land Company Plc for £811 million in July 2005. After the sale, Messrs. Mould and Vaughan started a new property venture in London & Stamford Property Plc.

London & Stamford Property Plc experienced strong growth via significant investments in City of London offices and central London residential as well as its M25 office and distribution warehouses. In November 2007, it raised £246 million in its initial public offering and was admitted to the Alternative Investment Market. In 2009, an additional £225 million was raised in the equity market and in 2010 London & Stamford Property Plc converted to a REIT and its shares were listed in the premium segment of the Official List and admitted to trading on the London Stock Exchange's Main Market.

Following the sale of Pillar Property Plc to The British Land Company Plc, Andrew Jones, who had been on the board of Pillar Property Plc, joined the board of The British Land Company Plc as Head of Retail. Andrew Jones and former Pillar Property Plc and The British Land Company Plc colleagues Valentine Beresford and Mark Stirling established Metric in 2010. Metric had a portfolio comprising over 1 million square feet of space benefiting from long unexpired lease lengths, high occupancy and low average passing rents, and successfully raised £190 million in its initial public offering in March 2010. In 2013, Metric and London & Stamford Property Plc completed a £830 million merger.

With the merger, London & Stamford Property Plc's Chief Executive, Patrick Vaughan, became Executive Chairman of the post merger LondonMetric, while Metric's Chief Executive, Andrew Jones, became Chief Executive of the new LondonMetric Group. Raymond Mould retired. The merger led to the development of LondonMetric and the creation of a top 10 UK REIT.

As at 28 May 2019 (being the last practicable date prior to publication of this document), LondonMetric had a market capitalisation of £1,418.1 million and, as at 31 March 2019, had Net Assets of £ 1,216.8 million and NAV per Ordinary Share of 174.7 pence (174.9 pence calculated in accordance with EPRA guidelines).

The LondonMetric Group has a highly experienced management team comprised of Andrew Jones, Martin McGann, Mark Stirling, Valentine Beresford and Andrew Smith who have worked together for more than 15 years. All of the team previously worked together at Pillar Property Plc until it was acquired by The British Land Company Plc in 2005. Andrew Jones, Mark Stirling, Valentine Beresford and Andrew Smith all then worked for a number of years at The British Land Company Plc, whilst Martin McGann became Finance Director of London & Stamford Property Plc. Andrew Jones, Mark Stirling and Valentine Beresford then became directors of Metric until its merger to create the current LondonMetric Group.

## 2. DESCRIPTION OF THE PROPERTY PORTFOLIO

As set out in Part A of Part 15 (Valuation Reports) of this document, the Property Portfolio including LondonMetric Group's share of joint venture investment properties on an apportioned basis has been valued as at 31 March 2019 at £1,846.2 million, generating a contracted rent of £89.7 million. Since 31 March 2019, the LondonMetric Group has sold the property at Europort DC1 in Wakefield at the valuation figure for that property contained in the Valuation Report set out in Part A of Part 15 (Valuation Reports). There has been no material change in the valuation of the remainder of the properties which are the subject of the Valuation Report set out in Part A of Part 15 (Valuation Reports) of this document since 31 March 2019, the effective date of valuation of such Valuation Report. The Directors confirm that CBRE has confirmed that, excluding the sale of the property at Europort DC1 in Wakefield, an updated valuation report as at the date of this document would not be materially different from the Valuation Report set out in Part A of Part 15 (Valuation Reports) of this document, which has an effective date of valuation of 31 March 2019.

As at 31 March 2019 the LondonMetric Group had 138 properties across the UK, including four properties under construction, with the only material ones being the distribution development in Bedford with a total development potential of up to 688,000 square feet.

The portfolio had an occupancy rate of 97.8 per cent. and a WAULT of 12.5 years, and 63 per cent. of the contracted rent roll was subject to contractual uplifts. The LondonMetric Group categorises its core commercial properties into the following segments:

**Distribution** – £1,339 million, representing 72.5 per cent. of the Property Portfolio as at 31 March 2019:

- Mega – large scale modern distribution units greater than 500,000 square feet located close to major arterial routes. Strategically located to serve the UK population and attract labour pools.
- Regional – mid size units between 100,000 square feet and 500,000 square feet serving as regional hubs and creating the connecting link in modern supply chains.
- Urban – smaller logistics warehousing, typically less than 100,000 square feet, fulfilling the final journey of delivery. Strategically located in or close to densely populated areas to meet increasing consumer demands for next and same day delivery.

**Long income, convenience-led retail & leisure** – £403 million, representing 21.9 per cent. of the Property Portfolio as at 31 March 2019:

- Long Income – properties, let on long leases to various tenants, typically solus or in cluster type schemes.
- Convenience – local, single retail units let on long leases, strategically located to take advantage of the consumer's ever-changing shopping habits and "top-up" food shopping.
- Leisure – well located cinema assets held on long leases.

As at 31 March 2019 the split of the Property Portfolio by segment (with developments attributed within the segments) is as follows:

<i>Segment</i>	<i>Number of assets</i>	<i>Capital value (£'m)</i>	<i>Contracted rent (£'m)</i>
Mega Distribution	5	427.1	20.3
Regional Distribution	12	408.1	17.2
Urban Logistics	55	503.9	21.5
Long Income	35	237.4	15.7
Convenience & Leisure	25	165.4	8.9
Retail Parks	3	87.0	5.9
Residential	3	17.3	0.2
<b>Total</b>	<b>138</b>	<b>1,846.2</b>	<b>89.7</b>

In the financial year ended 31 March 2019, 32 properties were acquired by the LondonMetric Group, totalling £163.3 million, and 41 properties were disposed by the LondonMetric Group with total sales of £238.2 million.

As at 31 March 2019, properties valued greater than £65.0 million made up 27 per cent. of the Property Portfolio and are shown in the table below.

<i>Property</i>	<i>Property net internal area (’000 sq ft)</i>	<i>WAULT to expiry (years)</i>	<i>Encumbrances</i>
Primark, Islip	1,062	21.5	None
Eddie Stobart, Dagenham	454	24.5	None
Primark, Thrapston	783	13.5	Yes
Dixons Carphone, Newark	726	14.3	Yes
Argos, Bedford	657	15.0	Yes
<b>Total</b>	<b>3,682</b>		

The three assets marked as having encumbrances are all secured against the Helaba Facility.

The table below sets out a breakdown of the Property Portfolio based on locations as at 31 March 2019. Please refer to Part 15 (Valuation Reports) of this document for further information on the valuation of the Property Portfolio.

<i>Region</i>	<i>Number of assets</i>	<i>Percentage of portfolio (%)</i>	<i>Combined passing rent (£m)</i>
London & South East	58	44	33.6
Midlands	24	32	28.7
North East & Yorkshire	19	10	12.0
North West	15	7	6.8
South West	8	4	4.2
Other	14	3	4.4
<b>Total</b>	<b>138</b>	<b>100</b>	<b>89.7</b>

Since 31 March 2019, the LondonMetric Group has acquired distribution units in Dunstable and Croydon for £9.9 million and two convenience assets in Worthing and Bournemouth let to the Co-op for £6.1 million, as well as an increased equity holding in the DFS JV for £18.6 million, increasing LondonMetric Group’s interest in the DFS JV to 81.88 per cent.. The LondonMetric Group has disposed of a distribution unit in Wakefield for £10.5 million.

### 3. INFORMATION ON THE BOARD

The Directors are responsible for the determination of the investment strategy of the Company and its overall supervision, including compliance with the Corporate Governance Code. The Directors are as follows:

- 3.1.1. Patrick Vaughan (Non-Executive Chairman) has been involved in the UK property market since 1970 and was a co-founder of Arlington Securities Plc in 1976, Pillar Property Plc in 1991 and is the co-founder of London & Stamford Property Plc. He was chief executive of Arlington Securities Plc, which was floated in 1986, from 1990 to 1993 and of Pillar Property Plc, which was floated in 1994, from 1994 to 2005. Patrick also served as an executive director of The British Land Company Plc from July 2005 to July 2006, following The British Land Company Plc’s acquisition of Pillar Property Plc.
- 3.1.2. Andrew Jones (Chief Executive) was a co-founder and chief executive of Metric from its inception in March 2010 until its merger with London & Stamford Property Plc in January 2013. On completion of the merger, Andrew became Chief Executive of LondonMetric. Andrew was previously Executive

Director and Head of Retail at The British Land Company Plc. Andrew joined The British Land Company Plc in 2005 following the acquisition of Pillar Property Plc where he served on the main board.

- 3.1.3. Martin McGann (Finance Director) joined London & Stamford Property Plc in September 2008. From 2002 to 2005 he worked for Pillar Property Plc, latterly as finance director. Between 2005 and 2008, Martin was a director of Kandahar Real Estate. Prior to joining Pillar Property Plc, Martin was finance director of the Strategic Rail Authority, a body with responsibility for the strategic planning for UK railways, and head of real estate finance for Railtrack Plc. Martin is a qualified chartered accountant having trained and qualified with Deloitte.
- 3.1.4. Valentine Beresford (Investment Director) was co-founder and Investment Director of Metric from its inception in March 2010 until its merger with London & Stamford Property Plc in January 2013. He joined the board of LondonMetric in June 2014 as Investment Director. Prior to setting up Metric, Valentine was on the executive committee of The British Land Company Plc and was responsible for all their European retail developments and investments. Valentine joined The British Land Company Plc in July 2005, following the acquisition of Pillar Property Plc, where he also served on the board as Investment Director.
- 3.1.5. Mark Stirling (Asset Director) was co-founder and Asset Management Director of Metric from its inception in March 2010 until its merger with London & Stamford Property Plc in January 2013. He joined the board of LondonMetric in June 2014 as Asset Director. Prior to the setting up of Metric, Mark was on the executive committee of The British Land Company Plc and as Asset Management Director was responsible for the planning, development and asset management of the retail portfolio. Mark joined The British Land Company Plc in July 2005 following the acquisition of Pillar Property Plc where he was Managing Director of Pillar Retail Parks Limited from 2002 until 2005.
- 3.1.6. Robert Fowlds (Non-executive Director and Senior Independent Director) was appointed to the board of LondonMetric in January 2019. He has over 35 years' experience in real estate and is a chartered surveyor. He was head of real estate investment banking at J.P. Morgan Cazenove until 2015 and, prior to joining J.P. Morgan Cazenove in 2006, an equity analyst at Merrill Lynch and Dresdner Kleinwort Benson. He is currently a member of the Supervisory Board of Klepierre S.A. and also a non-executive director of UK Commercial Property REIT Limited.
- 3.1.7. Suzanne Avery (Non-executive Director) was appointed to the board of LondonMetric in March 2018. Suzanne has 25 years' experience in corporate banking, holding various Managing Director roles at RBS, including Managing Director of Real Estate Finance Group & Sustainability, where she was responsible for REITs, Funds and London based private property companies.
- 3.1.8. James Dean (Non-executive Director) was appointed to the board of LondonMetric in July 2010. James is a chartered surveyor and has worked with Savills Plc since 1973, serving as a Director from 1988 to 1999. James is a Non Executive Director of Branston Holdings and Chairman of London & Lincoln Property Limited and Patrick Dean Limited.
- 3.1.9. Andrew Livingston (Non-executive Director) was appointed to the Board in May 2016. In April 2018, Andrew was appointed Chief Executive of Howden Joinery Group Plc, having been the Chief Executive of Screwfix since 2013 and previously the Commercial and E-commerce Director from 2009 to 2013. Before joining Screwfix, Andrew was Commercial Director at Wyevalle Garden Centres between 2006 and 2008 and then Chief Operating Officer between 2008 and 2009. Andrew has worked previously at Marks & Spencer, CSC Index and B&Q where he was Showroom Commercial Director from 2000 to 2005.
- 3.1.10. Rosalyn Wilton (Non-executive Director) was appointed to the board of LondonMetric in March 2014, becoming Chairman of the Audit Committee in March 2015. She has held a number of Non Executive Directorship positions, most recently with AXA UK Limited, until September 2015, where she acted as Chair of the Risk Committee and Optos Plc, where she was Chair of Remuneration. She has previously served as Senior Advisor to 3i Investments and Providence Equity Partners, Chairman

of Ipreo Holdings LLC, the US based financial data and solutions group, and has worked for Reuters Group where she was a member of the executive committee.

#### 4. DIVIDEND POLICY

For the financial year ended 31 March 2019, the Company has declared a total dividend of 8.2 pence per share which was an increase of 3.8 per cent. on the previous year and 107 per cent. covered by EPRA earnings per share. It is the intention of the Directors that the Company will continue to adopt a progressive dividend policy increasing the level of dividends paid as its earnings grow. The Directors expect that the dividend will continue to be paid quarterly and that a scrip alternative will continue to be offered.

The Company is required to meet a minimum distribution test for each year that it is the principal company of a group UK-REIT. This minimum distribution test requires the Company to distribute 90 per cent. of the income profits of the Property Rental Business for each year. The issue of scrip dividends counts towards the minimum distribution test. The Board continues to believe that a continuation of LondonMetric's dividend policy of recent years will enable the Company to continue to meet this minimum distribution requirement.

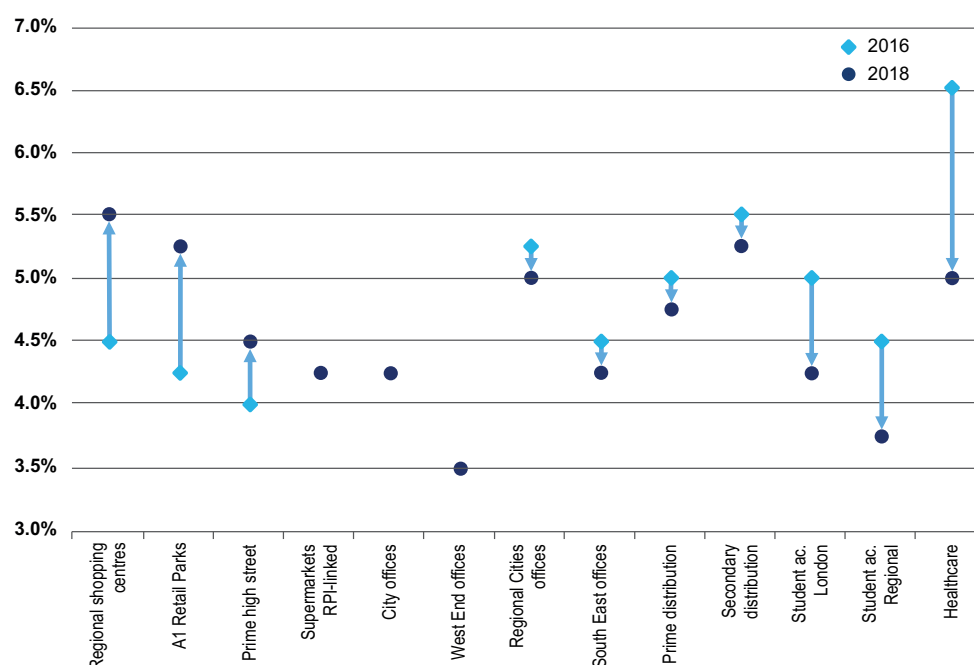
There can be no guarantee as to the amount of any dividend payable by the Company.

#### 5. PROPERTY MARKET TRENDS

##### Overview

Real estate in the UK remains an attractive investment class supported by a resilient economic backdrop, low interest rates and an increasing need for real income returns. Whilst the sector has delivered strong returns over the past decade, property returns over the next five years are still expected to average approximately 4 per cent. per annum (source: Capital Economics: UK Commercial Property Outlook, February 2019). Over the last few years, however, there has been a significant polarisation in performances across the commercial subsectors as demonstrated by the movements in property yields in the chart below.

*Change in capitalisation rates over 2 years to December 2018*

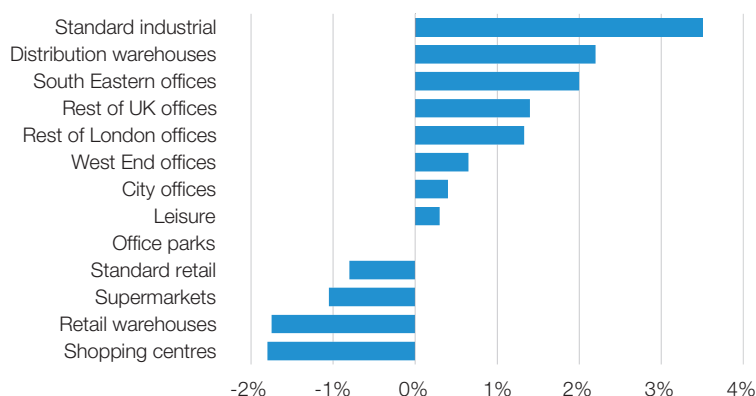


*Source: Knight Frank: Investment Yield Guides, December 2016 and December 2018*

The growth in e-commerce has caused significant disruption for traditional retail property where there remains over-supply, tenant defaults, falling rents and a thin investment market that has continued to weaken. Conversely, logistics and industrial property has benefitted from the growth in e-commerce and continues to

see strong occupational and investor demand, as well as good rental growth, that, as shown in the chart below, is expected to outperform all other property sub-sectors. The “alternative” real estate sectors of student accommodation and healthcare property have also benefited from strong property fundamentals in their markets, whilst other “long income” assets that can deliver long term reliable and growing income streams, such as convenience retail and leisure, have also attracted significant investor demand.

#### *Annual ERV growth forecasts (2018 to 2022)*



Source: Colliers: International Research & Forecast Report REIF IN BRIEF, Q4 2018

Political and economic uncertainty is creating some occupational uncertainty across the UK real estate market but this has been mainly focused on London offices where development activity has reduced in response, resulting in relatively stable demand/supply dynamics.

#### *Logistics & Industrial*

The percentage of non-food retail sales online has grown to an estimated 23 per cent. and is expected to increase further to 28 per cent. by 2023 (source: Global Data: E-retail in the UK 2018-2023, November 2018). This has generated strong occupational demand for logistics and industrial property with CBRE reporting record logistics take up in 2018 of 31.5 million square feet, driven in particular by demand from online retailers (source: CBRE Logistics Report: The Property Perspective, H2 2018).

CBRE expects the e-commerce revolution will continue to drive sustained demand for logistics and industrial space in 2019 (source: CBRE: UK Real Estate Market Outlook 2019). Whilst supply levels and speculative development have responded to increased demand, vacancy rates continue to remain at low levels. Furthermore, after several years of sustained rental growth, Jones Lang LaSalle (“JLL”) are forecasting further rental growth in logistics of 2.1 per cent. per annum over the next four years, outperforming most other real estate subsectors (source: JLL: UK Big Box Industrial and Logistics Market, January 2019).

Rental growth is expected to vary significantly by region, as seen in the JLL forecasts that show a 4.6 per cent. per annum rental growth forecast over the next four years in London & the South East against the sector average of 2.1 per cent. per annum (source: JLL: UK Big Box Industrial and Logistics Market, January 2019). This rental growth is expected to be most noticeable in the urban logistics segment as “last mile” logistics businesses continue to seek smaller buildings that can efficiently and more quickly serve the UK population. This subsector is seeing highly restricted and ever reducing levels of supply as urbanisation leads to stronger competition from more valuable land uses such as residential, self-storage and student accommodation.

The supportive occupational market has meant the investment market for logistics in 2018 was strong with £7.6 billion of investment activity, 45 per cent. ahead of the ten year average of £5.6 billion (source: JLL: UK Big Box Industrial and Logistics Market, January 2019). Investor demand continues to be underpinned by strong occupational fundamentals, positive investor sentiment towards the sector and the need for investors to further re-weight their real estate allocations to logistics. However, after a number of strong years, investors are becoming increasingly selective with greater focus on longer-dated secure income or assets located around London, the South East and other major cities.



### *Traditional Retail*

Shopping centres, retail parks, high street shops and large format food stores have faced a “perfect storm” of disruption from the growth in e-commerce and increases in costs from business rates, raw materials and labour. As a result, retailers are actively reducing their retail property footprint and this trend shows no signs of slowing down with store closures, company voluntary arrangements and insolvencies ongoing.

Vacancy rates are rising and rents continue to fall with Savills predicting negative rental growth between 2019 and 2022 (source: Savills: UK Retail Warehousing Report, Spring 2019). In Next Plc’s full year 2019 results, it confirmed 23 store closures and rental reductions of 29 per cent. across 28 stores where they remained in occupation after lease expiry. In 2019, Next Plc reported that it expects rental falls of 30 per cent. on the 37 stores that are due for lease renewal in 2019. Furthermore, new leases are being signed for shorter terms and with more generous tenant incentives.

Owners of shopping centres are being hardest hit and are having to increasingly look at redevelopment of underperforming retail space. Whilst some retail landlords will be able to take advantage of a relaxation in planning rules and convert retail space into homes and offices, it remains to be seen whether this will be economical for most with the expectation that distress is likely to build particularly for those that are close to breaching banking covenants and are unable to access the capital required to either make the asset fit for purpose or repurpose altogether. The challenges in the occupational market have impacted the investment market where deal volumes have declined significantly.

### *Long income, convenience-led retail & leisure*

Despite the growth in online shopping, the store network still remains an integral part of a retailer’s business. Fit for purpose retail property that is let on long leases to robust retailers in sectors where online penetration rates are lower continues to be attractive. These “long income” type assets, particularly where rental income is inflation linked and operational requirements are low, are increasingly appealing to owners that seek to match long term liabilities.

Convenience-led retail in particular is attracting strong investor demand. Consumers have shifted away from the weekly shop to more frequent top up shopping and this trend is expected to make convenience one of the fastest growing channels in the UK food and grocery market and is predicted to reach £47 billion by 2023 (source: IGD: UK Convenience Channel Forecast, July 2018). Companies such as Aldi and Lidl have grown their market share significantly and together account for 14 per cent. of the total food market compared to 8 per cent. in 2015 (source: Kantar Worldpanel: Great British Grocery Market Share, April 2019 and January 2015).

Similarly assets that can offer experiences or that are leisure related such as cinemas and hotels are increasingly being bought by “long income” investors seeking to capture longer secure income and enhanced returns.

## PART 9

### INFORMATION ON THE MUCKLOW GROUP

#### 1. INTRODUCTION

Mucklow was founded in 1933 by Albert Mucklow and Jothan Mucklow, the great uncle and grandfather respectively of Rupert Mucklow, the existing Chairman and Chief Executive of Mucklow, who established a partnership to build houses in the West Midlands. Mucklow was listed on the London Stock Exchange in 1962 and is one of the largest quoted investment property companies in the Midlands.

Mucklow ceased house building in the 1990s and focused its business towards investing and developing industrial and commercial properties. It converted to a UK-REIT in 2007.

#### 2. BUSINESS OVERVIEW AND INVESTMENT STRATEGY

The Mucklow Group's main objective is the long-term enhancement of shareholder value through dividend and capital appreciation, through its strategy of investing, developing and actively managing, industrial and commercial property, whilst adopting a conservative financial structure.

The Mucklow Group has focused on accumulating a portfolio of high quality, modern, income producing properties, with potential for long-term rental and capital growth, in the Midlands region.

##### *Long-term enhancement of shareholder value through dividend and capital appreciation*

The Mucklow Group's income, sector and geographical focus and team structure are aligned to its main objective of the long-term enhancement of shareholder value through dividend and capital appreciation.

##### *Sector focus*

The Mucklow Group's primary sector focus is distribution and industrial. The directors of Mucklow believe that by investing mainly in this sector, which tends to offer a higher level of income return than offices and retail, at an attractive margin to its cost of debt, the Mucklow Group is able to provide shareholders with a higher level of dividend yield and the prospect of long-term dividend growth. Mucklow's selective office and retail properties also offer attractive income returns and capital growth prospects, as well as helping to diversify its income stream and tenant base.

##### *Geographic focus*

The Mucklow Group primarily invests and develops in the Midlands region, an area the Mucklow Directors consider to offer attractive long-term rental and capital growth potential, and where the Mucklow Group has over 75 years' experience. The geographic concentration of the Mucklow Group's portfolio, and range of unit sizes and lease expiries, enables the Mucklow Group to work closely with its existing customers to satisfy their space requirements as their businesses expand, or their requirements contract, within its existing portfolio. As at 31 December 2018, 86 per cent. of Mucklow's portfolio is located in this region, predominantly in the West Midlands.

##### *Team structure*

The Mucklow Group's low cost base, comprising only 10 employees, as well as four non-executive directors, enables the Mucklow Group to pay a high proportion of its profits as dividends.

### ***Strategy***

The three areas of the Mucklow Group's strategy are:

- selectively acquiring and disposing of investment properties;
- developing well located and high quality properties for long-term investment; and
- actively managing the Mucklow Group's assets to enhance value.

### ***Conservative financial structure***

The Mucklow Group's conservative financial structure leads to a lower cost base, in terms of interest payable, and reduces the Mucklow Group's exposure to volatility in interest rates and property valuations.

## **3. PROPERTY PORTFOLIO**

As at 31 December 2018, Mucklow's investment portfolio was 97.6 per cent. occupied, had an average WAULT of 7.2 years and was let at an average rent of £6.90 per square foot, generating £26.1 million per annum of rental income. This passing income compares to an ERV of £7.50 per square foot, with an implied reversion of £2.3 million (8.7 per cent.). As at 30 April 2019, the portfolio consisted of 64 investment assets let to a diverse number of quality occupiers across a broad range of sectors with the top ten occupiers only accounting for approximately 25 per cent. of total rental income and only Costco, at 5.9 per cent., accounting for more than 5 per cent.. The NIY on the portfolio is 5.4 per cent., compared to LondonMetric's 31 March 2019 NIY of 4.7 per cent..

The Mucklow portfolio also includes an attractive short cycle development pipeline of which 135,000 square feet is currently under construction and expected to generate income (subject to lettings) of approximately £1.0 million following practical completion in autumn 2019. Furthermore, there is over 0.4 million square feet in the pipeline, with further redevelopment opportunities also in the existing portfolio.

Please refer to Part B of Part 15 (Valuation Reports) of this document for further information on the valuation of the Mucklow Group's property portfolio as at 30 April 2019. There has been no material change in the valuation of the properties which are the subject of the Valuation Report set out in Part B of Part 15 (Valuation Reports) of this document since 30 April 2019, being the effective date of valuation of such Valuation Report. Cushman and Wakefield has confirmed that an updated valuation report as at the date of this document would not be materially different from the Valuation Report set out in Part B of Part 15 (Valuation Reports) of this document, which has an effective date of valuation of 30 April 2019.

Cushman & Wakefield valued the Mucklow Group's property portfolio on 30 April 2019. The investment properties and development land were valued at £453 million.

Since 30 April 2019, the Mucklow Group has disposed of the Hayden Cross property.

## **4. OVERVIEW, TRENDS AND COMPETITION**

As the Mucklow Group operates in the same sector as LondonMetric, please refer to paragraph 5 of Part 8 (Information on the LondonMetric Group) of this document for an overview of the market in which LondonMetric operates, recent trends and its competition.

## **5. SHARE CAPITAL OF MUCKLOW**

- 5.1 As at 28 May 2019 (being the latest practicable date prior to publication of this document), there were 63,294,833 Mucklow Ordinary Shares in issue. The nominal value of the Mucklow Ordinary Shares is 25 pence each.
- 5.2 As at 28 May 2019 (being the latest practicable date prior to publication of this document), there were 675,000 Mucklow Preference Shares in issue, with a nominal value of £1 each.
- 5.3 The Mucklow Preference Shares entitle the holders of the Mucklow Preference Shares, in priority to any dividend or return of capital on any other class of shares, to a fixed cumulative preferential

dividend on the capital paid up on them at the rate of 7 per cent. per annum (the “**Mucklow Preferential Dividend**”). The Preferential Dividend is payable in half yearly instalments.

- 5.4 The Mucklow Preference Shares entitle the holders of the Mucklow Preference Shares, on a distribution of assets on a winding up or otherwise, to:
  - 5.4.1 repayment of the capital paid up on the Mucklow Preference Shares; plus
  - 5.4.2 a premium, being a sum per share equal to the excess (if any) over par of the average of the respective means of the daily middle-market quotations at which such shares shall have been quoted on the London Stock Exchange during the six months immediately preceding the relevant date after first deducting the mean on each day a sum equal to any arrears of accruals of the Mucklow Preferential Dividend (less an amount equal to income tax on such sum); plus
  - 5.4.3 any arrears or accruals of the Mucklow Preferential Dividend.
- 5.5 Unless the Mucklow Preferential Dividend is in arrears, holders of the Mucklow Preference Shares are not entitled to vote, other than for a resolution for:
  - 5.5.1 winding up Mucklow;
  - 5.5.2 reducing its share capital;
  - 5.5.3 for the sale of its undertaking; and
  - 5.5.4 abrogating any special rights attached to the Mucklow Preference Shares.
- 5.6 The Mucklow Preference Shares do not entitle the holder to receive notice of or attend a general meeting unless it is being held in respect of a resolution that such holder is entitled to vote on.

## PART 10

### OPERATING AND FINANCIAL REVIEW OF THE LONDONMETRIC GROUP

*The following discussion of the LondonMetric Group's financial condition and results of operations should be read in conjunction with the historical financial information on the LondonMetric Group and the notes related thereto set out in Part 11 (Historical Financial Information on the LondonMetric Group). The financial information contained in this section as relates to the LondonMetric Group has been extracted without material adjustment from financial information referred to in Part 11 (Historical Financial Information on the LondonMetric Group), which has been incorporated into this document by reference. The historical financial information referred to in this discussion has been prepared in accordance with IFRS. Investors should read the whole of this document and not just rely on the key or summarised data below.*

#### 1. SELECTED FINANCIAL INFORMATION

##### LondonMetric Group consolidated income statements for years ended 31 March

	2019 £m	2018 £m	2017 £m
Gross revenue	86.8	83.7	75.6
Gross rental income	85.1	82.0	73.9
Property operating expenses	(1.2)	(0.8)	(0.8)
<b>Net rental income</b>	83.9	81.2	73.1
Property advisory fee income	1.7	1.7	1.7
<b>Net income</b>	85.6	82.9	74.8
Administrative costs	(13.7)	(13.8)	(13.3)
Amortisation of intangible asset	–	–	(0.2)
Profit on revaluation of investment properties	75.9	114.7	22.2
Profit/(loss) on sale of investment properties	0.6	(2.1)	(4.5)
Share of (losses)/profits of joint ventures	(6.4)	13.6	3.6
<b>Operating profit</b>	142.0	195.3	82.6
Finance income	0.4	0.4	1.7
Finance costs	(22.9)	(9.7)	(21.3)
<b>Profit before tax</b>	119.5	186.0	63.0
Taxation	0.2	–	–
<b>Profit for the year and total comprehensive income</b>	119.7	186.0	63.0
<b>Earnings per share</b>			
Basic	17.2p	26.9p	10.1p
Fully diluted	17.1p	26.9p	10.1p
EPRA (basic)	8.8p	8.5p	8.2p
EPRA (fully diluted)	8.7p	8.5p	8.2p

**LondonMetric Group consolidated balance sheets as at 31 March**

	2019 £m	2018 £m	2017 £m
<b>Non current assets</b>			
Investment properties	1,688.0	1,677.6	1,373.4
Investment in equity accounted joint ventures	98.9	117.7	107.6
Derivative financial instruments	–	2.8	–
Other tangible assets	0.4	0.1	0.3
	<u>1,787.3</u>	<u>1,798.2</u>	<u>1,481.3</u>
<b>Current assets</b>			
Trade and other receivables	5.8	2.3	18.8
Cash and cash equivalents	20.6	26.2	42.9
	<u>26.4</u>	<u>28.5</u>	<u>61.7</u>
<b>Total assets</b>	<u>1,813.7</u>	<u>1,826.7</u>	<u>1,543.0</u>
<b>Current liabilities</b>			
Trade and other payables	(36.4)	(33.6)	(46.4)
	<u>(36.4)</u>	<u>(33.6)</u>	<u>(46.4)</u>
<b>Non current liabilities</b>			
Borrowings	(558.9)	(643.6)	(466.3)
Derivative financial instruments	(1.6)	–	(23.4)
	<u>(560.5)</u>	<u>(643.6)</u>	<u>(489.7)</u>
<b>Total liabilities</b>	<u>(596.9)</u>	<u>(677.2)</u>	<u>(536.1)</u>
<b>Net assets</b>	<u>1,216.8</u>	<u>1,149.5</u>	<u>1,006.9</u>
<b>Equity</b>			
Called up share capital	70.0	69.7	69.2
Share premium	100.8	96.1	88.5
Capital redemption reserve	9.6	9.6	9.6
Other reserve	221.7	222.5	221.4
Retained earnings	814.7	751.6	618.2
<b>Equity shareholders' funds</b>	<u>1,216.8</u>	<u>1,149.5</u>	<u>1,006.9</u>
<b>Net asset value per share</b>	174.7p	165.7p	146.4p
<b>EPRA net asset value per share</b>	174.9p	165.2p	149.8p



**LondonMetric Group consolidated cash flow statements for the year ended 31 March**

	2019 £m	2018 £m	2017 £m
<b>Cash flows from operating activities</b>			
Profit before tax	119.5	186.0	63.0
<b>Adjustments for non cash items:</b>			
Profit on revaluation of investment properties	(75.9)	(114.7)	(22.2)
(Profit)/loss on sale of investment properties	(0.6)	2.1	4.5
Share of post tax loss/(profit) of joint ventures	6.4	(13.6)	(3.6)
Movement in lease incentives	(5.0)	(10.5)	0.3
Share based payment	2.7	2.4	1.8
Amortisation of intangible asset	–	–	0.2
Net finance costs	22.5	9.3	19.6
<b>Cash flows from operations before changes in working capital</b>	69.6	61.0	63.7
Change in trade and other receivables	0.4	1.7	0.9
Change in trade and other payables	–	(2.8)	9.7
<b>Cash flows from operations</b>	70.0	59.9	74.3
Interest received	0.1	–	–
Interest paid	(16.2)	(16.4)	(17.2)
Tax received/(paid)	0.3	–	–
<b>Cash flows from operating activities</b>	54.2	43.5	57.1
<b>Investing activities</b>			
Purchase of investment properties	(159.0)	(306.2)	(147.3)
Capital expenditure on investment properties	(27.6)	(56.3)	(19.4)
Lease incentives paid	(3.2)	(3.0)	(6.5)
Sale of investment properties	261.0	192.3	165.0
Investments in joint ventures	(5.1)	(12.6)	(0.4)
Distributions from joint ventures	17.5	16.2	16.1
Purchase of tangible assets	(0.4)	–	–
<b>Cash flows from investing activities</b>	83.2	(169.6)	7.5
<b>Financing activities</b>			
Dividends paid	(50.6)	(43.4)	(43.7)
Proceeds from issue of ordinary shares	–	–	92.8
Purchase of shares held in trust	(4.8)	(2.8)	(5.2)
Vesting of shares held in trust	0.3	0.3	–
New borrowings and amounts drawn down	360.0	397.2	226.2
Repayment of loan facilities	(445.0)	(220.4)	(328.0)
Financial arrangement fees and break costs	(2.9)	(21.6)	(6.4)
<b>Cash flows from financing activities</b>	(143.0)	109.3	(64.3)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(5.6)	(16.8)	0.3
Opening cash and cash equivalents	26.2	42.9	42.6
Closing cash and cash equivalents	20.6	26.2	42.9

## **Financing**

The performance indicators that continue to be used to monitor the LondonMetric Group's debt and liquidity position are shown in the table below.

