

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are advised to consult your appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent professional adviser if you are taking advice in a territory outside the United Kingdom. If you have sold or transferred all your shares in LondonMetric Property Plc, please forward this document, together with the accompanying documents at once to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, these documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction.



(Incorporated and registered in England and Wales with Registered Number 07124797)

Scrip Dividend Scheme Booklet

This document contains the terms and conditions of the LondonMetric Property Plc Scrip Dividend Scheme and should be read in conjunction with the accompanying Mandate Form (which will be made available to certificated Shareholders when a Scrip Dividend Alternative is offered) or the terms applicable to other means of making elections under the Scheme.

IF YOU WANT TO RECEIVE YOUR DIVIDENDS ON ORDINARY SHARES IN CASH, RATHER THAN IN NEW ORDINARY SHARES, YOU DO NOT NEED TO TAKE ANY ACTION AND CAN DISREGARD THIS DOCUMENT.

If you have any further queries or need to notify of changes in relation to your shareholdings as they relate to the Scheme, please contact MUFG Corporate Markets using the contact details set out below:

Address:	MUFG Corporate Markets (UK) Limited, Central Square, 29 Wellington Street, Leeds LS1 4DL
Telephone (UK only):	0371 664 0321
Email:	operationalsupportteam@cm.mpms.mufg.com

Please note calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that MUFG Corporate Markets cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Capitalised terms have the meaning given to them in the Glossary.

This document was originally published on 8 September 2016. The references to the date of the expiry of the Scheme and the taxation summary set out in the Appendix were updated on 26 July 2019, further updated on 13 March 2023 and further updated on 26 August 2025.

Description of the Scrip Dividend Scheme

1. What is the Scheme?

The Scheme provides you with the opportunity, at your election and where offered by the Company, to receive your dividends as New Ordinary Shares instead of cash. The Scheme therefore allows you to increase your shareholding in the Company without incurring dealing costs or stamp duty. At the same time, cash, which would otherwise be paid as a dividend, will be retained by the Company for reinvestment or general corporate purposes.

The New Ordinary Shares will carry the same voting rights as, and otherwise rank equally in all respects with, existing Ordinary Shares.

Your decision to elect to receive New Ordinary Shares should depend upon your own personal circumstances and you should seek advice from an appropriate authorised independent professional adviser if you are in any doubt. The price of the New Ordinary Shares can go down as well as up.

2. How long will the Scheme remain in operation and will a Scrip Dividend be offered for all dividends?

Unless the Shareholders authorise the renewal of the Scheme it will expire on the earlier of the close of business on 8 July 2028 (being the third anniversary of the date on which the Latest Renewal Authority was approved) and the beginning of the third annual general meeting of the Company following 9 July 2025 (being the date of the annual general meeting at which the Latest Renewal Authority was approved).

The Scheme is always subject to the Directors' decision to offer a Scrip Dividend in respect of any particular dividend. However it is the Directors' current intention to offer a Scrip Dividend Alternative on an on-going basis until expiry of the Scheme. The Directors have the power to amend, suspend or terminate the Scheme at any time prior to the allotment of the New Ordinary Shares and may scale back elections made under the Scheme in respect of each dividend.

If the Directors suspend or terminate the Scheme, or decide not to offer New Ordinary Shares, you will receive your dividend in cash in full in the usual way (or, in the unlikely event that the Company scales back elections in respect of any particular dividend, in a greater amount than would otherwise be the case) on, or as soon as possible after, the Relevant Dividend Payment Date.

Any announcement of any cancellation or modification of the terms of the Scrip Dividend Scheme will be made on the Company's website at www.londonmetric.com and via a Regulatory Information Service provider. In the case of an amendment to the Scheme, your instructions will remain valid under the amended terms unless you cancel your Mandate or instructions.

3. How will the Company advise Shareholders of details for each Scrip Dividend?

Details for each Relevant Dividend (including the timetable, the Scrip Calculation Price, and confirmation of whether PID or Non-PID treatment will apply) will be announced to Shareholders via a Regulatory Information Service provider.

Details will also be obtainable from the Company's website at www.londonmetric.com and by calling the Registrar's helpline.

4. Who can participate in the Scheme?

All Shareholders who are resident in the United Kingdom can join the Scheme. Details regarding any participation by Overseas Shareholders are set out in question 13.

