

**IMPORTANT: IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS
PROSPECTUS YOU SHOULD CONSULT A FINANCIAL ADVISER**

MGTS ST. JOHNS PROPERTY ICVC

**(an open-ended investment company with variable capital incorporated with limited liability
and registered in England and Wales under registered number
IC000954)**

PROSPECTUS

13 September 2023

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**PROSPECTUS
OF
MGTS ST. JOHNS PROPERTY ICVC**

This document constitutes the Prospectus for MGTS St. Johns Property ICVC (the "Company") which has been prepared in accordance with the terms of the rules contained in the Collective Investment Schemes Sourcebook (the "FCA Regulations") published by the FCA as part of their Handbook of rules made under the Financial Services and Markets Act 2000 (the "Act").

The Prospectus is dated and is valid as at 13 September 2023.

A copy of this prospectus can be obtained from Margetts Fund Management Limited at the address listed under Section 5.1.2 during normal business hours at no cost.

Copies of this Prospectus have been sent to the FCA and the Depositary.

The Prospectus is based on information, law and practice at the date hereof. The Company is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published prospectus.

Margetts Fund Management Limited, the ACD of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the FCA Regulations to be included in it.

No person has been authorised by the Company to give any information or to make any representations in connection with the offering of shares other than those contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been made by the Company. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date hereof.

The distribution of this Prospectus and the offering of shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Company to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The shares described in this Prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended the United States Investment Company Act of 1940 or the securities laws of any of the states of the United States. The shares may not be offered, sold or delivered directly or indirectly in the United States or to the account or benefit of any US Person (as defined below).

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of shares.

The provisions of the Instrument of Incorporation are binding on each of the shareholders and a copy of the Instrument of Incorporation is available on request.

The distribution of this Prospectus in certain jurisdictions may require that this Prospectus is translated into the official language of those countries. Should any inconsistency arise between the translated version and the English version, the English version shall prevail.

DEFINITIONS

"Accumulation Share"	paying shares, denominated in base currency, in the Company as may be in issue from time to time in respect of which income allocated thereto is credited periodically to capital pursuant to the FCA Rules or accounted for by the Company;
"ACD"	Margetts Fund Management Limited, the Authorised Corporate Director of the Company;
"Act"	Financial Services and Markets Act 2000;
"AIF"	an 'Alternative Investment Fund'; a collective investment scheme which is authorised by the Financial Conduct Authority and therefore meets the standards set by the Financial Conduct Authority to enable the scheme to be marketed to the public within the UK and which complies with the Alternative Investment Fund Managers Directive, as implemented or given direct effect in the UK;
"AIFM"	Margetts Fund Management Ltd, the alternative investment fund adviser of the company;
"AIFMD"	Alternative Investment Fund Managers Directive, as implemented or given direct effect in the UK;
"Approved Derivative"	an approved derivative is one which is traded or dealt on an eligible derivatives market and any transaction in such a derivative must be effected on or under the rules of the market;
"COLL"	the Collective Investment Scheme Sourcebook made by the FCA pursuant to the Financial Services and Markets Act 2000, as amended from time to time;
"Company"	MGTS St. Johns Property ICVC;
"Conversion"	A conversion is where units or shares in one "class" of an asset are exchanged for units or shares in another "class" of the same asset where the investment strategy employed across those classes is identical.

Key rules applied to a Conversion

- Unit/Share Groupings are unaffected
- Not CGT chargeable events for Shareholders
- Value of the Sub-fund is not impacted

"Corporate Investor"	means any body corporate as defined in the PAIF Regulations, including, without limitation, a body corporate constituted under the law of a country or territory outside the United Kingdom or, an entity which is treated as a body corporate for tax purposes (i) in accordance with the law of a territory outside the UK with which relevant arrangements have been entered into, or (ii) in accordance with an international agreement containing relevant arrangements;
"Dealing Day"	Monday to Fridays excluding UK public and bank holidays;
"Depository"	The Bank of New York Mellon (International) Limited, the depository of the Company;
"EEA"	means the European Economic Area;
"Eligible Markets"	means eligible markets as defined in the FCA Regulations and as set out in Appendices 3 and 4;
"EPM"	means efficient portfolio management as defined in the FCA COLL sourcebook and in accordance with article 11 of the UCITS eligible assets Directive, , as implemented or given direct effect in the UK. These techniques and instruments relate to transferrable securities and approved money market instruments and are economically appropriate as they are realised in a cost effective way. The purpose must be to reduce risk and / or reduce cost and / or generate additional capital or income with a risk level which is consistent to the investment objective and the risk diversification rules laid down in the COLL sourcebook;
"EU"	means the European Union;
"EU Primary Law"	means any regulation, directive and decision as laid out in art. 288 of the TFEU;
"EU Secondary Law"	means any delegated acts and implementing acts adopted in accordance with art. 290 and 291 of the TFEU, and all the applicable technical and regulatory standard, guidance and codes of practice issued by the relevant EU supervisory authority and bodies;
"EU Withdrawal Act"	means the European Union (Withdrawal) Act 2018 as amended, supplemented or replaced from time to time;
"F Accumulation Share"	accumulation shares in the Company that have been designated specifically for investment by the Feeder Fund and which are available only for investment by it.

"F Income Share"	income shares in the Company that have been designated specifically for investment by the Feeder Fund and which are available only for investment by it.
"FIIA"	a fund that invests in inherently illiquid assets. An FIIA is defined as (a) the investment objectives and policy published in the instrument constituting the fund and the prospectus aim to invest at least 50% of the value of the scheme property in inherently illiquid assets; or (b) at least 50% of the value of the scheme property has been invested in inherently illiquid assets for at least three continuous months in the last twelve months.
"Feeder Fund"	means MGTS St. Johns Property Authorised Trust, an FCA authorised unit trust fund which invests in the Company;
"FCA"	the Financial Conduct Authority;
"FCA Regulations"	the rules contained in the Collective Investment Schemes Sourcebook of the FCA Rules;
"FCA Rules"	the FCA handbook of rules made under the Act and are currently referred to as 'COLL Rules';
"FUND"	the Investment Funds Sourcebook made by the FCA, pursuant to the Financial Services and Markets Act 2000, as amended from time to time, which details the requirements for Funds covered by AIFMD.
"GDPR"	means Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, as modified, amended and re-enacted from time to time (the "EU GDPR"), as it forms part of the law of the UK by virtue of section 3 of the European Union (Withdrawal) Act 2018, as amended, modified and reinstated from time to time, and any succeeding UK law or regulation which becomes enforceable by law from time to time;
"Income Share"	paying shares, denominated in base currency, in the Company as may be in issue from time to time in respect of which income allocated thereto is distributed periodically to the holders thereof pursuant to the FCA Rules or accounted for by the Company;
"Inherently Illiquid Asset"	as asset that meet's the FCA's definition of being inherently illiquid;
"Investment Manager"	the investment manager to the ACD;
"MiFID II"	Markets in Financial Instruments Directive (2014/65/EU), as implemented or given direct effect in the UK, and Markets in Financial Instruments Regulations (600/2014/EC), as modified and introduced into the law of the UK by the Markets in Financial Instruments

	(Amendment) (EU Exit) Regulations 2018, as modified by the subsequent legislation, and as re-enacted, applied, amended or superseded from time to time;
"Net Asset Value" or "NAV"	the value of the Scheme Property of the Company (or of any Sub-fund as the context requires) less the liabilities of the Company or the Sub-fund concerned as calculated in accordance with the Company's Instrument of Incorporation;
"Non-UCITS"	Not established under the regulations implementing the European Union's UCITS (undertakings for collective investments in transferrable securities) directive.
"OEIC Regulations"	the Open-Ended Investment Companies Regulations 2001;
"PAIF"	means a property authorised investment fund which complies with the PAIF Regulations;
"PAIF Regulations"	Part 4A of the Authorised Investment Fund (Tax) Regulations 2006 (as amended);
"REIT" or "Real Estate Investment Trust"	means a real estate investment trust which invests in commercial and residential property;
"Regulated Activities Order"	the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;
"Scheme Property"	the property of the Company to be given to the Depositary for safe-keeping, as required by the FCA Regulations;
"Share Class"	a particular class of shares as described in Section 4;
"Standing Independent Valuer"	Lambert Smith Hampton Group Limited or such other standing independent valuer appointed by the Company from time to time;
"Sub-fund" or Sub-funds"	a Sub-fund of the company (being part of the Scheme Property of the Company which is pooled separately) and to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to that Sub-fund;
"Switch"	A switch is where units or shares in one "asset or Sub-fund" are exchanged for units or shares in a different "asset or Sub-fund".

Key rules applied to a Switch

- Group 1 Units/Shares become Group 2
- CGT chargeable events for Shareholders
- Value of Funds are affected

“TFEU”	means the Treaty on the Functioning of the European Union, as amended and come into force on 1 December 2009, following the ratification of the Treaty of Lisbon;
"UK"	means England, Scotland, Wales, Northern Ireland, the Channel Islands and the Isle of Man;
“US Persons”	a citizen or resident of the United States of America, its territories and possessions including the State and District of Columbia and all areas subject to its jurisdiction (including the Commonwealth of Puerto Rico), any corporation, trust, partnership or other entity created or organised in or under the laws of the United States of America, any state thereof or any estate or trust the income of which is subject to United States federal income tax, regardless of source. The expression also includes any person who falls within the definition of “US Person” as defined in rule 902 of regulation S of the United States Securities Act 1933; and
"Valuation Point"	the point, on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company for the purpose of determining the price at which Shares of a Share Class may be issued, cancelled or redeemed. The current Valuation Point is 12.00 p.m. London time on each Dealing Day with the exception of a bank holiday in England and Wales.

As a result of the UK’s withdrawal from the European Union on 31 January 2020, and in relation to any time after the end of the transition period on 31 December 2020, unless specified otherwise, references in this Prospectus to any EU Primary or Secondary Law and or to any EEA or EU institution shall, in relation to anything done or to be done in or subject to the laws of the UK or any part thereof, be construed as references to the equivalent provision of EU Primary or Secondary Law that will be retained under the laws of the UK or to any relevant UK body that has been substituted for such EEA or EU institution, whether under power conferred by the EU Withdrawal Act, or otherwise by any legislation adapted or implemented in the UK following the UK’s withdrawal from the EU.

1 **The Company**

- 1.1 MGTS St. Johns Property ICVC is an investment company with variable capital, incorporated in England and Wales on 14 September 2012 under registered number IC000954 and authorised by the FCA (Product Reference Number PRN 582003) with effect from 14 September 2012. The MGTS St. Johns High Income Property Fund is a Sub-fund and authorised by the FCA (Product Reference Number PRN 639281) with effect from 14 September 2012.
- 1.2 Sub-funds of the Company may be established as property authorised investment funds (“PAIFs”) which means that the investment objective of such a Sub-fund is to carry on property investment business and to manage cash from investors for investment in property investment business. Sub-funds may elect to be treated as PAIFs for tax purposes.
- 1.3 The Head Office of the Company is at 1 Sovereign Court, Graham Street, Birmingham B1 3JR and is also the address of the place in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.
- 1.4 The base currency of the Company is pounds (£) sterling.
- 1.5 The maximum share capital of the Company is currently £10,000,000,000 and the minimum is £1,000. Shares in the Company have no par value and therefore the share capital of the Company at all times equals the Company’s current net asset value.
- 1.6 Shareholders in the Company are not liable for the debts of the Company.
- 1.7 The Company has been established as an "umbrella company" (under the OEIC Regulations) and therefore different Sub-funds may be formed by the ACD, subject to approval from the FCA. On the establishment of a new Sub-fund or Share Class an updated prospectus will be prepared setting out the relevant information concerning the new Sub-fund. The Company is a Non-UCITS Retail Scheme meaning that it is authorised by the FCA and therefore meets the standards set by the FCA to enable the scheme to be marketed to the public within the UK, but which does not comply with the conditions necessary for it to benefit from certain passporting rights under the UCITS Directive.
- 1.8 The Prospectus and instrument of incorporation together provide a description of the legal implications of the contractual relationship entered into for the purpose of investment.
- 1.9 The Company has an unlimited duration.

2 **Nature of a PAIF**

- 2.1 A PAIF is a type of authorised investment fund which is compliant with, and subject to, the PAIF Regulations. The PAIF Regulations determine the type of investors that the Company may attract, the types of assets it may invest in, the investment objectives and policies the Company may follow, and the Company’s approach to income distribution.

- 2.2 In order to qualify as a PAIF, the PAIF Regulations require that the investment objective must be to carry on property investment business and to manage cash from investors for investment in property investment business. The investment objective and policy of the Sub-funds are set out in Appendix 1.
- 2.3 One condition of the PAIF Regulations is that no body corporate may seek to obtain or intentionally maintain a holding of more than 10% of the net asset value of the Company. Should this situation arise, the ACD is entitled to delay redemption or cancellation of shares in accordance with Section 19.2 if the ACD reasonably considers such action to be:
- necessary in order to enable an orderly reduction of the holding to below 10%, and;
- in the interests of shareholders as a whole.
- 2.4 Notice has been given to HMRC for the Company to be treated as a PAIF. The benefit of such treatment is that the Company itself is exempt from corporation tax on property income and gains meaning that shareholders will be subject to the same level of tax as if they were direct investors in the underlying immovable property.

3 Company Structure

As explained above the Company is a "Non-UCITS Retail scheme" and an "umbrella company" for the purposes of the OEIC Regulations. The assets of each Sub-fund within the Company are treated as separate from those of every other Sub-fund and will be invested in accordance with that Sub-fund's own investment objective and policy.

- 3.1 Details of the Company, including its investment objective and policy are set out in Appendix 1. **The Company may invest in derivatives for Efficient Portfolio Management.**
- 3.2 Details of the Sub-funds, including their investment objectives and policies are set out in Appendix 1.
- 3.3 Each Sub-fund has a specific portfolio of assets and investments, and its own liabilities, and investors should view each Sub-fund as a separate investment entity.
- 3.4 Each Sub-fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Sub-fund.
- 3.5 Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-fund may be allocated by the ACD in a manner which is fair to shareholders as a whole but they will normally be allocated to all Sub-funds pro rata to the value of the net assets of the relevant Sub-funds.
- 3.6 Under the FCA Regulations, the ACD is required to determine which one of the following three categories the changes to Sub-fund's operation fall within:
- Fundamental events which change the nature of the Sub-fund or the basis on which the investor invested. For example changes to an investment objective, its risk profile or something that would cause material prejudice to the investors would require investor approval.

Significant events which would materially affect an investor's investment, result in increased payments out of the Sub-fund, or could reasonably be expected to cause investors to reconsider their participation in the Sub-fund. Those should be notified pre-event to investors and in sufficient time to enable them to leave the Sub-fund, if they wish, before the change takes effect. 60 days minimum notice is required for these changes.

Notifiable events for which the ACD would decide when and how the investor should be notified, depending on the type of event. In these cases notification could be after the event.

Any changes to the maximum level of leverage that a Sub-fund may employ, any introduction of the right of reuse of collateral or any introductions of a guarantee granted under the leveraging arrangements by the Sub-fund will be considered as a significant or fundamental event and notified to investors accordingly.

4 Shares

- 4.1 The Share Classes presently available for each Sub-fund are set out in Appendix 1. Further Share Classes may be made available in due course, as the ACD may decide.
- 4.2 The minimum initial investment for each Share Class is set out in Appendix 1. These limits may be waived at the discretion of the ACD.
- 4.3 The Company issues Income Shares and Accumulation Shares. Income Shares are entitled to receive distributions of income periodically. Such distributions will be made by electronic bank transfer unless the ACD and shareholder(s) agree otherwise. Accumulation Shares credit any income allocated to them to capital. Class F Income Shares and Class F Accumulation Shares are only available to be issued to the Feeder Fund.
- 4.4 When available, shareholders are entitled (subject to certain restrictions) to convert all or part of their shares in one Sub-fund for shares in a different Sub-fund. Details of this converting facility and the restrictions are set out in Sections 13 and 14.3.

5 Management and Administration

5.1 Authorised Corporate Director

The Authorised Corporate Director of the Company is Margetts Fund Management Limited which is a private company limited by shares incorporated in England and Wales under the Companies Act 1985. The ACD was incorporated on 12 February 2001 with company number 04158249. The ACD is also the Company's Alternative Investment Fund Adviser ("AIFM") as defined in FUND.

Registered Office and Head Office:

1 Sovereign Court
Graham Street
Birmingham
B1 3JR

Share Capital: Issued and paid up 273,000 Ordinary £1 shares

5.1.3 The ACD is responsible for managing and administering the Company's affairs in compliance with the FCA Regulations. All notices and documentation will be issued by post to the registered address of the primary shareholder unless otherwise stated within the prospectus.

5.1.4 The ACD complies with the requirements of providing cover for professional liability risks set out in article 12 of the AIFMD level II regulation by maintaining an amount of own funds as required by article 14 of the AIFMD level II regulation.