	2019 £m	2018 £m	2017 £m
As at 31 March			
Gross debt	626.2	708.9	527.7
Cash	24.1	39.3	46.1
Net debt	<u>602.1</u>	<u>669.6</u>	<u>481.6</u>
Loan to value	32%	35%	30%
Cost of debt	3.1%	2.8%	3.5%
Undrawn facilities	373.5	65.8	299.7
Average debt maturity	6.4 years	4.8 years	5.2 years
Hedging	73%	73%	87%

## **2. OPERATING & FINANCIAL REVIEW FOR THE 3 YEARS TO 31 MARCH 2019**

The commentary that follows in the operating & financial review for the three year period to 31 March 2019 refers to financial information prepared in accordance with both IFRS and EPRA and includes the LondonMetric Group's share of joint ventures.

### **2.1 Year to 31 March 2019**

#### *Overview*

IFRS reported profit for the year of £119.7 million was predicated on EPRA earnings of £61.0 million and a revaluation gain of £64.4 million including the share of joint ventures. IFRS net assets increased 5.9 per cent. to £1,216.8 million. EPRA earnings per share has grown by 3.5 per cent. to 8.8p per share, allowing the LondonMetric Group to increase its dividend for the year by 3.8 per cent. to 8.2p per share. The dividend is 1.07 times covered by EPRA earnings and can be taken as a cash payment or scrip share alternative. EPRA NAV per share increased by 5.9 per cent. to 174.9p. The LondonMetric Group entered into two new debt arrangements in the year to improve its capital structure and lengthen its debt maturity.

#### *Income statement*

Net rental income increased in the year by 3.5 per cent. to £93.8 million. Income from lettings, rent reviews and regears of the existing portfolio generated additional income of £4.2 million, which included lease surrender premiums of £2.5 million compared with £1.5 million last year. Completed developments delivered a further £2.6 million of additional income and net disposals reduced income by £3.1 million.

Property costs increased by £0.5 million due to increased costs of vacant units, however the property cost leakage continues to be minimal at less than 2 per cent.. Administrative costs have reduced by £0.2 million to £13.7 million and are stated after capitalising staff costs of £1.9 million (2018: £1.8 million) in respect of time spent on development projects in progress, in accordance with the LondonMetric Group's accounting policy. Average headcount was lower at 28 employees compared with 31 in the previous year. The EPRA cost ratio, which reflects total operating costs as a percentage of gross rental income, fell by 28 bps over the year to 15.0 per cent.

Net finance costs, excluding the costs associated with repaying debt and terminating hedging arrangements on sales and refinancing in the year, were £20.2 million, an increase of £1.7 million over last year. Although net debt decreased year on year, average borrowings were actually higher in 2019 compared with 2018, which together with higher average rates, resulted in increased bank interest costs of £0.8 million. Alongside this, interest capitalised on developments fell by £0.6 million and the LondonMetric Group incurred additional fees and interest on new group facilities and joint venture debt of £0.3 million.

EPRA earnings from joint venture investments were £7.0 million, an increase of £0.5 million over the previous year. The MIPP Partnership received surrender income net of associated costs of £0.7 million and additional net rent from acquisitions and completed developments of £0.2 million. Income from the DFS JV fell by £0.3 million this year as a result of two disposals in the previous year. In addition, the LondonMetric Group received net management fees of £0.9 million for acting as property advisor to each of its joint ventures (2018: £0.9 million).

Reported profit for the year was £119.7 million compared with £186.0 million in the previous year. The £66.3 million reduction was primarily due to a £57.2 million lower property revaluation gain and £12.0 million adverse derivative movement net of break costs this year. Sales of 17 flats at Moore House generated a loss on sale of £1.6 million. Other LondonMetric Group sales generated a profit over book value of £0.6 million, resulting in an overall loss of £1.0 million compared with a loss of £2.0 million the previous year. The total profit over original cost of all sales in the period was £40.6 million representing a return of 17.3 per cent.. Including one further flat sale at Moore House post year end, the joint venture has 33 remaining flats of the original 149 owned.

The Company continued to declare quarterly dividends and offered Shareholders a scrip alternative to cash payments. In the year to 31 March 2019 the Company paid the third and fourth quarterly dividends for 2018 and the first two quarterly dividends for 2019 at a total cost of £55.6 million or 8.0p per share. The Company issued 2.8 million ordinary shares in the year under a scrip dividend scheme, which reduced the cash dividend payment by £5.0 million to £50.6 million. The first two quarterly payments for the year of 1.9p per share were paid as PIDs in the year. The third quarterly payment of 1.9p was paid as a PID in April 2019 and the Company has proposed the LondonMetric Fourth Quarter Dividend payable on 11 July 2019, of which 0.75 p per share will be a PID, to Shareholders on the register at the record date of 7 June 2019. The total dividend payable for 2019 has increased 3.8 per cent. to 8.2p, comprising a PID of 6.45p and an ordinary dividend of 1.75p.

#### *Balance Sheet*

IFRS reported net assets increased by £67.3 million or 5.9 per cent. in the year to £1,216.8 million. EPRA net assets increased £72.1 million or 6.3 per cent. in the year to £1,218.7 million. On a per share basis, EPRA net assets increased by 9.7p to 174.9p. The increase in both IFRS and EPRA net assets per share was principally due to the property revaluation gain of 9.3p. EPRA earnings of 8.8p covered the 8.0p dividend paid in the year.

Total accounting return (“TAR”) is another important measure of the LondonMetric Group’s performance as it reflects EPRA net asset value growth plus dividends paid in the year. TAR was strong return this year at 17.7p per share, or 10.7 per cent..

The LondonMetric Group’s distribution exposure increased to 72.5 per cent. including distribution developments, up from 68.5 per cent. last year. Further sales of retail parks reduced the LondonMetric Group’s exposure in this sector to less than 5 per cent.

Developments in progress at the year end included the 40 acre scheme in Bedford, a retail development pre-let to Aldi in Weymouth and a forward funded pre-let scheme in Durham. Projects at Dagenham, Frimley, Ipswich, Ringwood and Telford completed in the year and investment in development assets remains at modest levels.

Property values have increased by £64.4 million in the year, most significantly in the distribution and development sectors.

The LondonMetric Group spent £156.3 million in the year acquiring £112.5 million urban logistics, £15.6 million long income and £28.2 million convenience and leisure assets. Sales in the year generated net proceeds of £274.0 million and reduced the book value of property by £275.0 million (including the cost of lease incentives written off of £16.2 million).

At the year end, the LondonMetric Group had capital commitments of £19.7 million as reported, relating primarily to committed developments in progress at Durham and Bedford.

### *Financing*

Net debt fell over the year by £67.5 million to £602.1 million.

The LondonMetric Group entered into new debt arrangements to lengthen debt maturity and increase firepower in order to provide further operational flexibility. In July 2018 the LondonMetric Group entered into the Wells Fargo Facility, a new unsecured debt facility with Wells Fargo for £75 million, of which £50 million was immediately drawn on a seven year term. The undrawn balance of £25 million is on a five year term and can be extended by up to two years. In December 2018, the LondonMetric Group entered into the 2018 NPA, a £150 million private placement with five institutional investors, at a blended fixed rate coupon of 3.5 per cent. and an average maturity of 12 years. Funds were drawn in March 2019 and were used to repay part of the unsecured credit facility, which remains available to redraw in full.

The average debt maturity increased to 6.4 years from 4.8 years last year and available undrawn facilities increased to £373.5 million. After deducting contracted capital commitments at the year-end of £19.7 million, the LondonMetric Group's headroom was £353.8 million.

The other financing metrics remained strong, with average cost of debt of 3.1 per cent. (2018: 2.8 per cent.) and loan to value of 32 per cent. (2018: 35 per cent.).

The LondonMetric Group complied throughout the year with the financial covenants contained in its debt funding arrangements and had substantial levels of headroom.

At 31 March 2019, 73 per cent. of the LondonMetric Group's exposure to interest rate fluctuations was hedged by way of swaps and caps assuming existing debt facilities are fully drawn (2018: 73 per cent.).

### *Cashflow*

During the year, the LondonMetric Group's cash balances decreased by £5.6 million. Cash inflows from operating activities increased by £10.7 million to £54.2 million, driven by increases in net rental income and the expiry of rent free periods. The LondonMetric Group received net cash proceeds of £83.2 million during the year from its investment activities. This included £261.0 million from property disposals and £12.4 million from joint ventures. It spent £159.0 million acquiring property and £31.2 million on capital expenditure for asset management and development activities. Cash outflows from financing activities reflect net debt repayments of £85.0 million, cash dividend payments of £50.6 million, financing costs of £2.9 million and share purchases of £4.5 million.

## **2.2 Year to 31 March 2018**

### *Overview*

IFRS reported profit increased by £123.0 million to £186.0 million, predicated on a significant revaluation gain of £121.6 million in the year. IFRS net assets were £1,149.5 million or 165.7p per share, an increase of 13.2 per cent. on a per share basis in the year.

EPRA earnings increased by 15.9 per cent. to £59.1 million or 8.5p per share. On a per share basis earnings were up 0.3p or 3.7 per cent. from 8.2p for the previous year, reflecting the impact of the equity placing of 62.8 million shares in March 2017. EPRA NAV was £1,146.6 million or 165.2p per share, an increase of 11.3 per cent. or 10.3 per cent. on a per share basis.

### *Income statement*

Net rental income increased by £8.8 million or 10.8 per cent. to £90.6 million, up from £81.8 million in the previous year. Like for like income from the existing portfolio generated additional income of £4.4 million from lettings, rent reviews and regears and completed developments delivered a further £4.2 million. Net acquisitions increased income by £3.8 million.

Property cost leakage was minimal as vacancy levels were extremely low. Net income as a percentage of gross rents increased marginally to 98.7 per cent.

Administrative costs increased by 3.7 per cent. to £13.9 million and are stated after capitalising staff costs of £1.8 million (2017: £1.8 million) in respect of time spent on development activity in the year.

Headcount only slightly reduced and the cost increase was primarily due to the £0.6 million increase in the share based payment charge, reflecting additional awards granted to Directors since 2017.

The EPRA cost ratio for the year, including direct vacancy costs, fell 93 bps to 15.3 per cent. The reduction was due to higher rents more than offsetting the increase in administrative expenses in the year.

Net finance costs, excluding the costs associated with repaying debt and terminating hedging arrangements on sales and refinancing in the year, were £18.5 million, a marginal increase of £0.1 million compared with the previous year. This was due to decreases in interest receivable from forward funded developments that completed and interest capitalised on developments of £1.3 million and £0.2 million respectively, offset by lower LondonMetric Group bank interest costs of £1.4 million. The LondonMetric Group interest payable fell as a result of lower average rates following the cancellation of out of the money interest rate swaps in July and lower average debt balances.

EPRA earnings from joint venture investments were £6.5 million, an increase of £0.7 million over the previous year. In September 2017, the LondonMetric Group increased its shareholding in the DFS JV by 14.5 per cent. to 45.0 per cent. This resulted in a higher share of earnings in the second half of the year. At the same time, Atlantic Leaf Properties Limited acquired a 45.0 per cent. interest in the joint venture from LVSII Lux S.A.R.L. Income from the MIPP Partnership also increased as a result of prior period acquisitions contributing for the full year.

In addition, the LondonMetric Group received net management fees of £0.9 million for acting as property advisor to each of its joint ventures (2017: £1.0 million).

The Company continued to declare quarterly dividends and offered shareholders a scrip alternative to cash payments. In the year to 31 March 2018 the Company paid the third and fourth quarterly dividends for 2017 and the first two quarterly dividends for 2018 at a total cost of £51.4 million or 7.6p per share. The Company issued 4.8 million ordinary shares in the year under the terms of the scrip dividend scheme, which reduced the cash dividend payment by £8.0 million to £43.4 million.

The first two quarterly payments for the year ended 31 March 2018 of 1.85p per share were paid as PIDs in the year. The third quarterly payment of 1.85p was paid as a PID in April 2018 and the Company proposed a fourth quarter dividend payable on 11 July 2018 of 2.35p per share, of which 1.7p per share was a PID, to Shareholders on the register on the record date of 8 June 2018. The total dividend payable for 2018 increased 5.3 per cent. to 7.9p, comprising a PID of 7.25p and an ordinary dividend of 0.65p.

Other movements in reported profit included a favourable movement in the fair value of derivatives of £26.4 million, which was offset by break costs of £19.1 million. The net favourable movement of £7.3 million compares with a loss of £3.3 million the previous year.

The disposal of the non core office in Marlow contributed to the loss on sales in the year, generating a loss over book value of £3.6 million. This was partly mitigated by the retention of rent for the deferred completion period of £1.2 million. The corresponding profit over original cost was £4.5 million.

Profit on other retail and distribution sales reduced the overall loss to £2.0 million which compares to a loss of £5.5 million in 2017. The total profit over original cost of sales in the period was £17.9 million or 9.8 per cent. (2017: £7.4 million or 3.8 per cent.).

### *Balance Sheet*

IFRS reported net assets increased by £142.6 million or 14.2 per cent. in the year to £1,149.5 million. EPRA net assets increased £116.1 million or 11.3 per cent. in the year to £1,146.6 million. On a per share basis EPRA net assets increased by 15.4p, or 10.3 per cent. to 165.2p.

The increase in both IFRS and EPRA net assets per share was principally due to the property revaluation of 17.6p. EPRA earnings of 8.5p covered the 7.6p dividend charge.

The movement in EPRA net assets, together with the dividend paid in the year net of the scrip issue of shares of £43.4 million, resulted in a total accounting return of 15.5 per cent.

The property portfolio, including the share of joint venture assets on an apportioned basis, grew 20.0 per cent. in the year to £1,842.0 million. This was a result of significant net property investment, active asset management and increased valuations. LondonMetric increased distribution exposure (including distribution developments) to 69 per cent. from 62 per cent. the previous year.

Investment in development assets remained at modest levels as short cycle opportunities at Crawley, Stoke and Huyton completed in the year and new development opportunities at Bedford and Weymouth were acquired. The LondonMetric Group's commitment to development activity was demonstrated by the significant spend of £62.5 million in the year.

The LondonMetric Group spent £289.7 million in the year acquiring 25 distribution and 3 retail properties. Non core assets including the last office in Marlow and 19 residential flats at Moore House generated proceeds of £77.2 million. A further 10 commercial property sales generated additional proceeds of £126.9 million and reduced the total carrying value of property by £191.0 million.

The LondonMetric Group exchanged to sell two further assets in the period, a distribution unit in South Elmsall let to Superdrug for £15.0 million and a Morrisons store in Loughborough for £32.5 million. Both had deferred completions and were reflected as disposals in the financial statements for 2019.

Property values increased by £121.6 million, most significantly in the urban logistics and development sectors and the portfolio delivered a total property return of 13.7 per cent. compared to the IPD All Property index of 10.1 per cent.

At the year end, the LondonMetric Group had capital commitments of £47.5 million, relating primarily to committed developments in progress at Frimley, Bedford and Weymouth.

### *Financing*

In July 2017 the LondonMetric Group refinanced the secured debt facility with Helaba and repaid £66.2 million by drawing additional unsecured debt. The LondonMetric Group extended the term by 2.7 years and reduced the average cost of debt. As part of the refinancing the LondonMetric Group cancelled £128.4 million interest rate swaps at a cost of £6.3 million.

In the second half of the year, the LondonMetric Group re-coupled a further £190 million interest rate swaps which hedged the unsecured revolving credit facility at a cost of £12.7 million.

The MIPP Partnership increased and extended its debt facility with Deutsche Pfandbriefbank in September 2017 by £18.2 million and for a further three years to match the debt maturity to the duration of the joint venture agreement.

The LondonMetric Group's share of joint venture gross debt increased by £4.4 million due to its additional investment in the DFS JV, which increased its share of debt by £7.4 million. This was offset by debt repaid following sales of £3.0 million.

These financing transactions strengthened key financial ratios with average debt cost falling to 2.8 per cent. (2017: 3.5 per cent.) and average debt maturity of 4.8 years (2017: 5.2 years).



The LondonMetric Group deployed its available undrawn facilities, partly generated following the equity placing in March 2017, to acquire assets in preferred sectors and progress committed developments, reducing undrawn facilities at the year end to £65.8 million.

Loan to value, net of cash resources and deferred consideration on sales which completed and were accounted for in the following year, was 35 per cent. (2017: 30 per cent.).

At 31 March 2018, 73 per cent. of the LondonMetric Group's exposure to interest rate fluctuations was hedged by way of swaps and caps assuming existing debt facilities were fully drawn (2017: 87 per cent.). This fell as a result of the cancellation of £128 million interest rate swaps in the year.

#### *Cashflow*

Cash flows from operating activities were £43.5 million and lower than the previous year largely due to changes in net working capital requirements.

Cash flows from investing activities reflected property acquisitions, including those classified as forward funded developments, of £306.2 million and capital expenditure and incentives of £59.3 million. These outflows were offset by net proceeds from disposals of £192.3 million and net distributions from joint ventures of £3.6 million.

Cash flows from financing activities reflected net new borrowings of £176.8 million, cash dividend payments of £43.4 million (which reflect the £8.0 million scrip saving), financing costs of £21.6 million and share purchases of £2.5 million. New borrowings of £176.8 million and the cancellation of secured debt of £66.2 million reduced available facilities in the year.

### **2.3 Year to 31 March 2017**

#### *Overview*

EPRA earnings increased by 5.3 per cent. to £51.0 million or 8.2p per share, compared with £48.5 million or 7.8p the previous year. Reported profit under IFRS fell by £19.7 million to £63.0 million primarily as a result of lower valuation gains in the year ended 31 March 2017. EPRA NAV was £1,030.5 million or 149.8p per share, an increase of 11.8 per cent. or 1.4 per cent. on a per share basis which reflected the impact of the equity placing.

#### *Income statement*

The growth in EPRA earnings was driven by additional net rental income of £4.1 million, which increased by 5.3 per cent. in the year to £81.8 million. The existing portfolio generated £0.7 million of additional income and the LondonMetric Group's completed developments delivered a further £5.1 million. Net disposals reduced income by £1.8 million, offset by marginal savings in property costs of £0.1 million. The LondonMetric Group's net income as a percentage of gross rents increased marginally to 98.6 per cent.

Administrative costs fell by 2.9 per cent. to £13.4 million after capitalising staff costs of £1.8 million (2016: £1.5 million) in respect of time spent on development activity in the year. The EPRA cost ratio for the year, including direct vacancy costs, was 16 per cent. compared with 17 per cent. the previous year.

Net finance costs, excluding the costs associated with repaying debt and terminating hedging arrangements on sales and refinancing in the year were £18.4 million, an increase of £1.7 million over the previous year. This was due to decreases in interest receivable from forward funded development projects and interest capitalised on developments of £0.4 million and £0.7 million respectively. In addition, increased LondonMetric Group bank interest costs of £1.4 million associated with higher average levels of debt were offset by lower joint venture interest costs of £0.8 million as a result of repaying debt facilities.

EPRA earnings from joint venture investments were £5.8 million, a reduction of £0.8 million over the previous year due to the impact of disposals.

The Directors approved a fourth quarter dividend, payable on 10 July 2017 to shareholders on the register at the close of business on 9 June 2017, bringing the total amount paid and payable for 2017 to 7.5p, an increase of 0.25p compared with the previous year.

The first two quarterly payments totalling 3.6p per share were paid as PIDs in the year. The third quarterly dividend of 1.8p per share was paid as a PID. The fourth quarterly dividend comprised a PID of 1.3p per share and an ordinary dividend of 0.8p per share and a scrip alternative was offered.

The LondonMetric Group's reported profit for the year was £63.0 million compared with £82.7 million the previous year. The reduction was primarily due to lower property valuation gains realised, offset by a favourable movement in derivatives compared with the previous year.

Other movements in reported profit included the loss on sale of properties and associated debt and hedging break costs, which together reduced profit by £9.1 million.

Disposals of mature retail parks, principally at Newry, King's Lynn and Christchurch, generated losses over book value of £4.5 million. The total profit over original cost on sales in the year was £7.4 million or 3.8 per cent..

In April 2016, the LondonMetric Group bought down £66.3 million of legacy out of the money interest rate swaps at a cost of £3.5 million.

The IFRS reported profit excluding the fair value of derivatives, together with the dividend charge in the year of £43.7 million, represented a total accounting return of 6.4 per cent.

#### *Balance Sheet*

EPRA net assets increased in the year by £108.4 million or 11.8 per cent. to £1,030.5 million. On a per share basis and after reflecting the impact of the equity placing, net assets increased by 2.1p, or 1.4 per cent., to 149.8p. IFRS reported net assets increased by £108.7 million in the year to £1,006.9 million.

The LondonMetric Group's portfolio including its share of joint venture properties grew to £1,533.8 million over the year, with investment in distribution assets, including those under development, increasing to 62 per cent. of the portfolio compared with 54 per cent. the previous year.

Investment in development assets fell as developments at Ferndown, Liverpool, Leicester, Wakefield and Warrington completed on schedule in the year and were reclassified as investment assets. The LondonMetric Group retained its remaining office at Marlow and continued to sell down residential assets.

Despite the market uncertainty in the 2017 financial year, the LondonMetric Group saw property values increase by £21.0 million and delivered a total property return of 7.4 per cent. compared to the IPD index of 4.6 per cent. The LondonMetric Group's commitment to development activity was demonstrated by the significant spend of £68.7 million in the year which included £52.7 million on forward funded developments principally at Warrington, Wakefield and Crawley. At the year end, the LondonMetric Group had capital commitments of £57.8 million, relating primarily to committed developments in progress at Dagenham, Crawley, Stoke and Ipswich. The LondonMetric Group acquired 16 distribution assets and two retail assets through the MIPP Partnership in the year. It continued to dispose of mature retail assets that had delivered their business plans and recycle capital into end to end distribution units which offered attractive yields, strong rental growth prospects and asset management opportunities. The disposal of 13 commercial and 21 residential assets in the year generated proceeds of £201.9 million and reduced the carrying value of property by £198.2 million.

Included within the trade and other receivables balance of £18.8 million on the LondonMetric Group balance sheet is £14.3 million due on completion of the sale of Alban Retail Park, Bedford.

### *Financing*

In September 2016, the LondonMetric Group entered into the 2016 NPA at a blended coupon of 2.7 per cent. and a weighted average maturity of 8.3 years. The proceeds were used to repay existing unsecured debt which remained available to draw in full.

In March 2017, the LondonMetric Group completed a successful equity placing of 62.8 million ordinary shares raising gross proceeds of £95.5 million. It used the proceeds in part to further repay its existing unsecured facility, increasing available undrawn facilities to £299.7 million at the year end.

The LondonMetric Group's share of joint venture gross debt fell by £8.4 million or 13.4 per cent. since the previous year as a result of sales and consequent debt repayments. The Moore House debt facility was repaid in full in December 2016.

The LondonMetric Group's key financial ratios remained strong with loan to value falling to 30 per cent. and the average cost of debt remaining stable at 3.5 per cent. At 31 March 2017, 87 per cent. of the LondonMetric Group's exposure to interest rate fluctuations was hedged by way of current and forward starting swaps and caps assuming existing debt facilities are fully drawn.

### *Cashflow*

Cash flows from operating activities were £57.1 million.

Cash flows from investing activities reflected property acquisitions, including those classified as forward funded developments, of £147.3 million and capital expenditure of £25.9 million offset by net proceeds from disposals of £165.0 million and net distributions from joint ventures of £15.7 million.

Net repayment of bank facilities in the year of £101.8 million and cash dividends paid of £43.7 million was offset in part by net proceeds received from the equity placing of £92.8 million.

## **3. LIQUIDITY & CAPITAL RESOURCES**

### ***Liquidity and cash management***

The LondonMetric Group's business model consists of a rolling three year profit and cash flow forecast, with both a base case scenario, which only includes deals under offer, and also an assumed case which factors in reinvestment and development. The business model considers investment plans, capital commitments, dividend cover, loan covenants and UK-REIT compliance metrics.

The Executive Committee provides regular strategic input to the financial forecasts covering investment, divestment and development plans, capital allocation and hedging. Forecasts are updated at least quarterly, reviewed against actual performance and reported to the Board. Stress testing is undertaken for changes in interest rates, property valuations and rental income levels. This testing assessed the impact of these movements on future performance, liquidity and the ability to finance forecast transactions, committed capital expenditure and refinance maturing debt. It took into account the flexibility of capital expenditure and disposal plans and hedging in place.

The LondonMetric Group actively maintains a mixture of long term and short term committed facilities that are designed to ensure that the LondonMetric Group has sufficient available funds for operations and committed investments. The LondonMetric Group's funding sources are diversified across a range of banks and institutions. Weekly cash flow forecasts are prepared for the Executive Committee to ensure sufficient resources of cash and undrawn borrowing facilities are in place to meet liabilities as they fall due.

The LondonMetric Group uses interest rate swaps and caps to manage its interest rate exposure and hedge future interest rate risk for the term of the bank loan. Although the Board accepts that this policy neither protects the LondonMetric Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully the cash flow risk associated with interest payments, it considers that it achieves an appropriate balance of exposure to these risks.

The LondonMetric Group's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern so that it can provide returns to shareholders and as such it seeks to maintain an appropriate mix of debt and equity. The capital structure of the LondonMetric Group consists of debt, which includes long term borrowings and undrawn debt facilities, and equity comprising issued capital, reserves and retained earnings. The LondonMetric Group balances its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

### **Covenants**

The LondonMetric Group comfortably complied throughout the year to 31 March 2019 with the financial covenants contained in its debt funding arrangements and had substantial levels of headroom. Covenant compliance is regularly stress tested for changes in capital values and income.

The LondonMetric Group's unsecured facility and private placement loan notes contain gearing and interest cover financial covenants. At 31 March 2019, the LondonMetric Group's gearing ratio as defined within these funding arrangements was 46 per cent. compared with the maximum limit of 125 per cent. and interest cover ratio was 4.7 times compared with the minimum level of 1.5 times.

## **4. STATEMENT OF CAPITALISATION AND INDEBTEDNESS**

Set out below is a statement of capitalisation and indebtedness of the LondonMetric Group at 31 March 2019.

	<i>As at 31 March 2019 £m</i>
<b>(i) Capitalisation and gross indebtedness</b>	
<b>Non-current debt</b>	
Secured <sup>(2)(3)</sup>	130.0
Unsecured <sup>(2)</sup>	435.0
<b>Shareholders' Equity</b>	
Share capital	70.0
Legal reserve	110.4
Other reserve	221.7
<b>Total capitalisation and gross indebtedness</b>	<u>967.1</u>
<b>(ii) Net indebtedness</b>	
<b>Cash</b>	
Cash equivalents	20.6
<b>Liquidity</b>	<u>20.6</u>
Non-current bank loans <sup>(2)</sup>	(565.0)
<b>Non-current financial indebtedness</b>	<u>(565.0)</u>
<b>Net financial indebtedness</b>	<u>(544.4)</u>

### **Notes:**

- (1) The LondonMetric Group holds a derivative financial instrument portfolio that hedges the cash flows of certain borrowings. As at 31 March 2019, the mark to market valuation of this instruments was a net liability of £1.6 million. This sum is not reflected in the indebtedness analysis.
- (2) The LondonMetric Group's debt is shown gross of unamortised issue costs.
- (3) Secured debt relates to the LondonMetric Group's term loan that is secured by fixed and floating charges over properties owned by the LondonMetric Group.

## PART 11

### HISTORICAL FINANCIAL INFORMATION ON THE LONDONMETRIC GROUP

The following documentation, which was sent to Shareholders at the relevant time and/or is available as described below, contains information which is relevant to the Proposals and is incorporated by reference in this document:

1. the audited consolidated financial statements of the LondonMetric Group for the financial year ended 31 March 2019;
2. the audited consolidated financial statements contained in the annual report and accounts of the LondonMetric Group for the financial year ended 31 March 2018; and
3. the audited consolidated financial statements contained in the annual report and accounts of the LondonMetric Group for the financial year ended 31 March 2017.

The table below sets out the various sections of such documents which are incorporated by reference into this document so as to provide the information required under the Prospectus Rules and to ensure that Shareholders and others are aware of all information which, according to the particular nature of LondonMetric and of the Ordinary Shares, is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of LondonMetric.

The following list is intended to enable investors to identify easily the items of information that have been incorporated by reference into this document. Those parts of each document that are not incorporated by reference are either not relevant for the investor or are covered elsewhere in this document.

<i>Information incorporated by reference into this document</i>	<i>Page numbers in reference document</i>
<b>For the year ended 31 March 2019 and 31 March 2018</b>	
Independent auditor's report	38
Consolidated income statement	45
Consolidated balance sheet	46
Consolidated statement of changes in equity	47
Consolidated cash flow statement	48
Notes to the financial statements	49-67
<b>For the year ended 31 March 2018 and 31 March 2017</b>	
Independent auditor's report	109
Consolidated income statement	114
Consolidated balance sheet	115
Consolidated statement of changes in equity	116
Consolidated cash flow statement	117
Notes to the financial statements	118-136
<b>For the year ended 31 March 2017</b>	
Independent auditor's report	113
Consolidated income statement	117
Consolidated balance sheet	118
Consolidated statement of changes in equity	119
Consolidated cash flow statement	120
Notes to the financial statements	121-137

## **PART 12**

### **OPERATING AND FINANCIAL REVIEW OF THE MUCKLOW GROUP**

Information on Mucklow's financial condition and results of operation is set out in the documents incorporated by reference as listed in Part B of Part 13 (Historical information on the Mucklow Group). The historical financial information referred to in Part 13 (Historical information on the Mucklow Group) has been prepared in accordance with IFRS.



## PART 13

### HISTORICAL FINANCIAL INFORMATION ON THE MUCKLOW GROUP

Historical financial information on the Mucklow Group for the years ended 30 June 2018, 30 June 2017 and 30 June 2016 and the six month periods ended 31 December 2018 and 31 December 2017.

#### Part A: Selected historical financial information relating to the Mucklow Group

##### CONSOLIDATED INCOME STATEMENTS

The table below sets out certain consolidated income statement information relating to the Mucklow Group for the three years ended 30 June 2018, 30 June 2017 and 30 June 2016 (which is audited), and for the six months ended 31 December 2018 and 31 December 2017 (which is unaudited), prepared in accordance with IFRS.

##### SUMMARY INCOME STATEMENTS

	<i>Six months ended</i>		<i>Year ended 30 June</i>		
	<i>31 December</i>				
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Net property income	12.2	11.3	22.5	22.7	22.0
Administration expenses	(2.3)	(1.6)	(3.5)	(3.4)	(3.3)
Profit on disposal of investment and development properties	–	7.7	7.6	1.9	–
Revaluation of investment and development properties	8.7	14.1	49.7	13.0	10.2
Operating profit	18.6	31.5	76.3	34.2	28.9
Total finance costs	(1.4)	(1.6)	(6.8)	(4.6)	(3.7)
Profit for financial year	17.2	29.9	69.5	29.6	25.2
Revaluation of owner-occupied property	–	–	0.2	–	–
Total comprehensive income for the period	17.2	29.9	69.7	29.6	25.2
Earnings per share – basic	27.1p	47.4p	109.8p	46.6p	39.9p
Earnings per share – diluted	27.0p	47.4p	109.8p	46.6p	39.9p
Earnings per share – EPRA	13.5p	12.9p	25.1p	25.1p	23.9p

##### CONSOLIDATED BALANCE SHEETS

The table below sets out certain consolidated balance sheet information relating to the Mucklow Group for the three years ended 30 June 2018, 30 June 2017 and 30 June 2016 (which is audited), and for the interim financial periods ended 31 December 2018 and 31 December 2017 (which is unaudited), prepared in accordance with IFRS.

## SUMMARY BALANCE SHEETS

	<i>As at 31 December</i>		<i>As at 30 June</i>		
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Non-current assets	438.9	396.5	429.5	388.7	364.9
<b>Total assets</b>	<b>456.5</b>	<b>413.2</b>	<b>445.1</b>	<b>396.6</b>	<b>374.9</b>
<b>Total liabilities</b>	<b>(94.7)</b>	<b>(94.3)</b>	<b>(92.7)</b>	<b>(99.9)</b>	<b>(94.3)</b>
<b>Net assets</b>	<b>361.8</b>	<b>318.9</b>	<b>352.4</b>	<b>296.7</b>	<b>280.6</b>
Net asset value per share					
– basic	572p	504p	557p	469p	443p
Net asset value per share					
– diluted	570p	504p	557p	469p	443p
Net asset value per share					
– EPRA	572p	506p	559p	471p	446p

## CONSOLIDATED STATEMENTS OF CASH FLOWS

The table below sets out certain consolidated cash flow information relating to the Mucklow Group for the three years ended 30 June 2018, 30 June 2017 and 30 June 2016 (which is audited), and the six months ended 31 December 2018 and 31 December 2017 (which is unaudited), prepared in accordance with IFRS.

## HISTORICAL FINANCIAL INFORMATION ON THE MUCKLOW GROUP

	<i>Six months ended</i>		<i>Year ended 30 June</i>		
	<i>31 December</i>				
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Net cash inflow from operating activities	9.1	5.5	10.1	17.1	15.3
Net cash inflow/(outflow) from investing activities	(0.7)	5.9	11.6	(7.4)	(4.2)
Net cash outflow from financing activities	(6.6)	(10.9)	(18.7)	(11.0)	(10.9)
Cash and cash equivalents at beginning of year	8.8	5.8	5.8	7.1	6.9
Cash and cash equivalents at end of year	10.6	6.3	8.8	5.8	7.1

## **Part B: Historical financial information relating to the Mucklow Group**

1. The following documentation, which was sent to Mucklow Shareholders at the relevant time and/or are available as described below, contains information which is relevant to the Proposals and is incorporated by reference in this document:
  - (a) the unaudited consolidated financial statements contained in the half-yearly report of the Mucklow Group for the six months to 31 December 2018;
  - (b) the audited consolidated financial statements contained in the annual report and accounts of the Mucklow Group for the year ended 30 June 2018;
  - (c) the audited consolidated financial statements contained in the annual report and accounts of the Mucklow Group for the financial year ended 30 June 2017; and
  - (d) the audited consolidated financial statements contained in the annual report and accounts of the Mucklow Group for the financial year ended 30 June 2016.
2. Each of these consolidated financial statements was prepared in accordance with IFRS, save for the unaudited consolidated financial statements contained in the half-yearly report to the Mucklow Group for the six months to 31 December 2018, have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.
3. The statements referred to in paragraphs 1(b) to 1(d) above were audited and the audit report for each financial year referred to therein were unqualified.
4. The LondonMetric Directors confirm that no material adjustment needs to be made to the financial information of the Mucklow Group to achieve consistency with the LondonMetric Group's accounting policies for the financial period ended 31 December 2018 and 31 December 2017. The Mucklow Group's accounting policies under which the financial information incorporated by reference in this Part B of this Part 13 was prepared are not materially different from the LondonMetric Group's accounting policies.
5. The table below sets out the various sections of such documents which are incorporated by reference into this document so as to provide the information required under the Prospectus Rules and to ensure that Shareholders and others are aware of all information which, according to the particular nature of LondonMetric and of the Ordinary Shares, is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of LondonMetric.
6. The following list is intended to enable investors to identify easily the items of information that have been incorporated by reference into this document. Those parts of each document that are not incorporated by reference are either not relevant for the investor or are covered elsewhere in this document.