5. How do I join the Scheme or cancel an election?

If you want to join the Scheme you will need to authorise the Company to issue you with New Ordinary Shares instead of paying a cash dividend.

By making an election to participate in the Scheme, Shareholders will be deemed to have agreed to (a) participate in the Scheme pursuant to the terms and conditions set out in this document and (b) authorise the Company to send you a share certificate in respect of New Ordinary Shares or credit the New Ordinary Shares to your CREST account.

The method of joining the Scheme depends on whether you hold Ordinary Shares in certificated or uncertificated format:

A. Shareholders who hold their Ordinary Shares in certificated form

If you hold your Ordinary Shares in certificated form, you may join the Scrip Dividend Scheme by either:

- i. completing a Mandate Form and returning it to the Registrar; or
- ii. providing an instruction through the Registrar's website at <https://uk.investorcentre.mpms.mufig.com> (further details of which are fully set out on that website).

Mandate Forms and website instructions need to be received by the Registrar no later than the Election Date to be eligible for the next Relevant Dividend. Any Mandate Forms or website instructions received after the relevant Election Date will be effective for subsequent dividends only.

The Mandate Form is available to download from the Company's website at www.londonmetric.com. The Mandate Form applies to the full number of Ordinary Shares that are held by the relevant Shareholder on the Record Date and partial elections are not allowed.

Unless certificated Shareholders cancel their election to participate in the Scheme, their election will apply for all future Relevant Dividends. In order to cancel an election for the next Relevant Dividend and thereafter, a Shareholder needs to notify the Registrar before the Election Date for that Relevant Dividend in writing or via <https://uk.investorcentre.mpms.mufig.com>

B. Shareholders who hold their Ordinary Shares in CREST

Shareholders who hold their Ordinary Shares in CREST can only elect to receive dividends in the form of New Ordinary Shares by submitting (or, where Ordinary Shares are held in CREST via a broker or nominee, instructing their broker or nominee to submit) a CREST Dividend Election Input Message no later than the Election Date to be eligible for the next Relevant Dividend. Mandate Forms will not be accepted in respect of CREST shareholdings. You will need to make separate elections to receive New Ordinary Shares for each Relevant Dividend.

The CREST Dividend Election Input Message must contain the number of Ordinary Shares relating to the election. If the number of elected Ordinary Shares is zero or left blank, the election will be rejected. If the number is greater than the Ordinary Shares held by the relevant Shareholder at the relevant Record Date, the election will be scaled back to the holding at the Record Date.

Once an election is made using the CREST Dividend Election Input Message system it cannot be amended. Therefore, if a Shareholder wishes to change their election, such Shareholder would need to cancel their previous election and submit a new election.

Elections can only be cancelled through the CREST system. A CREST notice of cancellation will take effect on its receipt and will be processed by the Registrar in respect of the next Relevant Dividend payable after the date of receipt of such notice. A notice of cancellation must be received by the Election Date for the Relevant Dividend for it to be effective. Where Ordinary Shares are held in CREST via a broker or nominee, please contact the nominee or broker as earlier lodgement dates will apply to permit them to advise the Registrar by the required date.

6. How many New Ordinary Shares will I receive?

The number of New Ordinary Shares you will receive is calculated by taking the value of the cash dividend payable to which you are entitled and dividing it by the Scrip Calculation Price, where:

- I. The value of the cash dividend payable is calculated (assuming no withholding tax is applied) as follows:

$$\begin{array}{rcccl} \text{Number of} & & & & \\ \text{Ordinary Shares} & & & & \\ \text{held at the} & & & & \\ \text{Record Date for} & \times & \text{Cash value} & + & \text{Any Cash Balance} \\ \text{the Relevant} & & \text{of Relevant} & & \text{brought forward} \\ \text{Dividend} & & \text{Dividend per} & & \text{from previous} \\ & & \text{share} & & \text{Relevant Dividend} \end{array}$$

- II. the Scrip Calculation Price is calculated based on the average of the closing middle market quotations for Ordinary Shares derived from the London Stock Exchange Daily Official List for the five consecutive Business Days commencing on the Ex-dividend Date.

The resultant number of shares is rounded down to the nearest whole number of shares. Where fractions of shares arise, any resulting Cash Balance will be brought forward (without interest) and included in the calculation of your next Scrip Dividend payment (subject to paragraph 8 below).