As at the date of this Prospectus, the ACD acts as such for the following additional open ended investment companies:

MGTS AFH DA Fund
The MGTS Clarion Portfolio Fund
MGTS Future Money ICVC
MGTS AFH Tactical Core Fund
MGTS iBOSS Fund
MGTS Tempus Fund
MGTS Wealth Solutions Fund
The Blenheim Fund
The Prima Fund
The MGTS Sentinel Fund
MGTS IDAD Fund
MGTS Progeny Fund
MGTS Progeny Profolio Model Fund
MGTS Progeny Profolio Global Fund
MGTS Qualis Fund
MGTS Aequitas Fund
MGTS SIIIION Investment Fund

and as manager for the following authorised unit trusts:

Margetts International Strategy Fund
Margetts Opes Growth Fund
Margetts Opes Income Fund
Margetts Providence Strategy Fund
Margetts Select Strategy Fund
Margetts Venture Strategy Fund
MGT St Johns Property Authorised Trust

5.2 **Terms of Appointment**

The ACD was appointed by an agreement dated 1 December 2012 between the Company and the ACD (the "ACD Agreement"). The ACD Agreement provides that the appointment of the ACD is for an initial period of three years and thereafter may be terminated upon one years' written notice by either the ACD or the Company, although in certain circumstances the ACD Agreement may be terminated forthwith by notice in writing by the ACD to the Company or the Depositary, or by the Depositary or the Company to the ACD. Termination cannot

take effect until the FCA has approved the appointment of another authorised corporate director in place of the retiring ACD.

The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or realising any outstanding obligations. No compensation for loss of office is provided for in the ACD Agreement. The ACD Agreement provides indemnities to the ACD other than for matters arising by reason of its negligence, default, breach of duty or breach of trust in the performance of its duties and obligations.

The fees to which the ACD is entitled are set out in Sections 31 and 32.

The main business activities of the ACD are the provision of discretionary investment management services to retail clients and professional clients and acting as a manager to authorised unit trusts.

The directors of the ACD are listed in Appendix 7.

No executive director is engaged in any significant business activity not connected with the business of the ACD or other Margetts Holdings Limited subsidiaries.

A copy of the contract of service between the ICVC and the ACD is available to shareholders on request by contacting the ACD at their registered office.

6 The Depositary

- 6.1 The Depositary of the Company is The Bank of New York Mellon (International) Limited, a private company limited by shares incorporated in England and Wales on 9 August 1996. Its ultimate holding company is The Bank of New York Mellon Corporation, a public company incorporated in the United States.
- 6.2 The registered and head office of the Depositary is at 160 Queen Victoria Street, London, EC4V 4LA..
- 6.3 The principal business activity of the Depositary is the provision of custodial, banking and related financial services. The Depositary is authorised by the Prudential Regulation Authority and is dual-regulated by the FCA and the Prudential Regulation Authority.
- 6.4 The Depositary is responsible for monitoring cash flows and for the safekeeping of all the Scheme Property (other than tangible movable property) of the Company and has a duty to take reasonable care to ensure that the Company is managed in accordance with the Instrument of Incorporation and the provisions of the FCA Regulations relating to the pricing of, and dealing in, Shares and relating to the income and the investment and borrowing powers of the Company.
- 6.5 The Depositary acts as global custodian and is permitted to delegate (and authorise its delegate to sub-delegate) the safekeeping of Scheme Property. The Depositary has delegated safekeeping of the Scheme Property to The Bank of New York Mellon SA/NV and The Bank of New York Mellon (the “Global Sub-Custodian”).

6.6

Terms of Appointment

Subject to the FCA Regulations and the agreement between the Company and BNY Mellon Trust & Depositary (UK) Limited dated 08 February 2016 as novated in favour of the Depositary with effect from 01 February 2018, the Depositary has full power under the Depositary Agreement to delegate (and authorise its delegate to sub-delegate) all or any part of its duties as depositary.

The ACD, BNY Mellon Trust & Depositary (UK) Limited and the Company entered into an amended and restated Depositary Agreement dated 15 July 2014 as novated in favour of the Depositary with effect from 01 February 2018, pursuant to which the ACD and the Depositary agree to carry out various functions in order to comply with, and facilitate compliance with, the requirements of AIFMD.

The Depositary Agreement may be terminated by not less than three months' prior written notice provided that no such notice will take effect until the appointment of a successor to the Depositary.

To the extent permitted by the FCA Regulations, the Company will indemnify the Depositary (or its associates) against costs, charges, losses and liabilities incurred by it (or its associates) in the proper execution, or in the purported proper execution, or exercise (reasonably and in good faith) of the Depositary's duties, powers, authorities and discretions, except in the case of any liability for a failure to exercise due care and diligence in the discharge of its functions.

The Depositary is entitled to receive remuneration out of the Scheme Property for its services, as set out in section 34 of this Prospectus. The Depositary (or its associates or any affected person) is under no obligation to account to the ACD, the Company or the shareholders for any profits or benefits it makes or receives that are made or derived from or in connection with the dealings of Shares of the Company, any transaction in Scheme Property or the supply of services to the Company.

7

The Investment Manager

The ACD has appointed St Johns Asset Management Ltd to provide investment advisory services to the ACD.

St Johns Asset Management Ltd is an investment management and investment advisory firm authorised and regulated by the Financial Conduct Authority.

7.1

Terms of Appointment

The Investment Manager was appointed by an agreement dated 1 March 2016 between the ACD and the Investment Manager (the "Investment Management Agreement").

Portfolio management functions and marketing of the Sub-fund have been delegated by the ACD to the Investment Manager. The Investment Manager will manage, buy, sell, retain, convert, exchange or otherwise deal in the assets of the Sub-fund in such types of investment on such markets and in such proportions as and when the Investment Manager deems appropriate to exercise its discretion in achieving the investment objectives of the Company whilst always adhering to the terms of this prospectus and FCA requirements. and subject to the objectives and

restrictions in Appendices 1 and 2, to make all day to day decisions on behalf of the ACD and otherwise to act as it judges fits with a view to meeting the investment objectives of the Company as set out in Appendix 1.

The Investment Management Agreement may be terminated on six months' written notice by the Investment Manager or the ACD or immediately by the ACD if it is in the interests of the shareholders.

Under the Investment Management Agreement, the ACD provides indemnities to the Investment Manager, (except in the case of any matter arising as a direct result of its fraud, negligence, default or bad faith). The ACD may be entitled under the indemnities in the ACD Agreement to recover from the Company amounts paid by the ACD under the indemnities in the Investment Management Agreement.

Under the Investment Management Agreement, the Investment Manager is entitled to delegate functions to appropriately authorised or qualified persons, including to persons or entities within the same group as the Standing Independent Valuer.

Its registered office is at AFH House, Buntsford Drive, Stoke Heath, Bromsgrove, Worcestershire, B60 4JE. The principal activity of the Investment Manager is acting as discretionary investment manager.

The fees and expenses of the Investment Manager (plus VAT thereon) will be paid by the ACD out of its remuneration under the ACD Agreement.

8 **The Auditor**

The Auditors of the Company are Shipleys LLP, whose address is 10 Orange Street, Haymarket, London WC2H 7DQ.

9 **The Standing Independent Valuer**

9.1 **Registered Office/Head Office**

Lambert Smith Hampton Group Limited
Interchange Place, Edmund St, Birmingham, B3 2TA.

9.2 **Term of Appointment**

The Standing Independent Valuer was appointed by an agreement dated 7 November 2012 and made between the ACD and the Standing Independent Valuer.

Pursuant to that agreement, the Standing Independent Valuer is contracted to provide independent valuations in accordance with this Prospectus and COLL.

The Standing Independent Valuer's appointment may be terminated by either party on giving 30 days' notice, except that the ACD may terminate the agreement with immediate effect where it is in the interests of shareholders to do so.

The Standing Independent Valuer will be remunerated on the following basis, unless otherwise specifically agreed in the interests of shareholders:

- annual valuation reports and monthly desktop valuations 0.0675% of Market Value subject to a minimum fee of £1,200 per property plus VAT.
-

The Standing Independent Valuer reserves the right to review the above charges annually. Out of pocket expenses and disbursements in respect of the services shall be payable by the Company. Payments are due on issue of the invoice and the final payment date is 30 days' from the date of issue of the invoice.

The Company is required to indemnify the Standing Independent Valuer for any liability, losses, damages, penalties, fines, costs and expenses (including legal costs and expenses) suffered or incurred by the Standing Independent Valuer occurring out of or by virtue of:

- the breach by the Company of any of its obligations the agreement between Company and Standing Independent Valuer;
- the Company's instructions (other than any losses, damages, costs and expenses arising by virtue of the negligence or wilful default of the Standing Independent Valuer or its employees or agents).

The Standing Independent Valuer (or an associate) will have the following ongoing involvement with the Company:

- Standard Independent Valuer is to be engaged to provide acquisition advice on behalf of MGTS St. Johns High Income Property Fund; and
- In the event that Standard Independent Valuer has provided other property related advice in respect of the properties within the portfolio; this will be confirmed within each report to the Company.

In performing its obligation as Standing Independent Valuer conflicts of interest between these roles have been considered and dealt with in accordance with RICS Red Book rules and shall not compromise independence and objectivity.

The Standard Independent Valuer is obliged to act independently from the ACD and the Depository.

10 **Administrator and Register of Shareholders**

The ACD has delegated the role of administrator for the Company to Margetts Fund Management Limited, 1 Sovereign Court, Graham Street Birmingham B1 3JR.

The Register of Shareholders is maintained at 1 Sovereign Court, Graham Street, Birmingham, B1 3JR and may be inspected at that address during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

11 **Conflicts of Interest**

The ACD, the Depository and the Investment Manager are or may be involved in other financial, investment and professional activities which may, on occasion, cause conflicts of interest with the management of the Company. In addition, the Company may enter into transactions at arm's length with companies in the same group as the ACD.

For the purposes of this section, the following definitions shall apply:

“Link” means a situation in which two or more natural or legal persons are either linked by a direct or indirect holding in an undertaking which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of the undertaking in which that holding subsists.

“Group Link” means a situation in which two or more undertakings or entities belong to the same group within the meaning of Article 2(11) of Directive 2013/34/EU as implemented or given direct effect in the UK, or international accounting standards adopted in accordance with Regulation (EC) No. 1606/2002, as it forms part of the law of the UK by virtue of the EU Withdrawal Act 2018, as amended, modified and reinstated from time to time, and any succeeding UK law or regulation which becomes enforceable by law from time to time.

The following conflicts of interests may arise between the Depositary, the Company and the ACD:

A Group Link where the ACD has delegated certain administrative functions to an entity within the same corporate group as the Depositary.

The Depositary shall ensure that policies and procedures are in place to identify all conflicts of interests arising from such Group Links and shall take all reasonable steps to avoid such conflicts of interests. Where such conflicts of interests cannot be avoided, the Depositary and the ACD will ensure that such conflicts of interests are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Company and its shareholders.

To the extent that a Link exists between the Depositary and any shareholders in the Company, the Depositary shall take all reasonable steps to avoid conflicts of interests arising from such Link.

Delegation

The following conflicts of interests may arise as a result of the delegation arrangements relating to safekeeping outlined above:

A Group Link where the Depositary has delegated the safekeeping of the Scheme Property to an entity within the same corporate group as the Depositary.

The Depositary shall ensure that policies and procedures are in place to identify all conflicts of interests arising from such Group Links and shall take all reasonable steps to avoid such conflicts of interests. Where such conflicts of interests cannot be avoided, the Depositary and the Custodian will ensure that such conflicts of interests are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Company and its shareholders.

Delegation of Safekeeping Functions

The Depositary is permitted to delegate (and authorise its delegate to sub-delegate) the safekeeping of Scheme Property.

The Depositary has delegated safekeeping of the Scheme Property to the Global Sub-Custodian. In turn, the Global Sub-Custodian may sub-delegate the custody

of assets in certain markets in which the Company may invest to various sub-delegates (“Sub-Custodians”). A list of Sub-Custodians can be found on the website: [2023.08.02 Sub Custodian List.pdf \(mgtsfunds.com\)](#). A paper copy of this is available free of charge upon request by writing to the compliance officer at 1 Sovereign Court, Graham Street, Birmingham B1 3JR.

Updated Information

Up-to-date information regarding the Depositary, its duties, its conflicts of interest and the delegation of its safekeeping functions will be made available to shareholders on request.

The Standing Independent Valuer, or persons or companies within the same Group, may be retained by the Investment Manager to perform activities in relation to property management and property investment strategy. Conflict of interest procedures apply to the Standing Independent Valuer under RICS rules.

Each of the parties will, to the extent of their ability and in compliance with the FCA Regulations, ensure that the performance of their respective duties will not be impaired by any such involvement.

12 **Buying, Selling and Converting Shares**

The dealing office of the ACD is open from 9.00 am until 5.00 pm on each Dealing Day to receive requests for the issue, redemption and converting of shares, which will be effected at prices determined at the next Valuation Point following receipt of such request.

Delivery versus Payment (DvP)

When you purchase a unit/share, there is a moment of time at which the investor now owns the unit/share; and a moment of time when the investor’s money has passed to Margetts. Similarly when you sell a unit/share, there is a moment of time at which the investor no longer owns the unit/share; and a moment of time when the investor is credited with the value of that unit/share. As purchases and sales are not completed at exactly the same moment in real time (receipt or payment of cheques or bank transfers are not instantaneous), there is a small window of time (generally never more than one business day) when an investor might not own any shares, but may also not have the money instead. This is referred to as the ‘Delivery versus Payment’ (DvP) window. There is a small risk that at that point, the transaction might fail to complete and that an investor might lose the value of the investment.

The Financial Conduct Authority regulates for the protection of client money and requires firms such as Margetts to inform clients that we make use of the DvP exclusion for collective investment schemes. The DvP exclusion permits fund advisers such as Margetts to not treat money as client money for a one-day period while carrying out a DvP transaction in the shares of a collective investment scheme. If the transaction takes longer than one working day to fully complete, i.e. money for purchases is received early or money for sales remains on account at Margetts awaiting being paid out, then your money will be moved to a segregated client money account until the money is no longer yours (for purchases) or has been paid out by Margetts (for sales). In the unlikely event that Margetts enters into insolvency proceedings before it has segregated such purchase or sales monies as client money, or has applied proceeds for settlement or paid out monies due, then

you may neither have any rights to the shares nor be protected by the FCA's client money rules.

13 **Buying Shares**

13.1 **Procedure**

Shares can be bought by sending a completed application form to the ACD. Applications forms are available from the ACD at 1 Sovereign Court, Graham Street, Birmingham B1 3JR or telephoning 0345 607 6808.

The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant. In addition the ACD may reject any application previously accepted in circumstances where the applicant has paid by cheque and that cheque subsequently fails to be cleared.

Any subscription monies remaining after a whole number of shares has been issued will not be returned to the applicant. Instead, smaller denomination shares (one-thousandth of a share) will be issued in such circumstances.

13.2 **Documentation**

A contract note giving details of the shares purchased and the price used will be issued by the end of the Dealing Day following the Valuation Point by reference to which the purchase price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

Settlement is due within four working days of the transaction date.

Title to the shares will pass to the Shareholder on the settlement date or when payment for them has irrevocably been received by the ACD.

The ACD may cancel the Shares issued corresponding to any subscription not paid for in full in accordance with these provisions, and the investor submitting the subscription will be liable to the relevant Sub-fund for any loss, costs or expenses incurred directly or indirectly in relation to such cancellation. Late settlement will include a charge for interest and other bank charges.

Share certificates will not be issued in respect of shares. Ownership of shares will be evidenced by an entry on the Company's Register of Shareholders. Statements in respect of periodic distributions of income in each Sub-fund will show the number of shares held by the recipient in Sub-fund in respect of which the distribution is made. Individual statements of a shareholder's (or, when shares are jointly held, the first named holder's) shares will also be issued at any time on request by the registered holder.

13.3 **In Specie Issue**

The Depositary may take into the scheme property assets other than cash as payment for the issue of shares but only if the Depositary has taken reasonable care

to ensure that receipt or payment out of the property concerned would not be likely to result in any material prejudice to the interests of shareholders of the Company.

13.4 **Minimum subscriptions and holdings**

The minimum initial and subsequent subscription levels, and minimum holdings, for the Company are set out in Appendix 1. The ACD may at its discretion accept subscriptions lower than the minimum amount.

If a holding is below the minimum holding the ACD has discretion to require redemption of the entire holding.

14 **Selling Shares**

14.1 **Procedure**

Every shareholder has the right to require that the Company redeem their shares on any Dealing Day unless the value of shares which a shareholder wishes to redeem will mean that the shareholder will hold shares with a value less than the required minimum holding for Sub-fund concerned, in which case the shareholder may be required to redeem their entire holding.

Requests to redeem shares may be made to the ACD by telephone on 0345 607 6808 (followed up in writing) or in writing to the ACD at 1 Sovereign Court, Graham Street, Birmingham B1 3JR.

14.2 **Documents the Seller will receive:**

A contract note giving details of the number and price of shares sold will be sent to the selling shareholder (the first named, in the case of joint shareholders) or their duly authorised agents together (if sufficient written instructions have not already been given) with a form of renunciation for completion and execution by the shareholder (and, in the case of a joint holding, by all the joint holders) not later than the end of the Dealing Day following the Valuation Point by reference to which the redemption price is determined. Settlement in satisfaction of the redemption monies will be issued within four Dealing Days or the later of:

receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed by all the relevant shareholders and completed as to the appropriate number of shares, together with any other appropriate evidence of title; and

the Valuation Point following receipt by the ACD of the request to redeem.