<i>Information incorporated by reference into this document</i>	<i>Page numbers in reference document</i>
<b>For the six months ended 31 December 2018</b>	
Property Review	2
Group Condensed Statement of Comprehensive Income	4
Group Condensed Statement of Changes in Equity	5
Group Condensed Balance Sheet	6
Group Condensed Cash Flow Statement	7
Notes to the Half-Yearly Report	8-17
Independent Review Report	19

*Information incorporated by reference into this document*

*Page numbers  
in reference document*

**For the year ended 30 June 2018**

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## PART 14

### UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE COMBINED GROUP

#### Part A: Accountant's report on the unaudited pro forma financial information of the Combined Group



BDO LLP  
55 Baker Street  
London  
W1U 7EU

The Directors  
LondonMetric Property Plc  
One Curzon Street  
Mayfair  
London  
W1J 5HB

Peel Hunt LLP  
Moor House  
120 London Wall  
London  
EC2Y 5ET

30 May 2019

Dear Sir or Madam

#### **LondonMetric Property Plc (the “Company”)**

##### **Pro forma financial information**

We report on the unaudited pro forma net assets and income statement (together, the “Unaudited Pro Forma Financial Information”) set out in Part B of Part 14 of the prospectus dated 30 May 2019 (the “Prospectus”) which has been prepared on the basis described, for illustrative purposes only, to provide information about how the proposed Combination might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the year ended 31 March 2019.

This report is required by item 20.2 of Annex I of the Commission Regulation (EC) No. 809/2004 (the “PD Regulation”) and is given for the purpose of complying with that item and for no other purpose.

##### **Responsibilities**

It is the responsibility of the directors of the Company (the “Directors”) to prepare the Unaudited Pro Forma Financial Information in accordance with item 20.2 of Annex I of the PD Regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II of the PD Regulation, as to the proper compilation of the Unaudited Pro Forma Financial Information and to report that opinion to you.

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 the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I of the PD Regulation, consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information, nor

do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations which we considered necessary in order to provide us with reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

### **Declaration**

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

Yours faithfully

### **BDO LLP**

*Chartered Accountants*

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



**Part B: Unaudited pro forma financial information of the Combined Group**

The Unaudited Pro Forma Financial Information of the Combined Group comprises the following:

- the unaudited pro forma statement of net assets of the LondonMetric Group as at 31 March 2019, which has been prepared to illustrate the effect on the consolidated net assets of the LondonMetric Group as if the Combination had taken place on 31 March 2019;
- the unaudited pro forma income statement of the LondonMetric Group for the year ended 31 March 2019, which has been prepared to illustrate the effect on the consolidated income statement of the LondonMetric Group as if the Combination had taken place on 1 April 2018.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the LondonMetric Group's actual financial position or results.

The Unaudited Pro Forma Financial Information is based on:

- the consolidated income statement of the LondonMetric Group for the year ended 31 March 2019; and
- the consolidated net assets of the LondonMetric Group as at 31 March 2019,

as set out in the audited consolidated financial statements of the LondonMetric Group for the year ended 31 March 2019, and has been prepared in a manner consistent with the accounting policies adopted by LondonMetric in preparing such information and on the basis set out in the notes set out below.

## Unaudited pro forma statement of net assets

	<i>LondonMetric Group as at 31 March 2019 (note 1) £m</i>	<i>Mucklow Group as at 31 December 2018 (note 2) £m</i>	<i>Adjustments as a result of the Combination (notes 3,4) £m</i>	<i>Pro forma net assets of the Combined Group £m</i>
<b>Assets</b>				
<b>Non-current assets</b>				
Investment property	1,688.0	437.0	–	2,125.0
Intangible assets	–	–	52.9	52.9
Investments in equity-accounted joint ventures	98.9	–	–	98.9
Other tangible assets	0.4	1.4	–	1.8
Other receivables	–	0.5	–	0.5
	<u>1,787.3</u>	<u>438.9</u>	<u>52.9</u>	<u>2,279.1</u>
<b>Current assets</b>				
Held for sale assets	–	5.0	–	5.0
Trading properties	–	0.5	–	0.5
Trade and other receivables	5.8	1.5	–	7.3
Cash and cash equivalents	20.6	10.6	–	31.2
	<u>26.4</u>	<u>17.6</u>	<u>–</u>	<u>44.0</u>
<b>Total assets</b>	<u>1,813.7</u>	<u>456.5</u>	<u>52.9</u>	<u>2,323.1</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings	(558.9)	(79.8)	(139.0)	(777.7)
Derivative financial instruments	(1.6)	–	–	(1.6)
	<u>(560.5)</u>	<u>(79.8)</u>	<u>(139.0)</u>	<u>(779.3)</u>
<b>Current liabilities</b>				
Trade and other payables	(36.4)	(14.5)	–	(50.9)
Taxation	–	(0.4)	–	(0.4)
	<u>(36.4)</u>	<u>(14.9)</u>	<u>–</u>	<u>(51.3)</u>
<b>Total liabilities</b>	<u>(596.9)</u>	<u>(94.7)</u>	<u>(139.0)</u>	<u>(830.6)</u>
<b>Net assets</b>	<u>1,216.8</u>	<u>361.8</u>	<u>(86.1)</u>	<u>1,492.5</u>

### Notes:

1. The consolidated net assets of the LondonMetric Group at 31 March 2019 have been extracted without material adjustment from the audited consolidated financial statements of the LondonMetric Group for the year ended 31 March 2019 which are incorporated by reference in this document.

### Adjustments:

2. The consolidated net assets of the Mucklow Group have been extracted without material adjustment from the unaudited consolidated interim financial statements of the Mucklow Group for the period ended 31 December 2018, which are incorporated by reference in this document.
3. An adjustment has been made to reflect the estimated intangible assets arising on the acquisition of the Mucklow Group.

For the purposes of this pro forma information, no adjustment has been made to the separate assets and liabilities of the Mucklow Group to reflect fair value. The difference between the book value of net assets of the Mucklow Group at 31 December 2018 and the estimated consideration has therefore been presented as a single value in “Intangible assets”. The net assets of the Mucklow Group will be subject to a fair value restatement as at the effective date of the transaction. Actual intangible assets included in

the Combined Group's next published financial statements may therefore be materially different from that included in the pro forma statement of net assets.

The value attributed to the issued and to be issued ordinary share capital of Mucklow is £414.7 million based upon 63,294,833 Mucklow Ordinary Shares in issue on the last Business Day prior to commencement of the Offer Period and an exchange ratio of 2.19 New Ordinary Shares plus 204.5 pence in cash for each Mucklow Ordinary Share.

	<i>£m</i>
Consideration payable in cash	129.4
Consideration payable in Company shares	285.3
Total consideration	<u>414.7</u>
Book value of the Mucklow Group's net assets as at 31 December 2018	361.8
Estimated intangible assets arising on the Combination	<u>52.9</u>

4. The increase in borrowings comprises the consideration payable in cash of £129.4 million and, estimated fees and expenses incurred in connection with the Combination of £9.6 million, as disclosed in paragraph 21.5 of Part 16 (Additional Information) of this document.
5. No account has been taken of the financial performance of the LondonMetric Group since 31 March 2019, the financial performance of the Mucklow Group since 31 December 2018, nor of any other event save as disclosed above.

## Unaudited pro forma income statement

	<i>LondonMetric Group for the year ended 31 March 2019 (note 1) £m</i>	<i>Mucklow Group for the year ended 30 June 2018 (note 2) £m</i>	<i>Adjustments as a result of the Combination (note 3 and 4) £m</i>	<i>Pro forma income statement of the Combined Group £m</i>
Gross revenue	86.8	25.1	—	111.9
Gross rental income	85.1	24.1	—	109.2
Property operating expenses	(1.2)	(2.6)	—	(3.8)
Net rental income	83.9	21.5	—	105.4
Property advisory fee income	1.7	—	—	1.7
Service charge income	—	1.0	—	1.0
Net income	85.6	22.5	—	108.1
Administrative costs	(13.7)	(3.5)	(9.6)	(26.8)
Profit on revaluation of investment properties	75.9	49.7	—	125.6
Profit on sale of investment properties	0.6	7.6	—	8.2
Share of losses from joint ventures	(6.4)	—	—	(6.4)
<b>Operating profit</b>	<b>142.0</b>	<b>76.3</b>	<b>(9.6)</b>	<b>208.7</b>
Finance income	0.4	—	—	0.4
Finance costs	(22.9)	(6.8)	—	(29.7)
<b>Profit before tax</b>	<b>119.5</b>	<b>69.5</b>	<b>(9.6)</b>	<b>179.4</b>
Taxation	0.2	—	—	0.2
<b>Profit for the year</b>	<b>119.7</b>	<b>69.5</b>	<b>(9.6)</b>	<b>179.6</b>
Revaluation of owner occupied property	—	0.2	—	0.2
<b>Total comprehensive income</b>	<b>119.7</b>	<b>69.7</b>	<b>(9.6)</b>	<b>179.8</b>

### Notes:

1. The consolidated income statement of the LondonMetric Group for the year ended 31 March 2019 has been extracted without material adjustment from the audited consolidated financial statements of the LondonMetric Group for the year ended 31 March 2019 which are incorporated by reference in this document.

### Adjustments:

2. The consolidated income statement of the Mucklow Group has been extracted without material adjustment from the audited consolidated financial statements of the Mucklow Group for the year ended 30 June 2018, which are incorporated by reference in this document.
3. The adjustment to Administrative costs comprises the estimated fees and expenses incurred in connection with the Combination of £9.6 million, as disclosed in paragraph 21.5 of Part 16 (Additional Information) of this document.
4. No account has been taken of the financial performance of the LondonMetric Group since 31 March 2019, the financial performance of the Mucklow Group since 30 June 2018, nor of any other event save as disclosed above.

# PART 15

## VALUATION REPORTS

### Part A: Valuation Report in respect of LondonMetric

# CBRE

CBRE Limited  
Henrietta House  
Henrietta Place  
London W1G 0NB  
Switchboard +44 20 7182 2000  
Fax +44 20 7182 2273

Report Date	30 May 2019
Addressee	<p>The Directors LondonMetric Property Plc (referred to as “the Company”)</p> <p>The Directors Peel Hunt LLP Moor House 120 London Wall London, EC2Y 5ET in their capacity as sole sponsor and joint financial adviser to the Company</p> <p>The Directors J.P. Morgan Securities Plc 25 Bank Street Canary Wharf London, E14 5JP in their capacity as joint financial adviser to the Company</p> <p>The Directors A&amp;J Mucklow Group Plc</p> <p>Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London, EC4M 7LT</p> <p>(collectively referred to as “the Addressees”)</p>
The Properties	The property assets of LondonMetric Property Plc, as set out in the schedule of assets below.
Instruction	To value the unencumbered freehold and leasehold interest in the Properties on the basis of Market Value as at the Valuation Date in accordance with the terms of engagement entered into between CBRE and the Addressees dated 21 May 2019.
Valuation Date	31 March 2019
Capacity of Valuer	External Valuer, as defined in the RICS Valuation – Global Standards 2017.
Purpose	The Valuation has been prepared for a Regulated Purpose as defined in the RICS Valuation – Professional Standards (January 2014) (“Red

Book”). We understand that our valuation report and the Appendices to it (together the “Valuation Report”) are required for the purposes of the recommended offer for A&J Mucklow Group Plc by LondonMetric Property Plc to be effected by a scheme of arrangement (the “Combination”).

We understand that the Valuation Report will be included in the Offer Documents, which comprises of:

- (a) a scheme document to be published by A&J Mucklow Group Plc (the “Scheme Document”);
- (b) an announcement pursuant to rule 2.7 of the City Code on Takeovers and Mergers (the “Code”) (the “Announcement”); and
- (c) a combined class 1 circular and prospectus to be published by LondonMetric Property Plc (the “Prospectus”) as a result of which new ordinary shares to be issued by LondonMetric Property Plc in connection with the Combination will be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market (“Admission”), (the Scheme Document, the Announcement and the Prospectus, together the “Offer Documents”).

We have been appointed to undertake a valuation in accordance with the current version of the RICS Valuation – Global Standards and the RICS Valuation – Professional Standards (the ‘Red Book’), incorporating the International Valuation Standards.

This Valuation Report is compliant with the relevant provisions of the Code and International Valuations Standards and in accordance with paragraphs 128 to 130 of the ESMA update (ESMA/2013/319) of the Committee of European Securities Regulators’ (CESR) recommendations for the consistent implementation of the European Commission regulation (EC) n. 809/2004 implementing the Prospectus Directive, Rule 5.6.5 G of the Financial Conduct Authority’s Prospectus Rules and the Listing Rules.

Market Value of the Properties as at 31 March 2019 (100%)

**£2,021,585,000 (Two Billion, Twenty One Million, Five Hundred and Eighty Five Thousand Pounds)** exclusive of VAT, as shown in the Schedule of Capital Values set out below.

We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

For the avoidance of doubt, we have valued the Properties as real estate and the values reported above represent 100% of the market values of the assets. There are no negative values to report.

The Properties are split by tenure as follows.

Portfolio split by Tenure 31 March 2019				
Valuation Date	Property Type	Freehold £	Long Leasehold £	Total £
31 March 2019	Value of Investment Properties	£1,758,030,000 (119 properties)	£203,765,000 (15 properties)	£1,961,795,000 (134 properties)
31 March 2019	Value of Development Properties	£59,790,000 (4 properties)	–	£59,790,000 (4 properties)
<b>Portfolio Total</b>		<b>(£1,817,820,000) (123 properties)</b>	<b>£203,765,000 (15 properties)</b>	<b>£2,021,585,000 (138 properties)</b>

Report Format

Appendix A of this Valuation Report contains the Schedule of Properties including the most recent inspection dates. Appendix B provides relevant details of those properties which have an individual Market Value in excess of 5% of the total aggregate Market Value of



Market Value of the  
Properties as at 31 March  
2019 (at share)

the Portfolio. Appendix C provides a split of the value of the Properties by use type. Appendix D provides a split of the value of the Properties by location. Appendix E provides additional information on the properties under development.

The Company has expressly instructed us not to disclose certain information which is considered commercially sensitive, namely the individual values of the properties, with the exception of assets which, individually, have a value of more than 5% of the aggregate of the individual market values, valued as at 31 March 2019. There is one property which falls in this category, set out in Appendix B.

The Company has advised us that they have a joint venture share in some of the properties and the total arithmetical apportionment of the value taking into account the relevant ownership on a pro-rata basis is as follows:

**£1,846,241,000 (One Billion, Eight Hundred and Forty Six Million, Two Hundred and Forty One Thousand Pounds)** exclusive of VAT.

Where a property is owned by way of a joint tenancy in a trust for sale, or through an indirect investment structure, our Valuation represents the relevant apportioned percentage of ownership of the value of the whole property, assuming full management control. Our Valuation does not necessarily represent the 'Fair Value', in accordance with International Financial Reporting Standard (IFRS) 13, of the interests in the indirect investment structure through which the Property is held.

Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm's length terms.

No Material Change Since  
31 March 2019

We note that between the Valuation Date and date of this Valuation Report, the property at Europort DC1 in Wakefield has been sold at the valuation figure for that property.

We hereby confirm that as at the date of our Valuation Report, we have not become aware (after having made due and careful enquiry of the Company) of any material changes to the remaining properties which would materially affect our Valuation between the effective date of the Valuation and the date of this Valuation Report.

We have not undertaken a formal revaluation of the assets. However, in relation to market conditions and movements in the property markets in which the properties covered by our Valuation Report are located, based on observed transactions involving comparable properties which have occurred and independent data published, since 31 March 2019, we do not consider that the movement in respect of the subject properties constitutes material change, in aggregate.

Property changes since  
31 March 2019

The Properties exclude any acquisitions that have completed since 31 March 2019 or any capital expenditure incurred since 31 March 2019.

Compliance with Valuation  
Standards

The valuation has been prepared in accordance with the RICS Valuation – Global Standards 2017 (incorporating the International Valuation Standards) and the UK national supplement 2018.

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the Valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

	<p>This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject property. Other valuers may reach different conclusions as to the value of the subject property. This Valuation is for the sole purpose of providing the intended user with the valuer's independent professional opinion of the value of the subject property as at the Valuation Date.</p>
Assumptions	<p>The Property details on which each Valuation are based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.</p> <p>If any of the information or assumptions on which the Valuation is based are subsequently found to be incorrect, the Valuation figures may also be incorrect and should be reconsidered.</p>
Variation from Standard Assumptions	None
Development Properties	<p>Properties held for Development or in the Course of Development have been valued on the Residual (Development Appraisal) Method. This is the commonly practised method of valuing development property, whereby the estimated total costs of realising the proposed development (including construction costs, fees and other on-costs, contingencies, costs of finance and developer's profit) are deducted from the gross development value of the completed project to determine the residual land value.</p> <p>It should be noted that land values derived from a Residual Development Appraisal calculation are extremely sensitive to minor changes in any of the inputs. Whilst we have checked the information provided to us against available sources of information and provided for a level of profit which in our opinion reflects the level of risk inherent in the project, unforeseen events such as delays in timing, minor market movements etc. can have a disproportionate effect on the resulting value. Land values have been benchmarked against comparable transactions where available and reflect our opinion as at the date of valuation. Should information which we were not made aware of at the time of the valuation subsequently come to light which changes our view on any of the input variables adopted, then the value reported is subject to change and we reserve the right to amend our valuation figures accordingly.</p>
Valuer	<p>The Properties have been valued and inspected by a valuer who is qualified for the purpose of the Valuation in accordance with the Red Book. A list of valuers who have been allocated the properties is available on request.</p>
Independence	<p>The total fees, including the fee for this assignment, earned by CBRE Ltd from the Addressees or other companies forming part of the same group of companies is less than 5.0% of the total UK revenues.</p>
Previous Involvement and Conflicts of Interest	<p>We confirm that we value the majority of the Properties on behalf of the Company on a six monthly basis for financial reporting purposes, the most recent valuation being 31 March 2019. We have not valued Moore House, London or Highbury Court, London previously.</p> <p>From time to time, CBRE provides agency or professional services to the Company.</p> <p>We do not consider that this previous involvement represents a conflict of interest and the Company have confirmed to us that it also considers this to be the case.</p> <p>We confirm that we do not have any personal interest in the outcome of the valuation – nor are we aware of any conflicts of interest that would prevent us from exercising the required levels of independency and objectivity.</p>

	Copies of our conflict of interest checks have been retained within the working papers.	
Disclosure	<p>The principal signatory of this report has continuously been the signatory of valuations for the Company for financial reporting purposes since March 2018. CBRE Ltd has continuously been carrying out valuation instructions for the Company since 2010.</p> <p>CBRE Ltd has carried out Valuation, Agency and Professional services on behalf of the Company for less than 10 years.</p>	
Responsibility and Reliance	<p>For the Purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Valuation Report complies with Rule 5.6.5G of the Prospectus Rules and Paragraphs 128 to 130 of the ESMA update of CESR'S recommendations for the consistent implementation the European Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive.</p> <p>This report has been produced for inclusion in the Offer Documents and may not be reproduced or used in connection with any other purposes without our prior consent.</p> <p>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 other person as a result of, arising out of, or in accordance with this Valuation Report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation.</p>	
Publication	<p>Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.</p>	
	Yours faithfully	Yours faithfully
	Glyn Harper MRICS Senior Director RICS Registered Valuer  For and on behalf of CBRE Ltd  T: 020 7182 2455 E: glyn.harper@cbre.com  CBRE UK (London - National) Henrietta House Henrietta Place London W1G 0NB  T: 020 7182 2000 F: 020 7182 2273	Nick Butler MRICS Senior Director RICS Registered Valuer  For and on behalf of CBRE Ltd  T: 020 7182 2526 E: nick.butler@cbre.com
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## SOURCES OF INFORMATION AND SCOPE OF WORKS

Sources of Information	<p>We have carried out our work based upon information supplied to us by the Company and their managing agents, as set out within this report, which we have assumed to be correct and comprehensive.</p> <p>We have been provided with copies of the following documents:</p> <ul style="list-style-type: none"><li>• Tenancy Schedule dated 22 February 2019;</li><li>• Asset management update meeting held on 4 March 2019</li></ul>
The Properties	<p>The Company has expressly instructed us not to disclose certain information which is considered commercially sensitive, namely the individual values of the properties.</p>
Inspection	<p>The Properties are subject to internal inspections on a three year rolling basis. As instructed, we have not re-inspected all the Properties for the purpose of this valuation. With regard to those Properties which have not been subject to re-inspection, the Company has confirmed that they are not aware of any material changes to the physical attributes of the properties, or the nature of their location, since the last inspection. We have assumed this advice to be correct. Moore House and Highbury Ground Rents have been inspected in April 2019.</p>
Areas	<p>We have not measured the properties but have relied upon the floor areas provided to us by LondonMetric Property Plc, which we have assumed to be correct and comprehensive, and which the Company have advised us have been calculated using the Gross Internal Area (GIA) or Net Internal Area (NIA) measurement methodology as set out in the RICS Code of Measuring Practice (6th edition).</p>
Environmental Matters	<p>We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Properties" and which may draw attention to any contamination or the possibility of any such contamination.</p> <p>We have not carried out any investigations into the past or present uses of the Properties", nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.</p>
Services and Amenities	<p>We understand that all main services including water, drainage, electricity and telephone are available to the properties. None of the services have been tested by us.</p>
Repair and Condition	<p>We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.</p>
Town Planning	<p>We have not undertaken planning enquiries.</p>
Titles, Tenures and Lettings	<p>Details of title/tenure under which the Properties are held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the</p>

interpretation of the documents of title including relevant deeds, leases and planning consents is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

## VALUATION ASSUMPTIONS

### Capital Values

The valuation has been prepared on the basis of "Market Value", which is defined in the Red Book as:

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

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government or European Community grants.

### Taxation, Costs and Realisation Costs

As stated above, no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal.

### VAT

We have not been advised whether the Properties are elected for VAT.

All rents and capital values stated in this report are exclusive of VAT.

### Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

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

### The Properties

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our Valuations.

Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our Valuations.

All measurements, areas and ages quoted in our report are approximate.

## Environmental Matters

In the absence of any information to the contrary, we have assumed that:

- a) the properties are not contaminated and are not adversely affected by any existing or proposed environmental law;
- b) any processes which are carried out on the properties which are regulated by environmental legislation are properly licensed by the appropriate authorities.
- c) in England and Wales, the properties possess current Energy Performance Certificates (EPCs) as required under the Government's Energy Performance of Buildings Directive – and that they have an energy efficient standard of 'E', or better. We would draw your attention to the fact that under the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 it will be unlawful for landlords to rent out a business premise from 1st April 2018 – unless the site has reached a minimum EPC rating of an 'E', or secured a relevant exemption. In Scotland, we have assumed that the Properties possess current EPCs as required under the Scottish Government's Energy Performance of Buildings (Scotland) Regulations – and that they meet energy standards equivalent to those introduced by the 2002 building regulations. We would draw your attention to the fact the Assessment of Energy Performance of Non-domestic Buildings (Scotland) Regulations 2016 came into force on 1st September 2016. From this date, building owners are required to commission an EPC and Action Plan for sale or new rental of non-domestic buildings bigger than 1,000 sq m that do not meet 2002 building regulations energy standards. Action Plans contain building improvement measures that must be implemented within 3.5 years, subject to certain exemptions.
- d) the properties are either not subject to flooding risk or, if they are, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.
- e) invasive species such as Japanese Knotweed are not present on the Properties.

High voltage electrical supply equipment may exist within, or in close proximity of, the properties. The National Radiological Protection Board (NRPB) has advised that there may be a risk, in specified circumstances, to the health of certain categories of people. Public perception may, therefore, affect marketability and future value of the property. Our Valuation reflects our current understanding of the market and we have not made a discount to reflect the presence of this equipment.

## Repair and Condition

In the absence of any information to the contrary, we have assumed that:

- a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the properties;
- b) the properties are free from rot, infestation, structural or latent defect;



- c) no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the properties; and
- d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the properties. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

#### Title, Tenure, Lettings, Planning, Taxation and Statutory & Local Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

- a) the properties possess a good and marketable title free from any onerous or hampering restrictions or conditions;
- b) the buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;
- c) the properties are not adversely affected by town planning or road proposals;
- d) the buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations, and that a fire risk assessment and emergency plan are in place;
- e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of the properties to comply with the provisions of the Disability Discrimination Act 1995 (in Northern Ireland) or the Equality Act 2010 (in the rest of the UK);
- f) all rent reviews are upward only and are to be assessed by reference to full current market rents;
- g) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;
- h) tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;
- i) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;
- j) where more than 50% of the floorspace of the properties are in residential use, the Landlord and Tenant Act 1987 (the "Act") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in the properties. Where this is applicable, we have assumed that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold/head leasehold interest. Disposal on the open market is therefore unrestricted;

- k) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required;
- l) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy; and
- m) Stamp Duty Land Tax (SDLT) – or, in Scotland, Land and Buildings Transaction Tax (LABTT) – will apply at the rate currently applicable.

**Appendix A: Schedule of Properties as at 31 March 2019 – Excluding post 31 March 2019 acquisitions and disposals**

Property Address	Tenure	Inspection Date
<b>Properties held for investment</b>		
AVONMOUTH, DSV, Unit 3 Poplar Way	Freehold	30/10/2018
AVONMOUTH, CHEP, Unit 1 Goldcrest Way	Freehold	02/10/2018
BANGOR, 277/279 High Street	Freehold	18/02/2019
BASILDON, Burnt Mills Industrial Estate	Freehold	24/08/2018
BASILDON, Unit 3, Juniper West	Freehold	06/08/2018
BASILDON, Unit 2, Juniper West	Freehold	06/08/2018
BEDFORD, Argos, Marsh Leys	Freehold	16/10/2018
BICESTER, Unit B, Bicester Park	Freehold	02/05/2019
BICESTER, DPD, Unit 1 Bicester Dist Prk	Freehold	02/05/2019
BICESTER, Starbucks Roadside A34	Freehold	15/02/2019
BICESTER, Burger King Roadside A34	Freehold	15/02/2019
BIRMINGHAM, 1 Small Heath Bus Pk	Leasehold	31/08/2018
CARDIFF, Seager Retail Park	Freehold	29/01/2019
CASTLE DONINGTON, Unit 8 Cockcharme Gapp	Freehold	01/03/2019
CASTLE DONINGTON, Ceva Logistics, Ponds End	Freehold	31/08/2018
CHELMSFORD, Odeon Multiplex	Part Freehold/ Part Leasehold	24/10/2017
CHELTENHAM, Cleeve Business Park	Freehold	23/01/2019
COVENTRY, Airport Retail Park	Freehold	02/05/2018
COVENTRY, 6020 Siskin Parkway	Freehold	03/07/2018
COVENTRY, DHL Supply Chain Rowley Road	Leasehold	03/07/2018
CRAWLEY, TNT Newton Road	Freehold	15/02/2019
CRAWLEY, Units 1, 21 Crompton Way	Freehold	15/02/2019
CRAWLEY, Space Gatwick, Faraday Rd	Freehold	15/02/2019
CRAWLEY, Barker & Stonehouse, 3 Rutherford Way	Freehold	19/10/2018
CRICK, XPO, Eldon Way	Freehold	03/10/2018
CROYDON, 33 Factory Lane	Freehold	02/11/2018
DAGENHAM, Goresbrook Park	Freehold	18/01/2019
DARTFORD, Unit C3 Charles Park	Freehold	15/10/2018
DERBY, Wickes, 806 London Road	Freehold	31/08/2018
DONCASTER, Plot D Omega Boulevard	Freehold	28/02/2019
DONCASTER, Unit B Omega Boulevard	Freehold	28/02/2019
DOUGLAS, 12/22 Strand Street	Freehold	12/03/2019
EDINBURGH, The Print Works, East Telferton	Freehold	18/03/2016
ELY, Cambridge Commodities Ltd, Lancaster Bus Park	Freehold	16/05/2019
FAREHAM, Specialist Computer Centres, Brunel Wy	Freehold	30/08/2018
FERNDOWN, M&S Simply Food	Freehold	29/07/2018
FRIMLEY, Plot A Trade City, Lyon Way	Freehold	15/01/2019
GREENFORD, Deluxe 142 Ltd, Wadsworth Road	Freehold	12/04/2019
HASLEMERE, M&S, Lion Green	Freehold	17/10/2018

Property Address	Tenure	Inspection Date
HAVANT, 4 Marples Way, Kingscroft	Leasehold	08/08/2018
HAVERHILL, Plot 4, Haverhill Business Park	Freehold	13/02/2019
HEMEL HEMPSTEAD, ITAB House, Swallowdale Lane	Freehold	21/09/2018
HEMEL HEMPSTEAD, Boundary Point, Mark Road	Freehold	10/04/2019
HEMEL HEMPSTEAD, Fenton Packaging	Freehold	25/02/2019
HULL, Aldi Sutton Road	Freehold	02/10/2018
HULL, Odeon, Kingston Park	Leasehold	01/03/2019
HUYTON, Antolin Interiors, Stretton Way	Freehold	02/11/2018
IPSWICH, Spenhill Site (Wickes)	Freehold	05/11/2018
KENDAL, M&S, Library Place	Freehold	24/03/2019
LEEDS, Kirkstall Bridge Shopping Park	Freehold	04/03/2019
LEEDS, Siemens Plc, Lockside Road	Freehold	23/11/2018
LEEDS, Vision Alert, 1 Coal Road	Freehold	23/11/2018
LEICESTER, B&Q St Margaret's Way	Freehold	14/02/2019
LEICESTER, Aldi foodstore Abbey Lane	Freehold	14/02/2019
LEYTON, Fedex, Orient Way	Freehold	07/01/2019
LITTLEHAMPTON, Jewson Trade Counter, Arndale Road	Freehold	04/09/2018
LIVERPOOL, M&S/Aldi	Freehold	01/03/2019
LONDON N9, Odeon Multiplex, Lee Valley Complex	Leasehold	19/02/2019
LONDON, Bow Road Service Station	Freehold	21/02/2019
LONDON, Caledonian Road Station	Freehold	21/02/2019
LONDON, Highbury Court, Avenell Road, Highbury	Leasehold	24/04/2019
LUTON, Dunstable Road Retail Park	Freehold	25/02/2019
MATLOCK, M&S Foodhall Crown Sq	Leasehold	26/04/2019
MILTON KEYNES, Mechline Brudenell Drive	Freehold	25/09/2018
MILTON KEYNES, Royal Mail Brudenell Drive	Freehold	25/09/2018
MILTON KEYNES, Royal Mail, Michigan Drive	Freehold	25/02/2019
NEW MALDEN, Burlington Retail Park	Freehold	20/02/2019
NEWARK, DSG Distribution Warehouse, Newlink Drive	Freehold	25/01/2019
NEWPORT, M&S Plc, Litten Park	Freehold	27/09/2018
OLLERTON, Clipper Logistics, Brough Industrial Estate	Freehold	20/10/2018
ORPINGTON, Selco Cray Avenue	Freehold	20/02/2019
PARK ROYAL, Double 4, 37/43 Gorst Rd	Leasehold	20/08/2018
PETERBOROUGH, Pinnacle Distribution Centre	Freehold	27/07/2018
READING, DHL Unit Gillette Way	Leasehold	25/10/2018
RHYL, Starbucks Roadside Westbound	Freehold	23/02/2019
RHYL, Starbucks Roadside Eastbound	Freehold	23/02/2019
ROTHERHAM, Royal Mail, Magna 34	Freehold	25/01/2019
ROYSTON, Unit 2 Royston Business Prk	Freehold	08/05/2019
RUGBY, Unit B Swift Park	Freehold	05/04/2019
SALFORD, Unit 7, Agecroft Commerce Park	Freehold	04/04/2019
SHEFFIELD, SIRFT Europa Way	Freehold	14/01/2019

Property Address	Tenure	Inspection Date
SOLIHULL, Stirling 150, Stirling Road	Freehold	17/01/2019
SOUTH ELMSALL, Next Dist. Centre	Freehold	22/03/2019
SPEKE, Gefco Estuary Business Park	Leasehold	01/03/2019
ST HELENS, 2/72 Telford Drive	Freehold	01/03/2019
STEVENAGE, DSG, Bessemer Drive	Freehold	07/02/2019
STOKE ON TRENT, Campbell Road	Freehold	07/09/2018
SWINDON, Oak Furnitureland DC2	Freehold	09/08/2018
TAMWORTH, Odeon Multiplex,	Leasehold	19/03/2019
TELFORD, Odeon Multiplex, Forgegate	Freehold	26/02/2019
THEALE, Units A & B, Arrowhead Road	Freehold	05/08/2018
THIRSK, Starbucks Roadside A168	Freehold	19/03/2019
THRAPSTON, T2, Primark NDC, Kettering Road	Freehold	27/02/2019
THRAPSTON, Primark NDC, Huntingdon Road	Freehold	27/02/2019
TONBRIDGE, Cannon Lane	Freehold	27/11/2018
WAKEFIELD, Europort DC1, Express Way	Freehold	15/03/2017
WARRINGTON, Amazon, Omega South	Freehold	04/03/2019
WARRINGTON, Hovis, Yew Tree Way	Freehold	04/03/2019
WARRINGTON, Unit 1, 12/14 Calver Quay	Freehold	04/03/2019
WARRINGTON, Unit 2, 12/14 Calver Quay	Freehold	04/03/2019
WEYBRIDGE, Tesla Motors, Southey Hse	Freehold	15/04/2019
WISBECH, Starbucks/Subway Roadside	Freehold	12/04/2019

Property Address	Tenure	Inspection Date
<b>Properties held for development</b>		
BEDFORD, Bedford Link, Bell Farm	Freehold	25/02/2019
DURHAM, The Range/Lidl, Dragon Lane	Freehold	19/02/2019
WEYMOUTH, Aldi foodstore & site, Mercery Road	Freehold	16/04/2019

#### **Metric Income Property Plus (50/50 JV with Universities Superannuation Scheme)**

Property Address	Tenure	Inspection Date
Properties held for investment		
The Range, 1 Ivy Road, ALDERSHOT, GU12 4TX	Freehold	18/06/2018
Hitchcock & King, Stanwell Road, ASHFORD, Surrey	Freehold	27/09/2018
Wickes, Old Mill Lane, BARNSELY, S71 1LS	Freehold	25/01/2019
Wickes, Swinmoor Lane, BEVERLEY, HU17 0JU	Freehold	02/10/2018
Dartford Heath Retail Park, DARTFORD	Freehold	15/10/2018
Wickes, 50 Overy Street, DARTFORD, DA1 1UP	Freehold	15/10/2018
Lottbridge Drove Retail Park, Lottbridge Drove, EASTBOURNE, BN22 7SG	Freehold	08/06/2018
Wickes & Dunelm, HEMEL HEMPSTEAD	Freehold	25/02/2019
Madford Retail Park, HERTFORD, SG13 7EZ	Freehold	23/01/2019
DFS/ Carpetright, Milburn Road, INVERNESS	Freehold	09/03/2018
Bubble Retail Park, LISKEARD, Cornwall	Freehold	16/04/2019
Troste South Retail Park, LLANELLI	Freehold	17/04/2019