A. Impact of withholding tax in calculating the number of New Ordinary Shares

The Company anticipates that its dividends will be paid predominantly in the form of PIDs, although the Company may pay dividends as non-PIDs or a combination of the two.

Subject to certain exceptions, the Company is required to withhold tax at source (at the current rate of 20 per cent.) from its PIDs, whether paid in cash or in the form of New Ordinary Shares pursuant to a Scrip Dividend. The Company will satisfy this obligation by not issuing the full number of New Ordinary Shares to which a Shareholder would otherwise be entitled in respect of that PID.

See the Appendix to this document for further details about withholding tax.

B. Worked example of the calculation

The below example is based on the following assumptions:

- a Relevant Dividend with a cash value of 1.6 pence per Ordinary Share, split 1.2 pence PID and 0.4 pence Non-PID
- a shareholding of 1,000 Ordinary Shares
- a Scrip Calculation Price of £1.60
- withholding tax of 20 per cent. on the PID element of the dividend payment
- no Cash Balance has been brought forward in respect of a previous Relevant Dividend

	<i>A</i> Shares held	<i>B</i> Cash value of Dividend per share (Pence)	<i>C</i> Aggregate Value of cash dividend (£) (<i>A</i> x <i>B</i>)	<i>D</i> Percentage of dividend payable (after any withholding tax)	<i>E</i> Resultant Value of cash dividend payable (£) (<i>C</i> x <i>D</i>)	<i>F</i> Number of New Ordinary Shares issued (rounded down) (<i>E</i> / Scrip Calculation Price)	<i>G</i> Cash value of New Ordinary Shares issued (£) (<i>F</i> x Scrip Calculation Price)	<i>H</i> Cash Balance carried forward (£) (<i>E</i> - <i>G</i>)
PID	1000	1.20	12.00	80%	9.60	6	9.60	0.00
Non-PID	1000	0.40	4.00	100%	4.00	2	3.20	0.80
		1.6	16.00		13.60	8	12.80	0.80

In this example, therefore, six New Ordinary Shares would be issued in relation to the PID element of the dividend with no cash balance brought forward. In respect of the Non-PID dividend, two New Ordinary Shares would be issued with a Cash Balance of £0.80 brought forward to the next Relevant Dividend.

7. How will I know how many New Ordinary Shares I have received?

Whenever a Scrip Dividend Alternative is offered, you will receive a Scrip Statement and, where Ordinary Shares are held in certificated form, a share certificate for any New Ordinary Shares issued. Your Scrip Statement will show:

- any Cash Balance brought forward from a previous dividend payment;
- the cash dividend which you would otherwise have received;
- the number of New Ordinary Shares issued to you;
- any Cash Balance carried forward to the next dividend payment; and
- details of the “cash equivalent of the New Ordinary Shares”.

Where the Company pays a PID and Non-PID dividend at the same time, there will be separate statements and certificates issued for the PID and Non-PID element. Statements in respect of PIDs will also contain details of any withholding tax which you will need for your tax return.

8. Fractions of shares and the “Cash Balance”

In calculating your entitlement to New Ordinary Shares, it is likely that the result will not be an exact number of New Ordinary Shares. Fractions of shares cannot be issued and, accordingly, your entitlement to New Ordinary Shares will be rounded down to the nearest whole New Ordinary Share.

If you hold your Ordinary Shares in certificated form, your entitlement to the cash value of any fractions of New Ordinary Shares (being the Cash Balance) will be retained without interest for your benefit and carried forward to the next Relevant Dividend. Where the Cash Balance arises in relation to a Non-PID, it will be included in the calculation for the next Non-PID dividend for which the Scrip Dividend Alternative is offered. Similarly, if the Cash Balance arises in relation to a PID, it will be included in the calculation for the next PID dividend for which the Scrip Dividend Alternative is offered.

If (i) your Mandate ceases to remain in force; (ii) you dispose of your entire holding of Ordinary Shares; (iii) the Company terminates the Scheme; or (iv) you die as sole Shareholder, become bankrupt, go into liquidation or suffer from mental incapacity, any Cash Balance will be paid (without interest) to you, your estate or your trustee, at the date of the next dividend payment.