Payments made by cheque will be sent by post to the last address notified by the shareholder to the ACD. It will be deemed to be received on the second day after posting. The ACD will not be responsible if the mailing is delayed except where as a result of the ACD's negligence. If the mailing goes astray or is intercepted the ACD reserves the right to fully investigate what has happened and will have no obligation to remit a second payment to the shareholder until satisfied with the results of the investigation.

Where the redemption proceeds are to be paid by telegraphic transfer, the ACD will make the payment to the bank account details last notified to the ACD. The

redemption proceeds will be sent at the risk of the shareholder and the ACD will not be responsible if the telegraphic transfer is delayed, unless this is as a result of the ACD's negligence. The ACD reserves the right to fully investigate what has happened and will have no obligation to remit a second payment to the shareholder until satisfied with the results of the investigation.

14.3 **Minimum redemption**

Part of a shareholder's holding may be sold but the ACD reserves the right to refuse a redemption request if the value of the shares of any Sub-fund to be redeemed is less than any minimum redemption amount set out in Appendix 1 or would result in a shareholder holding less than the minimum holding for a Sub-fund, as detailed in Appendix 1.

14.4 **In Specie Redemption**

If a shareholder requests the redemption or cancellation of shares, the ACD may, if it considers the deal substantial in relation to the total size of the Sub-fund concerned, arrange for the Company to cancel the shares and transfer Scheme Property to the shareholder instead of paying the price of the shares in cash, or, if required by the shareholder, pay the net proceeds of sale of the relevant Scheme Property to the shareholder. A deal involving shares representing 5% or more in value of a Sub-fund will normally be considered substantial, although the ACD may in its discretion agree an in specie redemption with a shareholder whose shares represent less than 5% in value of the Sub-fund concerned.

Before the proceeds of cancellation of the shares become payable, the ACD will give written notice to the shareholder that scheme Property (or the proceeds of sale of that Scheme Property) will be transferred to that shareholder.

The ACD will select the property to be transferred (or sold) in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming shareholder than to continuing shareholders.

In the opinion of the ACD it is unlikely that immovable property forming part of the Scheme Property will be capable of in specie redemption.

14.5 **Direct Issue or Cancellation of shares by an ICVC through the ACD**

Shares are issued or cancelled by the ACD making a record of the issue or cancellation and of the number of shares of each class concerned.

14.6 **Electronic Dealing**

The Investment Manager will only accept electronic dealing instructions through EMX or Calastone who provide services for the transmission of dealing instructions. Details of their services are available on their website at <http://www.euroclear.com> and <http://www.calastone.com>.

14.7 **Transfer of Title Through Electronic Communication**

The ACD accepts transfer of title authority by electronic communication via TISA Exchange Limited (TeX).

- 16.1 If applicable, a holder of shares in a Sub-fund may at any time switch all or some of their shares (“Old Shares”) for shares of another Sub-fund (“New Shares”) or convert shares for another class of shares in the same Sub-fund. The number of New Shares issued will be determined by reference to the respective prices of New Shares and Old Shares at the valuation point applicable at the time the Old Shares are repurchased and the New Shares are issued.

Switching / conversion may be effected either by telephone on 0345 607 6808 or in writing to the ACD (at the address referred to in Section 12.1.2) and the shareholder may be required to complete a switching / converting form (which, in the case of joint shareholders must be signed by all the joint holders). A switching / converting shareholder must be eligible to hold the shares into which the switch / conversion is to be made.

The ACD may at its discretion charge a fee on the switching of Shares between Sub-funds. These fees are set out in Section 16.3.

If the switch / conversion would result in the Shareholder holding a number of Old Shares or New Shares of a value which is less than the minimum holding in the Sub-fund / Share Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant’s holding of Old Shares to New Shares or refuse to effect any switch / conversion of the Old Shares. No switch / conversion will be made during any period when the right of shareholders to require the redemption of their shares is suspended. The general provisions on selling shares shall apply equally to a switch / conversion.

- 15.3 The ACD may adjust the number of New Shares to be issued to reflect the imposition of any fee together with any other charges or levies in respect of the issue or sale of the New Shares or repurchase or cancellation of the Old Shares as may be permitted pursuant to the FCA Regulations.
- 15.4 Please note that, under current tax law, a switch of shares in one Sub-fund for shares in any other Sub-fund is treated as a redemption and sale and will, for persons subject to United Kingdom taxation, be a realisation for the purposes of capital gains taxation.
- 15.5 A conversion of shares between different Share Classes will not be deemed to be a realisation for the purposes of capital gains taxation.
- 15.6 A shareholder who switches / converts shares in one Sub-fund / Share Class for shares in any other Sub-fund / Share Class will not be given a right by law to withdraw from or cancel the transaction.
- 15.1 In certain circumstances the Manager may, at its discretion, undertake compulsory Conversion of Share Classes to new or different Share Classes open to one or more type of retail or institutional client in the same Fund subject to the clients’ best interest rule. In the event that a compulsory Conversion was deemed appropriate investors would be notified and given no less than 60 days’ notice.

16 Dealing Charges

16.1 Preliminary Charge

The ACD may impose a charge on the sale of shares to investors which is based on the amount invested by the prospective investor. The preliminary charge is payable to the ACD. Full details of the current preliminary charge for each class of share in each Sub-fund are set out in Appendix 1.

16.2 Redemption Charge

The ACD may make a charge on the redemption of shares. At present no redemption charge is levied.

The ACD may not introduce a redemption charge on shares unless, not less than 60 days before the introduction, it has given notice in writing to the then current Shareholders of that introduction and has revised and made available the Prospectus to reflect the introduction and the date of its commencement. If charged, the redemption charge will be deducted from the price of the shares being redeemed and will be paid by the Company to the ACD.

In the event of a change to the rate or method of calculation of a redemption charge, details of the previous rate or method of calculation will be available from the ACD.

16.3 Switch Fee

On the switching of shares of a Sub-fund for shares of another Sub-fund the Instrument of Incorporation authorises the Company to impose a switching fee. Full details of the current switching fee are set out in Section 31. The switch fee is payable to the ACD.

16.4 Conversion Fee

There is currently no fee charged.

17 Other Dealing Information

17.1 Dilution Adjustment

The basis on which the Company's investments are valued for the purpose of calculating the issue and redemption price of shares as stipulated in the FCA Regulations and the Company's Instrument of Incorporation is summarised in Section 23. The actual cost of purchasing or selling a Sub-fund's investments may be higher or lower than the mid market value used in calculating the share price - for example, due to dealing charges, or through dealing at prices other than the mid-market price. Under certain circumstances (for example, large volumes of deals or where the ACD believes that it is in the interests of shareholders) this may have an adverse effect on the shareholders' interest in a Sub-fund. In order to mitigate this effect, called "dilution", the ACD has the power to apply a "dilution adjustment", as defined in the FCA Rules on the issue and/or redemption of shares in a Sub-fund. A dilution adjustment is an adjustment to the share price. The ACD shall comply with the FCA Regulations in its application of any such dilution adjustment.

The dilution adjustment for each Sub-fund will be calculated by reference to the estimated costs of dealing in the underlying investments of that Sub-fund, including any dealing spreads, commission and transfer taxes.

The need to apply a dilution adjustment will depend on the volume of sales (where they are issued) or redemptions (where they are cancelled) of shares which is generally when daily volumes exceed 0.5% of the value of the Company. The ACD may also apply a dilution adjustment on the issue and redemption of such shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected, and if applying a dilution adjustment, so far as practicable, it is fair to all shareholders and potential shareholders.

In particular, the dilution adjustment may be applied in the following circumstances:

- where over a dealing period the Sub-fund has experienced a large level of net sales or redemptions relative to its size (i.e. net redemptions equivalent to equal or greater than 0.5% of the Net Asset Value of the Sub-fund);
- on “large deals”. For these purposes, a large deal means a deal worth 0.5% or more of the Net Asset Value of the Sub-fund; or
- Where the ACD considers it necessary to protect the interests of the shareholders of the Sub-fund (for example, where the Sub-fund is in continuing decline as a result of poor market conditions or continual net redemptions).

The amount of any dilution adjustment is not retained by the ACD but is paid into the Sub-fund.

On the occasions when the dilution adjustment is not applied there may be an adverse impact on the total assets of the Sub-fund. As dilution is directly related to the inflows and outflows of monies from the Sub-fund it is not possible to predict accurately whether dilution would occur at any point in time. If a dilution adjustment is made then, based on future projections the estimated rate or amount of such adjustment would not normally be expected to exceed 7.5% of the Sub-fund.

The ACD may alter its dilution policy either by shareholder consent pursuant to the passing of a resolution to that effect at a properly convened meeting of shareholders and by amending this Prospectus or by giving shareholders notice and amending the Prospectus 60 days before the change to the dilution policy is to take effect.

The following table sets out the history of dilution adjustments for the Company:

Period	Maximum dilution adjustment applicable to purchases	Maximum dilution adjustment applicable to redemptions	Number of days a dilution adjustment was applied
2016	5.2%	None	252 days
2017	5.76%	None	252 days

2018	5.75%	None	253 days
2019	5.70%	None	252 days
2020	5.81%	None	255 days
2021	6.22%	None	253 days
2022	5.86%	None	231 days

Since dilution is directly related to the inflows and outflows of monies to and from a Sub-fund, it is not possible to accurately predict whether dilution will occur or what dilution adjustment might be made. However, the ACD expects that a dilution adjustment may be required if there are strong inflows in which case the dilution adjustment will increase the price of the shares. If there are net outflows the dilutions adjustment will reduce the price of the shares.

If it does occur, it is therefore not possible to predict the amount of dilution adjustment required. If a dilution adjustment is not charged then this may restrict the future growth of the Sub-fund.

The ACD reserves the right not to impose a dilution adjustment in exceptional circumstances where it would, in its opinion, not be in the interests of Shareholders to do so. The ACD's decision on whether or not to make this adjustment, and at what level this adjustment might be made in a particular case or generally, will not prevent it from making a different decision on future similar transactions.

18 **Money Laundering**

As a result of legislation in force in the United Kingdom to prevent money laundering, persons conducting investment business are responsible for compliance with money laundering regulations. In order to implement these procedures, in certain circumstances investors may be asked to provide proof of identity when buying shares. The ACD reserves the right to reverse the transaction or to refuse to sell shares if it is not satisfied as to the identity of the applicant.

19 **Restrictions Compulsory Transfer and Deferred Redemption**

19.1 The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no shares are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in the Company incurring any liability to taxation which the Company is not able to recoup itself or suffering any other adverse consequence. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, redemption, transfer or converting of shares.

If it comes to the notice of the ACD that any shares ("affected shares"):

- (a) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or

regulation by a competent authority) of any country or territory;
or

- (b) would result in the Company incurring any liability to taxation which the Company would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (c) are held in any manner by virtue of which the Shareholder or shareholders in question is/are not qualified to hold such shares or if it reasonably believes this to be the case; or
- (d) are owned by a shareholder who is registered in a jurisdiction (where a Sub-fund is not registered or recognised by the relevant competent authority) whereby communication with that Shareholder by the ACD, on behalf of the Sub-fund, might constitute a breach of the regulations in that jurisdiction (unless specific action is taken by the ACD to prevent such a communication constituting a breach)

or if the ACD is not satisfied that any shares may not give rise to a situation discussed in (a), (b), (c) or (d), the ACD may give notice to the shareholder(s) of the affected shares requiring the transfer of such shares to a person who is qualified or entitled to own them or that a request in writing be given for the redemption of such shares in accordance with the COLL Sourcebook. If any Shareholder upon whom such a notice is served does not within 30 days after the date of such notice transfer their affected shares to a person qualified to own them or submit a written request for their redemption to the ACD or establish to the satisfaction of the ACD (whose judgement is final and binding) that they or the beneficial owner is qualified and entitled to own the affected Shares, they shall be deemed upon the expiry of that 30 day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the affected shares.

This may include a situation which a shareholder has moved to a different jurisdiction which either does or may give rise to a situation described in (a), (b), (c) or (d) above.

It is not possible for the ACD to be fully informed of current law and regulations in every jurisdiction and accordingly in the interests of shareholders and to be able to ensure no shares are held or acquired by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in any Sub-fund incurring any liability to taxation which a Sub-fund is not able to recoup itself or suffering any other adverse consequence. The ACD's policy will be to treat shares of shareholders moving to jurisdictions other than the UK and EEA States as affected shares and may refuse to issue shares to anyone resident outside of one of the jurisdictions.

A shareholder who becomes aware that they are holding or own affected shares shall immediately, unless they have already received a notice as set out above, either transfer all their affected shares to a person qualified to own them or submit a request in writing to the ACD for the redemption of all their affected shares.

Where a request in writing is given or deemed to be given for the redemption of affected shares, such redemption will (if effected) be effected in the same manner as provided for in the COLL Sourcebook.

19.2 The ACD has procedures to ensure, on a reasonable basis, that sufficient liquidity is available to meet redemptions or other requirements in both normal and exceptional circumstances. The current policy is that the Sub-fund should be capable of realising a minimum of 15% of investments held within 48 hours.

19.3 **Deferred Redemption**

The ACD may defer redemptions at a particular Valuation Point to the next Valuation Point where the requested redemptions exceed 10% of a Sub-fund's value. The ACD will ensure the consistent treatment of all holders who have sought to redeem shares at any Valuation Point at which redemptions are deferred. The ACD will pro-rata all such redemption requests to the stated level (ie. 10% of the Sub-fund's value) and will defer the remainder until the next Valuation Point. The ACD will also ensure that all deals relating to an earlier Valuation Point are completed before those relating to a later Valuation Point are considered.

20 **Suspension of Dealings in the Company**

20.1 The ACD may, with the prior agreement of the Depositary, or shall, if the Depositary so requires, temporarily suspend the issue, cancellation, purchase and redemption of Shares in any or all of the Sub-funds where due to exceptional circumstances it is in the interest of all of the Shareholders.

20.2 Where the SIV expresses Material Uncertainty in respect of more than 20% of the assets in the Sub-fund, then the ACD will automatically suspend dealing, unless the ACD and the Depositary agree that it is in the interests of investors not to do so.

20.3 On suspension, the ACD, or the Depositary if it has required the ACD to suspend dealings in Shares, must immediately inform the FCA, stating the reason for its action and as soon as practicable give written confirmation to the FCA of the suspension and the reasons for it.

20.4 The ACD must ensure that a notification of the suspension is made to Shareholders as soon as practicable after suspension commences. The ACD must ensure that it:

- (a) draws Shareholders' particular attention to the exceptional circumstance which resulted in the suspension;
- (b) is clear, fair and not misleading; and
- (c) informs Shareholders how to obtain sufficient details (either through the Company's website or by other general means) about the suspension including, if known, its likely duration.

20.5 The ACD and the Depositary must formally review the suspension at least every 28 days and inform the FCA of the result of this review with a view to ending the suspension as soon as practicable after the exceptional circumstances have ceased.

- 20.6 Re-calculation of the share price for the purpose of sales and purchases will commence on the next relevant valuation point following the ending of the suspension.

21 **Governing Law**

All deals in shares are governed by English law.

22 **Valuation of the Company**

- 22.1 The price of a share in the Company is calculated by reference to the Net Asset Value of the Sub-fund to which it relates. There is only a single price for any share as determined from time to time by reference to a particular Valuation Point. The Net Asset Value per share of a Sub-fund is currently calculated at 12.00 pm on each Dealing Day.

- 22.2 The ACD may at any time during a Dealing Day carry out an additional valuation if the ACD considers it desirable to do so.

23 **Calculation of the Net Asset Value**

- 23.1 The value of the Scheme Property of the Company or of a Sub-fund (as the case may be) shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

- 23.2 All the Scheme Property (including receivables) of the Company (or the Sub-fund) is to be included, subject to the following provisions.

- 23.3 Scheme Property which is not cash (or other assets dealt with in Clause 23.4) or a contingent liability transaction shall be valued as follows:

immovable property:

by the standing independent valuer in accordance with fair value; and

the RICS valuation standards (The Red Book); or

in the case of overseas immovables on an appropriate basis but always subject to a fair value assessment

The Standing Independent Valuer shall be required to value all immovable property held within the Scheme Property, on the basis of a full valuation with physical inspection (including, where the immovable is or includes a building, internal inspection), at least once a year. For these purposes, any inspection in relation to adjacent properties of a similar nature may be limited to that of only one such representative property.

The Standing Independent Valuer shall be required to value all immovable property, on the basis of a review of the last full valuation, at least once a month.

Valuation by the standing independent valuer must be undertaken on the basis prescribed as “open market value” in accordance with UKPS 2.3 of the RICS Valuation Standards (The Red Book) (8th edition published 2012), or in the case of overseas immovables on an appropriate basis, but subject to COLL 6.3

(Valuation and pricing). “Open Market Value” is defined as “the estimated amount for which a property would exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

All such valuations under COLL 6.3 (Valuation and Pricing) have effect until the next valuation under that rule, for the purposes of the value of immovable property. An agreement to transfer immovable property or an interest in immovable property is to be disregarded for the purpose of the valuation of the scheme property unless it reasonably appears to the ACD to be legally enforceable.

units or shares in a collective investment scheme:

if a single price for buying and selling units is quoted, at the most recent such price; or

if separate buying or selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any preliminary charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or

if no price or no recent price exists, at a price which in the opinion of the ACD is fair and reasonable;

any other transferable security:

if a single price for buying and selling the security is quoted, at that price; or

if separate buying and selling prices are quoted, the average of those two prices; or

if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which in the opinion of the ACD reflects a fair and reasonable price for that investment;

property other than that described in 23.3.1, 23.3.2 and 23.3.3 above:

at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.