Property Address	Tenure	Inspection Date
Wickes, Willie Snaith Road, NEWMARKET, CB8 7AH	Freehold	13/02/2019
North Shields Retail Park, NORTH SHIELDS	Freehold	19/02/2019
Wickes, Larch Street, OLDHAM, OL8 1TA	Freehold	01/06/2016
Carpetright Store, 168, Sevenoaks Way, ORPINGTON, BR3 3AG	Freehold	27/11/2018
Premier Inn, Forest Gate Business Park, Wellworthy Way, RINGWOOD, Hants, BH24 3AS	Freehold	15/02/2019
Totton Retail Park, Commercial Road, SOUTHAMPTON	Freehold	20/02/2019
Dunelm, Speke Road, SPEKE, L19 5NY	Freehold	31/05/2018
Fleming Way Retail Park, SWINDON, SN1 2NN	Freehold	26/02/2019
Forge Island Retail Park, Rampart Way, TELFORD, TF3 4NA	Freehold	20/07/2018

#### LMP Retail Warehouse JV Property Unit Trust (45.02% JV with Atlantic Leaf)

Property Address	Tenure	Inspection Date
<b>Properties held for investment</b>		
DFS Store, John Kempe Way, Middleway, BIRMINGHAM, B12 0HH	Freehold	18/05/2018
DFS Store, Highwood Lane, Patchway, Cribbs Causeway, BRISTOL, BS34 5TQ	Leasehold	02/10/2018
DFS Store, 33, Dukes Road, CARLISLE, CA1 1JD	Freehold	03/11/2018
Wickes Store, 34, Dukes Road, CARLISLE, CA1 1JD	Freehold	03/11/2018
Unit 1, Rockingham Way (Redhouse), Adwick-le-Street, DONCASTER, DN6 7NA	Leasehold	16/04/2019
DFS Store & Pets at Home, Metro Park West, Gateshead, GATESHEAD, NE11 9XS	Freehold	02/04/2019
DFS Store, 2029, London Road, Tollcross, GLASGOW, G32 8NS	Freehold	13/08/2018
Berkeley Magna, Forbes Close, Fields Farm Road, LONG EATON, NG10 1PR	Freehold	04/01/2019
DFS & Mothercare Stores, Mariners Way, Ashton-on-Ribble, PRESTON, PR2 2YN	Freehold	27/03/2019
DFS Store, 3 Hylton Grange, Off Wessingham Way, SUNDERLAND, SR5 3HR	Freehold	19/02/2019

#### Moore House, London (40% JV with Confidential Parties)

Property Address	Tenure	Inspection Date
<b>Properties held for investment</b>		
LONDON, Moore House, Grosvenor Waterside	Leasehold	24/04/2019

#### Appendix B: Schedule of Properties as at 31 March 2019 with a Value in Excess of 5% of the Portfolio Value

Address	Description and Tenure	Tenancies	Market Value £
T2 Primark NDC, A14 Junction 12, THRAPSTON	Modern logistics building completed in 2015 totalling approximately 1 million sq ft Freehold	Let to Primark Stores Limited until 10/09/2040 with annual fixed rental increases. The details of the rent are confidential between the landlord and the tenant.	£133,125,000



**Appendix C: Market Value of the Properties as at 31 March 2019 split by property type (100%)**

Portfolio split by Property Type 31 March 2019	
Property Type	£
Distribution	£1,304,410,000
Convenience & Leisure	£152,125,000
Long Income	£376,915,000
Retail Parks	£86,975,000
Residential	£41,370,000
Development	£59,790,000
<b>Portfolio Total</b>	<b>£2,021,585,000</b>

**Appendix D: Market Value of the Properties as at 31 March 2019 split by property location (100%)**

Portfolio split by Property Location 31 March 2019	
Property Location	£
London & South East	£884,245,000
Midlands	£591,290,000
North East including Yorkshire	£220,360,000
North West	£142,395,000
South West	£98,385,000
Other	£84,910,000
<b>Portfolio Total</b>	<b>£2,021,585,000</b>

**Appendix E: Market Value of the properties in the course of development.**

Property	Description, Development Status and Tenure	Key Valuation Assumptions	Market Value £(100%)
Bedford, Bedford Link Phase 1	<p>The property comprises Phase 1 of the Bedford Link Logistics Park which is being developed in line with the approved planning consent granted on 20 April 2018 in conjunction with a development partner. On completion, Phase 1 of the Park will provide three logistics warehouse units with a total gross internal area of approximately 187,200 sq ft.</p> <p>The property is in final stages of development with assumed completion due in May 2019. At date of valuation, two of the three units (approximately 138,000 sq ft) were under offer.</p> <p>Freehold. We have reflected the planning conditions in arriving at our opinion of value.</p>	<p>Market Value on the assumption that the development has been completed and let: c.£27,500,000</p> <p>Estimated Outstanding costs to completion (excluding finance): c.£3,300,000</p> <p>Assumed completion date – May 2019</p> <p>Assumed lease start date on prelet units – May 2019</p> <p>Assumed lease start date on vacant unit – December 2019</p>	£23,850,000
Bedford, Bedford Link Phase 2	<p>The property comprises a 22.3 acre cleared site to form Phase 2 of the Bedford Link Logistics Park. The site is situated adjacent to the recently developed Bedford Link Phase 1.</p> <p>Planning permission was granted on 26 July 2018 for the development of two logistics warehouse units with a total gross internal area of approximately 516,600 sq ft.</p> <p>Freehold. We have reflected the planning conditions in arriving at our opinion of value.</p>	<p>Market Value on the assumption that the development has been completed and let: c.£62,200,000</p> <p>Estimated Outstanding costs to completion (excluding finance): c.£30,000,000</p> <p>Assumed start date – June 2019</p> <p>Assumed completion date – May 2020</p> <p>Assumed lease start date – November 2020</p>	£22,600,7000

Property	Description, Development Status and Tenure	Key Valuation Assumptions	Market Value £(100%)
Durham, The Range/Lidl, Dragon Lane	<p>The property comprises a pre-let retail warehouse/ foodstore development with the benefit of planning consent granted on 01 June 2018 in the course of construction with completion due in Summer 2019. The property is situated to the east of Durham City Centre adjacent to a Tesco Extra foodstore.</p> <p>On completion, the property will comprise a two unit scheme: Unit 1 will provide a gross internal area of 22,875 sq ft and is pre let to Lidl. Unit 2 will provide a gross internal area of 35,000 sq ft and is pre let to CDS (Superstores International) Ltd trading as The Range.</p> <p>Freehold. We have reflected the planning conditions in arriving at our opinion of value.</p>	<p>Market Value on the assumption that the development has been completed and let: c.£14,000,000</p> <p>Estimated Outstanding costs to completion (excluding finance): c.£6,000,000</p> <p>Assumed completion date – June 2019</p> <p>Assumed lease start date – June 2019</p>	£7,950,000
Weymouth, Aldi Foodstore & Site, Mercery Road	<p>The property comprises a site of approximately 14 acres within an established retail location to the north of Weymouth town centre.</p> <p>The property is to be developed out in phases. Phase one will comprise a foodstore of approximately 19,000 sq ft which has been pre let to Aldi. Planning permission was granted on 18 March 2019 and construction is due to commence shortly with practical completion anticipated by March 2020.</p> <p>The remainder of the site, totalling approximately 11 acres, has proposals for development of further retail units subject to planning permission and we have assessed this on a rate per acre basis.</p> <p>Freehold. We have reflected the planning conditions on the consented site in arriving at our opinion of value.</p>	<p>Market Value of the Aldi unit has been completed and let: c.£6,000,000</p> <p>Estimated Outstanding costs to completion of the Aldi unit (excluding finance): c.£2,800,000</p> <p>Assumed completion date of Aldi Unit – March 2020</p> <p>Assumed lease start date of Aldi Unit – March 2020</p>	<p>£5,390,000</p> <p>This includes both the Aldi unit under construction and the remaining 11 acres of land</p>

## Part B: Valuation Report in respect of Mucklow

### VALUATION RECORD



**To:** The Directors of A&J Mucklow Group Plc (the Company)  
The Directors of LondonMetric Property Plc (LMP)  
Numis Securities Limited  
10 Paternoster Square  
London EC4M 7LT  
(in its capacity as financial adviser to the Company)  
Peel Hunt LLP  
Moor House  
120 London Wall  
London EC2Y 5ET  
(in its capacity as sole sponsor and joint financial adviser to LMP)  
J P Morgan Securities Plc  
25 Bank Street  
29th Floor  
London E14 5JP.  
(in its capacity as joint financial adviser to LMP)  
(collectively referred to as “you” or the “Addressees”)

**Property:** A portfolio of investment properties as listed in Appendix A

**Report date:** 30 May 2019

## 1. Instructions

### 1.1. Appointment

We, Cushman & Wakefield (“C&W”) are pleased to submit our valuation (the “Valuation”) and a valuation report (the “Valuation Report”) of the properties more specifically set out in Appendix A (the “Properties” and each a “Property”), which has been prepared in accordance with the engagement letter which includes the Valuation Service Schedule (VSS) entered into between us dated 20 May 2019 (the “Engagement Letter”). The Engagement Letter and the terms set out therein, together with our Terms of Business, which were sent to you with our Engagement Letter, constitute the “Engagement”.

It is essential to understand that the contents of this Valuation Report are subject to the various matters we have assumed, which are referred to and confirmed in section 2 below. Unless otherwise defined, all capitalised terms herein shall be as defined in the Engagement.

### 1.2. Compliance with RICS Valuation – Global Standards

We confirm that the Valuation and Valuation Report have been prepared in accordance with the requirements of the RICS Valuation – Global Standards which incorporate the International Valuation Standards (“IVS”) and the RICS Valuation UK National Supplement (the “RICS Red Book”) edition current at the Valuation Date. It follows that the Valuation is compliant with “IVS”.

### 1.3. Status of Valuer and Conflicts of Interest

We confirm that all valuers who have contributed to the Valuation have complied with the requirements of PS 1 of the RICS Red Book. We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake the Valuation competently. We confirm that Jeremy Payne (the “Partner”) has overall responsibility for the

Valuation and is in a position to provide an objective and unbiased Valuation and is competent to undertake the Valuation. Finally, we confirm that we have undertaken the Valuation acting as an External Valuer as defined in the RICS Red Book.

C&W, formerly DTZ, has had a long association with the Company over several decades and has dealt with investment purchases and sales, property management, planning advice, building consultancy, lettings, strategic advice and other general property matters. We can confirm that the Partner responsible for the Valuation has formed an independent view of the valuation of the Properties on behalf of the Company. We do not regard our previous involvements as representing a Conflict of Interest in relation to the purpose of this valuation and the Company has confirmed to us that it also considers this to be the case. We confirm that we do not have any material interest in the Company or any of its properties.

#### **1.4. Purpose of Valuation**

The Valuation is required in connection with (i) the recommended cash and share offer by LMP for the entire issued and to be issued ordinary share capital of the Company by scheme of arrangement (the “Combination”) and (ii) the firm offer announcement to be published by LMP in accordance with Rule 2.7 of the City Code on Takeovers and mergers (the “Code”), scheme document to be published by the Company (the “Scheme Document”) and the combined class 1 circular and prospectus (“Prospectus”) to be published in connection with the Combination by LMP and the admission of new ordinary shares of LMP to the premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange’s main market for listed securities” (the “Purpose of Valuation”).

Therefore, in accordance with PS 2.5 and UK VPS 3 of the RICS Red Book we have made certain disclosures in connection with this Valuation instruction and our relationship with you. These are included in item 1.5 below.

#### **1.5. Disclosures required under the provisions of PS 2.5 and UK VPS 3**

##### **Signatories**

The Partner has overall responsibility for this Valuation and is the signatory of the Valuation Report provided to the Addressees. This is the fifth year he has acted in this capacity. Previously, Jon Leedham had for a continuous period of 8 years, been the signatory of the valuation reports provided to The Company. He remains involved in the valuation process. C&W, formerly DTZ Debenham Tie Leung (DTZ), has been carrying out this valuation instruction for the Company for a continuous period in excess of 20 years.

##### **C&W’s relationship with the client**

C&W, formerly DTZ, has had a long association with the Company over several decades and has dealt with investment purchases and sales, property management, planning advice, building consultancy, lettings, strategic advice and other general property matters. We can confirm that the Partner responsible for the Valuation has formed an independent view of the valuation of the Properties on behalf of the Company.

##### **Fee income from the Company**

C&W’s financial year end is 31 December. We anticipate that the proportion of fees payable by the Company to C&W in the financial year to 31 December 2019 will remain at less than 5%.

For the avoidance of doubt, Peel Hunt LLP, J.P. Morgan Securities Plc, LMP and Numis Securities Limited shall have no liability whatsoever in respect of any fees or expenses payable in respect of the Valuation and Valuation Report.

#### **1.6. Inspection**

All of the Properties have been inspected or re-inspected on various dates between 4 January 2019 and 25 April 2019 by Chartered Surveyors who are qualified for the purposes of this instruction.

## **2. Assumptions and Sources of Information**

An Assumption is stated in the Glossary to the RICS Red Book to be a “supposition taken to be true” (“Assumption”). In this context, Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our Valuations, we have made a number of Assumptions and have relied on certain sources of information. Where appropriate, the Company has confirmed that our Assumptions are correct so far as they are aware. In the event that any of these Assumptions prove to be incorrect then our Valuation will be reviewed by us. The Assumptions we have made for the purposes of our Valuation are referred to below:

### **2.1. Title**

Save as disclosed either in any Certificate of Title or unless specifically advised to the contrary by the Company or its advisers and as referred to in the Valuation Report, C&W have made the Assumption that there is good and marketable title in all cases and that each Property is free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings.

C&W have made an Assumption that each Property is free from mortgages, charges or other encumbrances.

C&W have made the Assumption that roads and sewers serving each Property have been adopted and that each Property has all necessary rights of access over common estate roads, paths, corridors and stairways, and rights to use common parking areas, loading areas and other facilities.

### **2.2. Condition of Structure and Services, Deleterious Materials and Ground Conditions**

Due regard has been paid by C&W to the apparent general state of repair and condition of each Property, but a condition or structural survey has not been undertaken, nor have woodwork or other parts of the structure which are covered, unexposed or inaccessible, been inspected. Therefore, C&W are unable to report that each Property is structurally sound or is free from any defects. C&W have made an Assumption that each Property is free from any rot, infestation, adverse toxic chemical treatments, and structural, design or any other defects.

C&W have not arranged for investigations to be made to determine whether any deleterious, hazardous or harmful materials (including but not limited to high alumina cement concrete or calcium chloride additive) have been used in the construction or any alterations, and therefore C&W is unable to confirm that each Property is free from risk in this regard. For the purposes of the Valuation Report, C&W have made an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

C&W have not carried out an asbestos inspection and did not act as an asbestos inspector in completing the valuation inspection of each Property that may fall within the Control of the Asbestos at Work Regulations 2012. C&W have not made an enquiry of the duty holder (as defined in the Control of Asbestos of Work Regulations 2012), of an existence of an Asbestos Register or of any plan for the management of asbestos to be made. Where relevant, C&W have made an Assumption that there is a duty holder, as defined in the Control of Asbestos of Work Regulations 2012 and that a Register of Asbestos and Effective Management Plan is in place, which does not require any immediate expenditure, or pose a significant risk to health, or breach the HSE regulations. C&W recommends that such enquiries be undertaken by the Company's legal advisers during normal pre-contract or pre-loan enquiries.

No mining, geological or other investigations have been undertaken by C&W to certify that the sites are free from any defect as to foundations. C&W have made an Assumption that all buildings have been constructed having appropriate regard to existing ground conditions or that these would have no unusual or adverse effect on building costs, property values or viability of any development or existing buildings.

C&W have made the Assumptions that there are no services on, or crossing the site, in a position which would inhibit development or make it unduly expensive, and that the site has no

archaeological significance, which might adversely affect the present or future occupation, development or value of each Property.

No tests have been carried out by C&W as to electrical, electronic, heating, plant and machinery equipment or any other services nor have the drains been tested. However, C&W have made an Assumption that all building services (including, but not limited to lifts, electrical, electronic, gas, plumbing, heating, drainage, sprinklers, ventilation, air conditioning and security systems) and property services (such as incoming mains, waste, drains, utility supplies etc.) are in good working order and without any defect whatsoever.

### **2.3. Environmental Matters**

We have made enquiries of the Environment Agency website in order, so far as reasonably possible, to establish the potential existence of contamination arising out of previous or present uses of the sites and any adjoining sites. We have not undertaken a formal environment assessment.

Our enquiries and inspection have provided no evidence that there is a significant risk of contamination in respect of any of the Properties. Accordingly, you have instructed us to make an Assumption that no contamination or other adverse environmental matters exist in relation to the Properties sufficient to affect value. Other than as referred to above, we have not made any investigations into past or present uses, either of the Properties or any neighbouring land to establish whether there is any contamination or potential for contamination to the subject Properties. Commensurate with our Assumptions set out above we have made no allowance in the Valuation for any effect in respect of actual or potential contamination of land or buildings.

A purchaser in the market would, in practice, undertake further investigations than those undertaken by us. If it is subsequently established that contamination exists at any of the Properties or on any neighbouring land or that any of the premises have been, or are being, put to any contaminative use then this might reduce the values now reported.

### **2.4. Flooding**

Where our inspections and enquiries of the Environment Agency have provided no evidence that the Properties are exposed to significant risk of flooding, unless you have instructed otherwise, we have made an Assumption that each property is located outside the extent of high chance of flood. This is categorised as being a chance of flooding equivalent to 3.3% (1 in 30).

### **2.5. Areas**

Where C&W have measured and calculated the floor areas, measurement is in accordance with the RICS Professional Statement RICS Property Measurement 1st Edition 2015. Where C&W have been provided with floor areas, C&W have made an Assumption that the areas have been measured and calculated in accordance with the RICS Professional Statement RICS Property Measurement 1st Edition 2015.

### **2.6. Statutory Requirements and Planning**

Save as disclosed in a Certificate of Title, or unless otherwise advised, C&W have made the Assumption that all of the Properties have been constructed in full compliance with valid town planning and building regulations approvals and that where necessary, they have the benefit of current Fire Risk Assessments compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005. Similarly, C&W have also made the Assumption that each Property is not subject to any outstanding statutory notices as to construction, use or occupation and that all existing uses of each Property are duly authorised or established and that no adverse planning conditions or restrictions apply. C&W have made the Assumption that each Property complies with all relevant statutory requirements.

Energy Performance Certificates ("EPC") must be made available for all properties, when bought or sold, subject to certain exemptions. If a Property is not exempt from the requirements of this Directive C&W have made an Assumption that an EPC is made available, free of charge, to a purchaser of all the interests which are the subject of the Valuation.



In addition, in England and Wales the Minimum Energy Efficiency Standards Regulations came into force in April 2018 and their effect was to make it unlawful to rent out premises with an EPC rating which falls below an E rating. C&W have asked the bank or its advisors for information relating to the EPC ratings of each Property if the relevant Property is not exempt from these requirements. In any instance where C&W have not been provided with an up to date EPC rating C&W have made the Assumption that the subject property meets the minimum requirements to enable it to be let after April 2018.

In any instance where C&W is to value a Property with the benefit of a recently granted planning consent, or on the Special Assumption that planning consent is granted, C&W have made an Assumption that it will not be challenged under Judicial Review. Such a challenge can be brought by anyone (even those with only a tenuous connection with the relevant Property, or the area in which it is located) within a period of three months of the granting of a planning consent. When a planning consent is granted subject to a Section 106 Agreement, the three-month period commences when the Section 106 Agreement is signed by all parties.

## **2.7. Tenancies and Leasing**

C&W's opinion of the Market Value is subject to existing leases of which the Company or its advisors have made C&W aware but otherwise reflects an Assumption of vacant possession. Where C&W has undertaken to read the leases and related documents provided to it, C&W have made an Assumption that copies of all relevant documents have been sent to C&W and that they are complete and up to date.

Where C&W relies on tenancy and lease information provided to it, unless such information reveals otherwise, C&W have made the Assumption that all occupational leases are on full repairing and insuring terms, with no unusual or onerous provisions or covenants that would affect value.

C&W have made an Assumption that vacant possession can be given of all accommodation which is unlet. C&W have not taken account of any leases between subsidiaries unless C&W states otherwise in the Valuation Report.

C&W have not undertaken investigations into the financial strength of any tenants unless otherwise referred to in the Valuation Report. Unless C&W have become aware by general knowledge, or have been specifically advised to the contrary, C&W have made an Assumption that:

- a) where a Property is occupied under leases then the tenants are financially in a position to meet their obligations, and
- b) there are no material arrears of rent or service charges, breaches of covenant, current or anticipated tenant disputes.

However, the Valuation reflects a potential purchaser's likely opinion of the credit worthiness of the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation.

C&W have taken into account any information the Company or its advisors provided concerning tenants' improvements. Otherwise, if the extent of tenants' alterations or improvements cannot be confirmed, C&W have made an Assumption that the relevant Property was let with all alterations and improvements evident during C&W's inspection (or, in the case of a Valuation without internal inspection, as described within the information provided by the Company).

C&W have made an Assumption that wherever rent reviews or lease renewals are pending or impending, with anticipated reversionary changes, all notices have been served validly within the appropriate time limits.

## **2.8. Information**

C&W have made an Assumption that the information provided by the Company and/or its professional advisers in respect of each Property that has been valued is both full and correct.

C&W have made an Assumption that details of all matters relevant to value within their collective knowledge, including but not limited to matters such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to it, and that such information is up to date.

Information provided includes, but is not limited to, the following information provided by the Company:

- \* leasing information;
- \* details of irrecoverable revenue costs, void liabilities, revenue costs;
- \* details of current negotiations in hand, including rent reviews, dilapidation claims, details of any CPOs, highway schemes, outstanding requirements under legislation or similar;
- \* costs, timetables and specification details relating to properties in the course of refurbishment / development or to be refurbished / developed in the future.

We have made the Assumption that the information provided by the Company and its professional advisers in respect of the Properties we have valued is both full and correct. We have made the further Assumption that details of all matters relevant to the Valuation within their collective knowledge, such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions, have been made available to us, and that such information is up to date.

### 3. Basis of Valuation

The basis of value for this Valuation Report as required by the Code and the Financial Conduct Authority's Listing and Prospectus Rules is Market Value and therefore the Valuations has been prepared on a Market Value basis.

Market Value as referred to in Valuation Professional Standard 4, Item 4 of the current edition of the RICS Valuation – Global Standard which incorporate the IVS and the RICS Red Book, and applying the conceptual framework which is set out in IVS104:

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

#### **Market Value**

The value of the Properties have been assessed in accordance with the relevant parts of the current RICS Red Book. In particular, we have assessed Market Value as referred to in VPS 4 item 4 of the RICS Red Book and applying the conceptual framework which is set out in IVS104. Under these provisions, the term “Market Value” means “The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Our opinion of the Market Value of the Properties has been primarily derived using comparable recent market transactions on arm's length terms.

Our Valuation has also been undertaken in accordance with the relevant provisions of the Code and Listing Prospectus Rules and has been undertaken by us as External Valuers as defined in the RICS Valuation Standards (being independent experts for the purposes of paragraph 130 of the ESMA Guidelines). The Properties are held as investments and we have therefore used the appropriate property investment valuation methodology to calculate the Market Values.

The Listing Rules require that the basis of valuation should be Market Value. Our previous valuations for the subject portfolio were for financial reporting purposes and were provided on the basis of Fair Value – IFRS. However, the references in the IFRS 13 definition to market participants and a sale make it clear that for most practical purposes the concept of Fair Value is

consistent with that of Market Value and so there will be no difference between them in terms of the valuation figure reported.

The Properties are held as investments we have used the appropriate property investment valuation methodology to calculate the Market Values.

We have valued the Properties individually and have reported aggregate values excluding any addition or deduction if a sale as a portfolio were contemplated.

## **4. Taxation and costs**

We have not made any adjustment to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

We have made a deduction to reflect a purchaser's acquisition costs in our Valuation in line with normal market practice.

No allowances are made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. All property is considered as if free and clear of all mortgages or other charges, which may be secured thereon. However, we take into account purchaser's costs in investment valuations in accordance with market conventions.

No allowance is made for the possible impact of potential legislation which is under consideration. Valuations are prepared and expressed exclusive of VAT payments, unless otherwise stated.

In the event that the Properties (or any of them) were to be sold at the Valuation contained in this Valuation Report, any gains realised on such disposals over the book value for tax purposes may be subject to taxation in the applicable jurisdiction. In connection with the Combination it is not contemplated that the liability to taxation as described above will crystallise.

## **5. VAT**

The capital valuations and rentals included in this Valuation Report are net of value added tax at the prevailing rate.

## **6. Property information**

### **6.1. Enquiries**

We have undertaken and completed the various matters referred to in the "Scope of Services" section of the VSS in Engagement letter.

Save as referred to below, the results of our enquiries and inspections do not contradict the Assumptions which we have made and are referred to in the VSS.

## **7. Valuation Approach and Reasoning**

The income capitalisation method is based on capitalising the net income stream at an appropriate yield. In establishing the net income stream we have reflected the current rent (gross rent) payable to lease expiry, at which point the valuer has assumed that each unit of occupation will be let at their opinion of Market Rent. We have made allowances for voids and rent-free periods where appropriate, as well as deducting non-recoverable costs where applicable.

The comparable method is used to select the appropriate yield, which has been adjusted for the location of the building, specification, tenant credit quality, continued use probability, unexpired lease length, lease terms and lot size amongst other factors. Where there is a potential reversion to a different net rent a term and reversion method of valuation or hardcore method may be adopted rather than an initial yield basis. For example, on vacant accommodation or where a rent increase on review or reletting is anticipated.

In the case of Signal Point, Tyseley, Birmingham, we have had regard to the value of industrial development land in this location and added the costs and fees incurred by the Client as at the date of the Valuation. The costs have been provided by the Client.

We wish to draw to your attention to the fact that the property at Forward Park, Baggot Street, Birmingham, which is an industrial investment property, is situated in a location that has seen a considerable increase in land values over the past 12 months. This is as a result of the area becoming highly attractive to developers of high-rise residential apartments, particularly purpose-built student flats. We are aware of unconditional offers being made for land that does not necessarily have the requisite planning permission for this type development. However, developers are prepared to take on this risk in their attempt to secure such opportunities. As such, we believe it is important that we highlight that our valuation of this property may be subject to variation over and above the range of tolerance normally expected for property valuations of this type. Our valuation of this Property represents approximately 2.8% of the overall portfolio value.

## 8. Valuation

Having regard to the foregoing, we are of the opinion that the aggregate of the Market Values ("Aggregate Value"), as at 30 April 2019 (the "Valuation Date"), of the commercial portfolio is:

<b>£452,610,892</b>	Four Hundred and Fifty-Two Million Six Hundred and Ten Thousand Eight Hundred and Ninety-Two pounds
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The split of the aggregate of the Market Values by freehold and leasehold tenure is as follows:

Freehold	<b>£422,650,892</b>
Leasehold	<b>£29,960,000</b>

A segmental split of the aggregate of the Market Values is as follows:

Sector	Capital Value	Net rent per annum*
Offices	£67,450,000	£4,462,508
Industrial	£302,970,000	£17,521,416
Retail	£65,055,000	£3,391,906
Land	£17,135,892	—
<b>Total</b>	<b>£452,610,892</b>	<b>£25,375,830</b>

\*Net rent pa allows for a reduction for tenant rent free incentives and void holding costs.

In arriving at our opinion of Market Value of the aggregate of the interests of the Properties, we have valued each Property individually. As such, we have assumed that the Properties would be marketed in an orderly way and not all placed on the market at the same time.

In accordance with note 3 on Rule 29.4 of the Code, one property, Phase 1 of Signal Point, Tyseley is being developed. On the assumption that the development is completed as planned and part let in accordance with an Agreement for Lease and/or available to let we are of the opinion that the Market Value as at the date of completion will be £14,695,000. We understand from the Company that the estimated total cost to complete the development is £3,950,000. The expected date for completion is in Q4 2019. A detailed planning consent for this development was granted on 27 September 2018 and there are no unusual or onerous conditions.

## 9. Responsibility

Our Valuation Report is provided to the addressees as set out on the first page of this report (the “Addressees”) in accordance with the Code and the Listing Rules and the Prospectus Rules for the purpose of Valuation. We acknowledge that the Valuation Report will be published on a website in accordance with Rule 26 of the Code.

For the purposes of Prospectus Rule 5.5.3(R)(2)(f), we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Valuation Report complies with Rule 5.6.5G of the Prospectus Rules and paragraphs 128 to 130 of ESMA update (ESMA/2013/319) of the Committee of the European Securities Regulators (CESR) recommendations for the consistent implementation of the European Commission regulation (EC) n.809/2004 implementing the Prospectus Directive.

C&W has given and has not withdrawn its consent to the inclusion of this Valuation Report in the firm offer announcement to be published in accordance with Rule 2.7 of the Code, the Scheme Document which is sent to the Company shareholders and the Prospectus. For the avoidance of doubt, the contents of this Valuation Report may be summarised and referred to in these documents. We confirm that the Valuations have been prepared in accordance with the requirements of Rule 29 of the Code and that we have authorised the content of the Valuation Report for the purposes of Rule 29.5(b) of the Code. The Properties have been valued by a valuer who is qualified for the purposes of the Valuation in accordance with Rule 29 of the Code.

Except for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent provided under the Prospectus Rules, to the fullest extent permitted by law we will not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with the Valuation Report or our statement set out above required by and given solely for the purposes of complying with Annex 1, item 23.1 of Commission Regulation (EC) No 809/2004.

Neither the whole nor any part of the Valuation Report nor any reference thereto may be included in any other published document, circular or statement, nor published in any way without our written approval of the form and context in which it is to appear. For the avoidance of doubt, such approval is required whether or not C&W are referred to by name and whether or not the contents of the Valuation Report are combined with other reports. Such approval shall not be unreasonably withheld. Notwithstanding the foregoing, the contents and data contained in the Valuation Report may be cited and summarised elsewhere in the Offer Documents.

Notwithstanding any other provisions contained within the Valuation Report, the Valuation Report may be disclosed by the Addressees as required by applicable law and regulation in any litigation or regulatory enquiry or investigation or action in connection with the Combination, including by a regulatory body such as the Panel on Takeovers and Mergers and the Financial Conduct Authority

## 10. Disclosure

Except for in connection with the Purpose of the Valuation set out above and/or as required by applicable law and regulation you must not disclose the contents of this Valuation Report to a third party in any way, including where we are not referred to by name or if the Valuation Report is to be combined with other reports, documents or information, without first obtaining our written approval to the form and context of the proposed disclosure in accordance with the terms of the Engagement. We will not approve any disclosure that does not refer adequately to the terms of the Engagement.

This Valuation Report or any part of it may not be modified, altered (including altering the context in which the Valuation Report is displayed) or reproduced without our prior written consent. Any person who breaches this provision shall indemnify us against all claims, costs, losses and expenses that we may suffer as a result of such breach.

To the extent permitted by law we hereby exclude all liability arising from use of and/or reliance on this Valuation Report by any person or persons except as otherwise set out in the terms of the Engagement. For the avoidance of doubt, we understand that our Valuation will be relied on by Peel Hunt LLP as sponsor and joint financial adviser to LMP, J.P. Morgan Securities Plc, as joint financial adviser to LMP and Numis Securities Limited as financial adviser to the Company. We also agree that copies of our Valuation Report may be made available to legal advisers of each of the Addressees from time to time.

Signed for and on behalf of Cushman & Wakefield Debenham Tie Leung Limited

A handwritten signature in black ink, appearing to read "J Payne", with a stylized flourish at the end.