Shareholders who hold Ordinary Shares in CREST are required to make separate elections to receive New Ordinary Shares for each Relevant Dividend. Accordingly, Cash Balances will not be retained by the Company for such Shareholders and any Cash Balance arising for any such Shareholder will be paid to that Shareholder in cash on the applicable Relevant Dividend Payment Date. Such Cash Balances will be paid in the same way as the cash dividends are paid for the relevant dividend, whether as a PID or a Non-PID and will be taxed accordingly (please see the taxation summary set out in the Appendix below). For example, if cash dividends paid in respect of a particular dividend are paid as a PID, Cash Balances paid to Shareholders holding in CREST will also be paid as a PID for that dividend.

9. When will I receive my New Ordinary Shares?

The New Ordinary Shares will be issued and the share certificates and Scrip Statements will be posted on or about the same day as dividend cheques are posted to Shareholders who receive their dividend in cash (“**Relevant Dividend Payment Date**”). The Company will announce the Relevant Dividend Payment Date via a Regulatory Information Service provider.

CREST members who have elected to receive New Ordinary Shares will have their CREST accounts credited directly with the relevant New Ordinary Shares and will be notified via CREST on the Relevant Dividend Payment Date. If the Company is unable to do this under the provisions of the Uncertificated Securities Regulations 2001 or the facilities and requirements of CREST, the relevant New Ordinary Shares will be issued as certificated shares.

Applications will be made for any New Ordinary Shares issued under the Scheme to be admitted to the Financial Conduct Authority’s Official List and to trading on the London Stock Exchange’s main market for listed securities. In the unlikely event that the New Ordinary Shares are not so admitted then cash will be paid in the usual way on or as soon as reasonably practicable after the Relevant Dividend Payment Date.

10. What happens if I have recently sold or purchased Ordinary Shares?

If Shareholders have sold some of their Ordinary Shares before a Record Date, the Scrip Dividend Scheme will apply in respect of the remainder of such Shareholders’ Ordinary Shares.

If Shareholders have bought any additional Ordinary Shares after a Record Date, the additional Ordinary Shares will not be eligible for the next dividend, but will be eligible for future dividends. In the case of certificated Shareholders, any pre-existing election in place will apply in respect of the additional Ordinary Shares. Where Ordinary Shares are held in CREST or via a broker, Shareholders should contact the appropriate party as any newly acquired Ordinary Shares may not be covered by the election instruction given to the Registrar by the CREST provider or broker.

11. When will my election to participate in the Scheme be cancelled?

Elections will be regarded as cancelled in respect of any Ordinary Shares which a Shareholder sells or otherwise transfers to another person and regarded as fully cancelled on the sale or transfer of the whole of a Shareholder's shareholding. This will take effect from registration of the relevant share transfer.

Elections will be regarded as cancelled immediately on notice being given to the Registrar of the death, bankruptcy, liquidation or mental incapacity of a Shareholder, unless the Shareholder was a joint Shareholder, in which case participation of the other joint Shareholder(s) will continue.

All elections will be cancelled on expiry of the Scheme on the earlier of the close of business on 8 July 2028 and the beginning of the third annual general meeting of the Company following 9 July 2025, unless shareholder authority to offer the Scrip Dividend Alternative is renewed, in which case Shareholders will be able to continue to elect to participate in the Scheme for future Relevant Dividends. Mandate Forms will automatically remain valid for the period of the renewed authority.

As explained in Question 5, elections may also be cancelled voluntarily.

12. Multiple and joint holdings

If Ordinary Shares are registered in more than one holding, unless such multiple holdings are consolidated before the Election Date, they will be treated as separate. As a result, separate Mandate Forms will need to be completed, or separate electronic elections made via the CREST system, for each holding if Shareholders wish to receive New Ordinary Shares under the Scheme in respect of each holding.

In respect of holdings held in joint names, all joint Shareholders must sign the Mandate Form or elect electronically via the CREST system (as the case may be).

13. Can Overseas Shareholders join the Scheme?

Shareholders who are resident outside the UK may treat this document as an invitation to receive New Ordinary Shares unless such an invitation could not lawfully be made to such Shareholders without compliance with any registration or other legal or regulatory requirements. It is the responsibility of any person resident outside the UK wishing to elect to receive New Ordinary Shares under the Scheme to be satisfied that such a decision can validly be made without any further obligation on the part of the Company, and to be satisfied as to full observance of the laws of the relevant territory, including obtaining any governmental, regulatory or other consents which may be required and observing any other formalities in such territories and any resale restrictions which may apply to the New Ordinary Shares. Unless this condition is satisfied, such Shareholders may not elect to participate in the Scheme.