23.4 Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.

23.5 Property which is a contingent liability transaction shall be treated as follows:

if it is a written option (and the premium for writing the option has become part of the Scheme Property), the amount of the net valuation of premium receivable shall be deducted.

if it is an off-exchange future, it will be included at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;

if the property is an off-exchange derivative, it will be included at a valuation method agreed between the ACD and Depositary;

if it is any other form of contingent liability transaction, it will be included at the net value of margin on closing out (whether as a positive or negative value).

- 23.6 In determining the value of the Scheme Property, all instructions given to issue or cancel shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 23.7 Subject to paragraphs 23.8 and 23.9 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 23.8 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 23.7.
- 23.9 All agreements are to be included under paragraph 23.7 which are, or ought reasonably to have been, known to the person valuing the property.
- 23.10 An estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax and advance corporation tax and value added tax will be deducted.
- 23.11 An estimated amount for any liabilities payable out of the Scheme Property and any tax thereon treating periodic items as accruing from day to day will be deducted.
- 23.12 The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will be deducted.
- 23.13 An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added.
- 23.14 Any other credits or amounts due to be paid into the Scheme Property will be added.
- 23.15 A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.
- 23.16 Currency or values in currencies other than the base currency shall be converted at a rate of exchange that is not likely to result in any material prejudice to the interests of shareholder or potential shareholders.
- 23.17 Where the ACD has reasonable grounds to believe that:
- no reliable price exists for a security (including a unit/share in a collective investment scheme) at a valuation point; or
- the most recent price available does not reflect the ACD's best estimate of the value of the security (including a unit/share in a collective investment scheme) at the Valuation Point;

it can value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price). The circumstances which may give rise to a fair value price being used include:

no recent trade in the security concerned; or

suspension of dealings in an underlying collective investment scheme;

the occurrence of significant movements in the markets in which the underlying collective investment schemes are invested since the last valuation point; or

the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

In determining whether to use such a fair value price, the ACD will include, but will not be limited to including, the following in their consideration: the type of authorised fund concerned the securities involved; whether the underlying collective investment schemes may already have applied fair value pricing; the basis and reliability of the alternative price used; and the ACD's policy on the valuation of Scheme Property as disclosed in this Prospectus.

24 **Price per Share in the Company and each Class**

The price per share at which shares are sold is the sum of the Net Asset Value of a share and any preliminary charge. The price per share at which shares are redeemed is the Net Asset Value per share less any applicable redemption charge. In addition, there may, for both purchases and sales, be a dilution adjustment as described in Section 17 above.

25 **Pricing basis**

The Company deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the sale or redemption is agreed.

26 **Publication of Prices**

The most recent price of shares will be published on the Margetts website and various on-line data agencies. They will also be available by telephoning the ACD on 0121 236 2380 and on its website: <https://www.mgtsfunds.com>.

27 **Risk factors**

27.1 Potential investors should consider the following risk factors before investing in the Company:

General

27.1.1 An investment in one or more of the Sub-funds will involve exposure to those risks normally associated with investment in property, fixed interest securities, stocks and shares. As such, the price of shares and the income from them can go down as well as up and an investor may not get back the amount they have invested. There is no assurance that investment objectives of any Sub-fund will actually be

achieved. The ACD does not guarantee any yield or return on capital in any Sub-fund.

- a) In addition, the values, in pounds sterling terms, of investments that are not denominated in pounds sterling may rise and fall purely on account of exchange rate fluctuations, which will have a related effect on the price of shares.
- b) Shares in all the Sub-funds should generally be regarded as long-term investments. Details of specific risks that apply to particular Sub-funds are set out in Appendix 1.
- c) Charges in respect of certain Sub-funds may be taken against capital rather than income. This may constrain capital growth of the Sub-fund in question and will be detailed in Appendix 1 if applicable.
- d) Where a preliminary charge or a redemption charge is imposed, a shareholder who realises their shares may not (even where there has been no fall in the value of underlying investments) realise the amount originally invested.
- e) Where no dilution adjustment is charged to investments in or out of a Sub-fund the effect of these purchases or sales could have a dilution effect on the Sub-fund which may reduce performance.

27.2 **Counterparty and Settlement**

The Sub-funds will be exposed to credit risk on parties with whom it trades and will also bear the risk of settlement default.

27.3 **Custody**

There may be a risk of loss where the assets of the Company are held in custody that could result from the insolvency, negligence or fraudulent action of a custodian or sub-custodian.

27.4 **Currency Exchange Rates**

Currency fluctuations may adversely affect the value of a Sub-fund's investments and the income thereon and, depending on a shareholder's currency of reference, currency fluctuations may reduce investment gains or income, or increase investment losses, in some cases significantly.

27.5 **Inflation and Interest Rates**

The real value of any returns that an investor may receive from the Company could be affected by interest rates and inflation over time.

27.6 **Liquidity**

In certain circumstances a Sub-fund may be invested in assets (other than immovable property) which cannot be liquidated in a timely manner at a reasonable price. This may impact the value of shares in a Sub-fund and the ability to redeem.

The Sub-fund has been classed as a Fund of Inherently Illiquid Assets (FIIA), which means that it invests more than 50% of the scheme property in assets that are inherently illiquid.

27.7 **Management Risk**

27.7.1 A Sub-fund may be subject to management risk because it is an actively managed investment fund. When managing a Sub-fund and applying investment techniques and risk analyses, the Investment Manager's assessment of market or economic trends, their choice or design of any software models they use, their allocation of assets, or other decisions regarding how the Sub-fund's assets will be invested cannot be guaranteed to ensure returns on investments.

27.8 **Market Risk**

27.8.1 Prices and yields of many securities can change frequently and can fall based on a wide variety of factors. Examples of these factors include:

- a) Political and economic news;
- b) Government policy;
- c) Changes in technology and business practice;
- d) Changes in demographics, cultures and populations;
- e) Natural or human-caused disasters;
- f) Weather and climate patterns;
- g) Scientific or investigative discoveries; and
- h) Costs and availability of energy, commodities, and natural resources.

27.8.2 The effects of market risk can be immediate or gradual, short term or long-term, narrow or broad. This risk can apply to both the design and operation of computer models and can apply whether a model is used to support human decision-making or to directly generate trading recommendations. Flaws in software programs can go undetected for long periods of time.

27.9 **Operational Risk**

27.9.1 The operations of the Sub-fund could be subject to human error, faulty processes or governance, or technological failures. Operational risks may subject the fund to errors affecting valuation, pricing, accounting, tax reporting, financial reporting, custody and trading, among other things. Operational risks may go undetected for long periods of time, and even if they are detected it may prove impractical to recover prompt or adequate compensation from those responsible.

27.10 **Regulatory and Government Policy**

27.10.1 The laws that govern the Sub-fund may change in future. Any such changes may not be in the best interest of the Sub-fund and may have a negative impact on the value of your investment.

27.11 **Single Swinging Price - Impact on Sub-fund Value and Performance**

The Company has a single swinging price. The single price can be swung up or down in response to inflows or outflows from the Company, in order to protect investors from the effect of dilution. Dilution occurs where the Company is forced to incur costs as a result of the investment manager buying or selling assets following inflows or outflows. A change to the pricing basis will result in a movement to the Company's published price and reported investment performance.

27.12 **Suspension and Termination**

Investors should note that in exceptional circumstances, the ACD may, after consultation with the Depositary, suspend the issue, cancellation, sale and redemption (including switching) of shares in any and all Sub-funds and Shares Classes. Further information on Suspension and Termination can be found in the Suspension of Dealings in the Company section.

27.13 **Taxation**

Taxation laws, the basis of taxation and the rates of taxation are subject to change and such changes could adversely impact the value of investments held by the Company. If the Company breaches the PAIF Regulations, a tax charge may be incurred and, in certain circumstances, this may result in the Company losing its PAIF status. Please refer to Section 38 for further explanation of the taxation of the PAIF and investors in it.

27.14 **Cancellation Rights**

Where cancellation rights are applicable, if shareholders choose to exercise their cancellation rights and the value of their investment falls before notice of cancellation is received by the ACD in writing, a full refund of the original investment may not be provided but rather the original amount less the fall in value.

27.15 **Shareholder's rights against service providers**

The Company relies on the performance of third party service providers, including the ACD, the Depositary, the Investment Manager and the Auditor. Further information in relation to the roles of the service providers is set out in this prospectus.

No Shareholder shall have any direct contractual claim against any service provider with respect to such service provider's default. Any Shareholder who believes they may have a claim against any service provider in connection with their investment in a Sub-fund, should consult their legal adviser.

27.16 **Dilution Provisions Risk**

In certain circumstances a dilution adjustment may be made on the purchase or redemption of shares. In the case of purchases this will reduce the number of shares acquired, in the case of redemptions this will reduce the proceeds. Where a dilution adjustment is not made, existing investors in the Sub-fund in question may suffer dilution which will constrain capital growth.

27.17 **Risks associated with leaving the European Union**

27.17.1 On 31 January 2020, the UK left the European Union, a process known as Brexit, whilst the transition period part of it ended on until 31 December 2020. The political, economic and legal consequences of Brexit are still not completely defined. In the short term, from 2021 there may be increased volatility in the financial markets, particularly in the UK and across Europe. Changes in currency exchange rates may make it more expensive dealing in investments that are not denominated in pound Sterling. After the end of the transition period, and the conclusion of the EU regarding Brexit terms, there might be a period of political,

regulatory and commercial uncertainty whilst the UK implements the terms of its new regime. There might be circumstances in which share transfers and redemptions may be impacted, in the event of high levels of redemption, the AFM may use certain liquidity management tools permitted by the FCA, including deferred redemptions, the implementation of fair value pricing or suspension of the Sub-funds.

27.18 **Default Risk**

27.18.1 The issuers of certain bonds or other debt instruments could become unable to make payments.

27.19 **Suspension of Dealing in Shares**

Investors are reminded that in certain circumstances their right to request the Company to redeem Shares may be suspended (see under the section of this prospectus with the heading ‘Suspension of dealing in the Company’).

27.20 **Specific Risks**

27.21 **Derivatives**

27.21.1 The Sub-funds may invest in derivatives and forward transactions for hedging purposes to reduce or eliminate risk arising from fluctuations in interest or exchange rates and in the price of investments. The Investment Adviser may enter into certain derivatives transactions, including, without limitation, forward transactions, futures, swaps and options. The values of these investments may fluctuate significantly. By holding these types of investments there is a risk of capital depreciation in relation to certain Sub-fund assets. There is also the potential for the capital appreciation of such assets.

27.21.2 Derivatives may be used by each of the Sub-funds for the purposes of efficient portfolio management (including hedging). A Sub-fund may use derivatives for investment purposes only where this has been set out in the Investment Objective and Policy of the Sub-fund in Appendix 1. The use of derivatives may mean that the net asset value of a particular Sub-fund could be subject to volatility from time to time however, it is the ACD's intention that the Sub-funds, owing to the portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the relevant markets or their underlying investments and therefore it is not anticipated that the use of derivative techniques will alter or change the market risk profile of the relevant Sub-funds.

27.21.3 Efficient portfolio management enables the Sub-funds to invest in derivatives and forward transactions (including futures and options) in accordance with COLL using techniques which relate to transferable securities and approved money market instruments (as defined in COLL) and which fulfil the following criteria:

- (a) they are economically appropriate in that they are realised in a cost effective way;
- (b) they are entered into for one or more of the following specific aims;
 - (i) reduction of risk and/or;
 - (ii) reduction of cost and/or;

- (iii) generation of additional capital or income for the Sub-funds with a risk level which is consistent with the risk profile of the relevant Sub-fund and the risk diversification rules in COLL (as summarised in Appendix 2).
- 27.21.4 There is no guarantee that the Sub-fund will achieve the objective for which it entered into a transaction in relation to efficient portfolio management. The use of financial derivative instruments may result in losses for investors.
- 27.21.5 Derivatives contracted with a single counterparty can increase the credit risk exposure of the Sub-fund while those listed on exchanges attract less credit risk exposure. The Sub-fund will be subject to the risk of the inability of any counterparty to perform its obligations. If a counterparty defaults, the Sub-fund may suffer losses as a result. Therefore, the Sub-funds aim to transact using derivatives listed on exchanges to minimise credit risk where applicable. Cash margin is posted in relation to exchange traded derivatives positions. The counterparty for any derivative securities held which are not listed on an exchange, would be an approved credit institution. Counterparty risk exposures will be aggregated across both financial derivative instruments and efficient portfolio management techniques where applicable. The exposure to any one counterparty in a derivative transaction must not exceed 5% in value of the property of the Sub-fund; this limit being raised to 10% where the counterparty is an approved credit institution.
- 27.21.6 The Sub-funds do not currently post or receive collateral since this is not required for the types of securities and derivatives being transacted. Should this situation change, a policy defining eligible collateral, applicable haircuts (and by this we mean the difference between the price at which derivatives are bought and sold in the market) and any additional restrictions deemed appropriate by the ACD will be established prior to any changes being implemented.
- 27.22 **Over the counter (OTC) Derivatives risk**
- 27.22.1 Because OTC derivatives are in essence private agreements between a Sub-fund and one or more counterparties, they are regulated differently than market-traded securities. They also carry greater counterparty and liquidity risks; in particular, it may be more difficult to force a counterparty to honour its obligations to a Sub-fund. A downgrade in the creditworthiness of counterparty can lead to a decline in the value of OTC contracts with that counterparty. If counterparty ceases to offer a derivative that a fund had been planning on using, the fund may not be able to find a comparable derivative elsewhere and may miss an opportunity for gain or find itself unexpectedly exposed to risks or losses, including losses from a derivative position for which it was unable to buy an offsetting derivative.
- 27.22.2 Because it is generally impractical for the Company to divide its OTC derivative transactions among a wide variety of counterparties, a decline in the financial health of any one counterparty could cause significant losses. Conversely, if any fund experiences any financial weakness or fails to meet an obligation, counterparties could become unwilling to do business with the Company which could leave the Company unable to operate efficiently and competitively.
- 27.23 **Leverage**
- 27.23.1 The Sub-funds are permitted to use leverage in line with their ability to invest in derivatives and forward transactions. Leverage enables a Sub-fund to increase its

risk profile, producing a multiplication effect on positive returns but also increases the potential for larger losses.

- 27.23.2 European Union legislation, as it's been transposed, given direct effect and/or implemented into UK law, has defined two different methodologies for calculating leverage; 'commitment leverage' and 'gross leverage'. These methodologies are designed to provide an indication of how much a Sub-fund is using derivatives and/or employing financial engineering structures. Generally, commitment leverage captures the additional exposure from derivatives and financial engineering structures but also allows for the netting off of some exposures which are designed specifically to reduce risks within a Sub-fund. Gross leverage is calculated as the sum of the absolute values of all positions; it captures additional exposure from derivatives and financial engineering structures but does not allow for any offsetting of positions designed to reduce risk in a Sub-fund.
- 27.23.3 The use of derivatives is set out for each Sub-fund in the Investment Objectives and Policy section of Appendix 1.
- 27.23.4 The Investment Adviser may hedge foreign currency exposure and also hedge mainstream currencies as a proxy for other currencies which are believed to be closely correlated but will not meet all the commitment leverage methodology requirements for them to be offset against the positions they are hedging. In addition, the Sub-fund may experience a small amount of leverage when using its permitted 10% of net asset value short term borrowing facility used in the course of the routine settlement of positions. The maximum leverage of the calculated using the "commitment leverage" methodology and "gross leverage" methodology has been set at 1.1:1 and 2:1 respectively, unless disclosed separately in Appendix 1.
- 27.23.5 The Sub-funds have not granted any guarantees in relation to leveraging arrangements or any rights to reuse collateral.

27.24 **Political Risk**

The value of the Company may be affected by uncertainties such as international political developments, civil conflicts and war, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investments may be made. For example, assets could be compulsorily re-acquired without adequate compensation.

Events and evolving conditions in certain economies or markets may alter the risks associated with investments in countries or regions that historically were perceived as comparatively stable becoming riskier and more volatile. These risks are magnified in countries in emerging markets.

27.25 **Cyber Security**

Cyber security risks may result in financial losses to the Company and the Shareholders; the inability of the Company to transact business with the Shareholders; delays or mistakes in the calculation of the Net Asset Value or other materials provided to Shareholders; the inability to process transactions with Shareholders or the parties; violations of privacy and other laws,; regulatory fines, penalties and reputational damage; and compliance and remediation costs, legal fees and other expenses. The Company's service providers (including but not limited to the ACD and the Depositary and their agents), financial intermediaries,

companies in which the Company invests and parties with which the Company engages in portfolio or other transactions also may be adversely impacted by cyber security risks in their own business, which could result in losses to the company or the Shareholders. While measures have been developed which are designed to reduce the risks associated with cyber security, there is no guarantee that those measures will be effective, particularly since the Company does not directly control the cyber security defences or plans of its service providers, financial intermediaries and companies in which the Company invests or with which it does business.