**Jeremy Payne BSc MRICS**

Partner

RICS Registered Valuer

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## Appendix A: List of Addresses and Tenure

No	PROPERTY	INTEREST	PROPERTY TYPE
1	Dukes Gate, Chiswick Park, Acton Lane, Chiswick London	Freehold	Office - Investment
2	Oak Tree Court, Binley, Coventry	Leasehold	Office - Investment
3	Mucklow Office Park, Halesowen	Freehold	Office - Investment
4	60 Whitehall Road, Halesowen	Freehold	Office - Investment
5	Concorde House, Trinity Park, Solihull	Leasehold	Office - Investment
6	Apex House, Worcester	Freehold	Office - Investment
7	Apex Park, Worcester	Freehold	Office - Investment
8	Quinton Business Park	Leasehold	Office - Investment
9	Aztec West, Bristol	Freehold	Office - Investment
10	Compton Court, Binley, Coventry	Leasehold	Office - Investment
11	Plot 4C, Barton Close, Grove Park, Leicester	Freehold	Office - Investment
12	Forward Park, Bagot Street, Birmingham	Freehold	Industrial - Investment
13	Unit 1, Golden Cross, Rocky Lane, Aston, Birmingham	Freehold	Industrial – Investment
14	Unit 2, Golden Cross, Rocky Lane, Aston, Birmingham	Freehold	Industrial - Investment
15	Long Acre Trading Estate, Long Acre, Aston, Birmingham	Freehold	Industrial - Investment
16	St Andrews Trading Estate, Great Barr Street, Birmingham	Freehold	Industrial - Investment
17	Coleshill Trade Park, Coleshill, Birmingham	Freehold	Industrial - Investment
18	Coleshill Trading Estate, Coleshill, Birmingham	Freehold	Industrial - Investment
19	Roman Way, Coleshill, Birmingham	Freehold	Industrial - Investment
20	Bewdley Road, Stirchley, Birmingham	Freehold	Industrial - Investment
21	Hazelwell Mills Trading Estate, Stirchley, Birmingham	Freehold	Industrial - Investment
22	G Redfern Industrial Park, Tyseley, Birmingham	Freehold	Industrial - Investment
23	J Redfern Industrial Park, Tyseley, Birmingham	Freehold	Industrial - Investment
24	Crompton Fields, Crawley, West Sussex	Freehold	Industrial - Investment
25	Enterprise Trading Estate, Dudley	Freehold	Industrial - Investment
26	Forge Trading Estate, Halesowen	Freehold	Industrial - Investment
27	Mucklow Hill Trading Estate, Phases 1 and 2, Halesowen	Freehold	Industrial - Investment
28	Shenstone Trading Estate, Halesowen	Freehold	Industrial - Investment

29	Tachbrook Link, Leamington	Freehold	Industrial - Investment
30	Birchley Island, Oldbury	Freehold	Industrial - Investment
31	Triton Park, Brownsover Road, Rugby	Freehold	Industrial - Investment
32	Kings Hill, Darlaston Road, Wednesbury	Freehold	Industrial - Investment
33	Wednesbury One, Black Country Road, Wednesbury	Freehold	Industrial - Investment
34	Knightsbridge Park, Worcester	Freehold	Industrial - Investment
35	Star Gate, Cuckoo Road, Nechells, Birmingham	Freehold	Industrial - Investment
36	Siskin Parkway East, Middlemarch Business Park, Coventry	Leasehold	Industrial - Investment
37	Access Point, Leamington	Freehold	Industrial - Investment
38	Yorks Park, Dudley	Freehold	Industrial - Investment
39	Vantage 1, Lichfield Road, Aston	Freehold	Industrial - Investment
40	Neo Park, Tyseley	Freehold	Industrial - Investment
41	Milton Point, Milton Keynes	Freehold	Industrial - Investment
42	Shire Business Park, Warndon, Worcester	Freehold	Industrial - Investment
43	Grange Park, Northampton	Freehold	Industrial - Investment
44	Shannon Way, Tewkesbury	Freehold	Industrial - Investment
45	Flagstaff 42, Resolution Road, Ashby-de-la-Zouch	Freehold	Industrial - Investment
46	Redwood Trade Park, Oldbury Road, Oldbury	Freehold	Industrial - Investment
47	Amber Way, Halesowen	Freehold	Industrial - Investment
48	Unit H, Redfern Park Way, Tyseley, Birmingham	Freehold	Industrial - Investment
49	Apex Park Phase II, Worcester	Freehold	Industrial - Investment
50	Unit F Meridian Business Park, Leicester	Freehold	Industrial - Investment
51	Unit 8 Nexus Point, Pavilion Drive, Birmingham	Freehold	Industrial - Investment
52	D5 Coombs Wood, Halesowen	Leasehold	Industrial - Investment
53	Plot 1, Zone D, Centre 38, Barton-Under-Needwood	Freehold	Industrial - Investment
54	Unit 1 i54 Wolverhampton	Freehold	Industrial - Investment
55	131/148 High Street, Bordesley, Birmingham	Freehold	Retail - Investment
56	202/208 High Street, Harborne, Birmingham	Freehold	Retail - Investment
57	Tewkesbury Road, Elizabeth Way, Cheltenham	Freehold	Retail - Investment
58	Prospect Way, Halesowen	Freehold	Retail - Investment

59	Birchley Island, Oldbury	Freehold	Retail - Investment
60	64/67 High Street, Stourbridge	Freehold	Retail - Investment
61	Torrington Avenue, Coventry	Freehold	Retail - Investment
62	Alcester Road, Kings Heath, Birmingham	Freehold	Retail - Investment
63	Matalan, 100 Churchgate, Vaughan Way, Leicester	Freehold	Retail - Investment
64	Bewdley Road, Stirchley, Birmingham	Freehold	Land - Investment
65	Hayden Cross, Cradley Heath	Freehold	Land - Investment
66	Signal Point, Tyseley	Freehold	Land - Investment
67	Mucklow Office Park, Halesowen	Freehold	Land - Investment
68	i54 Wolverhampton	Freehold	Land - Investment

## **PART 16**

### **ADDITIONAL INFORMATION**

#### **1. PERSONS RESPONSIBLE**

- 1.1 LondonMetric and each of the Directors whose names are set out on page 30 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of LondonMetric, the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 CBRE accepts responsibility for the information contained in the report set out at Part A of Part 15 (Valuation Reports) of this document. To the best of the knowledge and belief of CBRE, and having taken all reasonable care to ensure that such is the case, the information contained in its report is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 Cushman & Wakefield accepts responsibility for the information contained in the report set out at Part B of Part 15 (Valuation Reports) of this document. To the best of the knowledge and belief of Cushman & Wakefield, and having taken all reasonable care to ensure that such is the case, the information contained in its report is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### **2. INFORMATION ABOUT LONDONMETRIC**

- 2.1 LondonMetric was incorporated in England and Wales on 13 January 2010 under the Companies Act as a public limited company with registered number 07124797.
- 2.2 On 24 June 2010, LondonMetric was issued with a certificate under section 761 of the Companies Act entitling it to carry on business and borrow money.
- 2.3 The Company was admitted to the Official List and to trading on the Main Market on 1 October 2010.
- 2.4 The principal activities of the LondonMetric Group is real estate investment and development.
- 2.5 The Company merged with Metric by way of scheme of arrangement under Part 26 of the Companies Act on 25 January 2013.
- 2.6 LondonMetric is domiciled in the United Kingdom. The principal legislation under which LondonMetric operates and under which Ordinary Shares have been created is the Companies Act.
- 2.7 As a company with its shares admitted to the premium listing segment of the Official List under the Listing Rules and to trading on the Main Market as a primary listing, LondonMetric is subject to the Listing Rules, the Prospectus Rules, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules and to the rules of the London Stock Exchange.
- 2.8 LondonMetric's registered office and principal place of business is at 1 Curzon Street, London W1J 5HD
- 2.9 LondonMetric's website address is <https://www.londonmetric.com>.
- 2.10 LondonMetric's telephone number is +44 (0) 20 7484 9000.

### 3. SHARE CAPITAL OF LONDONMETRIC

- 3.1 As at 28 May 2019 (being the latest practicable date prior to publication of this document), the issued and fully paid share capital of LondonMetric is as shown below. The issued and fully paid share capital of LondonMetric as it is expected to be immediately following completion of the Combination and the Proposals is also shown:

	<i>Ordinary Shares</i>	
	<i>£</i>	<i>Number</i>
At present	70,066,181.90	700,661,819
Following the Proposals	83,927,750.30	839,277,503

The number of issued and fully paid share capital of LondonMetric assumes that no further Ordinary Shares will be issued between the date of publication of this document and completion of the Combination.

- 3.2 The nominal value of the Ordinary Shares is 10 pence each.
- 3.3 As at 28 May 2019, LondonMetric holds no Ordinary Shares as treasury shares.
- 3.4 There are no Ordinary Shares held by or on behalf of LondonMetric itself or by any of the subsidiaries of LondonMetric.
- 3.5 Except pursuant to the LondonMetric LTIP, the LondonMetric DBP and the LondonMetric EBT, LondonMetric has not issued any convertible securities, exchangeable securities or securities with warrants.
- 3.6 Except pursuant to the Combination, the LondonMetric LTIP, the LondonMetric DBP and the LondonMetric EBT, there are no acquisition rights or obligations over unissued share capital or undertakings to increase the capital of LondonMetric.
- 3.7 During the three years preceding the date of this document the following changes in the issued share capital of LondonMetric have occurred:
- 3.7.1 on 17 April 2019, LondonMetric issued 669,979 Ordinary Shares pursuant to a scrip dividend programme dated 8 September 2016;
  - 3.7.2 on 10 January 2019, LondonMetric issued 1,312,312 Ordinary Shares pursuant to a scrip dividend programme dated 8 September 2016;
  - 3.7.3 on 5 October 2018, LondonMetric issued 845,291 Ordinary Shares pursuant to a scrip dividend programme dated 8 September 2016;
  - 3.7.4 on 11 July 2018, LondonMetric issued 399,183 Ordinary Shares pursuant to a scrip dividend programme dated 8 September 2016;
  - 3.7.5 on 19 April 2018, LondonMetric issued 218,858 Ordinary Shares pursuant to a scrip dividend programme dated 8 September 2016;
  - 3.7.6 on 10 January 2018, LondonMetric issued 1,002,578 Ordinary Shares pursuant to a scrip dividend programme dated 8 September 2016;
  - 3.7.7 6 October 2017, LondonMetric issued 1,600,904 Ordinary Shares pursuant to a scrip dividend programme dated 8 September 2016;
  - 3.7.8 on 10 July 2017, LondonMetric issued 1,640,650 Ordinary Shares pursuant to a scrip dividend programme dated 8 September 2016;
  - 3.7.9 on 18 April 2017, LondonMetric issued 589,633 Ordinary Shares pursuant to a scrip dividend programme dated 8 September 2016;
  - 3.7.10 on 27 March 2017, LondonMetric issued 62,804,390 Ordinary Shares pursuant to a placing

3.7.11 on 11 January 2017, LondonMetric issued 1,497,872 Ordinary Shares pursuant to a scrip dividend programme dated 8 September 2016; and

3.7.12 on 7 October 2016, LondonMetric issued 36,264 Ordinary Shares pursuant to a scrip dividend programme dated 8 September 2016.

3.8 The Ordinary Shares are in registered form with ISIN GB00B4WFW713.

3.9 Subject to the Combination becoming Effective, up to 138,615,684 New Ordinary Shares will be issued. This will result in LondonMetric's issued share capital increasing by approximately 19.8 per cent. if the Combination becomes Effective, Shareholders will suffer an immediate dilution as a result of the Combination following which they will hold approximately 83.5 per cent. of the Enlarged Share Capital.

#### **4. SHARE CAPITAL AUTHORITIES OF LONDONMETRIC**

##### **4.1 *Existing shareholder authorities***

At a general meeting of LondonMetric held on 11 July 2018 the following resolutions were passed (the "**Existing LondonMetric Shareholder Authorities**"):

"16. That the Directors be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "2006 Act"), in substitution for all existing authorities:

- a. to exercise all the powers of the Company to allot shares and to make offers or agreements to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (together 'Relevant Securities') up to an aggregate nominal amount of £23,247,835 (such amount to be reduced by the nominal amount of any equity securities (within the meaning of Section 560 of the 2006 Act) allotted under paragraph 16b below in excess of £23,247,835); and
- b. to exercise all the powers of the Company to allot equity securities (within the meaning of Section 560 of the 2006 Act) up to a maximum nominal amount of £46,495,670 (such amount to be reduced by any Relevant Securities allotted or granted under paragraph 16a above) provided that this authority may only be used in connection with a rights issue in favour of holders of ordinary shares and other persons entitled to participate therein where the equity securities respectively attributable to the interests of all those persons at such record date as the Directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever,

provided that the authorities in paragraphs 16a and 16b shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (or, if earlier, on the date which is 15 months after the date of this Annual General Meeting), except that the Company may before such expiry make an offer or agreement which would or might require Relevant Securities or equity securities as the case may be to be allotted (and treasury shares to be sold) after such expiry and the Directors may allot Relevant Securities or equity securities (and sell treasury shares) in pursuance of any such offer or agreement as if the authority in question had not expired";



“17. That the Directors be and are empowered, in accordance with Sections 570 and 573 of the 2006 Act, to allot equity securities (as defined in Section 560(1) of the 2006 Act) for cash pursuant to the authority conferred by resolution 16 or by way of a sale of treasury shares as if Section 561(1) of the 2006 Act did not apply to any such allotment or sale, provided that this power shall be limited to:

- a. the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities made to (but in the case of the authority conferred by paragraph 16b of resolution 16 above, by way of a rights issue only):
  - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii) to holders of other equity securities as required by the rights of those securities or, if the Directors otherwise consider necessary, as permitted by the rights of those securities,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter

- b. the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 17a above) up to an aggregate nominal amount of £3,487,175,

of the next Annual General Meeting of the Company (or, if earlier, on the date which is 15 months after the date of this Annual General Meeting) but prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired”;

“18. That the Directors be and are empowered, in addition to any authority granted under resolution 17, to allot equity securities (as defined in Section 560(1) of the 2006 Act) for cash pursuant to the authority conferred by resolution 16 or by way of a sale of treasury shares as if Section 561(1) of the 2006 Act did not apply to any such allotment or sale, such power to be:

- a. limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £3,487,175; and
- b. used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying PreEmption Rights most recently published by the PreEmption Group prior to the date of this notice,

provided that this power shall expire at the end of the next Annual General Meeting of the Company (or, if earlier, on the date which is 15 months after the date of this Annual General Meeting) but, in each case, prior to its expiry the Company may make offers, and enter into agreements which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority in question had not expired”; and

“19. That the Company be and is hereby generally and unconditionally authorised, in accordance with Section 701 of the 2006 Act, to make market purchases (within the meaning of Section 693(4) of the 2006 Act) of ordinary shares of 10p each in the capital of the Company (“ordinary shares”) on such terms and in such manner as the Directors may from time to time determine provided that:

- a. the maximum number of ordinary shares authorised to be purchased is 69,743,505;
- b. the minimum price which may be paid for an ordinary share is 10p being the nominal amount thereof (exclusive of expenses payable by the Company);
- c. the maximum price which may be paid for an ordinary share (exclusive of expenses payable by the Company) cannot be more than the higher of:
  - (i) 105% of the average market value of an ordinary share for the five business days prior to the day on which the ordinary share is contracted to be purchased; and
  - (ii) the value of an ordinary share calculated on the basis of the higher of:
    - (A) the last independent trade of; or
    - (B) the highest current independent bid for,

any number of ordinary shares on the trading venue where the market purchase by the Company will be carried out; and

the authority conferred shall expire at the conclusion of the next Annual General Meeting of the Company except that the Company may before such expiry make a contract to purchase its own shares which will or may be completed or executed wholly or partly after such expiry”.

The Directors shall rely on the Existing LondonMetric Shareholder Authority for the allotment of the New Ordinary Shares. The Directors have no present intention to allot shares, other than in relation to the Combination and in connection with legally binding obligations to do so such as the Company’s scrip dividend scheme.

## 5. ORGANISATIONAL STRUCTURE, SUBSIDIARY UNDERTAKINGS AND OTHER HOLDINGS

5.1 LondonMetric is the ultimate holding company of the LondonMetric Group. The following table shows details of LondonMetric’s significant subsidiaries and undertakings as at 28 May 2019 (being the latest practicable date prior to the publication of this document). The issued share capital of each of these companies is fully paid.

	<i>Country of incorporation or registration</i>	<i>Proportion of voting rights held (by way of share capital or units held)</i>	<i>Nature of business</i>
London & Stamford Property Limited	Guernsey	100%	Intermediate holding company
LondonMetric Management Limited	Guernsey	100%	Management company
LMP Retail Warehouse JV Holdings Limited	Guernsey	81.88%	Intermediate holding company
LMP Retail Warehouse JV Management Limited*	Guernsey	81.88%	Management company
LMP Retail Warehouse JV Property Unit Trust*	Guernsey	81.88%	Property investment
LMP Retail Warehouse Unitholder 2 Limited*	Guernsey	81.88%	Intermediate holding company

	<i>Country of incorporation or registration</i>	<i>Proportion of voting rights held (by way of share capital or units held)</i>	<i>Nature of business</i>
LSP London Residential Holdings Limited	Guernsey	40%	Intermediate holding company
LSP London Residential Investments Limited	Guernsey	40%	Intermediate holding company
LSP RI Moore House Limited*	Guernsey	40%	Property investment
Metric GP Income Plus Limited*	England	50%	General partner
Metric Income Plus Nominee Limited*	England	50%	Nominee company
Metric Income Plus Limited Partnership*	England	50%	Property investment
Metric Property Investments Limited	England	100%	Intermediate holding company
Metric Property Finance 1 Limited	England	100%	Intermediate holding company
Metric Property Finance 2 Limited	England	100%	Intermediate holding company
Metric LP Income Plus Limited*	England	100%	Limited partner
LSI (Investments) Limited	England	100%	Property investment
LSI Developments Limited	England	100%	Property investment
LondonMetric Saturn Limited	England	100%	Property investment
LondonMetric Retail Distribution I Limited	England	100%	Property investment
LondonMetric Saturn II Limited	England	100%	Property investment
LondonMetric Retail Distribution II Limited	England	100%	Property investment
LondonMetric Retail Distribution III Limited	England	100%	Property investment
LondonMetric Liverpool Limited	England	100%	Property investment
LondonMetric Swindon Limited	England	100%	Property investment
LondonMetric Distribution Limited	England	100%	Property investment
LondonMetric Retail Limited	England	100%	Property investment
LondonMetric Edinburgh Limited	England	100%	Property investment
LondonMetric Derby Limited	England	100%	Property investment
Goresbrook Property Limited	England	100%	Property investment
LondonMetric Crawley Limited	England	100%	Property investment
LondonMetric Leisure Limited	England	100%	Property investment
Metric Property Launceston Limited	England	100%	Property investment
Metric Property Loughborough Limited*	England	100%	Property investment
Metric Property Coventry Limited	England	100%	Property investment
Metric Property Bedford Limited*	England	100%	Property investment
Metric Property Kirkstall Limited*	England	100%	Property investment
LondonMetric Logistics Limited	England	100%	Property investment
L&S Business Space Limited	Guernsey	100%	Property investment
L&S Highbury Limited	Guernsey	100%	Property investment
LMP Green Park Cinemas Limited	Guernsey	100%	Property investment
LMP Thrapston Limited	Guernsey	100%	Property investment
LMP Bell Farm Limited	Guernsey	100%	Property investment
LMP Omega II Limited	Guernsey	100%	Property investment
LMP Dagenham Limited	Guernsey	100%	Property investment
LMP GB1W02 LLC*	Delaware	100%	Property investment

\* Undertakings held indirectly by the Company

- 5.2 Save for the significant subsidiaries and holdings disclosed in paragraph 5.1 above, LondonMetric does not hold any capital in any other undertakings that have a significant effect on the assessment of LondonMetric's assets and liabilities, financial position or profits and losses.

## 6. ARTICLES OF ASSOCIATION

### 6.1 *The Articles contain the following provisions (amongst others):*

#### 6.1.1 *Votes of members*

- (a) Subject to any special terms as to voting attached to any share, on a show of hands every member who is present in person and entitled to vote has one vote and on a poll every member who is present in person or by proxy and entitled to vote has one vote for every share of which he is the holder.
- (b) No member is entitled to be present or to be counted in the quorum or vote, either in person or by proxy, at any general meeting or at any separate meeting of the holders of any class of shares in LondonMetric either personally or by proxy or to exercise any privilege as a member in relation to the meeting or poll, unless all calls or other sums due and payable by him in respect of the shares in LondonMetric have been paid.
- (c) Any person (whether a member or not) may be appointed to act as a proxy and a member may appoint one or more than one person to act as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of LondonMetric. On a poll, votes may be given either personally or by proxy and a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

#### 6.1.2 *Dividends*

- (a) Subject to the Statutes and the Articles, LondonMetric may by ordinary resolution declare a dividend to be paid to members according to their respective rights and interests. No dividend shall exceed the amount recommended by the Board.
- (b) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid-up on the shares in respect of which the dividend is paid. All dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.
- (c) The directors may in their absolute discretion declare and pay to the members such interim dividends as appear to the directors to be justified by the profits of LondonMetric and LondonMetric's financial and trading position. If the share capital of LondonMetric is divided into different classes, the directors may pay interim dividends in respect of those shares which rank after shares conferring preferred rights, unless at the time of payment a preferential dividend is in arrears.
- (d) The Board may, if authorised by an ordinary resolution of LondonMetric, offer any holders of Ordinary Shares the right to elect to receive Ordinary Shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the Board) of any dividend specified by the Ordinary Shares.
- (e) All dividends or other sums payable on or in respect of any share which remain unclaimed for a period of 12 years or more from the date it became due for payment shall be forfeited and shall revert to LondonMetric.

#### 6.1.3 *Sanctions for failure to disclose interest in shares*

- (a) If a notice is served by LondonMetric under Section 793 of the Companies Act (a "**Section 793 notice**") on a member, or another person whom LondonMetric knows or has reasonable cause to believe to be interested in shares held by that member, and the member or other person has failed in relation to the shares (the "**default shares**") to give LondonMetric the information required within 14 days, the Board may serve on the holder of such default shares a notice (a "**disenfranchisement notice**") whereupon the following sanctions apply, unless the Board decides otherwise:

- (b) the member is not entitled in respect of the default shares to be present or to vote at a general meeting or separate class meeting or on a poll or to exercise other rights in relation to the meeting or poll; and
- (c) where the default shares represent at least 0.25 per cent. in nominal value of the issued shares of their class:
  - (i) a dividend or other amount payable in respect of the default shares shall be withheld by LondonMetric, which has no obligation to pay interest on it, and the member cannot elect to receive shares instead of a dividend; and
  - (ii) no transfer of any of the default shares shall be registered unless:
    - (A) the transfer is an expected transfer; or
    - (B) the member is not himself in default in supplying the information required and proves to the satisfaction of the Board that no person in default in supplying the information required is interested in any of the shares the subject of the transfer; or
    - (C) registration of the transfer is required by the CREST Regulations.

#### 6.1.4 *Distribution of assets on a winding-up*

If LondonMetric shall be wound up voluntarily, the liquidator may, with the authority of a special resolution and any sanction required by law, divide among the members in kind the whole or any part of the assets of LondonMetric whether or not the assets consist of property of one kind or of different kinds and may for such purpose set such value as he deems fair on any class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the same authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares in respect of which there is a liability or potential liability.

#### 6.1.5 *Changes in capital*

- (a) LondonMetric may by ordinary resolution:
  - (i) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares; and
  - (ii) sub-divide all or any of its shares into shares of a smaller amount and may by the resolution determine that the shares resulting from such sub-division may have any preferred or other special rights or be subject to any such restrictions, as compared with the others.
- (b) Subject to the provisions of the Companies Act, LondonMetric has power to purchase its own shares, including any redeemable shares.

#### 6.1.6 *Variation of class rights and class meetings*

- (a) Subject to provisions of the Companies Act, the rights attached to any class of shares may be modified, varied or abrogated:
  - (i) in such manner (if any) as may be provided by those rights; or
  - (ii) in the absence of any such provision, either with the consent in writing of the holders of at least three quarters in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate meeting of the holders of that class but not otherwise.

- (b) The rights attached to any class of shares are not, unless expressly provided by the Articles or in the rights attaching to the shares of that class, deemed to be modified, varied or abrogated by the creation or issue of further shares ranking equally with every other share of that class.
- (c) A separate meeting for the holders of a class of shares shall be convened and conducted as nearly as possible in the same way as a general meeting except that the necessary quorum (other than at an adjourned meeting) is two persons, present in person or by proxy, holding or representing by proxy at least one third in nominal value of the issued shares of the class in question and, at an adjourned meeting, one person holding shares of the class in question present in person or by proxy and any holder of shares of the class in question present in person or by proxy and entitled to vote at the meeting may demand a poll.

#### 6.1.7 *General meetings*

- (a) LondonMetric shall in each year hold a general meeting as its annual general meeting (in addition to any other meetings which may be held in that year). Subject as aforesaid and to the provisions of the Statutes, the annual general meeting shall be held at such time and place as the directors may determine.
- (b) The directors may convene a general meeting whenever they think fit and must on requisition in accordance with the Statutes convene a general meeting, as provided by the Statutes.
- (c) Annual general meetings and all other general meetings of LondonMetric shall be called by at least such minimum period of notice as is prescribed for traded companies under the Companies Act.
- (d) No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Two persons entitled to vote, each being a member or a proxy for a member or a duly authorised representative of a corporation which is a member, shall be a quorum.
- (e) The Board may make arrangements and impose restrictions it considers appropriate to ensure the security of a meeting, including, without limitation, the searching of a person attending the meeting and the restriction of the items of personal property that may be taken into the meeting place. The Board is entitled to refuse entry to a meeting to a person who refuses to comply with these arrangements or restrictions.

#### 6.1.8 *Transfer of shares*

- (a) Subject to the Articles, any member may transfer all or any of his certificated shares by instrument of transfer in any usual form or in such other form as the directors may approve and the instrument must be executed by or on behalf of the transferor and by or on behalf of the transferee but need not be under seal. The transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of it.
- (b) The Board may decline to recognise any instrument or transfer unless it is:
  - (i) in respect of only one class of shares;
  - (ii) in favour of not more than four joint transferees;
  - (iii) duly stamped (if required);
  - (iv) not in favour of a minor, infant, bankrupt or person with mental disorder; and



- (v) lodged at the registered office of LondonMetric or such other place as the directors may decide, accompanied by the certificate for the shares to be transferred and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer provided that in the case of a transfer by a stock exchange nominee the lodgement of a share certificate will only be necessary if a certificate has been issued in respect of the share in question.
- (c) The Board may in their absolute discretion and without assigning any reason refuse to register any transfer of a certificated share which is not fully paid, provided that this discretion may not be exercised in such a way as to prevent dealings in the shares from taking place on an open and proper basis.
- (d) The Board may, in circumstances permitted by the FCA and the London Stock Exchange, disprove a transfer of any share, provided that exercise of such powers does not disturb the market in the shares.
- (e) If the Board refuse to register a transfer of any shares, they shall, within two months after the date on which the transfer was lodged with LondonMetric, send to the transferor and the transferee notice of the refusal, together with reasons for the refusal. The directors shall send to the transferee such further information about the reasons for the refusal as the transferee may reasonably require.

#### 6.1.9 *Directors*

- (a) **Number and appointment of directors**  
Unless and until otherwise determined by LondonMetric by ordinary resolution the number of directors is not subject to a maximum but must not be fewer than two.

LondonMetric may, by ordinary resolution, appoint a person who is willing to act to be a director. The directors may appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director, but a director so appointed shall hold office only until the conclusion of the next annual general meeting after his appointment, unless he is reappointed during the meeting, and he shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting.

- (b) **Executive Directors**  
The directors may from time to time appoint one or more of their body to be holder of any executive office for such period and on such terms for such period as they may determine.

The appointment of any director to any executive office may be terminated by the Board without prejudice to any claim he may have for damages for breach of contract. A director appointed to any executive office shall not automatically cease to be a director if he ceases from any cause to hold that executive office.

- (c) **Retirement by rotation**  
Each director shall retire from office at the third annual general meeting after that at which he was last elected. A director who retires at an annual general meeting, shall be in addition to any director who wishes to retire and not to offer himself for reappointment and any director to retire. A director who retires at an annual general meeting, whether by rotation or otherwise, may, if willing to act, be reappointed. LondonMetric, at the meeting at which a director retires by rotation, may fill the vacated office and, if it does not do so, the retiring director is, if willing, deemed reappointed, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the reappointment of such director is put to the meeting and lost.

- (d) Fees, expenses, remuneration and benefits
- (i) There shall be available to be paid out of the funds of LondonMetric to the directors as fees in each year an aggregate sum not exceeding £1,000,000 or such higher sum as may from time to time be determined by ordinary resolution of LondonMetric. LondonMetric may by ordinary resolution increase the amount of the fees payable which shall, in default of agreement to the contrary, be divided between the directors equally.
  - (ii) The directors are entitled to be paid all reasonable travelling, hotel and other expenses properly incurred by them in connection with the business of LondonMetric or in travelling to and from meetings of the Board or committees of the Board or general meetings or separate meetings of the holders of a class of shares of LondonMetric or otherwise in connection with the discharge of their duties.
  - (iii) The Board may grant reasonable additional remuneration and expenses to any director who goes or resides abroad or renders any special or extra services to LondonMetric, which may be paid by way of a lump sum, participation in profits or otherwise as the Board may determine.
  - (iv) The directors may establish and maintain a pension scheme for the benefit of any persons who are or were employees of or who have been directors of LondonMetric or of any company which is or was a member of the LondonMetric Group. Subject to the Statutes, the Board may establish and maintain any employees' share scheme for the benefit of employees (including directors) of LondonMetric.
- (e) Directors' Interests
- The directors may authorise, to the fullest extent permitted by law:
- (i) any matter which would otherwise result in a director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of LondonMetric and which may reasonably be regarded as likely to give rise to a conflict of interest; and
  - (ii) a director to accept or continue in any office, employment or position in addition to his office as a director of LondonMetric and may authorise the manner in which a conflict of interest arising out of such office, employment or position may be dealt with, either before or at the time that such a conflict of interest arises, provided that the authorisation is only effective if:
    - (A) any requirement as to the quorum at the meeting at which such matter is considered is met without counting the director in question or any other interested director; and
    - (B) the matter was agreed to without their voting or would have been agreed to if their votes had not been counted.
- (f) If a matter, or office, employment or position, has been authorised by the directors in accordance with this Article then:
- (i) the director shall not be required to disclose any confidential information relating to such matter, or such office, employment or position, to LondonMetric if to make such a disclosure would result in a breach of a duty or obligation of confidence owed by him in relation to or in connection with that matter, or that office, employment or position;
  - (ii) the director may absent himself from discussions, whether in meetings of the directors or otherwise, and exclude himself from information, which will or may relate to that matter, or that office, employment or position;

- (iii) a director shall not, by reason of his office as a director, be accountable to LondonMetric for any benefit which he derives from any such matter, or from any such office, employment or position.
- (g) Voting restrictions
- (i) A director (including an alternate director) shall not vote in respect of any contract or arrangement or any other proposal in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities or right of or otherwise in or through LondonMetric. However, a director shall be entitled to vote in respect of any contract or arrangement or any other proposal in which he has any interest which is not material. A director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.
  - (ii) A director shall (in the absence of some other material interest) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters namely:
    - (A) the giving to him of any security, guarantee or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of LondonMetric or any of its subsidiaries;
    - (B) the giving to a third party of any security, guarantee or indemnity in respect of a debt or obligation of LondonMetric or any of its subsidiaries for which he himself has assumed responsibility, in whole or in part, by the giving of security or under a guarantee or indemnity;
    - (C) any proposal concerning an offer for subscription or purchase of shares or debentures or other securities of or by LondonMetric or any of its subsidiaries or of any other company which LondonMetric may promote or in which it may be interested in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting;
    - (D) any proposal to which LondonMetric is or is to be a party concerning any other company in which he is invested directly or indirectly and whether as an officer, creditor, employee or holder of shares, debentures, securities or rights of that other company, but where he is not the holder (otherwise than as a nominee for LondonMetric or any of its subsidiaries) of or beneficially interested in one per cent. or more of the issued shares of any class of such company or of any third company through which his interest is derived or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances);
    - (E) any proposal concerning the adoption, modification or operation of a superannuation fund, retirement benefits scheme, share option scheme or share incentive scheme under which he may benefit; or
    - (F) any proposal concerning the purchase and/or maintenance of any insurance policy under which he may benefit.
- (h) Powers of the Board
- Subject to the Statutes and the Articles and to directions given by LondonMetric in general meeting, the business of LondonMetric shall be managed by the directors who may exercise all the powers of LondonMetric.

#### 6.1.10 *Borrowing powers*

- (a) Subject to the Articles, the Board may exercise all the powers of LondonMetric to borrow money.
- (b) The directors shall restrict the borrowings of LondonMetric and exercise all voting and other rights or powers of control exercisable by LondonMetric in relation to its subsidiary undertakings (if any) so as to secure (as regards subsidiary undertakings so far as by such exercise they can secure) that the aggregate of the amounts remaining undischarged of all monies borrowed by the LondonMetric Group does not at any time without the previous sanction of an ordinary resolution exceed a sum equal to two times:
  - (i) the amount of the share capital of LondonMetric issued and paid up; and
  - (ii) the amounts shown as standing to the credit of consolidated capital and revenue reserves of the LondonMetric Group (including share premium account, capital redemption reserve) plus or minus the credit or debit balance of the consolidated profit and loss account as shown in the latest audited consolidated balance sheet of the LondonMetric Group and in the consolidated capital and reserves of the LondonMetric Group, but
    - (A) adjusted in respect of any variations in the issued and paid up share capital, share premium account or capital redemption reserve effected or any distributions made (otherwise than within the LondonMetric Group) since the date of such balance sheets except in so far as provided for therein; and
    - (B) excluding any amounts set aside for taxation and, to the extent included, any amounts attributable to outside shareholdings in subsidiaries; and
    - (C) excluding all amounts attributable to intangible items save goodwill arising on consolidation, notwithstanding the fact that these may previously have been written off against reserves.

#### 6.1.11 *Indemnity*

- (a) Indemnity to Directors  
Subject to the provisions of the Statutes, LondonMetric may:
  - (i) indemnify any person who is or was a director, or a director of any associated company, directly or indirectly (including by funding any expenditure incurred or to be incurred by him), against any loss or liability, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise, in relation to LondonMetric or any associated company; and/or
  - (ii) indemnify to any extent any person who is or was a director of an associated company that is a trustee of an occupational pension scheme, directly or indirectly (including by funding any expenditure incurred or to be incurred by him) against any liability incurred by him in connection with LondonMetric's activities as trustee of an occupational pension scheme; and/or
  - (iii) purchase and maintain insurance for any person who is or was a director, or a director of any associated company, against any loss or liability or any expenditure he may incur, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise, in relation to LondonMetric or any associated company.

For the purpose of the article described above "associated company" has the meaning set out in section 256 of the Companies Act.

- (b) Indemnity against claims in respect of shares  
Whenever any law for the time being of any country, state or place imposes or purports to impose any immediate or future or possible liability upon LondonMetric to make any payment or empowers any government or taxing authority or government official to require LondonMetric to make any payment in respect of any shares registered in any of LondonMetric's registers as held either jointly or solely by any member or in respect of any dividends, bonuses or other monies due or payable or accruing due or which may become due or payable to such member by LondonMetric on or in respect of any shares registered as aforesaid or for or on account or in respect of any member and whether in consequence of:

- (i) a transmission event;
- (ii) the non-payment of any income tax or other tax by such member;
- (iii) the non-payment of inheritance tax or any estate, probate, succession, death, stamp or other duty by the executors or administrators or other legal personal representatives of such member or by or out of his estate; or
- (iv) any other act or thing;

LondonMetric in every such case:

- (v) shall be fully indemnified by such member or his executors or administrators or his other legal representatives from all liability; and
- (vi) may recover as a debt due from such member or his executors or administrators or his other legal personal representatives wherever constituted or residing any monies paid by LondonMetric under or in consequence of any such law together with interest thereon at such rate (not exceeding, without the sanction of LondonMetric given by ordinary resolution, 20 per cent. per annum) as the directors may determine from the date of payment by LondonMetric to the date of repayment by the member or his executors or administrators or his other legal personal representatives.

#### 6.1.12 *UK-REIT provisions*

A summary of the UK-REIT provisions included in the Articles is set out in paragraph 17 of Part 16 (Additional Information) of this document.

- 6.1.13 The Directors have power by notice in writing to require any Shareholder to disclose to LondonMetric the identity of any person (other than the Shareholder) who has an interest in the shares held by the Shareholder and the nature of such interest. Any such notice shall require any information in response to such notice to be given within the prescribed period which is 14 days after service of the notice. The direction notice may direct that, in respect of the Ordinary Shares in respect of which the default has occurred and any other shares held by the Shareholder, the Shareholder shall not be entitled to vote (either personally or by representative or by proxy) in general meetings or class meetings. Where the shares concerned represent at least 0.25 per cent. of their class the direction notice may additionally direct that dividends on such shares will be retained by LondonMetric (without interest), and that no transfer of the shares (other than an excepted transfer under the Articles) shall be registered until the default is rectified.