By completing and returning a Mandate Form, providing an instruction through the Registrar's website or making an election through CREST, each Shareholder will confirm that they are not resident in any jurisdiction that would require the Company to comply with any registration or other legal or regulatory requirements

arising out of this election or holding any Ordinary Shares as nominee(s) or transferee(s) for any beneficial holder who is so resident.

14. What are the tax consequences of electing to receive New Ordinary Shares instead of cash?

The tax consequences of electing to receive New Ordinary Shares in place of a cash dividend will depend on your individual circumstances. If you are not sure how you will be affected from a tax perspective, you should consult your solicitor, accountant or other professional adviser before taking any action. UK resident trustees, corporates, pension funds and other Shareholders, including Overseas Shareholders, are advised to contact their professional advisers regarding their own tax circumstances before taking any action in relation to the Scheme. Please also refer to the taxation information in the Appendix below.

15. What is the governing law of the Scheme?

The Scheme is subject to the Company's articles of association and its terms and conditions are subject to English law. By electing to receive New Ordinary Shares you agree to submit to the exclusive jurisdiction of the English courts.

GLOSSARY

The following definitions apply throughout this document and to the accompanying documents unless the context otherwise requires:

“Business Day”	a day on which banks are generally open for normal banking business in the City of London (excluding Saturdays, Sundays and public holidays)
“Cash Balance”	the cash value of any fraction of a New Ordinary Share which is not issued to a Shareholder pursuant to a Scrip Dividend Alternative
“Cash Equivalent”	the amount of the cash dividend foregone by a Shareholder electing to receive a Scrip Dividend Alternative except that, if the difference between the cash dividend foregone and the market value of the New Ordinary Shares on the first day of dealing on the London Stock Exchange equals or exceeds 15 per cent. of that market value, that market value will be the Cash Equivalent
“Company”	LondonMetric Property Plc
“CREST”	the relevant system as defined in the Uncertificated Securities Regulations 2001(SI/3755) in respect of which Euroclear UK & International Limited is the operator
“Directors”	the Directors of the Company from time to time
“Election Date”	the deadline by which: (a) Mandate Forms must be received by MUFG Corporate Markets; (b) CREST Dividend Election Input Messages must be submitted; or (c) website instructions must be received through the Registrar’s website https://uk.investorcentre.mpms.mufig.com , in order for the Mandate to be effective for the next Relevant Dividend (such date being as advised by the Company when the Relevant Dividend is announced)
“Ex-dividend Date”	the day the Ordinary Shares are first quoted “ex” for the relevant dividend
“Group”	the Company and its subsidiaries from time to time
“HMRC”	HM Revenue & Customs
“MUFG Corporate Markets” or “Registrar”	a trading name of MUFG Corporate Markets (UK) Limited
“Latest Renewal Authority”	the shareholder resolution renewing the Directors’ authority to offer a Scrip Dividend Alternative as duly passed at the annual general meeting of the Company held on 9 July 2025
“London Stock Exchange”	the London Stock Exchange Plc
“Mandate”	the instructions of a Shareholder: (a) as set out in a valid Mandate Form; (b) as submitted via a CREST Dividend Election Input Message; or (c) as submitted through the Registrar’s website https://uk.investorcentre.mpms.mufig.com