27.26 **Regular Savings Plan**

If a shareholder starts making regular monthly investments with a view to saving for a specific objective, they should regularly review whether these investments will be sufficient to achieve their objective. Shareholders may not achieve their objective if they do not continue to invest regularly with a sufficient amount, or the investments do not appreciate sufficiently.

27.27 **Investment in Collectives**

The Sub-funds may make investments in collective investment schemes. Such investments may involve risks not present in direct investments, including, for example, the possibility that an investee collective investment scheme may at any time have economic or business interests or goals which are inconsistent with those of the Sub-fund concerned.

Unregulated collective investment schemes in which the Company may invest up to 20% of its scheme property may invest in highly illiquid securities that may be difficult to value. Moreover, many alternative investment strategies give themselves significant discretion in valuing securities. You should understand a Sub-fund's valuation process and know the extent to which a Sub-fund's securities are valued by independent sources and liquidity constraints. Subject to COLL, the Company may invest in unregulated collective investment schemes (including hedge funds). Such investment in unregulated collective investment schemes carries additional risks as these schemes may not be under the regulation of a competent regulatory authority, may use leverage techniques and may carry increased liquidity risk as units/shares in such schemes may not be readily realisable.

The Company may bear the expenses and annual management charge of collective investment schemes which are held as part of the scheme property

27.28 **Fixed Interest Securities**

27.28.1 Fixed interest securities (such as bonds) are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. The value of a fixed interest security may fall in the event of a default or reduced credit rating of the issuer. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. High yield bonds with lower credit ratings (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds. The liquidity of many fixed interest securities issued by corporations or banks, in particular those issued by less well capitalised companies, is likely to be particularly reduced during times of market stress reducing the ability of the ACD to sell holdings at an acceptable price and in a timely manner.

- 27.28.2 Below Investment Grade Bonds are considered speculative. Compared to investment grade bonds, the prices and yields of below investment grade bonds are more volatile and more sensitive to economic events, and the bonds are less liquid and carry greater default risk.
- 27.28.3 Unrated securities will be considered for investment by a Sub-fund when the Investment Manager believes that the financial condition of the issuers of such securities, or the protection afforded by the terms of the securities themselves, limits the risk to the Sub-fund to a degree comparable to that of rated securities which are consistent with the Sub-fund's objectives and policies.
- 27.28.4 Certain securities may become distressed when the issuer of such securities enters into default or is in high risk of default. While these securities can offer high rewards, they are highly speculative, can be very difficult to value or sell, and often involve complex and unusual situations and extensive legal actions involving multiple parties whose outcome is quite uncertain. There can be no assurance that investment will generate returns to compensate investors adequately for the risks assumed without experiencing a loss.
- 27.28.5 Debt issued by governments and government-owned or -controlled entities can be subject to additional risks, especially in cases where the government is reliant on payments or extensions of credit from external sources, is unable to institute the necessary systemic reforms or control domestic sentiment, or is unusually vulnerable to changes in geopolitical or economic sentiment.
- 27.28.6 Even if a government issuer is financially able to pay off its debt, investors may have little recourse should it decide to delay, discount or cancel its obligations, as the main avenue to pursue payment is typically the sovereign issuer's own courts.
- 27.28.7 Investment in sovereign debt exposes the Sub-fund to direct or indirect consequences of political, social, and economic changes in various countries

27.29 **Financial Indices**

- 27.29.1 The Sub-funds may invest in securities embedding exposure to financial indices. Any such index must meet the regulatory requirements including being sufficiently diversified, having a clear objective, not relating to a single commodity or concentration of related commodities, being an adequate benchmark for the relevant market, having clear guidelines for the selection of index components, being replicable, having the calculation methodology pre-determined and published, rebalancing at an appropriate frequency, being subject to an independent valuation, not permitting retrospective changes, not permitting payments from potential index components for inclusion in the index, and having the index constituents and weightings published. The ACD has risk management procedures in place to ensure that any securities embedding exposure to a financial index meet all of the required regulations.

27.30 **Structured Products**

- 27.30.1 For the purposes of the FCA's rules structured products may be regarded as either transferable securities, collective investment schemes or derivatives depending on the product in question. The common feature of these products is that they are designed to combine the potential upside of market performance with limited downside. Structured products typically are investments which are linked to the performance of one or more underlying instruments or assets such as market prices,

rates, indices, securities, currencies and commodities and other financial instruments that may introduce significant risk that may affect the performance of the Sub-funds.

27.30.2 However, in addition to providing exposure to the asset classes described in the investment objective, the intention is that the use of structured products in the context of the Sub-funds should assist with keeping the volatility levels of the Sub-funds relatively low.

27.31 **Investment In Real Estate Investment Trusts**

27.31.1 Real Estate Investment Trusts (REITs) and listed Infrastructure investments. Investment in REITS and listed Infrastructure are equity investments carrying similar equity investment risks to those of other equity investments but, through these holdings, may also be subject to adverse effects from weaknesses and/or fluctuations in real estate prices.

27.32 **Focused Portfolios**

27.32.1 Where a Sub-fund uses a ‘focused portfolio’ to achieve its investment objective it may invest in fewer investments or use fewer markets than other Sub-funds and consequently, the risk associated with a focused portfolio may be greater as fluctuations in the value of one investment may have a greater impact on the value of the Sub-fund as a whole. If the fund is a focussed portfolio appropriate risk warnings will be included in Appendix 1.

27.33 **Equity Securities Risk**

27.33.1 Equities are securities that represent an ownership interest in an issuer. Equities can lose value rapidly, and typically involve higher (often significantly higher) market risks than bonds, money market instruments or other debt instruments. Fluctuation in value may occur in response to activities of individual companies, the general market, economic conditions, or changes in currency exchange rates.

27.33.2 Equities may be purchased in the primary or secondary market. Purchases in the primary market through initial public offerings may involve higher risks due to various factors including limited numbers of available shares, unfavourable trading conditions, lack of investor knowledge, and lack of operating history of the issuing Company.

27.34 **Hedging Risk**

27.34.1 Hedging may be used in connection with managing a Sub-fund as well as for certain currency hedge share classes including partially hedged share classes. Any attempts to reduce or eliminate certain risks may not work as intended, and to the extent that they do work, they will generally eliminate potentials for gain along with risks of loss.

27.34.2 Any measures that a Sub-fund takes that are designed to offset specific risks may work imperfectly, may not be feasible at times, or may fail completely.

27.34.3 Hedging involves costs, which could reduce investment performance. Therefore, with any share class that involves hedging both at the Sub-fund level and the share class level, there could be two levels of hedging, some of which may yield no benefit (for example, at the Sub-fund level, a fund may hedge sterling denominated

assets to US dollars, while a sterling hedged share class of the Sub-fund would then reverse that hedge as appropriate).

27.34.4 Risks related to share class currency hedging (such as counterparty risk) could affect investors of other share classes.

27.34.5 As there is no segregation of liabilities between the various share classes within a Sub-fund, there is a remote risk that, under certain circumstances, currency hedging transactions in relation to a partially hedged share class could result in liabilities which might affect the Net Asset Value of the other share classes of the same Sub-fund, in which case assets of the other share classes of the Sub-fund may be used to cover the liabilities incurred by such partially hedged share class.

27.35 **Illiquid or Restricted Securities Risk**

27.35.1 Certain securities may be hard to value or sell at a particular time due to market illiquidity or restrictions on their resale. This may include securities that are generally considered to be illiquid or restricted, due to conditions associated with the security, such as bond offerings under Rule 144A of the SEC and securities that represent a small issue, trade infrequently, or are traded on markets that are comparatively small or have long settlement times. Selling illiquid or restricted securities usually requires more time and cost are often higher.

27.36 **Property Investment**

The Company engages in property investment business, including direct investment which is generally regarded as an inherently illiquid asset class. Consequently, investors may experience delay or difficulty in realising such assets. A high level of redemptions may result in the sale of properties and could result in such properties being sold at prices less than expected. This would result in a reduction in the value of shares in the Company.

Investments in property carries specific risks due to the inherently illiquid nature of property investment. Although the Sub-funds provide daily dealing, there may be times when the Sub-fund experiences a high level of redemption requests, or the valuation of properties becomes uncertain, if applicable. In these situations, it is the ACD and depositary role to treat investors fairly, which may delay investors being able to make redemptions requests or receiving proceeds from their redemptions.

Property valuation is a matter of subjective judgement and the opinion of the Standing Independent Valuer may differ from the opinion of other property professionals. Consequently it is possible that properties held by the Company may be realised for values different to those recorded as the assets of the Company, including lower values.

The yields from investment in property will, like many other asset classes, fluctuate through time and may reflect the fluctuations in the general economic cycle.

Immovable property held by the Company will be insured and is subject to usual market exclusions and limitations such that full cover may not always be in place. Where full cover is not available or an insurer does not make fully payment any outstanding liability will fall on the Company and this would reduce the value of the Company and its shares.

Other risks that are specific to property investment include:-

a) **Property Transaction Charges**

Property transaction charges are higher than those which apply in other asset classes. Investors should be aware that a high volume of transactions would have a material impact on fund returns.

b) **Property Valuation Risk**

Properties have unique properties, which makes them more complicated to value. Property valuation risk is a matter of judgment by an independent valuer and is therefore a matter of the valuer's opinion rather than fact.

27.37 **Rental Growth not Guaranteed**

Although it is anticipated that rental growth will take place, this is not guaranteed. Rent default could have an adverse impact on the performance of the Sub-fund.

27.38 **Valuation Risk**

The value of Property Assets is generally determined by the opinion of the standing independent valuer and is therefore subjective.

27.39 **Impact of Purchase Costs**

The Sub-fund operates a swinging pricing model that reflects the costs of purchasing and selling the properties. The swing value is significant and is typically around 6%. Further detail is provided in section 17.1 'Dilution Adjustment'.

27.40 **Liquidity Risk Management**

In normal circumstances, redemption requests will be processed as set out in the section 14 of this Prospectus.

The ACD has tools to deal with temporary liquidity constraints in relation to the Company. The Company may (i) borrow cash to meet redemptions within the limits in Appendix 1; (ii) introduce the deferral of redemptions provisions in section 19.3 of this prospectus or (iii) apply the in specie redemption provisions in section 14.4.

The ACD maintains a 'Scheme Liquidity Risk Management Policy' which includes maintaining of appropriate liquidity limits for the Company and periodic stress testing of the liquidity risk to ensure that anticipated redemption requests can be met.

28 **Liabilities of the Company**

28.1 The assets of the Sub-funds belong exclusively to that Sub-fund so that each Sub-fund has segregated liability from other Sub-funds. As such, the assets of one Sub-fund shall not be used to discharge the liabilities of or claims against the umbrella company or any other person or body, or any other Sub-fund, and shall not be available for any such purpose.

- 28.2 While the provisions of the OEIC Regulations provide for the segregated liability between Sub-funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will treat such segregation of liability between Sub-funds.
- 28.3 Shareholders are not, however, liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after paying the purchase price of shares.

29 Risk Management

Upon request to the ACD a shareholder can receive information relating to:

- 29.1 the quantitative limits applying in the risk management of a Sub-fund of the Company;
- 29.2 the methods used in relation to Section 29.1; and
- 29.3 any recent developments of the risk and yields of the main categories of investment in the Sub-fund.

30 Historical Performance Data

Historical performance data for the Company is set out at Appendix 6.

31 Fees and Expenses

31.1 General

The Company may pay out of the property of the Company charges and expenses incurred by the Company, which will include the following expenses:

the fees and expenses payable to the ACD (which will include the fees and expenses payable to the Investment Manager) and to the Depositary;

broker's commission, fiscal charges (including stamp duty) and other disbursements which are necessarily incurred in effecting transactions and the transfer of (or other transaction relating to) immovable property for the Company and normally shown in contract notes, confirmation notes, difference accounts and registers as appropriate;

fees and expenses of the administrator and in respect of establishing and maintaining the register of shareholders and any sub-register of shareholders;

any costs incurred in or about the listing of shares in the Company on any Stock Exchange, and the creation, conversion and cancellation of shares;

any costs incurred by the Company in publishing the price of the shares in a national or other newspaper;

any costs incurred in producing and dispatching any payments made by the Company, or the yearly and half-yearly reports of the Company;

any fees, expenses or disbursements of any legal, property valuer, property agent, or other professional adviser of the Company;

any costs incurred in taking out and maintaining any insurance policy in relation to the Company;

any costs incurred in respect of meetings of shareholders convened for any purpose including those convened on a requisition by shareholders not including the ACD or an associate of the ACD;

liabilities on unitisation, amalgamation or reconstruction including certain liabilities arising after transfer of property to the Company in consideration for the issue of shares as more fully detailed in the FCA Regulations;

interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;

taxation and duties payable in respect of the property of the Company or the issue or redemption of shares;

the audit fees of the Auditors (including VAT) and any expenses of the Auditors;

the fees of the FCA under the FCA Regulations, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which shares in the Company are or may be marketed;

the costs of preparing, updating and printing (and translation where required) this prospectus, the simplified prospectuses or Key Investor Information Document as appropriate, the Instrument of Incorporation, statements and contract notes and the costs of distributing this prospectus and the instrument of incorporation and any other information provided to shareholders and any other administrative expenses related to this paragraph (but not the cost of disseminating the Key Investor Information Document);

the Depositary's expenses, as detailed in paragraph 34 below;

any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company;

any payments otherwise due by virtue of the FCA Regulations;

any fees, expenses or disbursements in respect of any registrar service and are detailed below and subject to annual inflationary increases (capped at a maximum of 3% per annum):

Asset Fees:

First two classes: £1,215.81 per annum

Additional classes: £726.69

Management Accounts: £2,735.58 per annum

Distribution Costs: £1,603.76 per distribution per share class

Postal Deals: £15.65

Telephone Deals: £12.31

Switches: £30.38 per switch

Stock Transfers: £23.88

Electronic Deals: £8.49

any costs in respect of the preparation and calculation of the net asset value and price of shares in the Sub-funds and the publication and circulation thereof (including the costs of electronic data/information sources) and the costs of obtaining fund ratings and benchmark costs; and

any value added or similar tax relating to any charge or expense set out herein.

Value Added Tax is payable on these charges where appropriate.

Expenses are allocated between income and capital in accordance with the FCA Regulations. Currently the ACD and the Depositary have agreed that the ACD's annual management charge is taken from capital. All other charges and expenses for which the Company is responsible are currently deducted from capital. The effect of such deduction from capital is that the amount of income available for distribution to shareholders may increase but capital growth may be constrained. Any change to the approach of deducting any charge or expense from income or capital shall be subject to the consent of the Depositary and either the consent of shareholders or the expiry of 60 calendar days' notice to shareholders.

32 **Charges payable to the ACD**

- 32.1 In payment for carrying out its duties and responsibilities the ACD is entitled to take out of each Sub-fund an annual management charge.
- 32.2 The annual management charge is based on the net asset value of each Sub-fund on each business day, accrues daily and is payable monthly in arrears on the last Dealing Day of each month. The current management charges are set out in Appendix 1.
- 32.3 The ACD is also entitled to reimbursement of all reasonable, properly vouched, out of pocket expenses incurred in the performance of its duties, including stamp duty on transactions in shares or immovable property.
- 32.4 At present the ACD's annual management charge is taken from capital. The effect of such deduction from capital is that the amount of income available for distribution to shareholders may increase but capital growth may be constrained.
- 32.5 The ACD may not introduce a new category of remuneration for its services unless the introduction has been approved by an extraordinary resolution of shareholders in the Company.
- 32.6 The ACD may not increase the current rate or amount of its remuneration payable out of the Scheme Property of the Company or the preliminary charge unless, not less than 60 days before the introduction or increase, the ACD gives notice in writing of the introduction or increase and the date of its commencement to all shareholders and has revised and made available the Prospectus to reflect the introduction or new rate and the date of its commencement.

33 **Investment Manager's fees**

The Investment Manager's fees and expenses (plus VAT thereon) are paid by the ACD out of its remuneration under the ACD Agreement.