## 7. INTERESTS OF DIRECTORS IN LONDONMETRIC

### 7.1 *Directors' interests in LondonMetric*

As at 28 May 2019 (being the latest practicable date prior to the publication of this document) and, following Admission and the Combination, the interests of the Directors, and their immediate families and persons connected with the Directors (within the meaning of sections 252 to 255 of the Companies Act) (all of which are beneficial owners unless otherwise stated) in the issued share capital of LondonMetric are as follows:

	<i>As at 28 May 2019 (the latest practicable date prior to publication of this document)</i>		<i>Interests immediately following the Combination becoming Effective*</i>	
	<i>No. of Ordinary Shares of</i>	<i>Percentage of issued share capital of LondonMetric</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Andrew Jones	3,791,072	0.541%	4,191,226	0.499%
Martin McGann	2,564,560	0.366%	2,782,073	0.331%
Valentine Beresford	2,991,860	0.427%	3,220,909	0.384%
Mark Stirling	2,485,522	0.355%	2,714,571	0.323%
Patrick Vaughan**	12,250,000	1.748%	12,250,000	1.460%
Suzanne Avery	22,750	0.003%	22,750	0.003%
James Dean	20,000	0.003%	20,000	0.002%
Robert Fowlds	104,000	0.015%	104,000	0.012%
Andrew Livingston	68,898	0.010%	68,898	0.008%
Rosalyn Wilton	100,000	0.014%	100,000	0.012%

\* Figures are calculated: (i) assuming the exercise of all LondonMetric LTIP awards and the calling of all LondonMetric DBP awards that will vest after 28 May 2019 but before the Effective Date (ii) assuming the sale of Ordinary Shares sufficient to cover the personal tax liability of directors' arising out of the exercise of all LondonMetric LTIP awards and the calling of all LondonMetric DBP awards that will vest after 28 May 2019 but before the Effective Date (iii) excluding any Ordinary Shares that the directors may receive pursuant to LondonMetric's Fourth Quarter Dividend (iv) assuming that the maximum number of the New Ordinary Shares are issued in connection with the Combination and (v) excluding any other issues of Ordinary Shares between the date of publication of this document and the Effective Date.

\*\* Includes 20,000 shares held by Rita Vaughan (wife) and 80,000 shares held by the Vaughan Grandchildren's Trust.

Taken together, the combined percentage interest of the Directors (i) in the issued ordinary share capital of LondonMetric as at 28 May 2019 (being the latest practicable date prior to the publication of this document) was approximately 3.48 per cent. and (ii) following the Combination becoming Effective, will be approximately 3.04 per cent. of the Enlarged Share Capital.

7.2 Save as disclosed in this paragraph 7, as at 28 May 2019 (being the latest practicable date prior to the publication of this document), none of the Directors held any conditional rights or options to acquire Ordinary Shares.

7.3 Save as disclosed in this paragraph 7, no Director nor their immediate families, nor any person connected with any Director has any interests (beneficial or non-beneficial) in the share capital of LondonMetric or any of its subsidiaries.

### 7.4 *Significant shareholders' interests in LondonMetric*

Other than the interests of Directors disclosed in this paragraph 7, in so far as is known to the Company, the following persons held, directly or indirectly, three per cent. or more of LondonMetric's voting rights as at 28 May 2019 (the latest practicable date prior to the publication of this document):



*As at 28 May 2019  
(the latest practicable date prior to  
publication of this document)*

<b>Shareholder</b>	<i>No. of Ordinary Shares</i>	<i>Percentage of issued share capital of LondonMetric</i>	<i>Immediately following the Combination becoming Effective</i>
			<i>Percentage of Enlarged Share Capital*</i>
BlackRock Group	53,290,443	7.6%	6.3%
Rathbones Brothers Plc	46,207,569	6.6%	5.5%
Standard Life Aberdeen	38,284,310	5.5%	4.6%
Troy Asset Management	35,037,282	5.0%	4.2%
Cohen & Steers	30,525,053	4.4%	3.6%
The Vanguard Group	28,339,072	4.0%	3.4%
Ameriprise Financial Inc.	25,324,293	3.6%	3.0%

\*Assuming that the interests of significant shareholders as at 28 May 2019 do not change, 138,615,684 New Ordinary Shares are issued and not taking into account any holdings of Mucklow Ordinary Shares.

- 7.5 There are no differences between the voting rights enjoyed by those Shareholders set out in paragraph 7.4 above and those enjoyed by any other holder of Ordinary Shares.
- 7.6 As at 28 May 2019 (the last practicable date prior to the publication of this document), LondonMetric is not aware of any person who will or could, directly or indirectly, jointly or severally, exercise or, immediately following the Combination becoming Effective, could exercise control over LondonMetric and is not aware of any arrangement the operation of which may at a subsequent date result in a change of control of LondonMetric.

## **8. TERMS OF APPOINTMENT, REMUNERATION AND BENEFITS OF DIRECTORS**

### **8.1 *Executive Directors***

Andrew Jones and Martin McGann entered into their current service agreements with LondonMetric on 11 July 2013 in respect of their services as executive directors of LondonMetric.

Valentine Beresford and Mark Stirling entered into their current service agreements with LondonMetric on 25 July 2013 in respect of their services as executive directors of LondonMetric.

Andrew Jones is employed by LondonMetric as Chief Executive. Andrew Jones is eligible to participate in LondonMetric's discretionary bonus scheme up to an amount equal to a maximum of 165 per cent. of salary. Mr. Jones's employment continues until terminated by either party giving to the other 12 months' notice. LondonMetric makes annual contributions to Mr. Jones's pension arrangements of 15 per cent. of his annual salary (which may be taken partly or entirely in cash).

Martin McGann is employed by LondonMetric as Finance Director.

Valentine Beresford is employed by LondonMetric as Investment Director.

Mark Stirling is employed by LondonMetric as Asset Director.

Each of Martin McGann, Valentine Beresford and Mark Stirling is eligible to participate in LondonMetric's discretionary bonus scheme up to an amount equal to a maximum of 140 per cent. of salary. Each of Messrs. McGann, Beresford and Stirling's employment continues until terminated by either of the relevant parties giving to the other 12 months' notice. LondonMetric makes annual contributions to each of Messrs. McGann, Beresford and Stirling's pension arrangements of 15 per cent. of their annual salary (which may be taken partly or entirely in cash).

A summary of Andrew Jones, Martin McGann, Valentine Beresford and Mark Stirling's remuneration and benefits for the year ended 31 March 2019 is set out in paragraph 8.3 of this Part 16.

## 8.2 *Non-executive Directors*

Patrick Vaughan was appointed to the Board on 13 January 2010 and entered into his current letter of appointment with LondonMetric on 12 May 2015, which was extended by a letter dated 27 November 2017, in respect of his services as Non-executive Director of LondonMetric.

Suzanne Avery was appointed to the Board on 22 March 2018 and entered into her current letter of appointment with LondonMetric on 22 March 2018 in respect of her services as a Non-executive Director of LondonMetric.

James Dean was appointed to the Board on 29 July 2010 and entered into his current letter of appointment with LondonMetric on 2 August 2010 in respect of his services as a Non-executive Director of LondonMetric.

Robert Fowlds was appointed to the Board on 31 January 2019 and entered into his current letter of appointment with LondonMetric on 31 January 2019 in respect of his services as a Non-executive Director of LondonMetric.

Andrew Livingston was appointed to the Board on 31 May 2016 and entered into his current letter of appointment with LondonMetric on 3 May 2016 in respect of his services as a Non-executive Director of LondonMetric.

Rosalyn Wilton was appointed to the Board on 25 March 2014 and entered into her current letter of appointment with LondonMetric on 25 March 2014 in respect of her services as a Non-executive Director of LondonMetric.

The Senior Independent Director is Robert Fowlds.

Patrick Vaughan and the other Non-executive Directors have agreed to give not less than six months' and three months' notice respectively should they wish to resign prior to expiry of their term of appointment. In addition to the powers of removal conferred by the Articles, LondonMetric may request that the director resigns by giving Patrick Vaughan or any of the other non-executive directors six months' or three months' prior notice respectively.

A summary of the Directors' remuneration and benefits for the year ended 31 March 2019 is set out in paragraph 8.3 of this Part 16.

## 8.3 *Summary of remuneration and benefits*

Under the terms of their service contracts, appointment letters and applicable bonus schemes (as applicable), in the year ended 31 March 2019, the Directors were entitled to the remuneration and benefits set out below:

<i>Name</i>	<i>Salary and fees</i>	<i>Benefits</i>	<i>Annual Bonus</i>	<i>Pension</i>	<i>LTIP</i>	<i>Total</i>
<b>Executive Directors</b>						
Andrew Jones	532,992	24,484	796,692	79,949	1,127,626	2,561,743
Martin McGann	349,776	25,744	443,613	52,466	610,506	1,482,105
Valentine Beresford	336,841	24,970	467,141	55,249	642,884	1,527,085
Mark Stirling	368,328	25,279	467,141	55,249	642,884	1,558,881
<b>Non-Executive Directors</b>						
Patrick Vaughan	230,000	10,504	0	0	0	240,504
Suzanne Avery	57,450	0	0	0	0	57,450
James Dean	63,376	0	0	0	0	63,376
Robert Fowlds	9,122	0	0	0	0	9,122
Andrew Livingston	55,722	0	0	0	0	55,722
Rosalyn Wilton	68,376	0	0	0	0	68,376

## 8.4 The Directors are subject to retirement by rotation in accordance with the Articles.

- 8.5 Save as described above, there are no existing or proposed service agreements between any Director and LondonMetric or any of its subsidiaries with a notice period of one year or more.
- 8.6 LondonMetric does not operate any pension schemes and has not accrued any amounts in respect of pension contributions to Directors since its incorporation.
- 8.7 There are no existing or proposed service agreements or appointment letters between any Director and any member of the Combined Group providing for benefits upon termination of employment.
- 8.8 The aggregate remuneration paid (including any contingent or deferred compensation and excluding pensions contributions) and benefits in kind granted to the Directors by LondonMetric and its subsidiaries during the financial year ended 31 March 2019 for services in all capacities was £7,381,451.

## 9. ADDITIONAL INFORMATION ON DIRECTORS

- 9.1 Further details of the Directors functions in LondonMetric and, following the Combination, the Enlarged Company, and their relevant management experience are set out in paragraph 3 of Part 8 (Information on the LondonMetric Group) of this document.
- 9.2 The Directors currently hold or in the past five years before the date of this document have held the following directorships and/or have been partners of the following partnerships outside the Combined Group:

<i>Name of Director</i>	<i>Existing directorships/partnerships</i>	<i>Past directorships/partnerships</i>
<b>LondonMetric Directors</b>		
<b>Suzanne Avery</b>	RHP Property Limited RHP Develop Limited Real Estate Balance Limited Impact Invest Sa Ltd Landaid Charitable Trust Limited The Penny Trust	Aviva Investors Secure Income REIT Limited A2dominion Treasury Limited A2dominion Developments Limited A2dominion Residential Limited
<b>Valentine Beresford</b>	Rankeilour Commercial 1 LLP	
<b>James Dean</b>	Bedford Estates London Estates LLP Bedford Estates London LLP Branston Holdings Limited London & Lincoln Properties Limited Patrick Dean Limited B-hive Innovations Limited Holdingham Farms LLP	Heracles Fund I Special Partner LLP Heracles LLP Holdingham Estates Limited Pearlcrown Limited Netherhampton Business Centre Management Limited Ericht Fishing Limited

<i>Name of Director</i>	<i>Existing directorships/partnerships</i>	<i>Past directorships/partnerships</i>
<b>Robert Fowlds</b>	Robert Fowlds Consulting Limited UK Commercial Property Estates (Reading) Limited Brixton Radlett Property Limited UK Commercial Property Estates Limited UK Commercial Property Estates Holdings Limited UK Commercial Property Finance Holdings Limited UK Commercial Property GP Limited UK Commercial Property Holdings Limited UK Commercial Property Nominee Limited UK Commercial Property REIT Limited Klepierre S.A. Casa Alida Mijas La Nueva S.L.	MIT Private Company Limited
<b>Andrew Jones</b>	Rankeilour Commercial 1 LLP	Unite Group Plc
<b>Andrew Livingston</b>	Howden Joinery Group Plc Howden Joinery Holdings Limited Howden Joinery Limited Caryland Limited Vedoneire Limited Rankeilour Commercial 1 LLP	Geared Up Limited Titan Power Tools (UK) Limited Plumbfix Limited Wildbird International Limited Electricfix Limited No Nonsense Limited Bargain Bob's Limited Site (UK) Limited Screws Limited Watersmith UK Limited Screwfix Direct Limited Easydrive (Gb) Limited Forge Steel Limited Erbauer (UK) Limited Moretti (UK) Limited Locke & Co Ltd.
<b>Martin McGann</b>	Rankeilour Commercial 1 LLP	
<b>Mark Stirling</b>	Rankeilour Commercial 1 LLP A1M1 Link Management Limited	
<b>Patrick Vaughan</b>	None	
<b>Rosalyn Wilton</b>	Harris Federation	Hid Management LLP Health and Protection Solutions Limited Elevate Portfolio Services Limited Phoenix Wealth Services Limited Phoenix Aw Limited AXA UK Plc AXA Insurance UK Plc Optos Public Limited Company Securehealth (Holdings) Limited

- 9.3 Save as set out above, none of the Directors have any business interests, or perform any activities, outside LondonMetric which are significant with respect to LondonMetric.
- 9.4 Save as disclosed in this paragraph 9, as at the date of this document, none of the Directors has at any time within the last five years:
- 9.4.1 been a director or partner of any companies or partnerships other than a LondonMetric Group company;
  - 9.4.2 had any convictions (whether spent or unspent) in relation to offences involving fraud or dishonesty;
  - 9.4.3 been adjudged bankrupt or the subject of any individual voluntary arrangement;
  - 9.4.4 had a receiver appointed with respect to any assets belonging to him or her;
  - 9.4.5 been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including any designated professional body);
  - 9.4.6 been disqualified by a court from acting as a director or other officer of any company or from acting in the management or conduct of the affairs of any company;
  - 9.4.7 been a partner or senior manager in a partnership which, while he or she was a partner or senior manager or within 12 months of their ceasing to be a partner or senior manager, was put into compulsory liquidation or administration or entered into any partnership voluntary arrangement or had a receiver appointed over any partnership asset; or
  - 9.4.8 been a director or senior manager of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which entered into any company voluntary arrangement or any composition or arrangement with its creditors generally or any class of creditors, at any time while he or she was a director or senior manager of that company or within 12 months after they ceased to be a director.
- 9.5 There are no family relationships between any of the Directors and there are no potential conflicts of interest between their duties to LondonMetric and their private interests and or other duties.
- 9.6 There are restrictions which have been agreed by the Directors on the disposal of their holdings in the share capital of LondonMetric in connection with shares granted to them pursuant to the LondonMetric LTIP.
- 9.7 There are no outstanding loans or guarantees which have been granted or provided to or for the benefit of any Directors by any member of the Combined Group.

## **10. LITIGATION**

### **10.1 *Litigation concerning the LondonMetric Group***

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which LondonMetric is aware) during the 12-month period prior to the publication of this document which may have, or have had in the recent past, significant effects on LondonMetric or the LondonMetric Group's financial position or profitability.

### **10.2 *Litigation concerning the Mucklow Group***

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which LondonMetric is aware) during the 12-month period prior to the publication of this document which may have, or have had in the recent past, significant effects on Mucklow or the Mucklow Group's financial position or profitability.

## **11. CORPORATE GOVERNANCE AND BOARD PRACTICES**

### **11.1 *The Board***

The Corporate Governance Code sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. Listed companies are required to report on how they have applied the main principles of the Corporate Governance Code, and either to confirm that they have complied with the Corporate Governance Code's provisions or, where they have not, to provide an explanation.

The Board considers that the Company has complied with the provisions of the Corporate Governance Code during the current financial year to the date of this document. In July 2018, the Financial Reporting Council published the 2018 edition of the Corporate Governance Code which contains broad principles and specific provisions to assist how boards operate. The new Corporate Governance Code applies to the Company's financial year starting on 1 April 2019.

The Corporate Governance Code states that the board should identify the directors it considers to be independent and sets out circumstances which are likely to impair, or could impair, a director's independence. A majority of the board of the Company are independent non-executive directors.

As at the date of this document, the Board consists of the non-executive chairman, four executive directors and five non-executive directors. Andrew Jones (Chief Executive), Martin McGann (Finance Director), Valentine Beresford (Investment Director) and Mark Stirling (Asset Director) are Executive Directors. Patrick Vaughan, Suzanne Avery, Rosalyn Wilton, Andrew Livingston, James Dean and Robert Fowlds are Non-executive Directors. As at 31 March 2019, 56 per cent. of the Directors (excluding the Chairman) were considered independent within the meaning of the Corporate Governance Code. This will increase to 57 per cent. following the Board changes to be proposed at the next annual general meeting of the Company.

LondonMetric is committed to high standards of corporate governance and, save as disclosed in this paragraph 11, is compliant with the principles and provisions of the Corporate Governance Code and will continue to comply with the principles and provisions of the new Corporate Governance Code.

The Corporate Governance Code recommends that a board of directors should appoint one of its independent non-executive directors to be the senior independent director. The senior independent director should be available to shareholders if they have concerns that the normal channels of chairman or chief executive have failed to resolve or if such channel of communication is inappropriate. LondonMetric's Senior Independent Director is Robert Fowlds and LondonMetric expects Robert Fowlds to continue in this role following completion of the Combination.

### **11.2 *Committees***

The Board is assisted in fulfilling its responsibilities by the Audit Committee, the Remuneration Committee and the Nominations Committee. The terms of reference for these committees are set out below.

The Audit Committee comprises Rosalyn Wilton (Chair), Andrew Livingston, Suzanne Avery and Robert Fowlds. Its responsibilities include monitoring the integrity of LondonMetric's financial reporting process and scrutinising the full and half year financial statements, considering and challenging the key financial judgements made by management, reviewing the risk management framework and ensuring risks are carefully identified, assessed and mitigated, reviewing the performance, independence and effectiveness of the external auditor and audit process, reviewing the viability statement and going concern basis of preparation and considering whether the annual report is "fair, balanced and understandable".

The Remuneration Committee comprises James Dean (Chair), Rosalyn Wilton, Suzanne Avery and Robert Fowlds. Its responsibilities include setting and reviewing the LondonMetric Group's overall remuneration policy and strategy, determining and reviewing individual remuneration packages,



Determining and reviewing the rules for the LondonMetric LTIP and the annual and deferred bonus plan arrangements and approving salaries, bonuses and share awards for the executive directors.

The Nomination Committee comprises Patrick Vaughan (Chair), Andrew Livingston and Suzanne Avery. Its responsibilities include, but are not limited to, reviewing and evaluating the size, structure and composition of the Board and its committees, making recommendations to the Board regarding Board and committee membership changes, considering succession planning for Directors and other senior executives, leading the process for new Board and committee appointments to fill Board vacancies, promoting the LondonMetric's policy on diversity at Board level and in the wider organization, leading the Board and committee performance evaluation exercise, assessing the time commitment required from non executive directors, considering the annual election and re-election of Directors to the Board and making recommendations to the Board concerning the above.

To enable the Directors to discharge their duties, the principles of good boardroom practice require that each of them be provided with accurate, timely and clear information. In addition, every director and every committee has the authority to seek information from any director of the Company or employee and to obtain independent professional advice.

Save as disclosed, there are no potential conflicts of interest between the duties of the Directors to LondonMetric and their private interests or other duties and none of the Directors have, or have had, any material personal interest in any transaction which is or was unusual in its nature or conditions or significant to, the business of LondonMetric or which has been effected by LondonMetric since its incorporation.

## 12. EMPLOYEES

As at the date of this document, the LondonMetric Group employs 28 employees (including the Directors but excluding the Non-Executive Directors) which can be broken into the following categories and locations:

		<i>Number</i> <i>(as at 28 May 2019)</i>
<i>Employees</i> Category	Property	10
	Finance	8
	Support	6
	Executive Directors	4
	<b>Total</b>	<b>28</b>
Geographical location	United Kingdom	28
	<b>Total</b>	<b>28</b>

On completion of the Combination, the Combined Group is expected to have a total of 37 employees.

## 13. LONDONMETRIC SHARE SCHEMES

### 13.1 *Summary*

13.1.1 The LondonMetric LTIP was adopted on 10 July 2013 (and amended by the Board on 26 September 2017) to attract and retain high calibre individuals throughout the LondonMetric Group. All current and future employees (including Executive Directors) of the LondonMetric Group are eligible to participate in the LondonMetric LTIP at the discretion of the Remuneration Committee.

13.1.2 The LondonMetric LTIP provides for the grant of conditional awards (in the form of options or conditional rights to acquire) entitling participants to receive Ordinary Shares at no cost (the "LTIP Awards"). The LTIP Awards vest on or after the third anniversary of the date granted and are subject to lock-in and performance conditions and targets. The LTIP Awards are granted annually.

13.1.3 As at 28 May 2019, conditional awards over 7,009,102 Ordinary Shares remain outstanding under the LondonMetric LTIP.

13.1.4 The LondonMetric DBP was adopted on 21 August 2013. Pursuant to the LondonMetric DBP, up to 100% of the annual bonuses otherwise payable to the Executive Directors are deferred and are satisfied by way of conditional awards (in the form of options or conditional rights to acquire) entitling participants to receive Ordinary Shares at no cost (“**Deferred Bonus Awards**”), subject only to continued employment for a stated holding period. Further details of the LondonMetric DBP are set out at paragraph 13.4 below.

13.1.5 Since July 2017, the Directors have had the ability to “opt out” of the LondonMetric DBP if the minimum shareholding requirement is met. The minimum shareholding requirement for current Executive Directors is the number of Ordinary Shares with an aggregate value equal to seven times base salary.

13.1.6 As at 28 May 2019, 633,958 Ordinary Shares remain outstanding under Deferred Bonus Awards.

## 13.2 ***LondonMetric EBT***

13.2.1 The LondonMetric EBT is a discretionary trust constituted by a trust deed between the Company and an independent off-shore professional trustee company. The LondonMetric EBT was constituted on 28 August 2013 as an employees’ share scheme within the meaning of Section 1166 of the Companies Act 2006, with the purpose which includes but is not limited to encouraging and facilitating the holding of shares by bona fide employees of the Company (which, for these purposes includes Executive Directors) and its subsidiaries, former employees and certain of their relatives or for their benefit.

13.2.2 The trustee of the LondonMetric EBT has full discretion with regard to the application of the trust fund. The trustee of the LondonMetric EBT has the power to acquire Ordinary Shares and any Ordinary Shares so acquired may be used for the purposes of satisfying LTIP Awards and/or Deferred Bonus Awards (or any other award granted under any other employees’ share scheme adopted by the Company). The LondonMetric EBT is funded by way of loan or gift to acquire Shares either by market purchase or by subscription.

13.2.3 Any Shares issued to the LondonMetric EBT in order to satisfy Awards under the LondonMetric LTIP which the trustee of the LondonMetric EBT has granted count towards the dilution limits that apply to the LTIP. For the avoidance of doubt, any Ordinary Shares acquired by the LondonMetric EBT in the market in order to satisfy Awards do not count towards these limits. The trustee of the LondonMetric EBT has waived any dividends paid on the Shares settled in the LondonMetric EBT. The LondonMetric EBT currently holds 3,370,197 Ordinary Shares. The Ordinary Shares can be used to satisfy Deferred Bonus Awards and LTIP Awards.

## 13.3 ***LondonMetric LTIP***

### *Eligibility*

All employees of the LondonMetric Group including Executive Directors, are eligible to participate in the LondonMetric LTIP at the discretion of the Remuneration Committee.

### *Grant of awards*

The LondonMetric LTIP provides for the LTIP Awards over Ordinary Shares in the capital of the Company. LTIP Awards may also be structured as conditional rights to acquire Ordinary Shares.

In general, LTIP Awards may be granted during the period of (i) 42 days following shareholder approval of the LondonMetric LTIP or an amendment to the LondonMetric LTIP, (ii) 42 days following the announcement of the Company’s final or interim results for any financial period, or (iii) within 42 days following the occurrence of an event which the Remuneration Committee considers to be exceptional.

No LTIP Awards may be granted more than ten years after the adoption of the LondonMetric LTIP.

LTIP Awards may be granted over newly issued Ordinary Shares, treasury shares or Ordinary Shares purchased in the market.

#### *Vesting*

The Remuneration Committee will determine at the date of grant when and how LTIP Awards will vest. Ordinarily, LTIP Awards vest on the third anniversary of grant subject to (i) the Participant remaining an employee or director of the LondonMetric Group, and (ii) the satisfaction of performance targets measured over three consecutive financial years. The period from the date of grant until the date of vesting shall be known as the “**Vesting Period**”.

If events occur which cause the Remuneration Committee to reasonably believe that the original performance conditions are no longer a fair measure of performance, then the conditions may be amended or waived in such manner as may be fair and reasonable in the Remuneration Committee’s discretion.

#### *Dividends*

The Remuneration Committee in its absolute discretion may determine that the participants shall be entitled to receive additional Shares (or cash) representing the value of dividends declared during the Vesting Period on the number of Ordinary Shares subject to the participant’s LTIP Award which have vested.

#### *Clawback*

LTIP Awards may be granted subject to clawback conditions requiring any Ordinary Shares acquired (or proceeds acquired thereon) in connection with the LTIP Award to be forfeited for nil consideration in the event of gross misconduct by the Participant or events of Participant’s behaviour which have had detrimental impact on the reputation of the Company or to the extent that the LTIP Award vested as a result of a material misstatement in the accounts or an error in calculation of the number of Ordinary Shares that have vested or the satisfaction of performance conditions.

#### *Individual limits*

The aggregate market value of Ordinary Shares subject to LTIP Awards granted to a Participant under the LondonMetric LTIP in any financial year shall not exceed 200% of such Participant’s gross annual salary (as at the date of grant). The Remuneration Committee has discretion to determine the size of an LTIP Award granted to any individual under the LondonMetric LTIP within this maximum limit. In applying the individual limit, no account will be taken of Ordinary Shares which are issued and which represent the value of dividends declared during the Vesting Period on the number of Shares which are subject to a Participant’s LTIP Award and which have vested.

In order to calculate the size of an LTIP Award for the purposes of the individual limit, market value will be determined by reference to the Company’s share price averaged over five dealing days from (and including) the announcement of the Company’s annual results. Alternatively, the Remuneration Committee has discretion to refer to the Company’s share price averaged over five dealing days prior to (but not including) the relevant date of grant, or such other basis as it (in its absolute discretion) sees fit.

#### *Scheme limits*

The number of Ordinary Shares in respect of which LTIP Awards to subscribe for Ordinary Shares may be granted on any date shall be limited so that the total number of Ordinary Shares issued and issuable in respect of LTIP Awards granted under the LTIP (and any other executive (discretionary) share scheme operated by the Company) in any ten-year period is restricted to 5% of the Company’s issued ordinary shares, calculated at the relevant time. The number of Ordinary Shares in respect of which LTIP Awards to subscribe for Ordinary Shares may be granted on any date shall be limited so

that the total number of Ordinary Shares issued and issuable in respect of LTIP Awards granted under the LTIP (and any other share scheme operated by the Company) in any ten-year period is restricted to 10% of the Company's issued ordinary shares, calculated at the relevant time.

For the purposes of the scheme limits, no account is taken of LTIP Awards which have lapsed, been surrendered or otherwise become incapable of exercise or vesting.

Treasury shares are treated as newly issued Ordinary Shares for the purposes of the scheme limit, but (for the avoidance of doubt) Ordinary Shares acquired in the market will not.

#### *Manner of exercise of Awards/allotment*

Within 30 days of vesting and/or the receipt of a notice of exercise of an LTIP Award, together with a payment (or arrangements to pay) for any income tax and employee social security contributions (or similar liabilities) due, the Ordinary Shares in respect of which the LTIP Award has vested or been exercised must be issued by the Company or the Company must procure their transfer (which for the purposes of the LondonMetric LTIP includes the transfer of Ordinary Shares out of treasury) to the Participant and shall issue a definitive certificate in respect of the Ordinary Shares allotted or transferred. Ordinary Shares issued or transferred by the Company on the exercise and/or vesting of LTIP Awards will rank *pari passu* with existing Ordinary Shares.

#### *Termination of employment*

Unvested LTIP Awards granted under the LondonMetric LTIP will normally lapse on cessation of employment. However, if a Participant is a "good leaver" i.e. if he or she dies or leaves employment through illness, injury or disability, retirement or because his or her employing company or business in which he or she works is sold out of the LondonMetric Group or for any other reason approved (or his or her personal representatives as the case may be) to retain the unvested LTIP Award and permit vesting/exercise subject to the satisfaction of the performance conditions and a pro-rata reduction for the time that has elapsed since the relevant date of cessation.

The Remuneration Committee has the right to permit vesting/exercise subject to a lesser reduction (or none at all) than that calculated by applying a pro-rata reduction. Alternatively, the Remuneration Committee may, in its discretion, permit some or all of the unvested LTIP Awards held by a "good leaver" to immediately vest and/or be exercised during a limited period following cessation, having regard to the achievement of the performance conditions and the period of time that has passed since the relevant date of grant. If a Participant ceases employment in any circumstances other than the "good leaver" circumstances described above then all his or her LTIP Awards (vested and unvested) will lapse on such cessation.

#### *Change of control*

If a change of control event occurs, such as a takeover, or other capital event, the Remuneration Committee will determine the extent to which subsisting unvested LTIP Awards will vest and, in the case of options, become exercisable, by reference to the extent to which performance conditions have been satisfied (taking into account the reduced performance period) and pro-rating LTIP Awards to take into account the period which has elapsed since the date of grant. The Remuneration Committee may, if it sees fit, permit vesting on an alternative basis, including, but not limited to, full vesting.

#### *Variation of share capital*

In the event of a capitalisation issue or offer by way of rights (including an open offer), a special dividend or a demerger, or upon any consolidation, subdivision or reduction or other variation of the Company's capital, the number of shares subject to an LTIP Award and/or the exercise price (if any) may be adjusted in such manner as the Remuneration Committee shall, in its opinion, consider fair and reasonable.

#### 13.4 ***LondonMetric DBP***

##### *Eligibility*

An award under the LondonMetric DBP (“**Deferred Bonus Award**”) shall be made only to employees (including executive directors) selected at the discretion of the Remuneration Committee or the trustee of the LondonMetric EBT (see paragraph 13.2 above). Deferred Bonus Awards will be made in relation to the deferral of some or all of an employee’s annual bonus.

##### *Grant and structure of the Deferred Bonus Award*

The trustee of the LondonMetric EBT or the Remuneration Committee may grant a Deferred Bonus Award any time between the adoption of the LondonMetric DBP until the tenth anniversary of the date of adoption provided that no Deferred Bonus Award is granted during a period in which the Grantor is restricted by any regulation, law or requirement to grant such awards.

A Deferred Bonus Award may be structured as a nil-cost option or a conditional share award as determined by the Remuneration Committee in its absolute discretion. The trustee of the LondonMetric EBT or the Remuneration Committee shall determine prior to the grant of an award the length of the holding period that shall apply to the Deferred Bonus Award (and the Deferred Bonus Award will ordinarily vest following the end of the holding period).

Deferred Bonus Awards are not pensionable. Deferred Bonus Awards are personal to the award holder and may not be transferred, assigned, mortgaged, charged except on death.

##### *Limits*

The aggregate market value of the Ordinary Shares under a Deferred Bonus Award shall not exceed an amount equal to 100 per cent. of the annual bonus which the award holder receives in the relevant financial year.

No Deferred Bonus Awards shall be granted to subscribe for Ordinary Shares and/or to acquire treasury shares.

##### *Satisfaction of a Deferred Bonus Award*

The award holder may at any time from the date of vesting of the Deferred Bonus Award until the tenth anniversary of the date of grant of such award, issue a call notice to the Company in relation to the Deferred Bonus Award.

The Company shall procure the transfer of, to the award holder, the Ordinary Shares in respect of which a Deferred Bonus Award has vested within 30 days of the date of receipt of the call notice.

##### *Cessation of Employment*

If an award holder ceases employment due to death during the holding period, the holding period shall come to an end on death of the award holder. The Deferred Bonus Award held by such award holder may be called within the period of 12 months from the date of death of the award holder.

If an award holder ceases employment during a holding period due to injury, ill health, disability, redundancy, retirement, his office or employment being with a company which ceases to be a member of the LondonMetric Group or any other reason considered appropriate by the Remuneration Committee, the holding period relating to his Deferred Bonus Award shall in the discretion of the Remuneration Committee, either (a) end on the date of such cessation and the Ordinary Shares under the Deferred Bonus Award may be called for within a period of six months from the date of cessation; or (b) shall continue in accordance with the original terms of the Deferred Bonus Award and the Ordinary Shares under the Deferred Bonus Award may be called for within a period of six months from the date on which the holding period ends.

If an award holder ceases employment for any other reason than those set out above, the Deferred Bonus Award shall lapse on the date on which the award holder ceases employment.

### *Dividend equivalents*

The Remuneration Committee may determine that the award holders receive a payment (in ordinary shares) of an amount equivalent to the dividends payable on the Ordinary Shares under the Deferred Bonus Award.

### *Variation of capital*

The number of Ordinary Shares subject to a Deferred Bonus Award may be adjusted in such manner as the Remuneration Committee considers to be in its opinion fair and reasonable in the event of any demerger, capitalisation or rights issue or payment of a special dividend or a similar event which would materially affect the value of the Ordinary Shares subject to the Deferred Bonus Award, or if there is any variation in the share capital of the Company.

### *Modifications to the LondonMetric DBP*

The Board may from time to time make alterations to the rules of the LondonMetric DBP provided that the subsisting rights of the award holders would not be adversely affected without the consent of at least 75 per cent. of the affected award holders.

### *Overseas plan*

The Company may establish further plans for overseas territories, any such plan to be similar to the LondonMetric DBP, but modified to take account of local tax, exchange control and securities laws.

## **14. MATERIAL CONTRACTS**

### **14.1 *LondonMetric material contracts***

14.1.1 The following is a summary of each contract that has been entered into by members of the LondonMetric Group otherwise than in the ordinary course of business:

- (a) in the two years immediately preceding 28 May 2019 (being the last practicable date prior to publication of this document) and which is, or may be, material to the LondonMetric Group; or
- (b) otherwise than in the two years immediately preceding the date of this document which contain any provision under which any member of the LondonMetric Group has any obligation or entitlement which is material to the LondonMetric Group, as at the date of this document.

### *14.1.2 Contracts relating to the Proposals*

- (a) **Sponsor's Agreement**  
On 23 May 2019, LondonMetric and Peel Hunt entered into a sponsor's agreement (the "Sponsor's Agreement"). Pursuant to the Sponsor Agreement, LondonMetric has:
  - appointed Peel Hunt as its sole sponsor (subject to and in accordance with the terms of the Sponsor's Agreement);
  - given Peel Hunt the right to terminate the Sponsor's Agreement prior to the Effective Date in certain circumstances, including if there is a material adverse change in the business of LondonMetric or its subsidiaries, or where certain customary conditions are not met;
  - given certain warranties and undertakings to Peel Hunt, including in respect of the Combined Group;
  - given a customary indemnity to Peel Hunt; and



- agreed to pay certain fees to Peel Hunt, together with certain costs, charges and expenses incurred by Peel Hunt in connection with, amongst other things, Admission.

(b) Co-operation Agreement

LondonMetric and Mucklow entered into a co-operation agreement on 23 May 2019 (the “**Co-operation Agreement**”), pursuant to which LondonMetric and Mucklow have agreed to certain undertakings to co-operate and provide each other with reasonable information, assistance and access in respect of the Combination and the preparation of certain parts of the key shareholder documentation.