“Mandate Form”	a mandate, in a form provided by the Company, from a Shareholder to the Directors to allot New Ordinary Shares under the terms of the Scrip Dividend Scheme
“New Ordinary Shares”	new Ordinary Shares to be issued fully paid up at par value pursuant to the Scrip Dividend Scheme
“Non-PID”	any dividend or other distribution from the Company which is not a PID
“Ordinary Shares”	ordinary shares of 10p each in the capital of the Company
“Overseas Shareholder”	a Shareholder not resident in the United Kingdom
“PID”	a distribution in respect of the tax-exempt profits or gains from the Group’s qualifying property rental business (which will in principle be subject to withholding tax)
“Real Estate Investment Trust” or “REIT”	a real estate investment trust as defined for the purposes of Part 12 of the Corporation Tax Act 2010 and regulations made pursuant to or supplemental to it
“Record Date”	the date on which Ordinary Shares must be held in order for a Shareholder to be eligible to receive a declared dividend
“Relevant Dividend”	PIDs or Non-PIDs proposed by the Company for which the Scrip Dividend Alternative is offered
“Relevant Dividend Payment Date”	a date on which a Relevant Dividend will be paid
“Regulatory Information Service”	has the meaning given to it in the UK Listing Rules
“Scrip Calculation Price”	the average of the closing middle market quotations of an Ordinary Share, derived from the London Stock Exchange Daily Official List, for the five consecutive Business Days commencing on the Ex-dividend Date
“Scrip Dividend Alternative”	the offer by the Company to Shareholders, pursuant to the Scrip Dividend Scheme, to issue shares instead of paying a cash dividend in respect of Relevant Dividends
“Scrip Dividend Scheme” or “Scheme”	the offer by the Company to Shareholders to issue shares instead of paying a cash dividend in respect of Relevant Dividends (a “Scrip Dividend”), comprising the terms and conditions contained in this document and the Mandate Form, as amended from time to time
“Scrip Statement”	the written statement delivered to each Shareholder who has joined the Scrip Dividend Scheme on every occasion that the Scrip Dividend Alternative is offered, which sets out, amongst other things, details of the New Ordinary Shares issued to the Shareholder and any Cash Balance carried forward
“Shareholder” or “you”	a holder of Ordinary Shares
“UK” or “United Kingdom”	means the United Kingdom of Great Britain and Northern Ireland and its dependent territories
“UK Listing Rules”	the rules and regulations made by the Financial Conduct Authority and contained in the Financial Conduct Authority’s publication of the same name, as amended from time to time

APPENDIX - TAXATION

The following summary is intended to apply as a general guide to certain UK tax consequences for UK tax resident Shareholders electing to receive New Ordinary Shares.

This summary is based on current UK tax law and HMRC practice (which may not be binding on HMRC) as at 26 August 2025, both of which are subject to change, possibly with retrospective effect. It is not an exhaustive summary of all applicable legislation. The statements below relate only to certain limited aspects of the UK tax treatment of, and are intended to apply only to, Shareholders who are resident solely in the UK for UK tax purposes, except where the position of non-UK tax resident Shareholders is referred to expressly. They apply only to Shareholders who hold Ordinary Shares as investments and who are the absolute beneficial owners of such shares and any distributions paid on them. The statements may not apply to certain classes of person such as (but not limited to) trustees, persons acquiring shares in connection with an office or employment, persons holding shares through trust arrangements, dealers in securities, banks, insurance companies and collective investment schemes. The statements below do not consider the position of corporate Shareholders who are beneficially entitled, directly or indirectly, to 10 per cent. or more of the dividends paid by the Company or the Company's share capital, or which control, directly or indirectly, 10 per cent. or more of the voting rights in the Company. Unless expressly stated, it does not anticipate the effect (if any) of any changes in taxation which may be introduced after the date of this document.

The precise tax consequences for a Shareholder receiving New Ordinary Shares in lieu of a cash dividend will depend on the Shareholder's individual personal circumstances. If you are in any doubt as to your position, you are strongly advised to consult your tax adviser before taking any action.

Dividends paid by REITs—PID/Non-PID

The Company is the principal company of a group UK REIT. As a result, the Group does not pay UK direct taxes on income profits and capital gains from its qualifying property rental business ("**Tax Exempt Business**"), provided certain conditions are satisfied. Instead, the Company is required to distribute to Shareholders at least 90 per cent. of the income profits of the Tax Exempt Business (as determined by the legislation) arising each accounting period. This obligation is fulfilled by way of a PID, which can be distributed in cash or as New Ordinary Shares and (with some exceptions) will in either case be subject to withholding tax (currently at the rate of 20 per cent.).

Corporation tax is payable in the normal way in respect of profit and gains from other parts of the Group's business (the "**Residual Business**") and a dividend relating to the Residual Business (as determined by the legislation), or

Non-PID, is treated for UK tax purposes as a normal dividend (whether in cash or as New Ordinary Shares).