Depository's Fee

- 34.1 The Depository receives for its own account a periodic fee which will accrue daily and is payable within seven days after the last Dealing Day in each month. The fee is calculated by reference to the value of each Sub-fund on the immediately preceding Dealing Day except for the first accrual which is calculated by reference to the first Valuation Point of each Sub-fund. The fee is payable out of the property attributable to each Sub-fund. The rate of the periodic fee is agreed between the ACD and the Depository from time to time.
- 34.2 The current rate of charge is 0.0375% per annum on the first £50m, 0.0275% per annum on the next £50m, 0.0175% on the next £50m and 0.0075% on the balance plus VAT in each case. Fees are subject to a minimum of £5,000 plus VAT per annum.
- 34.3 The first accrual in relation to any Sub-fund will take place in respect of the period beginning on the day on which the first valuation of that Sub-fund is made and ending on the last Dealing Day of the month in which that day falls.
- 34.4 The remuneration payable to the Depository out of the property attributable to each Sub-fund for its services also includes transaction charges and custody charges. Transaction charges vary from country to country, dependent on the markets and the value of the stock involved and subject to a current range of £4.50 (UK) to £115 (Saudi Arabia) and accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last Dealing Day of the month when such charges arose or as otherwise agreed between the Depository and the ACD. Custody charges again vary from country to country (usually between 0.006% (UK) and 1% (Saudi Arabia) per annum) depending on the markets and the value of the stock involved and accrue and are payable as agreed from time to time by the ACD and the Depository.
- 34.5 In addition to the fees and charges payable to the Depository referred to above, the amount payable to the Depository out of the property attributable to any Sub-fund by way of remuneration for its services may include charges in connection with its duties (or the exercise of powers conferred upon it by the OEIC Regulations or the FCA Regulations) referable to (but not limited to):
- (i) custody of assets (including overseas custody services);
 - (ii) the acquisition holding and disposal of property;
 - (iii) the collection and distribution to shareholders of dividends, interest and any other income;
 - (iv) the maintenance of distribution accounts;
- the conversion of foreign currency;
- registration of assets in the name of the Depository or its nominee or agents;
- (vii) borrowings, stock lending or other permitted transactions;

- (viii) communications with any parties (including telex, facsimile, SWIFT and electronic mail);
- (ix) taxation matters;
- (x) insurance matters;
- (xi) dealings in derivatives;
- (xii) costs and charges relating to banking and banking transactions;
- (xiii) preparation of the Depositary's annual report;
- (xiv) taking professional advice;
- (xv) conducting legal proceedings;
- (xvi) the convening and/or attendance at meetings of shareholders;
- (xvii) out of pocket legal expenses in connection with the buying and selling of immovable property include expert advice specific to property transactions; and
- (xvii) modification of the Instrument of Incorporation, Prospectus, and negotiation and/or modification of the Depositary Agreement and any other agreement entered into between the Depositary and its delegates.

34.6 The Depositary will also be paid by the Company out of the property attributable to each Sub-fund, expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Depositary Agreement, the FCA Regulations or by the general law.

34.7 The Depositary shall be entitled to recover its fees, charges and expenses when the relevant transaction or other dealing is effected or relevant service is provided or as may otherwise be agreed between the Depositary and the Company or the ACD.

34.8 On a winding up of the Company, the termination of a Sub-fund or the redemption of a class of shares, the Depositary will be entitled to its *pro rata* fees, charges and expenses to the date of winding up, the termination, or the redemption (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations. No compensation for loss of office is provided for in the agreement with the Depositary.

34.9 Any value added tax on any fees, charges or expenses payable to the Depositary will be added to such fees, charges or expenses.

35.10 In each such case such expenses and disbursements will also be payable if incurred by any person (including the ACD or any associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to the FCA Regulations by the Depositary.

35.11 Expenses not directly attributable to a particular Sub-fund will be allocated between Sub-funds.

35 **Allocation of Fees and Expenses between Sub-funds**

All the above fees, duties and charges (other than those borne by the ACD) will be charged to the Sub-fund in respect of which they were incurred but where an expense is not considered to be attributable to any one Sub-fund, the expense will normally be allocated to all Sub-funds pro-rata to the value of the net assets of the Sub-funds, although the ACD has discretion to allocate these fees and expenses in a manner which it considers fair to shareholders generally.

36 **Shareholder Meetings and Voting Rights**

The Company does not hold annual general meetings.

36.1 **Requisitions of Meetings**

The ACD may requisition a general meeting at any time.

Shareholders may also requisition a general meeting of the Company. A requisition by shareholders must state the objects of the meeting, be dated, be signed by shareholders who, at the date of the requisition, are registered as holding not less than one-tenth in value of all shares then in issue and the requisition must be deposited at the head office of the Company. The ACD must convene a general meeting no later than eight weeks after receipt of such requisition.

36.2 **Notice of Quorum**

Shareholders will receive at least 14 days' notice of a Shareholders' meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for an Adjourned Meeting is also two shareholders present in person or by proxy, however if a quorum is not present from a reasonable time from the time appointed for the meeting then one person entitled to be counted in a quorum shall be a quorum. Notices of Meetings and Adjourned Meetings will be sent to shareholders at their registered addresses.

36.3 **Voting Rights**

At a meeting of shareholders, on a show of hands every shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote.

On a poll vote, a shareholder may vote either in person or by proxy. The voting rights attaching to each share are such proportion of the voting rights attached to all the shares in issue that the price of the share bears to the aggregate price(s) of all the shares in issue at the date seven days before the notice of meeting is deemed to have been served.

A shareholder entitled to more than one vote need not, if they vote, use all their votes or cast all the votes they use in the same way.

Except where the FCA Regulations or the Instrument of Incorporation of the Company requires an extraordinary resolution (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution will

be passed by a simple majority of the votes validly cast for and against the resolution.

The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the FCA Rules) of the ACD is entitled to vote at any meeting of the Company except in respect of shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions.

"Shareholders" in this context means shareholders on the date seven days before the notice of the relevant meeting was deemed to have been served but excludes holders who are known to the ACD not to be shareholders at the time of the meeting.

37 **Class and Sub-fund Meetings**

37.1 The above provisions, unless the context otherwise requires, apply to Share Class meetings and meetings of Sub-funds as they apply to general meetings of shareholders. However, an extraordinary resolution will be required to sanction a variation of class rights.

37.2 The rights attached to a class or Sub-fund may not be varied without the sanction of a resolution passed at a meeting of shareholders of that Share Class or Sub-fund by a seventy-five per cent majority of those votes validly cast for and against such resolution.

38 **Taxation**

38.1 **Taxation Of The Company**

Taxation of the Company as a PAIF is subject to section 468A of the Income and Corporation Taxes Act 1988, the Authorised Investment Funds (Tax) Regulations 2006 (SI 2006/964) (the "Tax Regulations"), and Part 4A of the Tax Regulations (the PAIF Regulations). The conditions required to be met by the Company to qualify as a PAIF, are summarised in Appendix 8.

Where the Company receives income or realises gains on investments outside the UK withholding taxes or other taxes may apply. Depending on the double taxation treaties and arrangements in place, some or all of that tax may still be offset against UK corporation tax payable by the Company.

Income

Net income from tax exempt property investment business is exempt from corporation tax. Any other net income received by the Company is subject to corporation tax. Losses or allowances generated by the tax exempt property investment business cannot be used against the non-exempt part.

Net income of the non-exempt business is calculated by deducting the following from the total net income received by the Company:

- (a) net income from the tax exempt property investment business;

- (b) amounts allowed pursuant to the corporation tax acts (including UK dividend income); and
- (c) amounts attributable to Interest PAIF distributions under Section 38.2.1.

Remaining net income is subject to corporation tax at the basic rate of income tax for the tax year beginning in that financial year (currently 20%).

Corporation tax will be chargeable in the Company in the event of any breach of the corporate ownership condition. The Corporation tax charge calculated by multiplying the percentage shareholding of the relevant Corporate Investor and the net income of the tax exempt property investment business that is distributable.

The total income in the Company's distribution accounts shall be allocated in the following order:

- (a) the net income of the tax exempt property investment business to a property income distribution (PID);
- (b) to an Interest PAIF distribution (see 38.2.1 below), the total net income less the tax exempt property investment business income and such amount as is allowed as a deduction under the corporation tax acts; and
- (c) the remaining amount to a Dividend PAIF distribution (see 38.2.1 below)

Capital gains

Capital gains accruing to the Company will be exempt from UK tax on chargeable gains.

38.2

Taxation Of The Shareholder

Income

Property Income Distributions ("PIDs") – UK resident individuals within the charge to income tax will receive PIDs paid gross and Shareholders will be liable to any income tax on the gross dividend distribution above the prevailing dividend tax allowance and any other relevant allowances.

Interest PAIF distributions - are paid gross and Shareholders will be liable to any income tax on the gross dividend distribution above the prevailing dividend tax allowance and any other relevant allowances.

Dividend PAIF distributions - Dividend distributions are treated in the same way as dividends received from a UK resident company and are paid gross and Shareholders will be liable to any income tax on the gross dividend distribution above the prevailing dividend tax allowance and any other relevant allowances.

Corporate shareholders within the scope of corporation tax

Property Income Distributions ("PIDs") - PIDs are generally charged to corporation tax as profits of a property investment business but are ring fenced from any other

property business. Generally, corporates within the charge to UK corporation tax are entitled to receive PIDs gross.

Interest PAIF distributions - Interest distributions are generally received gross by corporates within the charge to UK corporation tax. The corporate is treated as receiving a gross amount of yearly interest which is subject to corporation tax.

Dividend PAIF distributions - Dividend distributions are treated in the same way as dividends received from a UK resident company meaning that they are generally exempt from UK corporation tax. Corporate streaming rules which apply generally to authorised investment funds do not apply to Dividend PAIF distributions.

Non-UK resident shareholders

Non-UK resident shareholders will not generally be entitled to the tax credit to which UK resident individual shareholders are entitled in respect of PIDs for income shareholders (or a deemed distribution in respect of accumulation shares).

Equalisation

Where income equalisation applies to income (but not accumulation) shares, the part of the issue price of shares which reflects accrued income and is returned to the shareholder with the first allocation of income following the issue is deducted from the shareholder's capital gains tax base cost in the shares. In the case of accumulation shares, the capital is not distributed but remains invested throughout.

UK legislation on Taxation of Savings Income

Any person regarded as a "paying agent" for the purposes of the Taxation of Savings Income Directive (EC Directive 2003/48/EC), as implemented or given direct effect in the UK, may be required to disclose details of payments of interest and other income (which may include distributions or redemption payments by collective investment funds) to shareholders who are individuals or residual entities to HM Revenue & Customs, who will pass such details to the Member State where the shareholder resides.

Capital gains

UK resident individual shareholders

An individual shareholder who is resident or ordinarily resident in the UK (including, in some cases, a shareholder who is only temporarily non-UK resident) will be liable to capital gains tax on any chargeable gain accruing to them on the disposal or deemed disposal (including conversion or redemption) of their shares in the Company. They may also be entitled to set all or part of their gains against their annual capital gains tax execution.

UK resident or ordinarily resident individuals are subject to capital gains tax at rates which depend on the extent to which they have income falling within certain income tax bands.

Corporate shareholders within the scope of corporation tax

Subject to the possible application of the rules treating a shareholding in the Company as a loan relationship, a corporate shareholder which, whether UK

resident or not, is within the charge to corporation tax in respect of its investment in the Company will be liable to corporation tax on any chargeable gain accruing to it on the disposal or deemed disposal (including conversion or redemption) of its shares in the Company.

Non-UK resident shareholders

A shareholder who is neither resident nor ordinarily resident in the UK will not normally be liable to UK tax on capital gains accruing to them on the disposal or deemed disposal of their shares in the Company, except where the holding is connected with a trade, profession or vocation carried on by them in the UK through a branch, agency or permanent establishment or they fall within certain anti-avoidance provisions relating to temporary non-UK residence.

Inheritance Tax

A gift by a Shareholder of their Shareholding in a Sub-fund or the death of a Shareholder may give rise to a liability to inheritance tax, even if the Shareholder is neither domiciled in the UK, nor deemed to be domiciled there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of a Shareholding at less than the full market value may be treated as a gift.

Shareholding in the Company treated as a loan relationship

Special rules apply to corporate shareholders within the charge to corporation tax which in certain circumstances could result in their shares being treated for the purposes of the UK's corporate debt rules as rights under a creditor relationship of the corporate shareholder. A fair value basis of accounting would have to be used, for corporation tax purposes, as respects the deemed creditor relationship.

The above statements are only intended as a general summary of UK tax law and practice as at the date of this Prospectus (which may change in the future) applicable to individual and corporate investors who are the absolute beneficial owners of a holding in the Company and solely resident for tax purposes in the UK. Their applicability will depend upon the particular circumstances of each investor. In particular, the summary may not apply to certain classes of investors (such as financial institutions). It should not be treated as legal or tax advice and, accordingly, any investor who is in any doubt as to their UK tax position in relation to the Company should consult their UK professional adviser.

US Foreign Account Tax Compliance Act 2010 and OECD International Tax Compliance

Cross-border tax compliance is subject to international standards for the automatic exchange of tax information relating to US taxpayers (under FATCA) and taxpayers in CRS participating jurisdictions respectively.

In the UK, the International Tax Compliance Tax Regulations 2015 adopt the UK's reporting obligations under FATCA and CRS and consequently certain reporting obligations in relation to shareholders apply. Information from shareholders and prospective shareholders in order to ascertain their tax status may be required along with annual reporting to HMRC of information about the shares held by

shareholders who are, or who are controlled by a person or persons who are, tax resident in or citizens of the US or who are tax resident in a CRS participating country, including details of payments made to the shareholder (which may include payments arising from redemption of shares).

Under FATCA, if the shareholder is a specified US person, a US owned non-US entity, non-participating FFI or does not provide the requisite documentation, the information on these shareholders and the shares held by them will need to be reported to HMRC. HMRC will in turn report the relevant information to the IRS. Provided that these provisions are followed, the Company will not be subject to withholding tax under FATCA.

Under CRS, if the shareholder is tax resident in a CRS participating country or does not provide the requisite documentation, information on these shareholders will need to be reported to HMRC. As part of the automatic information exchange between the CRS countries, HMRC will report the relevant information to the responsible tax authorities. Within the EU, CRS has been implemented by Council Directive 2014/107/EU on the mandatory automatic exchange of tax information which was adopted on 9 December 2014 and became effective among most EU member states from 1 January 2016. As a consequence, CRS has been implemented and/or given direct effect into the law of the UK.

Shareholders and intermediaries should note that it is existing policy of the ACD that shares are not being offered or sold for the account of US Persons or shareholders who do not provide the appropriate FATCA information or CRS information. Subsequent transfers of shares to US Persons are prohibited. If shares are beneficially owned by any US Person or a person who has not provided the appropriate FATCA or CRS information, the ACD may in its discretion compulsorily redeem such shares.

39 **Income equalisation**

- 39.1 Income equalisation, as explained below, may apply in relation to certain Sub-funds of the Company, as detailed in Appendix 1.
- 39.2 Part of the purchase price of a share reflects the relevant share of accrued income received or to be received by the Company. This capital sum is returned to a shareholder with the first allocation of income in respect of a share issued during an accounting period.
- 39.3 The amount of income equalisation is either the actual amount of income included in the issue price of that share or is calculated by dividing the aggregate of the amounts of income included in the price of shares issued or sold to shareholders in an annual or interim accounting period by the number of those shares and applying the resultant average to each of the shares in question.

40 **Winding up of the Company or Termination of a Sub-fund**

The Company shall not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the FCA Regulations. A Sub-fund may only be terminated under the FCA Regulations.

Where the Company is to be wound up or a Sub-fund terminated under the FCA Regulations, such winding up / termination may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so. The Company may not be wound up under the FCA Regulations if there is a vacancy in the position of ACD at the relevant time.

The Company may be wound up or a Sub-fund terminated under the FCA Regulations if:

an extraordinary resolution to that effect is passed by shareholders; or

the period (if any) fixed for the duration of the Company or a Sub-fund by the Instrument of Incorporation expires, or an event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company is to be wound up or a particular Sub-fund terminated (for example, if the share capital of the Company is below its prescribed minimum or (in relation to any Sub-fund) the Net Asset Value of the Sub-fund is less than £1,000,000, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Sub-fund); or

on the date of effect stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or the Sub-fund;

On the occurrence of any of the above:

the parts of the FCA Regulations and the Instrument of Incorporation relating to Pricing and Dealing and Investment and Borrowing will cease to apply to the Company or the Sub-fund;

the Company will cease to issue and cancel shares in the Company or the Sub-fund and the ACD shall cease to sell or redeem shares or arrange for the Company to issue or cancel them for the Company or the Sub-fund;

no transfer of a share shall be registered and no other change to the register shall be made without the sanction of the ACD;

where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;

the corporate status and powers of the Company and, subject to the provisions of paragraphs 40.1.4.1 and 40.1.4.4 above, the powers of the ACD shall remain until the Company is dissolved.

The ACD shall, as soon as practicable after the Sub-fund is terminated, realise the assets and meet the liabilities of the Sub-fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of termination, arrange for the Depositary to make one or more interim distributions out of the proceeds remaining (if any) to shareholders proportionately to their rights to participate in the Scheme Property of the Sub-fund. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Sub-fund to be realised, the ACD shall arrange for the Depositary to also

make a final distribution to shareholders (if any Scheme Property remains to be distributed) on or prior to the date on which the final account is sent to shareholders of any balance remaining in proportion to their holdings in the Sub-fund. This section 40.1.5 shall apply to the Company in the event that the Company falls to be wound up as if references herein to the Sub-fund are to the Company as a whole.

As soon as reasonably practicable after completion of the winding up of the Company or the termination of a Sub-fund, the ACD shall notify the FCA.

On completion of a winding up of the Company, the Company will be dissolved and any money (including unclaimed distributions) standing to the account of the Company, will be paid into court within one month of dissolution.

Following the completion of the winding up of the Company or the termination of a Sub-fund, the ACD shall notify the Registrar of Companies and shall notify the FCA that it has done so.

Following the completion of a winding up of either the Company or the termination of a Sub-fund, the ACD must prepare a final account showing how the winding up / termination took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA, to each shareholder and, in the case of the winding up of the Company, to the Registrar of Companies within two months of the termination of the winding up.