LondonMetric has agreed to certain limited restrictions on its conduct of business in respect of material matters pending the Combination becoming Effective. The Co-operation Agreement records LondonMetric’s and Mucklow’s intention to implement the Combination by way of a scheme of arrangement under Part 26 of the Companies Act 2006. In certain circumstances, including where Mucklow gives its consent or where a third party announces a competing offer, LondonMetric may proceed with the Combination by way of a Takeover Offer instead, subject to the consent of the Panel.

The Co-operation Agreement shall be terminated with immediate effect if, inter alia: (i) LondonMetric and Mucklow so agree in writing prior to the Effective Date; (ii) the Combination is withdrawn or lapses in accordance with its terms and/or with the consent of the Panel (other than where such lapse or withdrawal is a result of the exercise of a right to switch to a Takeover Offer); or (iii) the Combination does not become Effective on or before the Long-stop Date. LondonMetric has the right to terminate the Co-operation Agreement if, inter alia: (i) the Mucklow Board withdraws, qualifies or adversely modifies its recommendation prior to the Court Meeting or the Mucklow General Meeting; or (ii) a Condition becomes incapable of satisfaction or is invoked so as to cause the Combination not to proceed. Mucklow has the right to terminate the Co-Operation Agreement if the board of LondonMetric withdraws its recommendation of the LondonMetric Resolution. Both LondonMetric and Mucklow have the right to terminate the Co-operation Agreement if an independent competing transaction is recommended by the Mucklow Board or completes, becomes effective or is declared or becomes unconditional in all respects.

The Co-operation Agreement also contains provisions that will apply in respect of the Mucklow Share Schemes.

#### 14.1.3 MIPP Partnership

MIPP Limited Partner and the Universities Superannuation Scheme Limited (the “**Limited Partners**”) and MIPP General Partner (as general partner) are parties to a partnership agreement which was amended and restated last on 28 September 2017 (the “**MIPP Partnership Agreement**”).

The MIPP Partnership was formed to invest in income producing properties below a maximum threshold, let on a WAULT of 12 years or more. MIPP General Partner has exclusive responsibility for the management and control of the MIPP Partnership’s business and affairs.

Pursuant to the MIPP Partnership Agreement, each Limited Partner has agreed to contribute up to £25,000,000 to the MIPP Partnership. Funds may be drawn down up to 28 September 2019.

Net profits or losses of the MIPP Partnership are shared equally between the Limited Partners and distributed in quarterly instalments, after deduction of a £5,000 annual priority return to the MIPP General Partner. Proceeds from the disposals of properties are retained and applied for any purpose of the MIPP Partnership unless the MIPP General Partner determines otherwise.

The MIPP Partnership Agreement contains typical termination provisions and terminates in accordance with those provisions unless otherwise determined by the MIPP General Partner. The MIPP Partnership Agreement also contains typical provisions and restrictions on the selling, assignment, transfer, granting of encumbrances or other disposals of partners rights and obligations, other than to affiliates, without the express consent of the other partners.

Metric, USS MIPP Limited and MIPP General Partner entered into a shareholders' agreement dated 14 November 2011 in respect of the MIPP General Partner which governs, amongst other matters, the relationship between the Limited Partners as 50 per cent. shareholders in MIPP General Partner.

#### Property and asset management agreement

LondonMetric Manager, under the Asset Management Agreement with the MIPP Partnership and Metric, provides property advisory services to the MIPP Partnership. These services include the operational day-to-day management of the property portfolio as well as services in connection with:

- (a) identifying and investigating the availability of property for purchase by the MIPP Partnership;
- (b) sales and lettings of property owned by the MIPP Partnership;
- (c) the development and refurbishment of property owned by the MIPP Partnership; and
- (d) identifying improvement and value enhancement opportunities in relation to the property portfolio owned by the MIPP Partnership.

The Asset Management Agreement remains in force until the dissolution of the MIPP Partnership and is terminable by the MIPP Partnership upon written notice to the LondonMetric Manager in the event that the MIPP Partnership is dissolved; the MIPP Partnership ceases to hold any properties; or the LondonMetric Manager ceases to be part of the wider LondonMetric group.

Pursuant to the Asset Management Agreement, the LondonMetric Manager is entitled to an annual management fee equal to 0.8 per cent. of the first £100 million of the net asset value of the MIPP Partnership and 0.75 per cent. of the remainder. The fee is payable quarterly. On the acquisition or disposal of an asset by the MIPP Partnership, the LondonMetric Manager is also entitled to a fee equal to 0.5 per cent. of the purchase or sale price, of such asset either acquired after 28 September 2017 or asset disposed after 28 September 2017 which was owned at that date.

LondonMetric has given a performance guarantee to the MIPP Partnership in respect of the obligations of LondonMetric Manager pursuant to the current Asset Management Agreement.

The Limited Partners entered into a deed of guarantee, pursuant to which LondonMetric has guaranteed the obligations of MIPP Limited Partner under the MIPP Partnership Agreement.

#### 14.1.4 *Contracts relating to financing*

##### (i) Syndicated Revolving Facility

On 1 April 2015 LondonMetric as borrower and certain subsidiaries acting as guarantors entered into an English law governed unsecured £400,000,000 revolving facility agreement (as amended from time to time and by way of amendment letter on 19 July 2017 between LondonMetric and RBS) between, among others, LondonMetric and RBS as facility agent (the “**Syndicated Revolving Facility**”).

LondonMetric may, by giving written notice, request (an accordion increase request) that the total commitments under the Syndicated Revolving Facility be increased by a maximum of £100,000,000. LondonMetric has exercised this feature which became

effective on 16 November 2015 to increase the total commitments under the Syndicated Revolving Facility from £400,000,000 to £443,750,000.

The Syndicated Revolving Facility was scheduled to terminate on the fifth anniversary of the commencement date (unless otherwise extended in accordance with the Syndicated Revolving Facility). The Syndicated Revolving Facility was extended for a further period of one year by five of the participating lenders and has been subsequently extended for a further period of one year by three of the participating lenders. The facility is available for drawing to and including the date falling one month before the termination date.

The events of default in the Syndicated Revolving Facility include, but are not limited to, non-payment, breach of other obligations, cross default and insolvency. A prepayment event will occur if any person or group of persons acting in concert gains control of LondonMetric. LondonMetric may, if it gives RBS not less than five business days' prior notice, cancel and/or prepay the whole or any part of the facility.

The rate of interest per annum applicable to each loan made pursuant to the Syndicated Revolving Facility is calculated as the aggregate of:

- (i) a margin of between 1.30 per cent and 2.05 per cent;
- (ii) LIBOR.

A commitment fee is payable on the undrawn balance of the facility.

(ii) Wells Fargo Facility

On 23 July 2018 LondonMetric as borrower and certain subsidiaries acting as guarantors entered into an English law governed unsecured £75,000,000 term and revolving facility agreement (as amended from time to time) between, among others, LondonMetric and Wells Fargo as facility agent (the "**Wells Fargo Facility**").

The term facility is scheduled to terminate on the seventh anniversary of the commencement date and the revolving facility is scheduled to terminate on the fifth anniversary of the commencement date (unless otherwise extended in accordance with the Wells Fargo Facility). The revolving facility is available for drawing to and including the date falling one month before the termination date.

The events of default in the Wells Fargo Facility include, but are not limited to, non-payment, breach of other obligations, cross default and insolvency. A prepayment event will occur if any person or group of persons acting in concert gains control of LondonMetric. LondonMetric may, if it gives Wells Fargo not less than five business days' prior notice, cancel and/or prepay the whole or any part of the revolving facility and cancel and/or prepay the whole or any part of the term facility provided there are no available commitments under the revolving facility.

The rate of interest per annum applicable to each loan made pursuant to the Wells Fargo Facility is calculated as the aggregate of:

- (i) a margin of between 1.30 per cent and 2.05 per cent;
- (ii) LIBOR.

A commitment fee is payable on the undrawn balance of the facility.

(iii) 2016 NPA

On 21 September 2016 LondonMetric as issuer and certain subsidiaries acting as guarantors entered into a private placement pursuant to a note purchase agreement (the “**2016 NPA**”). The following senior unsecured notes were issued under the 2016 NPA:

- (a) £65,000,000 2.62% Series A Senior Notes due 21 September 2023;
- (b) £40,000,000 2.72% Series B Senior Notes due 21 September 2024; and
- (c) £25,000,000 2.88% Series C Senior Notes due 21 September 2028.

The outstanding principal amount of each series of notes shall be repaid in full at par on the relevant dates specified above.

A prepayment event will occur if:

- (a) there is a change in tax laws which increases the cost to LondonMetric and allows LondonMetric to prepay at par plus any accrued interest and any swap breakage amount applicable; and/or
- (b) a sanctions event occurs in relation to any noteholder and this allows any noteholder to require prepayment by LondonMetric at par of any affected notes plus any accrued interest and any swap breakage amount applicable; and/or
- (c) any person or group of persons acting in concert gains control of LondonMetric pursuant to which note holders determine that LondonMetric should prepay the notes at par plus any accrued interest and any swap breakage amount applicable.

LondonMetric may, if it gives each holder of notes not less than 30 days and not more than 60 days prior notice, prepay at any time all or any part of the notes at 100% of the principal amount so prepaid, plus the make-whole amount (calculated using an applicable percentage of 50 bps and in accordance with the terms of the 2016 NPA) and any swap breakage amount applicable.

The events of default in the 2016 NPA include, but are not limited to, non-payment, breach of other obligations, cross default and insolvency.

(iv) 2018 NPA

On 19 December 2018 LondonMetric as issuer and certain subsidiaries acting as guarantors entered into a private placement pursuant to a note purchase agreement (the “**2018 NPA**”) for the repayment of existing financial indebtedness and/or general corporate purposes. The following senior unsecured notes were issued under the 2018 NPA:

- (a) £50,000,000 3.48% Series A Senior Notes due 21 March 2029;
- (b) £50,000,000 3.52% Series B Senior Notes due 21 March 2030;
- (c) £10,000,000 3.57% Series C Senior Notes due 21 March 2031; and
- (d) £40,000,000 3.65% Series D Senior Notes due 21 March 2034.

The outstanding principal amount of each series of notes shall be repaid in full at par on the relevant dates specified above.

A prepayment event will occur if:

- (a) there is a change in tax laws which increases the cost to LondonMetric and allows LondonMetric to prepay at par plus any accrued interest and any swap breakage amount applicable; and/or

- (b) a sanctions event occurs in relation to any noteholder and this allows any noteholder to require prepayment by LondonMetric at par of any affected notes plus any accrued interest and any swap breakage amount applicable; and/or
- (c) any person or group of persons acting in concert gains control of LondonMetric pursuant to which note holders determine that LondonMetric should prepay the notes at par plus any accrued interest and any swap breakage amount applicable.

LondonMetric may, if it gives each holder of notes not less than 30 days and not more than 60 days prior notice, prepay at any time all or any part of the notes at 100% of the principal amount so prepaid, plus the make-whole amount (calculated using an applicable percentage of 50 bps and in accordance with the terms of the 2018 NPA) and any swap breakage amount applicable.

The events of default in the 2018 NPA include, but are not limited to, non-payment, breach of other obligations, cross default and insolvency.

(v) **Helaba Facility**

On 24 July 2017 LMRD I entered into an English law governed secured £130,000,000 term facility agreement (as amended from time to time) between, among others, LMRD I and Landesbank Hessen-Thüringen Girozentrale, London Branch as arranger, agent and security trustee (the “**Helaba Facility**”).

The facility is scheduled to be repaid in full on 24 July 2024 or, if earlier, on the disposal or refinancing of the properties secured under the Helaba Facility.

The events of default in the Helaba Facility include, but are not limited to, non-payment, breach of other obligations, cross default and insolvency.

A prepayment event will occur if:

- (a) LondonMetric (directly or indirectly) ceases to control LMRD I and the majority lenders (being 66 2/3%) require all amounts to be immediately due and payable; and
- (b) a mandatory prepayment event occurs involving, among other things, a cash trap prepayment event, a disposal, receipt of lease prepayment proceeds, insurance prepayment proceeds, compensation prepayment proceeds and recovery prepayment proceeds.

LMRD I may, if it gives the agent not less than five business days’ prior notice, cancel and/or prepay the whole or any part of the facility.

The rate of interest per annum applicable to each loan made pursuant to the Helaba Facility is calculated as the aggregate of:

- (i) a margin of 1.75 per cent;
- (ii) LIBOR; and
- (iii) any mandatory cost.

LMRD I is required to implement hedging in accordance with the terms of the Helaba Facility if the swap rate to maturity of the facility is 3 per cent. or more.

The Helaba Facility is secured by fixed and floating charges including legal mortgages over a designated pool of property assets.

(vi) The PBB Facility

The MIPP Partnership as borrower, MIPP General Partner as the borrower's general partner and Metric Income Plus Nominee Limited as nominee (each an obligor) entered an English law governed secured £100,000,000 term facility agreement dated 7 November 2012 as amended on 8 November 2013 and amended and restated on 18 September 2014 and 29 September 2017, between, among others, each obligor and Deutsche Pfandbriefbank AG as arranger, agent and security agent (the "**PBB Facility**").

The facility is scheduled to be repaid in full on 21 April 2023 or, if earlier, on the disposal or refinancing of the properties secured under the PBB Facility. Drawdowns under the facility are available until 29 September 2019.

The events of default in the PBB Facility include, but are not limited to, non-payment, breach of other obligations, cross default and insolvency.

A prepayment event will occur if:

(a) any of the following change of control events occur:

MIPP Limited Partner ceases to be a limited partner controlling at least 25% and/or the Universities Superannuation Scheme Limited ceases to be a limited partner controlling at least 50% of the limited partnership interests in the MIPP Partnership and/or LondonMetric or the Universities Superannuation Scheme Limited ceases to control the general partner;

(b) a mandatory prepayment event occurs involving, among other things, a cash trap prepayment event, a disposal, receipt of lease prepayment proceeds, insurance prepayment proceeds, compensation prepayment proceeds and recovery prepayment proceeds.

The MIPP Partnership may, if it gives the agent not less than five business days' prior notice, cancel and/or prepay the whole or any part of the facility:

The rate of interest per annum applicable to each loan made pursuant to the PBB Facility is calculated as the aggregate of:

- (i) a margin of 1.80 per cent;
- (ii) LIBOR; and
- (iii) any mandatory cost.

The borrower is required to maintain hedging arrangements for at least 80 per cent of the aggregate amount of the loan.

The PBB Facility is guaranteed by each obligor. In addition, the PBB Facility is secured by fixed and floating charges including legal mortgages over the assets of an obligor.

#### 14.1.5 Other material contracts

(i) Acquisition of interests in DFS JV

Pursuant to a sale and purchase agreement dated 23 April 2019, LMP Retail Warehouse JV Holdings Limited (an entity in which LondonMetric holds an interest of 81.88 per cent.) acquired one "B" ordinary share of £1 in the capital of LMP Retail Warehouse JV Management Limited and 41,572,936.1236 units in LMP Retail Warehouse JV Property Unit Trust and LMP Retail Warehouse Unitholder 2 Limited (an entity in which LondonMetric holds an indirect interest of 81.88 per cent.) acquired 944,410.1800 units in the LMP Retail Warehouse JV Property Unit Trust, in each case from Austen Limited. The total consideration paid to the seller was £22,760,215 in cash (subject to post-



closing adjustment). Completion of the sale and purchase was on 26 April 2019. On completion, LMP Retail Warehouse JV Holdings Limited and LMP Retail Warehouse Unitholder 2 Limited held 99 per cent. and 1 per cent., respectively, of the units in LMP Retail Warehouse JV Property Unit Trust and LMP Retail Warehouse JV Holdings Limited held all of the shares in LMP Retail Warehouse JV Management Limited.

Under the sale and purchase agreement, Austen Limited provided title and capacity warranties, Atlantic Leaf Properties Limited, LMP JV Holdings and LMP Unitholder provided capacity warranties, and Atlantic Leaf Properties Limited guaranteed the due and punctual performance of Austen Limited's obligations. There are no limitations of liability included in the sale and purchase agreement.

## **14.2 *Mucklow material contracts***

14.2.1 There are no contracts that members of the Mucklow Group have entered into otherwise than in the ordinary course of business:

14.2.1.1 in the two years immediately preceding 28 May 2019 (being the latest practicable date prior to publication of this document) and which is, or may be, material to the Mucklow Group; or

14.2.1.2 otherwise than in the two years immediately preceding the date of this document which contain any provision under which any member of the Mucklow Group has any obligation or entitlement which is material to the Mucklow Group, as at the date of this document.

## **15. WORKING CAPITAL**

LondonMetric is of the opinion that, having regard to the existing bank and other facilities available to the LondonMetric Group, the working capital of the LondonMetric Group is sufficient for its present requirements, that is, for at least 12 months from the date of this document.

LondonMetric is of the opinion that, having regard to the existing bank and other facilities available to the Combined Group, the working capital of the Combined Group is sufficient for its present requirements, that is, for at least 12 months from the date of this document.

## **16. SIGNIFICANT CHANGE**

### **16.1 *LondonMetric Group***

There has been no significant change in the financial or trading position of the LondonMetric Group since 31 March 2019, the date to which LondonMetric's last published audited annual financial statements were prepared.

### **16.2 *Mucklow Group***

There has been no significant change in the financial or trading position of the Mucklow Group since 31 December 2018, the date to which Mucklow's last published unaudited interim financial statements were prepared.

## **17. TAXATION**

The information below, which is of a general nature only and which relates only to United Kingdom taxation, is applicable to LondonMetric and its subsidiaries and to persons who are resident (and in the case of individuals, domiciled in the UK and not Scottish taxpayers) in the United Kingdom (except where indicated) and who hold Ordinary Shares as an investment. It is based on existing law and practice as at 28 May 2019 and is subject to subsequent changes therein. Any change in the tax status of LondonMetric or its subsidiaries or in taxation legislation in or the United Kingdom or any other tax jurisdiction affecting Shareholders or investors could affect the value of the investments held by LondonMetric or its subsidiaries or affect LondonMetric's ability to achieve its investment objective for the Ordinary Shares or alter the post-

tax returns to Shareholders. You are strongly recommended to consult your own professional adviser in relation to any investment in LondonMetric.

In particular, Shareholders or investors should consult their own tax advisors concerning the United States federal, state and local income tax consequences in their particular situations of the purchase, ownership and disposition of the Ordinary Shares, as well as any consequences under the laws of any other taxing jurisdiction. Shareholders or investors who are United States taxpayers should be aware that LondonMetric may be treated as a passive foreign investment company for United States federal income tax purposes, as defined in Section 1297 of the Internal Revenue Code of 1986, as amended. If LondonMetric qualifies as a passive foreign investment company in any taxable year, a US holder of the Ordinary Shares generally will be required to treat any excess distribution received on such securities, or any gain realised upon the disposition of those securities, as ordinary income, and to pay an interest charge on a portion of such distribution or gain.

In the event that either LondonMetric's or Mucklow's property portfolio was to be sold at the valuations contained in the Valuation Reports, any gains realised on such disposals may be subject to taxation in the UK. Generally, disposals by a UK-REIT of assets held for the purpose of a property rental business should be exempt from UK corporation tax, however there are specific rules which can result in assets held as part of the property rental business being subject to tax on disposal (for example when a property is materially developed and sold within three years of completion of that development). In connection with the Combination it is not contemplated that the aforementioned liability to taxation will crystallise.

## **17.1 *United Kingdom taxation relating to the Scheme***

### **17.1.1 *UK taxation on chargeable gains***

#### **(a) *Acquisition of New Ordinary Shares***

To the extent that a Scheme Shareholder receives New Ordinary Shares in exchange for Scheme Shares and does not hold (either alone or together with persons connected with him, her or it) more than five per cent. of, or of any class of, shares in or debentures of Mucklow, he, she or it will not be treated as having made a disposal of his, her or its Scheme Shares. Instead, the New Ordinary Shares will be treated as the same asset as those shares in respect of which he, she or it received the New Ordinary Shares, acquired at the same time and for the same consideration as those shares.

Any Scheme Shareholder who holds (either alone or together with persons connected with him, her or it) more than five per cent. of, or of any class of, shares in or debentures of Mucklow may be eligible for the treatment described in the preceding paragraph only if the transaction is effective for bona fide commercial reasons and not for tax avoidance. Such Scheme Shareholders are advised that clearance has not been sought, and is not expected to be sought, under section 138 of the Taxation of Chargeable Gains Act 1992 to ascertain that HMRC will not seek to assert that the treatment described in the preceding paragraph does not apply.

#### **(b) *Disposal of New Ordinary Shares***

A subsequent disposal of New Ordinary Shares may, depending on the circumstances of the person making the disposal (including the availability of any exemptions and allowable losses), give rise to a liability to UK taxation of chargeable gains.

Any chargeable gain or allowable loss on a disposal of New Ordinary Shares should be calculated taking into account a proportion of the allowable cost to the holder acquiring his, her or its Scheme Shares.

Additionally, for corporate Scheme Shareholders, when calculating a chargeable gain but not an allowable loss, indexation allowance up to 31 December 2017 on that amount of the original allowable cost should be added.

See also paragraph 17.3.4(a).

- (c) UK Holders receiving cash on sale of fractional entitlements to New Ordinary Shares  
To the extent that a Scheme Shareholder receives cash in respect of the sale of fractional entitlements to New Ordinary Shares under the Scheme, and the amount of cash received is small in comparison with the value of his, her or its Scheme Shares and the allowable cost attributable to his, her or its Scheme Shares is equal to or greater than the amount of such cash received, the Scheme Shareholder will not be treated as having disposed of the Scheme Shares in respect of which the cash was received. Instead, an amount equal to the amount of such cash will be deducted from the allowable cost of his, her or its New Ordinary Shares. Under current HMRC practice, any cash payment of £3,000 or less or (if greater) which is 5 per cent. or less of the market value of a Scheme Shareholder's holding of Scheme Shares immediately prior to disposal will generally be treated as small for these purposes.

In all other cases where a Scheme Shareholder receives cash as a result of the sale of aggregated fractions of Scheme Shares, the Scheme Shareholder will be treated as having made a part disposal of his or her (or its) Scheme Shares, with the chargeable gain being computed on the basis of an apportionment of the allowable cost of the holding by reference to the market value of the holding at the time of disposal.

Depending on the UK Holder's circumstances (including the availability of exemptions or allowable losses), that may give rise to a liability to UK capital gains tax or UK corporation tax on chargeable gains (as applicable).

#### 17.1.2 *UK Stamp Duty and Stamp Duty Reserve Tax ("SDRT")*

See generally paragraph 17.3.4(b) below.

No stamp duty or SDRT will arise in respect of the issue of the New Ordinary Shares to Scheme Shareholders.

Stamp duty will be payable at the rate of 0.5% in respect of the transfer of the Scheme Shares to LondonMetric. It will be payable on the aggregate of any cash consideration paid to the Scheme Shareholders and the market value of the New Ordinary Shares issued to such Scheme Shareholders. The market value is usually taken as the closing price on the date of issue. However, where the relevant exchange provides two closing prices for the stock or security that is being valued (as is the case with stocks or securities included in the Official List, and may also be the case in certain other foreign stock exchanges), the closing price means the lower of the two prices plus one-half of the difference between the two prices, i.e. the mid-point between the closing "buy" and "sell" prices quoted on the relevant date. If the relevant exchange is not open on the date of valuation, the valuation is determined as summarised above on the latest previous day on which the exchange was open.

Payment of stamp duty will frank any liability to SDRT.

### 17.2 *Taxation of LondonMetric and its subsidiaries under UK-REIT Status*

#### *UK taxation*

17.2.1 As a group UK-REIT, the Combined Group does not pay UK direct tax on profits and gains from the Property Rental Business. Corporation tax still applies in the normal way in respect of the Residual Business. Corporation tax could also be payable were an interest in an entity such as a unit trust (as opposed to property involved in the UK Property Rental Business, or from shares in a company carrying on UK Property Rental Business) to be sold where the assets of the entity to be sold partly comprise residual business assets.

17.2.2 A tax charge can arise to LondonMetric if the Combined Group breaches certain REIT rules, for example if dividends are paid to Substantial Shareholders or if the LondonMetric Group has excessive borrowings.

## 17.3 *Taxation of Shareholders under UK-REIT Status*

### 17.3.1 *Introduction*

The following paragraphs are intended as a general guide only and are based on LondonMetric's understanding of current UK tax law and HMRC practice, each of which is subject to change. They 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 LondonMetric, and to disposals of shares in LondonMetric, in each case, after the Combination becomes Effective. Except where otherwise indicated, they apply only to Shareholders who are resident (and in the case of individuals, domiciled in the UK and not Scottish taxpayers) for tax purposes solely in the United Kingdom. They apply only to Shareholders who are the absolute beneficial owners of both their PIDs and their Ordinary Shares and who hold their Ordinary Shares as investments. They do not apply to Substantial Shareholders. They do not apply to certain categories of Shareholders, such as dealers in securities or 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 17.3.2(d) below, they do not apply to persons holding Ordinary Shares by virtue of an interest in any partnerships, insurance companies, life insurance companies, mutual companies, collective investment schemes, charities, trustees, local authorities, or pension scheme administrators.

Shareholders who are in any doubt about their tax position, or who are subject to tax in a jurisdiction other than the United Kingdom, should consult their own appropriate independent professional adviser without delay, particularly concerning their tax liabilities on PIDs, whether they are entitled to claim any repayment of tax, and, if so, the procedure for doing so.

### 17.3.2 *UK taxation of PIDs*

#### (a) UK taxation of individual Shareholders

Subject to certain exceptions, a PID is generally 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 off-set against a PID as part of a single calculation of the profits of the Shareholder's UK property business.

Based on the 2019/20 tax rates, a Shareholder who is subject to income tax at the basic rate will be liable to pay income tax at 20 per cent. on the PID. Higher rate taxpayers will be subject to tax at 40 per cent. and additional rate taxpayers at 45 per cent. No dividend tax credit will be available in respect of PIDs. However, credit will be available in respect of the basic rate tax withheld by LondonMetric (where required) on the PID.

It is not possible to utilise the £1,000 property allowance (a tax exemption for certain property income of up to £1,000 a year) against PID income.

Shareholders who are Scottish taxpayers should seek specific tax advice in respect of PIDs received from LondonMetric.

Please see also paragraph 17.3.2(d) (Withholding tax) below.

- (b) **UK taxation of corporate Shareholders**  
Subject to certain exceptions, a PID is generally treated in the hands of Shareholders who are within the charge to 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 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 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 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 17.3.2(d) (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 is generally 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 paragraph 17.3.2(d) (Withholding tax) below.

- (d) **Withholding tax**

(i) **General**

Subject to certain exceptions summarised at paragraph 17.3.2(d)(iv) below, LondonMetric is required to withhold income tax at source at the basic rate (currently 20 per cent.) from its PIDs. LondonMetric will provide Shareholders with a certificate setting out the amount of tax withheld.

(ii) **Shareholders solely resident in the UK**

Where 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 corporates may, depending upon their circumstances, be liable to pay corporation tax on their PID but they should note that, where income tax is withheld at source, the tax withheld can be set against the Shareholder’s liability to corporation tax in the accounting period in which the PID is received.

(iii) **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 LondonMetric 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 such double taxation treaty between the UK and the country in which the Shareholder is resident.

(iv) **Exceptions to requirement to withhold income tax**

Shareholders should note that in certain circumstances LondonMetric may not withhold income tax at source from a PID. These include where LondonMetric reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the UK, a charity, or a body mentioned in section 468 Corporation Tax Act 2010 which is allowed the same exemption from tax as a charity. They also include where LondonMetric 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, the account manager of an Individual Savings Account (ISA), the plan manager of a Personal Equity Plan (PEP), or the account provider of a child trust fund, in each case, provided LondonMetric reasonably believes that the PID will be applied for the purposes of the relevant fund, scheme, account or plan.

LondonMetric is not required to withhold income tax at source from a PID where LondonMetric 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, LondonMetric will need to be satisfied that the Shareholder concerned is entitled to that treatment. For that purpose LondonMetric will require such Shareholders to submit a valid claim form.

### 17.3.3 *UK taxation of Non-PID Dividends*

No withholding tax is imposed on Non-PID Dividends.

Non-PID Dividends paid by LondonMetric are taxed in the same way as dividends paid by LondonMetric had it not entered the UK-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.

A Shareholder who is an individual resident for UK tax purposes in the UK and who receives a Non-PID Dividend from LondonMetric will be entitled to a dividend nil rate band in the form of a 0 per cent. tax rate currently (2019/2020 tax year) on the first £2,000 of dividend income per year. UK resident individual Shareholders will pay tax on any dividends received over the dividend nil rate band at the following rates: 7.5 per cent. to the extent that the dividend income falls within the basic rate band, 32.5 per cent. to the extent that the dividend income falls within the higher rate band, and 38.1 per cent. to the extent that the dividend income exceeds the higher rate band. Whilst dividends within the dividend nil rate band should be tax free, these dividends will still count towards the threshold for the purposes of applying the basic rate, higher rate and additional rate tax bands. Scottish taxpayer Shareholders may wish to consult their own professional advisers if they are in any doubt as to their tax position in respect of dividends.

(a) Companies

Non-PID Dividends received by a UK company from another UK resident company are taxable subject to a number of exemptions. It is expected that generally one of these exemptions would apply to exempt a UK resident corporate shareholder from tax on the receipt of any Non-PID Dividend received from LondonMetric, although whether an exempt class applies and whether the other conditions are not will depend on the circumstances of the particular Shareholder.

(b) Non UK tax-residents

Non-UK resident Shareholders may be liable to foreign taxation on Non-PID Dividends paid by LondonMetric. Such Shareholders should consult their own tax advisers concerning their tax liabilities on Non-PID Dividends received from LondonMetric. Non-UK resident individual Shareholders are treated as having paid tax at the dividend ordinary rate of 7.5 per cent. on Non-PID Dividends received. However, this tax that is treated as having been paid is not repayable.



17.3.4 *UK taxation of chargeable gains, stamp duty and stamp duty reserve tax (“SDRT”) in respect of shares in LondonMetric*

(a) UK taxation of chargeable gains

The disposal (or deemed disposal) by a Shareholder of all or part of the Ordinary Shares issued to him may, depending on the Shareholder’s circumstances, render him liable to UK tax on capital gains.

A disposal by a Shareholder within the charge to UK capital gains tax, such as an individual, trustee or personal representative, will, subject to the availability to the Shareholder of any exemptions, reliefs and/or allowable losses, be subject to tax on any gain. The 2019/2020 capital gains tax rate for share disposals is 10 per cent. where an individual is subject to income tax at the basic rate and any chargeable gain does not exceed the unused part of their basic rate income tax band which is currently set at £50,000. Where an individual is subject to income tax at the basic rate but any chargeable gain exceeds the unused part of their basic rate income tax band, the rate of capital gains tax on the excess is 20 per cent. The rate of capital gains tax for individuals who are higher or additional rate taxpayers is 20 per cent. UK resident trustees and personal representatives will generally be subject to capital gains tax at a rate of 20 per cent.

Shareholders who are individuals who are temporarily non-UK resident (for a period of five years or less) may, in certain circumstances under anti-avoidance legislation, be subject to tax on their return to the UK in respect of gains realised whilst they are not resident in the UK.

Any gain on a disposal by a Shareholder within the charge to UK corporation tax, such as a company or unincorporated association other than a partnership will, subject to the availability to the Shareholder of any exemptions, reliefs and/or allowable losses, be subject to corporation tax at the current rate of 19 per cent. (due to reduce to 17 per cent. from 1 April 2020).

Shareholders who are not resident in the UK for tax purposes may not, depending on their personal circumstances, be liable to UK taxation on chargeable gains arising from the sale or other disposal of their Ordinary Shares (unless they carry on a trade, profession or vocation in the UK through a branch or agency with which their Ordinary Shares are connected or, in the case of a corporate Shareholder, through a permanent establishment in connection with which the Ordinary Shares are held).

However, from 6 April 2019, capital gains derived on disposal of their Ordinary Shares by Shareholders who are not resident in the UK will generally be liable to UK tax. Subject to the availability to the Shareholder of any exemption, relief (including any applicable double taxation agreements) and/or allowable losses they should be subject to UK tax in the same way as set out above. However, only gains arising since 6 April 2019 should be chargeable.

Shareholders who are resident for tax purposes outside the UK may be subject to foreign taxation on capital gains depending on their circumstances.

(b) UK stamp duty and SDRT

Where Ordinary Shares are issued there is no charge to stamp duty or SDRT.

Subject to an exemption for certain low value transactions, the transfer on sale of Ordinary Shares will be liable to ad valorem stamp duty, generally at the rate of 0.5 per cent. of the consideration paid (rounded up to the next multiple of five pounds (£5)). Stamp duty is normally the responsibility of the purchaser or transferee of the Ordinary Shares. An unconditional agreement to transfer such shares will normally give rise to SDRT, at the rate of 0.5 per cent. of the amount or value of the consideration paid

for such shares, but such liability will be cancelled, or any SDRT paid refunded, if the agreement is completed by a duly stamped transfer within six years of the agreement having become unconditional. SDRT is normally the liability of the purchaser or transferee of the Ordinary Shares. Transfers of Ordinary Shares by a person (or its nominee) to a connected company (or its nominee) may, absent a relief, be subject to stamp duty and/or SDRT based on the market value of the transferring Ordinary Shares if this exceeds the value of the actual consideration.

Under the CREST system for paperless share transfers, no stamp duty or SDRT will arise on a transfer of shares into the system, unless the transfer into CREST is itself for consideration in money or money's worth, in which case a liability to SDRT will arise, usually at the rate of 0.5 per cent. of the amount or value of consideration given. Transfers of shares within CREST are generally liable to SDRT (at a rate of 0.5 per cent. of the consideration paid) rather than stamp duty, and SDRT on relevant transactions settled within the system or reported through it for regulatory purposes will be collected and accounted for to HMRC by Euroclear.

The above statements are intended as a general guide to the current stamp duty and SDRT position. Certain categories of person, including market makers, brokers, dealers and persons connected with depositary arrangements and clearance services, may not be liable to stamp duty or SDRT and others including persons connected with depositary arrangements and clearance services, may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

#### **17.4 Substantial Shareholders**

A UK-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 the purposes of overseas jurisdictions with which the UK has a double taxation agreement or for the purposes of such double taxation agreements. It does not apply to nominees.

This tax charge will not be incurred if the UK-REIT has taken "reasonable steps" to avoid paying dividends to such a shareholder. HMRC guidance describes certain actions that a UK-REIT may take to show it has taken such "reasonable steps". One of these actions is to include restrictive provisions in the UK-REIT's articles of association to address this requirement. The Articles of Association are consistent with such provisions.

## **18. DESCRIPTION OF THE REIT PROVISIONS INCLUDED IN THE ARTICLES**

### **18.1 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 tax charge.

The Articles contain a special article for this purpose (the "Special Article").

The Special Article:

- (a) provides directors with powers to identify its Substantial Shareholders (if any);

- (b) prohibits the payment of dividends on Ordinary Shares that form part of a Substantial Shareholding, unless certain conditions are met;
- (c) allows dividends to be paid on Ordinary Shares that form part of a Substantial Shareholding where the Shareholder has disposed of its rights to dividends on its New Ordinary Shares; and
- (d) seeks to ensure that if a dividend is paid on Ordinary Shares that form part of a Substantial Shareholding and arrangements of the kind referred to in the preceding paragraph are not met, the Substantial Shareholder concerned does not become beneficially entitled to that dividend.