Dividends may be paid as PIDs, Non-PIDs, or a mixture of both. As described below, a Scrip Dividend Alternative will be subject to different tax treatment depending on whether they are paid as PIDs or Non-PIDs. The following paragraphs outline the main aspects of the tax treatment of PIDs and Non-PIDs in the hands of a UK tax resident Shareholder.

1. Taxation of PIDs

For the purposes of this section, the value attributed to PIDs is (i) in the case of a PID in the form of New Ordinary Shares, the Cash Equivalent of the New Ordinary Shares and (ii) in the case of a PID in the form of cash, the amount of that cash PID, in both cases before any applicable obligation to make a withholding on account of tax.

(A) UK resident individuals

Income tax

PIDs received by individuals who are resident solely in the UK for UK tax purposes will generally be treated as the profit of a single UK property business, irrespective of whether the PID is paid in cash or as New Ordinary Shares. The PID is, together with any other PIDs from any other UK REITs, treated as a separate UK property business from any other 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.

The PID will be subject to income tax at the Shareholder's marginal rate (currently in England, basic rate 20 per cent.; higher rate 40 per cent.; additional rate 45 per cent., but rates in Scotland and Wales may differ) less any personal allowance. Neither the £500 dividend allowance (see paragraph 2.(A)) nor the £1,000 property allowance applies to PIDs.

Capital gains tax

The receipt of New Ordinary Shares will not give rise to an immediate charge to capital gains tax ("**CGT**"). Individual Shareholders who receive a PID in the form of New Ordinary Shares will be treated as having acquired those New Ordinary Shares for their Cash Equivalent—that will be their base cost.

Higher and additional rate taxpayers are currently subject to CGT at the rate of 24 per cent. and basic rate taxpayers at the rate of 18 per cent. on gains realised. In both cases this is subject to the annual exempt amount (currently £3,000) and any available exemptions, reliefs or losses.

(B) UK resident companies

Corporation tax (profits)

PIDs received by Shareholders that are within the charge to corporation tax will generally be treated as the profit of a UK property business, irrespective of whether the PID is paid in cash or as New Ordinary Shares. The PID is, together with any other PIDs from any other UK REITs, treated as a separate UK property business from any other UK property business carried on by the 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.

Corporation tax (chargeable gains)

Shareholders that are within the charge to corporation tax receiving a PID in the form of New Ordinary Shares will be treated as having acquired those New Ordinary Shares for their Cash Equivalent. The corporation tax regime will apply in the normal way to subsequent disposals.

(C) Charities, individual savings accounts, registered pension schemes and other UK resident gross funds

PIDs paid in respect of Ordinary Shares held in an exempt fund (such as registered pension schemes and charities) or individual savings accounts are generally not subject to tax. If any tax is withheld at source it may be reclaimed from HMRC.

(D) Withholding tax

General

Subject to certain exceptions outlined below, the Company is required to withhold tax at source from PIDs at the basic rate of income tax (currently 20 per cent.), irrespective of whether the PID is paid in cash or as New Ordinary Shares. In the case of a PID paid in cash, the Company will provide Shareholders with a certificate setting out the gross amount of the PID, the amount of tax withheld, and the net amount of the PID. In the case of a PID paid as New Ordinary Shares, the Company will provide Shareholders with a Scrip Statement showing details of the New Ordinary Shares issued.

For a worked example of the operation of the withholding tax in the case of a PID paid as New Ordinary Shares, please see paragraph 6(B) in the section of this document entitled "Description of the Scrip Dividend Scheme".

UK individual shareholders

When tax has been withheld at source, individual Shareholders may, depending upon their particular circumstances, be liable to further tax at their applicable

marginal rate, or may be entitled to claim repayment of some or all of the tax withheld.

UK company shareholders

In the exceptional event that tax is withheld at source on a PID paid to a Shareholder within the charge to corporation tax, the tax withheld can be offset against such Shareholder's liability to corporation tax in the accounting period in which the PID is received.

Charities, individual savings accounts, registered pension schemes and other UK resident gross funds

In the exceptional event that tax is withheld at source on a PID paid to a Shareholder whose Ordinary Shares are held in an exempt fund (such as a registered pension scheme and charities) or individual savings accounts, the tax withheld may be reclaimed from HMRC.