41 **General Information**

41.1 **Accounting Periods**

The annual accounting period of the Company ends each year on 28 February (the accounting reference date). The interim accounting period of the Company ends each year on 31 August.

41.2 **Income Allocations**

Allocations of income are made in respect of the income available for allocation in each accounting period.

Distributions of income in respect of Income Shares for each Sub-fund are paid on or before the annual income allocation date of the last day of February and on or before the interim allocation date of 31 August in each year. No income allocation shall occur on 28 February 2013, the first year of the Company's existence.

If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Sub-fund, and if no longer in existence then to the Company.

The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Sub-fund in respect of that period, and deducting the charges and expenses of the Company or the relevant Sub-fund paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the auditors as appropriate) in relation

to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and any other adjustments which the ACD considers appropriate after consulting the auditors.

In relation to income shares, distributions of income for each Sub-fund in which income shares are issued are paid by cheque or BACS directly into a shareholder's bank account on or before the relevant income allocation date in each year. Where any income is to be paid out to a shareholder by cheque, a cheque will be sent at the shareholder's risk by first class post to the last address notified by the shareholder to the ACD. It will be deemed to be received on the second day after posting and the ACD will not be responsible for any delay except as a result of the ACD's negligence. If the mailing goes astray or is intercepted the ACD reserves the right to fully investigate what has happened and will have no obligation to remit a second payment to the shareholder until satisfied with the results of the investigation. Where any income is to be paid by direct credit, payment will be made into the bank or building society account last notified by the shareholder to the ACD. It will be deemed to be received on the income allocation date. The ACD will not be responsible if the payment is delayed except where as a result of the ACD's negligence. The ACD will have no obligation to remit a second payment to the shareholder until satisfied with the results of the investigation.

41.3 **Annual Reports**

Annual reports of the Company will be issued within four months of each annual accounting period and half-yearly reports will be published within two months of each interim accounting period. The half yearly and annual reports can be found on the website: www.mgtsfunds.com. A paper copy of these are available free of charge upon request by writing to the compliance officer at 1 Sovereign Court, Graham Street, Birmingham B1 3JR.

Information regarding the level of leverage employed by the Sub-fund, the percentage of Sub-fund's assets that are subject to special arrangements arising from their illiquid nature, any new arrangements for managing liquidity, the current risk profile of the Sub-fund and the risk management systems employed to manage those risks will be disclosed in the annual and interim report and accounts.

41.4 **Documents of the Company**

The following documents may be inspected free of charge between 9.00 a.m. and 5.00 p.m. every Dealing Day at the offices of the ACD at 1 Sovereign Court, Graham Street, Birmingham B1 3JR:

the most recent annual and half-yearly reports of the Company;

the Instrument of Incorporation and Prospectus (and any amending instrument of incorporation or Prospectus); and

the ACD Agreement between the Company and the ACD.

The ACD may make a charge at its discretion for copies of documents.

Changes to investment strategy or investment policy, or both

Under the FCA Regulations, the ACD is required to determine which one of the following three categories the changes to Company operation fall within:

Fundamental events which change the nature of the Company or the basis on which the investor invested. For example, changes to an investment objective, its risk profile or something that would cause material prejudice to the investors would require investor approval.

Significant events which would materially affect an investor's investment, result in increased payments out of the Company, or could reasonably be expected to cause investors to reconsider their participation in the Company. Those should be notified pre-event to investors and in sufficient time to enable them to leave the Company, if they wish, before the change takes effect. 60 days minimum notice is required for these changes.

Notifiable events for which the ACD would decide when and how the investor should be notified, depending on the type of event. In these cases notification could be after the event

41.5 Acting to deliver Good Outcomes

The ACD seeks to ensure that it acts to deliver good outcomes at all times. This objective is embedded in the operations and culture of the firm and is considered and delivered at every level and kept under review, which also ensures compliance with certain FCA Principles for Firms (as stated in PRIN 2.1 of the FCA's Principle for Business sourcebook). The ACD has the appropriate policies and procedures in place to ensure that it acts to deliver good outcomes and details are available on the ACD's website, www.mgtsfunds.com, and upon request.

41.6 Service of Notices on Shareholders

Notices or other documents will be sent to Shareholders at their registered addresses.

41.7 Complaints

Complaints concerning the operation or marketing of the Company should be referred to the compliance officer of the ACD at 1 Sovereign Court, Graham Street, Birmingham B1 3JR in the first instance. If the complaint is not dealt with satisfactorily then it can be made direct to The Financial Ombudsman Service whose contact number is 0800 023 4567. Complaints can also be made online on the Financial Ombudsman website, [How to complain \(financial-ombudsman.org.uk\)](http://How_to_complain_(financial-ombudsman.org.uk)).

42.9 Remuneration

The remuneration policy and, where required by the FCA, how benefits are calculated and details of the remuneration committee can be found on the website: [EEA Remuneration Policy \(margetts.com\)](http://EEA Remuneration Policy (margetts.com)).

A paper copy of this is available free of charge upon request by writing to the compliance officer at 1 Sovereign Court, Graham Street, Birmingham B1 3JR.

Data Protection

The personal information you provide on an application form and any subsequent contact will be used to provide the service(s) which are applied for, for the operation of the investments in units or shares (including, for example, for registration and distribution). This is to fulfil the contract you are entering into with the ACD in respect of the Company. The ACD has legal obligations as a regulated financial services company that must be met. The ACD will also use anonymised personal data to produce statistics which monitor its performance.

The personal data is held by the ACD for a minimum of 7 years after the end of your relationship with the Company. The end of the relationship is defined as the last transaction that leaves a zero balance in your account(s).

In addition to data obtained directly from the investor, the ACD may also receive data from the financial adviser or other intermediary acting on their behalf, or from services designed to detect, reduce or prevent fraud and money laundering. The ACD will disclose the minimum amount of information to these services in order to comply with legal requirements and therefore process the data under its legal obligations.

This information may be transferred to other organisations in order to provide some services or where required by law. The following third parties are currently engaged, however the list may not be comprehensive.

- Bravura Services. Bravura services provide Margetts with a hosted service to manage and store the register of investors
- External Auditors
- Electronic Anti-Money Laundering or Fraud Services
- Printing Services

For electronic verification checks, the ACD works alongside SmartCredit Ltd trading as SmartSearch which acts as a joint data controller with the ACD to help it comply with fraud and anti-money laundering requirements. Their Privacy Policy has further information on how the data is handled: <http://www.smartsearchuk.com/privacy-policy/>

For more information about the how data is processed, retained and deleted or to read more about the rights under the General Data Protection Regulations (GDPR) the Privacy Notice of the ACD can be found at [Privacy Notice.pdf \(margetts.com\)](#) or contact dataprotection@margetts.com.

If an investor or their agent is not happy with the way the ACD has handled personal data and it is unable to resolve the issue, they can complain to the Information Commissioner's Office (www.ico.org.uk).

We use the personal information you provide to communicate with you about questions, issues or other matters you wish to raise with us. Our legal basis is our own legitimate interest of communicating with clients, partners, other organisations and members of the public.

We will not use this information for any form of mass marketing, but will contact you if you have requested information on Margetts or our products or services or made a specific enquiry.

We do not disclose this information to third parties except if required by law. Data will be held for a minimum of 1 year after completion of any action, or until the end of any contract which is defined as 7 years after the last transaction that leaves a zero balance in your account(s).

For more information about the how your data is processed, retained and deleted or to read more about your rights and how to exercise them under the General Data Protection Regulations (GDPR) please read our Privacy Notice or contact dataprotection@margetts.com

If you are not happy with the way we have handled your data, and are unable to resolve the issue with us personally, you can complain to the Information Commissioner's Office (www.ico.org.uk).

APPENDIX 1

Investment objectives and policy and other details of the Company

Investment of the assets of each of the Sub-funds must comply with the FCA Regulations and its own investment objective and policy. Details of each Sub-fund's investment objective and policy are set out overleaf together with other information including available Share Classes, charges, minimum investment levels and distribution dates. A detailed statement of the investment and borrowing restrictions applicable to the Company is contained in Appendix 2. Lists of the eligible securities and derivatives markets in which the Sub-funds may invest are contained in Appendices 3 and 4.

MGTS ST. JOHNS HIGH INCOME PROPERTY FUND

Investment Objective

The Investment objective of the Sub-fund is to provide income with the potential for capital growth over any 8 year period. The Sub-fund has a performance target of providing 110% of the average of the income generated by the IA UK Direct Property Sector.

The Sub-fund is operated as a Property Authorised Investment Fund (PAIF) and, as such, its investment objective is to carry on a property investment business and to manage cash raised from investors for investment in the property investment business.

Investment Policy

The Sub-fund is actively managed and therefore the investment manager decides which investments to buy or sell, and when.

Over any 5 year period the Sub-fund will on average hold a minimum of 70% directly in UK commercial immovable property.

UK commercial property may include freehold and leasehold immovable property including (but not limited to), light industrial, heavy industrial, chemical industry, manufacturing, office, service sector.

In accordance with PAIF regulation at least 60% of the total value of the assets of the Sub-fund must consist of assets involved in property investment business during any accounting period. "Property investment business" is defined in the PAIF Regulations and broadly means carrying on property rental business, owning shares in UK REITs and owning shares in overseas equivalents of UK REITs.

The Sub-fund may also invest in:-

- Up to 15% of the portfolio value in units and/or shares in collective investment schemes (which may include schemes operated by the manager, associates or controllers of the manager);
- transferable securities such as real estate investment trusts (REITs), shares, investment trusts and bonds;
- cash and near cash

The Sub-fund will be fully invested save for a cash amount to enable ready settlement of liabilities (including redemption of units) and efficient management of the Sub-fund both generally and in relation to its strategic objective. This amount will vary depending upon prevailing circumstances and although it would normally not exceed 20% of the total value of the Sub-fund, there may be times when the Manager considers a period of instability exists which presents unusual risks or the Sub-fund is required to increase the level of cash to meet redemptions or make an investment. In such cases or during such periods and, if considered prudent, the amount of cash or near cash instruments held would be increased. Unless market conditions were deemed unusually risky, the increased amount and period would not be expected to exceed 30% and six months respectively.

Investments in property carries specific risks due to the inherently illiquid nature of property investment. Although the Sub-fund provides daily dealing, there may be times when the Sub-fund experiences a high level of redemption requests, or the valuation of properties becomes uncertain. In these situations, it is the ACD and depositary role to treat investors fairly, which may delay

investors being able to make redemptions requests or receiving proceeds from their redemptions. Investors should be aware of the ACD's rights in section 19.3 "Deferred Redemption" and section 20 "Suspension of Dealings in the Company" might affect a Shareholder's right to redeem.

Other specific risks that investors should be aware of: -

- i. Property Investment Risk
- ii. Property transaction charges
- iii. Property valuation risk
- iv. Single swinging pricing - impact on fund value and performance

The above risks are defined in the section "Risk factors" of this prospectus.

Performance Comparison

There are three types of benchmarks which can be used:

1. A target - an index or similar factor that is part of a target a fund manager has set for a fund's performance to match or exceed, which includes anything used for performance fee calculation
2. A constraint - an index or similar factor that fund managers use to limit or constrain how they construct a fund's portfolio
3. A comparator - an index or similar factor against which a fund manager invites investors to compare a fund's performance

The Sub-fund has a performance target set out in the objectives and is constrained by the PAIF regulations.

The IA (Investment Association) UK Direct Property Sector can also be used as a comparator. This is considered appropriate for investors to use when comparing performance as the Sub-fund is a member of this sector, which is made up of funds with a similar strategy as defined by the IA. The sector is not constructed as an Index, therefore as funds enter or leave the sector composition can change, but it is considered that the sector remains a useful and relevant comparator for investors to assess performance within a relevant peer group.

Other details of the Sub-fund

Classes of shares available	Net Income Shares Net Accumulation Shares Gross Income Shares Gross Accumulation Shares F Income Shares F Accumulation Shares
Currency of denomination	Sterling
Registration charge per shareholder (subject to annual inflationary increases capped at 3% per annum)	£19 per annum
Minimum initial investment	Net Income Shares – £1,000 Net Accumulation Shares – £1,000 Gross Income Shares – £1,000 Gross Accumulation Shares – £1,000

	F Income Shares – £250,000 F Accumulation Shares – £250,000
Minimum initial and subsequent investment for regular investors	£100
Minimum subsequent investment	£1,000
Minimum withdrawal	£100
Minimum holding	Net Income Shares – £1,000 Net Accumulation Shares – £1,000 Gross Income Shares – £1,000 Gross Accumulation Shares – £1,000 F Income Shares – £250,000 F Accumulation Shares – £250,000
ACD’s preliminary charge	Net Income Shares – 0% Net Accumulation Shares – 0% Gross Income Shares – 0% Gross Accumulation Shares – 0% F Income Shares – 0% F Accumulation Shares – 0%
Conversion fee	Not applicable
Switching Fee	£30.38 per switch
Annual management charge	Net Income Shares – 1% Net Accumulation Shares – 1% Gross Income Shares – 1% Gross Accumulation Shares – 1% F Income Shares – 0% F Accumulation Shares – 0%
Annual accounting date	28 February
Interim accounting date	31 August
Annual income allocation date	30 April
Interim income allocation date	31 October
Invest in any Securities Market of the UK, of a Member State of the EU or states within the EEA on which securities are admitted to Official Listing	Yes
Invest in Eligible Markets	As listed in Appendices 3 and 4
Income Equalisation	Yes

Profile of a typical investor

A typical investor needs to be able to understand and accept the objectives, policy, strategy and risks of investing in the Fund, including the “Risk Factors” set out in this document.

Typically, investors will be classed as retail or professional and will have received advice from an independent financial adviser, although other types of investors are permitted.

The objective, policy and strategy set out above should align with the objectives of the investors and their minimum timeframe for investment should meet or exceed the recommended holding period.

Target Market for MiFID II:

Type of clients: retail, professional clients and eligible counterparties

Distribution channels This product is eligible for all distribution channels including:

- Investment advice
- Portfolio management
- Non-advised sales
- Execution only services

Clients' knowledge and experience: investors who have read the literature relating to the Fund and who have, as a minimum, a basic knowledge of funds which are to be managed in accordance with a specific investment objective and policy.

Clients' financial situation with a focus on ability to bear losses: Investors must be prepared to accept fluctuations in the value of capital and income and accept the risks of investing in shares. Investors may get back less than they invested as capital and income is at risk.

Clients' risk tolerance and compatibility of risk/reward profile of the product with the target market: The Key Investor Information Document (NURS KII/KIID) provides a risk rating which should be understood before making an investment. Although this risk rating provides a guide, investors should be aware that the rating is subject to change due to prevailing investment conditions.

Recommended Holding Period: investors should have an investment time horizon of at least 8 years. The recommended holding period does not provide any guarantee that the objective will be achieved and investors should be aware that capital and the income distributed are at risk.

You should not invest if you:

- do not meet the criteria above
- are looking for full capital protection or full repayment of the amount invested
- want a guaranteed return (whether income or capital)
- Investors not able to tolerate liquidity risk

APPENDIX 2

1 **Investment and borrowing powers of the Company**

- 1.1 These restrictions apply to the Company, along with the applicable investments limits, authority and powers set out in COLL, the PAIF Regulations, the Instrument of Incorporation and the Prospectus.
- 1.2 To comply with the PAIF Regulations at least 40% of the total value of assets of the Company in its first accounting period must consist of assets involved in the property investment business, and at least 60% of the total value of the assets of the Company must consist of such assets in subsequent accounting periods.
- 1.3 The property of each Sub-fund of the Company will be invested with the aim of achieving the investment objective of the Sub-fund but subject to the limits on investment set out in the FCA Regulations and the Sub-fund's investment policy. The ACD must ensure that, taking into account the investment objective and policy of the Company, the scheme property of the Company aim to provide a prudent spread of risk.
- 1.4 Generally, the Company will invest as a property investment business and will invest in other property and investments described in this Appendix 2 including:

In those Eligible markets established in the UK or in an EEA State which are regulated, operate regularly and are open to the public; and markets which the ACD, after consultation with the Depositary, has decided are appropriate for the purpose of investment of or dealing in the property of the Company having regard to the relevant criteria in the FCA Regulations and guidance from the FCA. Such markets must operate regularly, be regulated, recognised, open to the public, adequately liquid and have arrangements for unimpeded transmission of income and capital to or to the order of the investors. The eligible securities and derivatives markets for the Company are set out in Appendices 3 and 4.

New eligible securities markets which may be added to the existing list only by the passing of a resolution of shareholders at a shareholders' meeting. If not, then the ACD and the Depositary will need to assess whether such an addition would be a significant event requiring shareholders to be notified of the change 60 days in advance, and for the Prospectus to reflect the intended change and the date of commencement, or if the addition is of minimal significance to the investment policy of the Company such that Shareholders will just be notified of the change, whether by immediate notification or in the next report for the Company.

1.5 **Immovable property**

Up to 100% of the value of the property of the Company may consist of immovable property.