The effect of the Special Article is explained in more detail below

## 18.2 *Identification of Substantial Shareholders*

The share register of the Company records the legal owner and the number of Ordinary Shares they own but does not identify the persons who are beneficial owners of the Ordinary Shares or are entitled to control the voting rights attached to the New Ordinary Shares or are beneficially entitled to dividends. While the requirements for the notification of interests in shares provided in Part VI of the Companies Act and the Board's rights to require disclosure of such interests (pursuant to Part 22 of the Companies Act and Article 57 of the Articles) should assist in the identification of Substantial Shareholders, those provisions are not on their own sufficient.

Accordingly, the Special Article requires a Substantial Shareholder and any registered Shareholder holding New Ordinary Shares on behalf of a Substantial Shareholder to notify the Company if his New Ordinary Shares form part of a Substantial Shareholding. Such a notice must be given within two business days. The Special Article gives the Board the right to require any person to provide information in relation to any Ordinary 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 18.3 below) and/or requiring the transfer of the Ordinary Shares to another person who is not, and does not thereby become, a Substantial Shareholder (as described in paragraph 18.6 below).

## 18.3 *Preventing payment of a dividend to a Substantial Shareholder*

The Special Article provides that a dividend will not be paid on any Ordinary Shares that the Board believes may form part of a Substantial Shareholding unless the Board is satisfied that the Substantial Shareholder is not beneficially entitled to the dividend.

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

- (a) the Substantial Shareholder concerned is not beneficially entitled to the dividends (see also paragraph 18.4 below);
- (b) the shareholding is not part of a Substantial Shareholding;
- (c) all or some of the Ordinary Shares and the right to the dividend have been transferred to a person who is not, and does not thereby become, a Substantial Shareholder (in which case the dividends will be paid to the transferee); or
- (d) sufficient Ordinary Shares have been transferred (together with the right to the dividends) such that the Ordinary Shares retained are no longer part of a Substantial Shareholding (in which case the dividends will be paid on the retained Ordinary Shares).

For this purpose references to the "transfer" of 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 New Ordinary Share.

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

The Special Article provides that dividends may be paid on Ordinary Shares that form part of a Substantial Shareholding if the Board is satisfied that the right to the dividend has been transferred to a person who is not, and does not thereby become, a Substantial Shareholder and the Board may be satisfied that the right to the dividend has been transferred if it receives a certificate containing appropriate confirmations and assurances from the Substantial Shareholder. Such a certificate may apply to a particular dividend or to all future dividends in respect of Ordinary Shares forming part of a specified Substantial Shareholding, until notice rescinding the certificate is received by the Company. A certificate that deals with future dividends will include undertakings by the person providing the certificate:

- (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. 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.

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

The Special Article provides that if a dividend is in fact paid on Ordinary Shares forming part of a Substantial Shareholding (which might occur, for example, if a Substantial Shareholding is split among a number of nominees and is not notified to the Company prior to a dividend payment date) the dividends so paid are to be held on trust by the recipient for any person (who is not a Substantial Shareholder) nominated by the Substantial Shareholder concerned. The person nominated as the beneficiary could be the purchaser of the Ordinary Shares if the Substantial Shareholder is in the process of selling down their holding so as not to cause the Company to breach the Substantial Shareholder rule. If the Substantial Shareholder does not nominate anyone within 12 years, the dividend concerned will be held on trust for the Company or such charity as the Board may nominate.

If the recipient of the dividend passes it on to another without being aware that the Ordinary Shares in respect of which the dividend was paid were part of a Substantial Shareholding, the recipient will have no liability as a result. However, the Substantial Shareholder who receives the dividend should do so subject to the terms of the trust and as a result may not claim to be beneficially entitled to those dividends.

#### 18.6 ***Mandatory sale of Substantial Shareholdings***

The 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 Ordinary Shares, arrange for the sale of the relevant Ordinary Shares and for the Company to retain from the sale proceeds of an amount equal to any tax so payable

#### 18.7 ***Takeovers***

The Special 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 Combined Group to cease to qualify as a group UK-REIT.

#### 18.8 ***Other***

The Special 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.

The Special Article may be amended by special resolution passed by the Shareholders in the future, which powers may include the ability to arrange for the sale of New Ordinary Shares on behalf of Shareholders.

### 19. **CONSENTS**

- 19.1 Peel Hunt has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.
- 19.2 J.P. Morgan Cazenove has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.
- 19.3 BDO LLP of 55 Baker Street, London, W1U 7EU has given and has not withdrawn its written consent to the inclusion in this document of its report as set out in Part 14 (Unaudited Pro Forma Financial Information of the Combined Group), in the form and context in which it appears. BDO LLP has authorised the contents of its report for the purposes of Prospectus Rule 5.5.3R(2)(f).
- 19.4 CBRE has given and not withdrawn its written consent to the inclusion in this document of its report as set out in Part A of Part 15 (Valuation Reports) in the form and context in which it appears. CBRE has authorised the contents of its valuation report for the purposes of Prospectus Rule 5.5.3R(2)(f).
- 19.5 Cushman & Wakefield has given and not withdrawn its written consent to the inclusion in this document of its report as set out in Part B of Part 15 (Valuation Reports), in the form and context in which it appears. Cushman & Wakefield has authorised the contents of these parts of the document which comprise its report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.

## **20. RELATED PARTY TRANSACTIONS**

- 20.1 Save as disclosed in the financial information incorporated by reference into this document (see note 19 to the financial statements for the year ended 31 March 2019, note 19 to the financial statements for the year ended 31 March 2018 and note 18 to the financial statements for the year ended 31 March 2017) no member of the LondonMetric Group has entered into any related party transactions during the aforementioned periods and up to the date of this document.

## **21. GENERAL**

- 21.1 The auditors of LondonMetric are Deloitte LLP of 1 New Street Square, London EC4A 3HQ. Deloitte LLP, which is registered to carry out audit work in the UK and the Republic of Ireland by the Institute of Chartered Accountants in England and Wales has been the Company's auditors for the duration of the period dealt with by the historical financial information set out in Part 11 (Historical Financial Information on the LondonMetric Group). The auditors of LondonMetric have made reports under the relevant provisions in English company law in respect of these statutory accounts and each report was an unqualified report.
- 21.2 LondonMetric remains subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561 of the Companies Act (which confers on LondonMetric 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 the balance of the unissued share capital of LondonMetric which is not the subject of a disapplication approved by the LondonMetric Shareholders in a general meeting.
- 21.3 The Ordinary Shares are in registered form, are capable of being held in uncertificated form and are admitted to the Official List and are traded on the main market for listed securities of the London Stock Exchange.
- 21.4 The New Ordinary Shares will be in registered form and, from Admission, will be capable of being held in uncertificated form and title to such shares may be transferred by means of a relevant system (as defined in the CREST Regulations). Where New Ordinary Shares are held in certificated form, share certificates will be sent to the registered members by first-class post. Where New Ordinary Shares are held in CREST, the relevant CREST stock account of the registered members will be credited. The New Ordinary Shares will be admitted with the ISIN GB00B4WFW713 and SEDOL (Daily Official List) number B4WFW71, being the same ISIN and SEDOL under which the Ordinary Shares are admitted. The Legal Entity Identifier (LEI) of LondonMetric is 213800OCERWWPQDURL87.
- 21.5 There will be no proceeds received by the LondonMetric Group as a result of the issue of New Ordinary Shares to Mucklow Shareholders in connection with the Combination. LondonMetric estimates that the aggregate fees and expenses expected to be incurred by LondonMetric in connection with the Combination will be approximately £9.6 million (excluding applicable VAT). Set out below are the estimates of fees and expenses (excluding applicable VAT) expected to be incurred in relation to:
- 21.5.1 financing arrangements: £400,000;
  - 21.5.2 financial and corporate broking advice: £4,900,000;
  - 21.5.3 legal advice: £1,500,000;
  - 21.5.4 accounting advice: £225,000;
  - 21.5.5 public relations advice: £40,000;
  - 21.5.6 other professional services: £100,000; and
  - 21.5.7 other costs and expenses: £2,465,000.



- 21.6 No person has been authorised to give any information or to make any representations other than those contained in this document and, if given or made, such information or representation must not be relied on as having been authorised by LondonMetric, Peel Hunt or J.P. Morgan Cazenove. Subject to the Listing Rules, the FSMA, the Prospectus Rules and the Disclosure and Transparency Rules, neither the delivery of this document nor any subscription or acquisition described in it shall, in any circumstances, create any implication that there has been no change in the affairs of the Combined Group since the date of this document or that the information in it is correct as at any subsequent date. No statement in this document is intended as a profit forecast.
- 21.7 Unless otherwise specifically stated, the contents of Mucklow's website or LondonMetric's website or any website directly or indirectly linked to either website do not form part of this document.
- 21.8 Percentages in tables have been rounded and accordingly may not add up to 100 per cent. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.
- 21.9 Other than as provided by the Companies Act and the Code, there are no rules or provisions relating to mandatory bids, squeeze-out or sell-out rules in relation to the Ordinary Shares.
- 21.10 No public takeover bid has been made in relation to LondonMetric during the last financial year or the current financial year.

## **22. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of LondonMetric during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of publication of this document until the date of Admission:

- 22.1 the Articles;
- 22.2 the audited consolidated accounts of LondonMetric and its subsidiaries for the three years ended 31 March 2017, 31 March 2018 and 31 March 2019;
- 22.3 the audited consolidated accounts of Mucklow and its subsidiaries for the three years ended 30 June 2016, 30 June 2017 and 30 June 2018 and the unaudited consolidated accounts of Mucklow and its subsidiaries for the six months to 31 December 2018;
- 22.4 the report of BDO LLP contained in Part 14 (Unaudited Pro Forma Financial Information of the Combined Group);
- 22.5 the valuation reports of CBRE and Cushman & Wakefield, respectively, contained in Part 15 (Valuation Reports);
- 22.6 the consent letters referred to in paragraph 19 of this Part 16;
- 22.7 the joint announcement of the Combination made by the Company and Mucklow on 23 May 2019 pursuant to Rule 2.7 of the Code;
- 22.8 the Scheme Document; and
- 22.9 this document.

## PART 17

### DEFINITIONS

<b>“2016 NPA”</b>	has the meaning given in paragraph 14.1.4(iii) of Part 16 (Additional Information);
<b>“2018 NPA”</b>	has the meaning given in paragraph 14.1.4(iv) of Part 16 (Additional Information);
<b>“Admission”</b>	admission of the New Ordinary Shares to the premium listing segment of the Official List and to trading on the Main Market;
<b>“Articles” or “Articles of Association”</b>	the articles of association of the Company, as further described in paragraph 6 of Part 16 (Additional Information);
<b>“Asset Management Agreement”</b>	the property and asset management agreement as amended and restated on 28 September 2017, pursuant to which LondonMetric Manager agreed to provide property advisory services for the benefit of the MIPP Partnership;
<b>“Audit Committee”</b>	the audit committee of the Board, as described in paragraph 11.2 of Part 16 (Additional Information);
<b>“Board” or “Directors”</b>	the board of directors of the Company as at the date of this document, whose names are set out on page 30 of this document;
<b>“Business Day”</b>	a day on which banks are generally open for normal banking business in the City of London (excluding Saturdays, Sundays and public holidays);
<b>“CBRE”</b>	CBRE Limited (a private limited company incorporated in England and Wales with registered number 03536032) whose registered office is St Martin’s Court, 10 Paternoster Row, London EC4M 7HP;
<b>“Closing Price”</b>	the closing middle market price of a Mucklow Ordinary Share or an Ordinary Share as the context so requires, on a particular trading day as derived from the London Stock Exchange Daily Official List;
<b>“Code”</b>	the City Code on Takeovers and Mergers;
<b>“Combination”</b>	the direct or indirect acquisition of the entire issued and to be issued ordinary share capital of Mucklow by LondonMetric to be implemented by way of the Scheme or (should LondonMetric so elect, subject to the consent of the Panel (where necessary) and with Mucklow’s prior written consent) by way of a Takeover Offer;
<b>“Combined Group”</b>	the LondonMetric Group as enlarged by the Mucklow Group following completion of the Combination;
<b>“Companies Act”</b>	the Companies Act 2006 as amended, modified, consolidated, re-enacted or replaced from time to time;
<b>“Company” or “LondonMetric”</b>	LondonMetric Property Plc;
<b>“Conditions”</b>	the conditions relating to the Combination as summarised in paragraph 9 of Part 7 (Letter from the Chairman) of this document

	and set out in full in Part 3 (Conditions to and further terms of the Combination) of the Scheme Document;
<b>“Corporate Governance Code”</b>	The UK Corporate Governance Code dated June 2016 or the UK Corporate Governance Code dated July 2018, as applicable;
<b>“Court”</b>	the High Court of Justice in England and Wales;
<b>“Court Order”</b>	the order of the Court sanctioning the Scheme under section 899 of the Companies Act;
<b>“CREST”</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities in accordance with the CREST Regulations;
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 201 (SI 2001 No. 3755), as amended from time to time;
<b>“Cushman &amp; Wakefield”</b>	Cushman and Wakefield Debenham Tie Leung Limited (a private limited company incorporated in England and Wales with registered number 02757768) whose registered office is 125 Old Broad Street, London, EC2N 1AR;
<b>“Deferred Bonus Awards”</b>	has the meaning given in paragraph 13.1.4 of Part 16 (Additional Information);
<b>“DFS JV”</b>	LMP Retail Warehouse JV Property Unit Trust;
<b>“Disclosure Guidance and Transparency Rules”</b>	the disclosure guidance and transparency rules of the FCA made under Part VI of the FSMA;
<b>“Effective”</b>	the Combination and the Scheme becoming effective in accordance with their terms;
<b>“Effective Date”</b>	the date on which the Combination becomes Effective;
<b>“Enlarged Company”</b>	LondonMetric immediately following the Combination becoming Effective;
<b>“Enlarged Share Capital”</b>	all of the issued Ordinary Shares at the date immediately following the Combination becoming Effective;
<b>“EPRA”</b>	European Public Real Estate Association;
<b>“EPRA NAV”</b>	an NAV calculated in accordance with the guidelines issued by EPRA from time to time;
<b>“ERV”</b>	estimated rent value;
<b>“Excluded Jurisdictions”</b>	Canada, Australia, Japan, the Republic of South Africa, New Zealand, Israel, Norway and Switzerland;
<b>“Executive Committee”</b>	the committee of executive directors of LondonMetric, comprising Andrew Jones, Martin McGann, Valentine Beresford, Mark Stirling and Andrew Smith;
<b>“Existing Ordinary Shares”</b>	the 700,661,819 ordinary shares of 10 pence each in the capital of the Company in issue at the date of this document;
<b>“Existing LondonMetric Shareholder Authorities”</b>	the authorities granted by LondonMetric Shareholders by way of the resolutions passed at the general meeting of LondonMetric held on 11 July 2018;

<b>“FCA”</b>	the Financial Conduct Authority;
<b>“Form of Proxy”</b>	the form of proxy accompanying this document;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 as amended from time to time;
<b>“Helaba Facility”</b>	has the meaning given in paragraph 14.1.4(v) of Part 16 (Additional Information);
<b>“HMRC”</b>	Her Majesty’s Revenue & Customs and, where relevant, any predecessor body which carried out part of its functions and references to any approval by HMRC shall, where appropriate, include approval by an officer of Her Majesty’s Revenue & Customs;
<b>“in uncertificated form”</b>	registered as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
<b>“International Financial Reporting Standards” or “IFRS”</b>	International Financial Reporting Standards maintained by the International Accounting Standards Board (IASB) and which are in force from time to time, as adopted by the European Union;
<b>“IPD”</b>	Investment Property Databank Limited (a private limited company incorporated in England and Wales with registered number 01879480) whose registered office is 2nd Floor, St Johns Lane, London, EC1M 4BL;
<b>“ISIN”</b>	International Securities Identification Number;
<b>“J.P. Morgan Cazenove”</b>	J.P. Morgan Securities Plc (a public limited company incorporated in England and Wales with registered number 2711006) whose registered office is 25 Bank Street, Canary Wharf, London, E14 5JP;
<b>“LIBOR”</b>	The British Bankers’ Association Interest Settlement Rate for Sterling for the relevant period, displayed on the appropriate page of the Reuters screen or, if unavailable another name or screen as agreed between the parties to the applicable agreement;
<b>“Limited Partners”</b>	has the meaning given in paragraph 14.1.3 of Part 16 (Additional Information);
<b>“Link Asset Services”</b>	a trading name of Link Market Services Limited (a private limited company incorporated in England and Wales with registered number 02605568) whose registered office is The Registry, 34 Beckenham Road, Beckenham Kent BR3 4TU;
<b>“Listing Rules”</b>	the listing rules of the FCA made under Part VI of the FSMA;
<b>“LMRD I”</b>	LondonMetric Retail Distribution I Limited;
<b>“LondonMetric DBP”</b>	LondonMetric’s Deferred Bonus Plan adopted on 21 August 2013;
<b>“LondonMetric EBT”</b>	LondonMetric’s employee benefit trust;
<b>“LondonMetric Fourth Quarter Dividend”</b>	has the meaning given in paragraph 5 of Part 7 (Letter from the Chairman);
<b>“LondonMetric General Meeting”</b>	the general meeting of the Company convened by the Board and expected to be held on 20 June 2019;

<b>“LondonMetric Group”</b>	the Company and its subsidiary undertakings and, where the context permits, each of them;
<b>“LondonMetric LTIP”</b>	LondonMetric’s Long Term Incentive Plan adopted on 10 July 2013 (and amended by the Board on 26 September 2017);
<b>“LondonMetric Manager”</b>	LondonMetric Management Limited;
<b>“LondonMetric Permitted Dividend”</b>	has the meaning given in paragraph 5 of Part 7 (Letter to Chairman;
<b>“London Stock Exchange” or “LSE”</b>	London Stock Exchange Plc (a public limited company incorporated in England and Wales with registered number 0207521) whose registered office is 10 Paternoster Square, London, EC4M 7LS;
<b>“Long-stop Date”</b>	30 September 2019, or such later date (if any) as LondonMetric and Mucklow may agree, with the consent of the Panel, and (if required) the Court may allow;
<b>“Market Abuse Regulation”</b>	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing the Market Abuse Directive and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC;
<b>“Main Market”</b>	the London Stock Exchange’s main market for listed securities;
<b>“Member State”</b>	a sovereign state which is a member of the European Union;
<b>“Metric”</b>	Metric Property Investments Limited, formerly Metric Property Investments Plc;
<b>“MIPP General Partner”</b>	Metric GP Income Plus Limited;
<b>“MIPP Limited Partner”</b>	Metric LP Income Plus Limited;
<b>“MIPP Partnership”</b>	Metric Income Plus Limited Partnership acting by the MIPP General Partner;
<b>“MIPP Partnership Agreement”</b>	has the meaning given in paragraph 14.1.3 of Part 16 (Additional Information);
<b>“Mix and Match Facility”</b>	the facility under which holders of Scheme Shares (other than those who are Restricted Overseas Persons) are entitled to elect to vary the proportions in which they receive New Ordinary Shares and in which they receive cash in respect of their holdings of Mucklow Ordinary Shares to the extent that other such holders of Scheme Shares make off-setting elections;
<b>“Mucklow”</b>	A&J Mucklow Group Plc (a public limited company incorporated in England and Wales with registered number 00717658) whose registered office is at 60 Whitehall Road, Halesowen, West Midlands B63 3JS;
<b>“Mucklow Board” or “Mucklow Directors”</b>	the board of directors of Mucklow as at the date of this document, whose names are set out in Part 1 of the Scheme Document;
<b>“Mucklow Court Hearing”</b>	the hearing by the Court of the claim form to sanction the Scheme;
<b>“Mucklow Court Meeting”</b>	the meeting of the Scheme Shareholders to be convened by order of the Court pursuant to section 896 of the UK Companies Act, for the purpose of approving the Scheme, including any adjournment thereof;

<b>“Mucklow First Quarterly Dividend”</b>	has the meaning given in paragraph 5 of Part 7 (Letter from Chairman);
<b>“Mucklow General Meeting”</b>	the general meeting of Mucklow to be convened by the Mucklow Directors and expected to be held on 20 June 2019 immediately following the Mucklow Court Meeting;
<b>“Mucklow Group”</b>	Mucklow and its subsidiary undertakings and, where the context permits, each of them;
<b>“Mucklow Ordinary Shares”</b>	ordinary shares of 25 pence each in the capital of Mucklow;
<b>“Mucklow Permitted Dividend”</b>	has the meaning given in paragraph 5 of Part 7 (Letter from Chairman);
<b>“Mucklow Preference Shares”</b>	the preference shares of £1 each in the capital of Mucklow, the rights attaching to which are set out in paragraph 5 of Part 9 (Information on the Mucklow Group);
<b>“Mucklow Resolution”</b>	the special resolution to be proposed at the Mucklow General Meeting in connection with (i) authorising the Mucklow Directors to take all required action in relation to the Scheme and (ii) amending Mucklow’s articles of association and such other matters as may be necessary to implement the Scheme;
<b>“Mucklow Second Quarterly Dividend”</b>	has the meaning given in paragraph 5 of Part 7 (Letter from Chairman);
<b>“Mucklow Share Schemes”</b>	(a) Mucklow Share Incentive Plan 2014; and (b) Mucklow 2015 Performance Share Plan;
<b>“Mucklow Shareholder”</b>	a holder of Mucklow Ordinary Shares;
<b>“NAV” or “Net Asset Value”</b>	the value of the assets of the LondonMetric Group, the Mucklow Group or the Combined Group, as applicable, less its liabilities, determined in accordance with the accounting principles adopted by the LondonMetric Group, the Mucklow Group or the Combined Group, as applicable from time to time or, as the context requires, the net asset value per ordinary share calculated in accordance with LondonMetric’s or Mucklow’s accounting policies, as applicable;
<b>“New Ordinary Shares”</b>	the Ordinary Shares to be issued in connection with the Scheme;
<b>“NIY”</b>	net initial yield;
<b>“Nomination Committee”</b>	the nominations committee of the Board, as described in paragraph 11.2 of Part 16 (Additional Information);
<b>“Non-PID Dividend”</b>	a distribution by the Company which is not a PID;
<b>“Offer Period”</b>	the offer period (as defined in the City Code) relating to Mucklow, which commenced on 23 May 2019;
<b>“Official List”</b>	the Official List of the FCA;
<b>“Ordinary Shares”</b>	ordinary shares of 10 pence each in the capital of the Company;
<b>“Panel”</b>	the Panel on Takeovers and Mergers;
<b>“PBB Facility”</b>	has the meaning given in paragraph 14.1.4(vi) of Part 16 (Additional Information);



<b>“Peel Hunt”</b>	Peel Hunt LLP (a limited liability partnership incorporated in England and Wales with registered number OC357088) whose registered office is Moor House, 120 London Wall, London, EC2Y 5ET;
<b>“PFIC”</b>	passive foreign investment company as defined in the US Tax Code;
<b>“PID” or “property income distribution”</b>	distribution by the Company of the profits of the Combined Group’s Property Rental Business by way of dividend which is required under section 530 of the Corporation Tax Act 2010;
<b>“Property Portfolio”</b>	the property portfolio of the LondonMetric Group and, following the Combination becoming Effective, the Combined Group, as applicable, from time to time;
<b>“Property Rental Business”</b>	the qualifying property rental business in the UK and elsewhere of UK resident companies within a UK-REIT and non-UK resident companies within a UK-REIT with a UK qualifying property rental business;
<b>“Proposals”</b>	the Combination, the issue and allotment of the New Ordinary Shares in connection with the Combination and Admission;
<b>“Prospectus Rules”</b>	the prospectus rules made by the FCA under Part VI of the FSMA;
<b>“Prospectus”</b>	this document;
<b>“RBS”</b>	The Royal Bank of Scotland Plc;
<b>“Regulatory Information Service”</b>	a service provided by the LSE for the distribution to the public of company announcements;
<b>“Remuneration Committee”</b>	the remuneration committee of the Board, as described in 11.2 of Part 16 (Additional Information);
<b>“Residual Business”</b>	that part of the business of companies within a UK-REIT that is not part of the Property Rental Business;
<b>“Resolution”</b>	the resolution proposed to be approved at the LondonMetric General Meeting as set out in the Notice of General Meeting at the end of this document;
<b>“Restricted Jurisdiction”</b>	any jurisdiction where the relevant action would constitute a violation of the relevant laws and regulations of such jurisdiction or would result in a requirement to comply with any governmental or other consent or any registration, filing or other formality which LondonMetric or Mucklow regards as unduly onerous including, without limitation, the Excluded Jurisdictions;
<b>“Restricted Overseas Person”</b>	means a person (including an individual, partnership, unincorporated syndicate, limited liability company, unincorporated organisation, trust, trustee, executor, administrator or other legal representative) in, or resident in, or any person whom LondonMetric believes to be in, or resident in, a Restricted Jurisdiction (or any custodian, nominee or trustee for such persons) and person in any other jurisdiction (other than persons in the UK) whom LondonMetric is advised to treat as a restricted overseas person in order to observe the laws of such jurisdiction or to avoid the requirement to comply with any governmental or other consent

	or any registration, filing or other formality which LondonMetric regards as unduly onerous;
<b>“Scheme” or “Scheme of Arrangement”</b>	the proposed scheme of arrangement under Part 26 of the Companies Act between Mucklow and the Scheme Shareholders set out in the Scheme Document;
<b>“Scheme Document”</b>	the scheme document to be posted to Mucklow Shareholders on the same date as this document;
<b>“Scheme Record Time”</b>	the record date and time by reference to which entitlement to receive consideration under the Scheme will be determined, as specified in the Scheme Document;
<b>“Scheme Shareholder(s)”</b>	a holder of Scheme Shares;
<b>“Scheme Shares”</b>	<p>the Mucklow Ordinary Shares:</p> <ul style="list-style-type: none"> <li>(i) in issue at the date of the Scheme Document;</li> <li>(ii) (if any) issued after the date of the Scheme Document but before the Voting Record Time; and</li> <li>(iii) (if any) issued after the Voting Record Time and before the Scheme Record Time on terms that the original holder or any subsequent holders shall be, or shall have agreed in writing to be, bound by the Scheme;</li> </ul> <p>in each case excluding any Mucklow Ordinary Shares which are (i) registered in the name of or beneficially owned by LondonMetric or its nominee(s) or any subsidiary undertaking of LondonMetric or its nominee(s); or (ii) are held in treasury (unless such Mucklow Ordinary Shares cease to be so held);</p>
<b>“SDRT”</b>	stamp duty reserve tax;
<b>“Shareholder(s)” or “LondonMetric Shareholder(s)”</b>	a holder of Ordinary Shares;
<b>“Statutes”</b>	the Companies Act, the Crest Regulations and every other statute or statutory instrument, rule, order or regulation from time to time in force concerning companies so far as they apply to the Company;
<b>“Substantial Shareholder”</b>	<p>a company which is beneficially entitled (directly or indirectly) to 10 per cent. or more of the shares or dividends of the principal company of a UK-REIT or controls (directly or indirectly) 10 per cent. or more of the voting rights of the principal company of a UK-REIT, for the purposes of section 551 of the Corporation Tax Act 2010 (and in the context of the Combined Group, the principal company would be the Company);</p> <p>(this has the same meaning as “holder of excessive rights” as defined in section 553 of the Corporation Tax Act 2010)</p>
<b>“Substantial Shareholding”</b>	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 the votes attached to which are controlled (directly or indirectly) by the Substantial Shareholder;

<b>“Syndicated Revolving Facility”</b>	a revolving credit facility documented pursuant to the terms of an amended facility agreement originally entered into on 1 April 2015 between LondonMetric Property Plc and RBS (in various capacities), Barclays Bank Plc, Wells Fargo Bank International, Abbey National Treasury Services Plc and Lloyds Bank Plc;
<b>“Takeover Offer”</b>	has the meaning given to it in Part 28 of the Companies Act;
<b>“third party”</b>	any government, government department or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body or association, institution or agency (including, without limitation, any trade agency) or authority (including, without limitation, any anti-trust or merger control authority), any court or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland, its territories and dependencies;
<b>“UK-REIT”</b>	a UK Real Estate Investment Trust under Part 12 of the Corporation Tax Act 2010;
<b>“US” or “United States”</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
<b>“US Exchange Act”</b>	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;
<b>“US Securities Act”</b>	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;
<b>“US Tax Code”</b>	the United States Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder;
<b>“Valuation Reports”</b>	the valuation reports prepared by CBRE and Cushman & Wakefield included as Part 15 (Valuation Reports) of this document;
<b>“VAT”</b>	value added tax;
<b>“Voting Record Time”</b>	6.00 p.m. on the day prior to the day immediately before the Mucklow Court Meeting or, if the Mucklow Court Meeting is adjourned, 48 hours before the time set for such adjourned meeting;
<b>“WAULT”</b>	weighted average unexpired lease term;
<b>“Wells Fargo”</b>	Wells Fargo Bank, N.A., London Branch; and
<b>“Wells Fargo Facility”</b>	has the meaning given in paragraph 14.1.4(ii) of Part 16 (Additional Information).

## PART 18

### NOTICE OF GENERAL MEETING LONDONMETRIC PROPERTY PLC

*(a public limited company incorporated and registered in England and Wales  
with registered company number 07124797)*

#### NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of LondonMetric Property Plc (the “**Company**”) will be held at 10.30 a.m. on 20 June 2019 at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF (“**Notice**”) for the purposes of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution:

#### ORDINARY RESOLUTION

THAT the acquisition (which is a Class 1 transaction for the purposes of the listing rules and regulations made by the Financial Conduct Authority (the “**FCA**”) under the Financial Services and Markets Act 2000 and contained in the FCA’s publication of the same name as amended from time to time (the “**Listing Rules**”)) by the Company of the entire ordinary share capital of A&J Mucklow Group Plc in order to effect a combination between the Company and A&J Mucklow Group Plc (the “**Combination**”), on the terms and subject to the conditions described in the combined prospectus and circular sent to shareholders in the Company on 30 May 2019, a copy of which is produced to the meeting and signed for identification purposes by the chairman of the meeting (the “**Prospectus**”), be and is hereby approved, including for the purposes of Chapter 10 of the Listing Rules, and the directors of the Company (the “**Board**”) (or any duly constituted committee thereof) be authorised: (1) to take all such steps as the Board considers to be necessary or desirable in connection with, and to implement, the Combination (including, without limitation, approving and entering into any associated or ancillary agreements in connection with the Combination on behalf of the Company); and (2) to agree such modifications, variations, revisions, waivers, extensions or amendments to any of the terms and conditions of the Combination, and any associated and ancillary agreements, deemed necessary or desirable by the Board (provided such modifications, variations, revisions, waivers, extensions or amendments do not materially change the terms of the Combination for the purposes of Listing Rule 10.5.2), as they may in their absolute discretion think fit.

*By order of the Board*

**Jadzia Duzniak**  
*Company Secretary*

*Registered office:*

1 Curzon Street  
London W1J 5HD

Dated 30 May 2019

#### Notes:

1. The right to attend and vote at the general meeting is determined by reference to the register of members. Only those Shareholders registered on the Company’s register of members at close of business on 18 June 2019 (or, if the general meeting is adjourned, at close of business on the day two days prior to the adjourned general meeting), shall be entitled to attend and vote at the general meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the general meeting.
2. A copy of this notice of general meeting and other information regarding the general meeting, including information which the Company is required by section 311A of the Companies Act 2006 to publish in advance of the general meeting, can be accessed at [www.londonmetric.com](http://www.londonmetric.com).
3. If you wish to attend the general meeting in person, you are requested to bring your admittance pass (which is attached to the Form of Proxy which is enclosed with this notice) with you to the meeting. On arrival at the general meeting venue, all those entitled to vote will be required to register. In order to facilitate these arrangements, please arrive at the general meeting venue in good time and have your admittance pass to hand. You will be given instructions on how to vote on a show of hands at the meeting.
4. Shareholders registered at the time set out in Note 1 above are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. Details of how to appoint the Chairman of the meeting or another person as your proxy are set out in the notes to the proxy form. A Shareholder may appoint more than one proxy in relation to

the general meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank proxy form. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the form of proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which in aggregate shall not exceed the number of shares held by you). Please also indicate the proxy is part of a multiple set of instructions being given. All forms must be signed and should be returned together in the same envelope. A failure to specify the number of shares each proxy appointment relates to or specifying a number in excess of those held by you may result in the appointment being invalid.

A proxy need not be a shareholder of the Company but must attend the meeting to represent you. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's registrars, Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by telephone from within the UK on 0871 664 0300 (calls cost 12 pence per minute plus network extras), or from outside the UK on +44 (0)20 8639 3399, lines are open Monday to Friday, 9.00 a.m.–5.30 p.m. (London time) or by email at [enquiries@linkgroup.co.uk](mailto:enquiries@linkgroup.co.uk). In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior). You can only appoint a proxy using the procedures set out in these notes and in the notes to the proxy form.

5. To be valid, a duly completed proxy form, together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority, must be received by post or (during normal business hours only) by hand at the Company's registrars, Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 10.30 a.m. on 18 June 2019 (or not less than 48 hours before the time fixed for any adjourned meeting, excluding any part of a day that is not a working day).
6. As an alternative to completing a hard copy proxy form, you can appoint a proxy electronically by logging on to [www.signalshares.com](http://www.signalshares.com). You will need your Investor Code which can be found on the top left hand corner of the share certificate. For an electronic proxy appointment to be valid, your appointment must be received by Link Asset Services no later than at least 48 hours before the general meeting or any adjournment thereof.
7. Appointment of a proxy does not preclude you from attending the general meeting and voting in person. If you have appointed a proxy and attend the general meeting in person, your proxy appointment will automatically be terminated.
8. Unless voting instructions are indicated on the proxy form, a proxy may vote or withhold their vote as he thinks fit on the resolution(s) or on any other business including amendments to resolution(s) which may come before the meeting. A vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes for or against a resolution.
9. Shareholders must inform the Company in writing of any termination of the authority of a proxy.
10. CREST Members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the general meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST Sponsored Members, and those CREST Members who have appointed a voting service provider(s), should refer to their CREST Sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
11. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) no later than at 10.30 a.m. on 18 June 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
12. CREST Members and, where applicable, their CREST Sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that their CREST Sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST Members and, where applicable, their CREST Sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
14. Any corporation which is a Shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Shareholder provided that they do not do so in relation to the same shares.

15. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any Shareholder holding 3 per cent, or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.
16. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless: (1) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (2) the answer has already been given on a website in the form of an answer to a question; or (3) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
17. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (Nominated Person): (1) you may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (Relevant Member) to be appointed or to have someone else appointed as a proxy for the Meeting; (2) if you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights; and (3) your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
18. As at 28 May 2019 (being the latest practicable date prior to publication of this prospectus) the Company's issued share capital comprised 700,661,819 ordinary shares of £0.10 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 28 May 2019 (being the latest practicable date prior to publication of this prospectus) is 700,661,819. The website referred to in Note 2 above will include information on the number of shares and voting rights.