Exceptions

The Company is not required to withhold income tax at source from a PID if it reasonably believes that (i) the person beneficially entitled to the PID is a company (other than an authorised investment fund which is a "tax elected fund") resident for tax purposes in the UK (or resident outside the UK but required to bring the PID into account in computing the taxable profits of a permanent establishment in the UK subject to corporation tax) or is a charity, local authority or specified government body; (ii) the PID is paid to the scheme administrator of a registered pension scheme, the sub-scheme administrator of certain pension sub-schemes, or the account manager of an Individual Savings Account (ISA), and will be applied for the purposes of the relevant scheme, sub-scheme or account; or (iii) the body beneficially entitled to the PID is a partnership, each member of which falls within one of the foregoing exceptions. In the case of a Shareholder which is a partnership, where the Company (a) reasonably believes that a partner in that partnership falls within (i) or (ii) above, (b) has a reasonable belief as to the proportion of profits to which that partner is entitled, and (c) reasonably believes that arrangements exist that will result in each partner being attributed the appropriate withholding (if applicable), the Company may elect not to withhold on such proportion of a PID payable to a partnership which is attributable to a partner which falls within (i) or (ii).

In order to receive PIDs free of withholding tax, Shareholders that fall within one of the exceptions above should submit a valid "Declaration of Eligibility" (copies of which are available on request from the Registrar). The relevant form must be lodged with the Registrar no later than the record date for the relevant dividend. Shareholders should note that the Company may seek recovery from Shareholders if the statements made in their claim form are incorrect and the Company suffers tax as a result.

2. Taxation of non-PIDs

(A) UK resident individuals

Income tax

Individuals who elect to receive a Non-PID in the form of New Ordinary Shares will be treated as having received the Cash Equivalent.

The first £500 of a taxpayer's dividend income is exempt from income tax, but does not reduce total taxable income. As a result, dividends within the allowance count as taxable income when determining how much of the basic rate band or higher rate band has been used.

The amount an individual is treated as having received that is in excess of the tax-free allowance will be taxed at 8.75 per cent. where it falls within an individual's basic rate band, 33.75 per cent. where it falls within an individual's higher rate band and 39.35 per cent. where it is taxed as additional rate income.

Capital gains tax

The receipt of New Ordinary Shares will not give rise to an immediate charge to CGT. For the purpose of computing an individual's CGT liability upon a future sale of the New Ordinary Shares, the Cash Equivalent will be treated by HMRC as the base cost in the New Ordinary Shares.

Higher and additional rate taxpayers are subject to CGT at the rate of 24 per cent. and basic rate payers at the rate of 18 per cent. on gains realised. In both cases this is subject to any available exemptions, reliefs or losses.

(B) UK resident companies

Corporation tax (profits)

For a UK tax resident corporate Shareholder, corporation tax will generally not be chargeable on the receipt of a Non-PID irrespective of whether it is paid as New Ordinary Shares or a cash dividend.

Corporation tax (chargeable gains)

Non-PID New Ordinary Shares received by Shareholders within the charge to corporation tax are treated as acquired when the existing Ordinary Shares were acquired. The calculation of any chargeable gains on a disposal of a UK resident company's shareholding will, therefore, be made by reference to the base cost of the original shareholding only.

(C) Charities, individual savings accounts, registered pension schemes and other UK resident gross funds

Non-PIDs paid on shares held in exempt funds (such as registered pension schemes and charities) or individual

savings accounts are generally not subject to UK tax on dividends. This is the same whether New Ordinary Shares or a cash dividend is taken.

3. Stamp duty and stamp duty reserve tax

No stamp duty or stamp duty reserve tax will be payable on the issue of the New Ordinary Shares.

4. Cash Equivalent

If the Cash Equivalent of the New Ordinary Shares is determined in accordance with the London Stock Exchange market value (see the definition of Cash Equivalent in the Glossary), Shareholders will be sent a notice of the revised valuation which they should keep with their share certificate(s). This revised value is used for both income tax and CGT purposes.

5. Fluctuation in market value of Ordinary Shares and amount of withholding tax

The market value of the New Ordinary Shares at the time of issue may differ from the Scrip Calculation Price, and accordingly the market value of those additional New Ordinary Shares that would have been issued to the Shareholder absent any withholding tax requirement may not equate to the actual amount of withholding tax that the Company is required to account for to HMRC and in respect of which the Shareholder may be entitled to credit. No additional payment will be made to, or sought from, a Shareholder in respect of any such difference.