The Company may only invest in immovable property which:

is situated in the United Kingdom and if such property is situated in:

- England and Wales or Northern Ireland, constitutes a

freehold or leasehold interest; or

- Scotland, be any interest or estate in or over land or heritable right including a long lease; or
- the Channel Islands or the Isle of Man, such property must be equivalent to any of the interests in 1.6.2.1 above, or if no such equivalent interest is available, be an interest that grants beneficial ownership of the immovable to the Company and provides as good a title as any of the interests in 1.6.2.1 above.

The ACD shall take reasonable care to determine that title to the property is good marketable title and the ACD must have received a report from an appropriate valuer (the Standing Independent Valuer) containing:

a valuation of the property (with and without any relevant subsisting mortgage); and

which states that in the valuer's opinion, the property would, if acquired by the Company, be capable of being disposed of reasonably quickly at such valuation; or

the valuer must state that the property is adjacent to or in the vicinity of another property owned by the Company or constitutes another legal interest (for example, a leasehold interest) which is already included as part of the property of the Company, and in the opinion of the valuer, the total value of both properties (and interests therein) would at least equal the sum of the price payable for the additional property or interest and the existing value of the other property already owned by the Company.

Save in certain circumstances specified in COLL, a property must:

be bought or be agreed to be bought within six months after receipt of the report of the valuer;

not be bought, if it is apparent to the ACD that the valuer's report could no longer reasonably be relied upon; and

not be bought at more than 105% of the valuation for the relevant property in the report.

Furniture, fittings or other contents of any building purchased by the Company may be regarded as part of the relevant property.

1.6 **Investment and borrowing limits for immovable property**

The following limits apply in respect of immovable property:

Not more than 15% in value of all the property of the Sub-fund may consist of any one property. This may be increased to 25% in certain circumstances as specified in COLL.

The income receivable from any group of properties in any accounting period must not be attributable to property comprising either more than 25% of the value of the property of the Sub-fund or, in the case of government or public body, more than 35%.

Not more than 20% in value of the property of a Sub-fund may consist of mortgaged property and any mortgage must not secure more than 100% of the value of such property as specified in the relevant valuer's report (on the assumption the property is not mortgaged).

The aggregate value of mortgages secured on immovable property (as set out above), the borrowing of the Sub-fund as permitted under COLL, and any transferable securities that are not approved securities, must not at any time exceed 20% of the value of the Sub-fund.

Not more than 50% in value of the Sub-fund may consist of property which is unoccupied and non-income producing or which is in the course of substantial development, redevelopment or refurbishment.

No option may be granted to a third party to buy any immovable property comprised in the property of the Sub-fund unless the value of the relevant immovable property does not exceed 20% of the value of all the property of the Sub-fund together with, where appropriate, the value of investments in:

- unregulated collective investment schemes; and
- any transferable securities which are not approved securities within the meaning of COLL

1.7 **Investment in overseas property through an intermediate holding vehicle**

Currently the Company only invests in UK immovable property. In the event that the Company's investment policy is amended to permit investment in overseas immovable property the following two paragraphs in this section will apply.

An overseas immovable may be held by the Company through an intermediate holding vehicle whose purpose is to enable the holding of immovables by the scheme or a series of such intermediate holding vehicles, provided that the interests of shareholders are adequately protected. Any investment in an intermediate holding vehicle for the purpose of holding an overseas immovable shall be treated as if it were a direct investment in that immovable.

An intermediate holding vehicle must be wholly owned by the Company or another intermediate holding vehicle or series of intermediate holding vehicles wholly owned by the Company unless and to the extent that local legislation or regulation relating to the intermediate holding vehicle holding the immovable requires a proportion of local ownership.

1.8 **Transferable securities**

Subject to the limitations in the PAIF Regulations up to 100% of the scheme property attributable to the Sub-fund may consist of transferable securities and money market instruments which are:

admitted to or dealt in on an eligible market (as set out in COLL 5.2.10R and Appendix 2); or

recently issued transferable securities, provided the terms of issue include an undertaking that an application will be made to be admitted to an eligible market, and such admission is secured within a year of issue; or

money market instruments, not admitted to or dealt in on an eligible market which are normally dealt in on the money markets, are liquid and whose value can be accurately determined at any time, being an 'approved money market instrument', in accordance with the rules in COLL 5.2.10AR to COLL 5.2.10CR (as explained below under "*Approved money market instruments*").

Not more than 20% in value of the property of the Sub-fund may consist of transferable securities which do not fall within the above criteria or money market instruments which are liquid and have a value which can be accurately determined at any time.

Transferable securities held by the Sub-fund must also fulfil the following criteria:

the potential loss which the Sub-fund may incur with respect to holding the transferable security is limited to the amount paid for it;

its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem shares at the request of any qualifying shareholder;

reliable valuation is available for the transferable securities as follows:

- in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
- in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;

appropriate information is available for the transferable security as follows:

- in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
- in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;

it is negotiable; and

its risks are adequately captured by the risk management process of the ACD.

Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed: not to compromise the ability of the ACD to comply with its obligation to redeem shares at the request of any qualifying shareholder; and to be negotiable.

Transferable securities linked to other assets - The Sub-fund may invest in any other investment which shall be taken to be a transferable security provided the investment fulfils the criteria for transferable securities set out in paragraphs 1.9.3.1 to 1.9.3.6 above; and is backed by or linked to the performance of other assets, which may differ from those in which the Sub-fund can invest.

Where such investments contain an embedded derivative component (in accordance with COLL 5.2.19 R (3A)), the requirements of COLL with respect to derivatives and forwards will apply to that component.

1.9 **Closed end funds constituting transferable securities**

A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by the Company, provided it fulfils the criteria for transferable securities set out in paragraphs 1.9.3.1 to 1.9.3.6 above, and either:

where the closed end fund is constituted as an investment company or unit trust:

- it is subject to corporate governance mechanisms applied to companies; and
- where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or

where the closed end fund is constituted under the law of contract:

- it is subject to corporate governance mechanisms equivalent to those applied to companies; and
- it is managed by a person who is subject to national regulation for the purpose of investor protection.

1.10 **Approved money market instruments**

The Company may invest in an approved money market instrument if it is:

issued or guaranteed by a central, regional or local authority or central bank of the UK, an EEA state or if the EEA State is a federal state, one of the members making up the federation, the European Central Bank, the European Union or the European Investment Bank, a non-EEA state or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which one or more EEA states belongs; or

an establishment subject to prudential supervision in accordance with criteria defined by European Law or an establishment which is subject to and complies with prudential rules governed by the FCA to be at least as stringent as those laid down by European Law; or

issued by a body, any securities of which are dealt in on an eligible market,

and in respect of which appropriate information is available in accordance with COLL 5.2.10CR.

In addition to instruments admitted to or dealt in on an eligible market, the Company may invest in an approved money market instrument provided it fulfils the requirements in COLL governing regulated issuers of money market instruments such that the issue or the issuer is regulated for the purpose of protecting investors and savings and the instrument is issued or guaranteed, in accordance with paragraphs 1.11.1.1 to 1.11.1.3 above.

A money market instrument which is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which is accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

1.11 **Collective Investment Schemes**

Subject to the limitations in the PAIF Regulations the each Sub-fund may invest up to 15% of the scheme property in units in collective investment schemes established anywhere.

Investment may be made in another collective investment scheme managed by the ACD or an associate of the ACD, subject to the rules contained in COLL 5.2.15. Investment may only be made in other collective investment schemes whose maximum annual management charge does not exceed 3%.

The investee schemes must comply with 1.12.4 and 1.12.5 (although no more than 20% in value of the scheme property of the Sub-fund may be invested in units in collective investment schemes which do not comply with the conditions necessary for them to enjoy the rights conferred by the UCITS Directive (i.e. 1.12.4.2 to 1.12.4.4)), , as implemented or given direct effect in the UK.

Any schemes in which the Sub-fund invests need to:

comply with the conditions necessary for them to enjoy the rights conferred by the UCITS Directive , as implemented or given direct effect in the UK; or

be recognised under the provision of section 270 of the Financial Services and Market Act 2000; or

be authorised as a *non-UCITS retail scheme*; or

be authorised in the UK or in an EEA state.

Provided that for 1.12.4.3 and 1.12.4.4 the requirements of article 50(1)(e) of the UCITS Directive, as implemented or given direct effect in the UK, are also met.

Investee schemes must also comply with the rules relating to investment in other group schemes contained in the FCA Regulations and themselves be schemes which have terms which prohibit more than 10% of their assets consisting of units in other collective investment schemes.

A Sub-fund may invest in units of collective investment schemes and pay any related charges or expenses for investing in such units unless the schemes are managed, operated or administered by the ACD (or one of its associates) in which case, the Sub-fund will pay no additional management or administrative charges to the ACD or its associate (as the case may be).

1.12.7 A Sub-fund may invest in shares in other Sub-funds of the Company provided that the Sub-fund will pay no additional management or administrative charges to the ACD or its associate (as the case may be).

1.12 **Warrants and nil and partly paid securities**

Not more than 5% in value of the scheme property attributable to the Sub-funds may consist of warrants although it is not anticipated that investment in warrants by the Sub-fund will affect the level of volatility of the Sub-fund. Warrants may only be held if it is reasonably foreseeable that the exercise of the rights conferred by the warrants will not contravene COLL.

1.13 **Money market instruments**

The Company may invest in money market instruments which are normally dealt with on the money market, are liquid and whose value can be accurately determined at any time provided the instrument is:

issued or guaranteed by a central, regional or local authority, a central bank of the UK, an EEA State, the European Central Bank, the European Union or European Investment Bank, a non-EEA State or in the case of a Federal State, by one of the members making up the Federation, or by a public international body to which the UK or one or more EEA States belong; or

issued by a body any securities of which are dealt on an eligible market; or

issued or guaranteed by an establishment subject to prudential supervision comparable to UK and European Union Law and whose prudential rules are considered by the FCA to be at least as stringent as UK and European Union Law.

and in respect of which appropriate information is available in accordance with COLL 5.2.16 CR.

1.14 **Deposits**

Up to 20% in value of the scheme property of a Sub-fund can consist of deposits with a single body. A Sub-fund may only invest in deposits with an approved bank and which are repayable on demand, or have the right to be withdrawn, and maturing in no more than 12 months.

1.15 **Cash and Near Cash**

The property of the Company may consist of cash or near cash to enable:

the pursuit of the Company's investment objective;

the redemption of shares; or

the efficient management of the Company in accordance with its objectives or any other purposes which may reasonably be regarded as ancillary to the objectives of the Company.

Liquidity may be at the upper end of, or even exceed this range under certain circumstances such as where there are large market movements and/or an exceptional number of redemptions are anticipated or the Company is in receipt of large cash sums upon the creation of shares or realisation of investments.

Cash which forms part of the property of the Company may be placed in any current or deposit account with the Depository, the ACD or any investment manager or any associate of any of them provided it is an eligible institution or approved bank and the arrangements are at least as favourable to the Company as would be the case for any comparable arrangement affected on normal commercial terms negotiated at arm's length between two independent parties.

1.16 **Derivatives and forward transactions**

Derivative transactions may be used for the purposes of EPM. Where derivatives are used for EPM or in accordance with efficient portfolio management¹ techniques then this will not compromise the risk profile of the Sub-funds. Use of derivatives will not contravene any relevant investment objectives or limits.

In broad terms, the FCA Regulations permit the following techniques:

Except as set out in 1.17.4 below there is no upper limit on the use of transactions in derivatives or forward transaction for a Sub-fund but they must fall under 1.17.3 and 1.17.4.

A transaction in a derivative or forward transaction must:

if an OTC, be in an approved derivative; or be in a future, an option or a contract for differences which must be entered into with a counterparty that is acceptable in accordance with the FCA Regulations, must be on approved terms as to valuation and close out and must be capable of valuation.

have the underlying consisting of any or all of the following to which the Sub-fund is dedicated:

- transferable securities;
- permitted money market instruments;
- permitted deposits;
- permitted derivatives;
- permitted collective investment scheme units;
- financial indices;
- interest rates;
- foreign exchange rates; and
- currencies.

be effected on or under the rules of an eligible derivatives market, it must not cause a Sub-fund to diverge from its investment objectives, must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, money market instruments, units in collective investment schemes, or derivatives and must be with an approved counterparty.

Use of derivatives must be supported by a risk management process maintained by the ACD which should take account of the investment objectives and policy of the Sub-fund.

¹ Efficient Portfolio Management ("EPM") refers to the techniques and instruments which relate to transferable securities and approved money market instruments and which fulfil the following criteria:

- (a) they are economically appropriate in that they are realised in a cost effective way;
- (b) they are entered into for one or more of the following specific aims:
 - (i) reduction of risk;
 - (ii) reduction of cost;
 - (iii) the generation of additional capital or income for a Scheme with a risk level which is consistent with the risk profile of the Scheme and the risk diversification rules laid down in COLL.

The ACD must ensure that there is suitable cover in place from within the Scheme Property and that to the extent the Sub-fund is exposed to risk of loss of property it is no greater than the property of the Sub-fund.

The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the scheme property of a Sub-fund. This limit is raised to 10% where the counterparty is an approved bank.

In applying the limits in 1.17, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it provided the collateral meets each of the following conditions:

it is marked-to-market on a daily basis and exceeds the value of the amount at risk;

it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;

it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and

can be fully enforced by the relevant Sub-fund at any time.

Not more than 20% of a Sub-fund is to be put at risk in respect of an exposure from an OTC derivative transaction to a single entity or one or more such entities within a group, after taking into account any collateral received from that entity or group, both at individual level or group level.

In applying the limits in 1.17, OTC derivative positions with the same counterparty may be netted provided that the netting procedures:

comply with the conditions set out in Section 3 (Contractual netting Contracts for novation and other netting agreements) of Annex III to the Banking Consolidation Directive; and

are based on legally binding agreements.

All derivative transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:

it is backed by an appropriate performance guarantee; and

it is characterized by a daily mark-to-market valuation of the derivative positions and at least daily margining.

No agreement by or on behalf of a Sub-fund to dispose of property or rights may be made unless:

the obligation to make the disposal and any other similar obligation could immediately be honoured by the Sub-fund by delivery of property or the assignment (or, in Scotland, assignation) of rights; and

the property and rights at 1.17.10.1 are owned by the Sub-fund at the time of the agreement.

1.17.10.1 and 1.17.10.2 do not apply to a deposit. They also do not apply where:-

the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or

the ACD or the Depositary has the right to settle the derivative in cash and cover exists within the scheme property which falls within one of the following asset classes:

cash;

liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or

other highly liquid assets which are recognised considering their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts, where relevant).

In the asset classes referred to in (1.17.11.1) and (1.17.11.2), assets may be considered as liquid where the instruments can be converted into cash in no more than seven Dealing Days at a price closely corresponding to the current valuation of the financial instrument on its own market.

1.17 **Government and public securities**

Up to 35% of the property of a Sub-fund may be invested in Government and public securities issued by any one issuer. Subject to this restriction, 100% of the scheme property of a Sub-fund may be invested in Government and other public securities and up to of 35% of the value of the scheme property in any one issue.

1.18 **Concentration**

The Sub-fund must not hold more than:

10% of the transferable securities issued by a body corporate which do not carry rights to vote on any matter at a general meeting of that body (subject to COLL 5.6.23R); or

10% of the debt securities issued by any single body; or

10% of the money market instruments issued by any single body; or

20% on deposit with any single body.

The Sub-fund may only acquire transferable securities issued by a body corporate carrying rights to vote at a general meeting of that body provided that before the acquisition the aggregate number of such securities held by the Sub-fund does not allow it to exercise 20% or more of the votes cast at a general meeting of that body and the acquisition will not give the Sub-fund such power.

1.19 **General**

Underwriting and sub-underwriting contracts and placings may also, subject to certain conditions set out in the FCA Regulations, be entered into for the account of the Company.

Cash or near cash must not be retained in the scheme property except in order to enable the pursuit of the Sub-fund's investment objective; or for redemption of shares in that Sub-fund; or efficient management of the Sub-fund in accordance with its investment objective or for a purpose which may reasonably be regarded as ancillary to the investment objectives of the Company.

Leverage is limited to overdraft use and the gross exposure from EPM techniques. Although the ACD may use derivatives for EPM, no collateral arrangements are currently in place and no asset re-use arrangements are in place.

The maximum leverage expressed as the ratio of the exposure to net asset value using the commitment method is 1.1:1.0 and using the gross method 3.3:1.0. *Please note that the maximum leverage under the gross method is theoretical and would only occur if market risk and currency*

risk were hedged across the entire Sub-fund whilst it was using the maximum borrowing facility of 10%. It is not anticipated that both market risk and currency risk would be simultaneously hedged and therefore the likely maximum leverage which would be used in normal circumstances using the commitment method is 1.1:1.0 and using the gross method 2.0:1.0.

2 **Stock lending**

- 2.1 The Company, or the Depositary at the Company's request, may enter into stock lending transactions (involving a disposal of securities in a Sub-fund and reacquisition of equivalent securities) when it reasonably appears to the Company to be appropriate to do so with a view to generating additional income for the relevant Sub-fund with an acceptable degree of, risk. Such transactions must comply with conditions set out in the FCA Regulations, which require (inter alia) that:

the stock lending transaction must be of a kind described in Section 263B of the Taxation of Chargeable Gains Act 1992;

the terms of the agreement under which the Depositary is to re-acquire the securities for the account of the Company must be acceptable to the Depositary and in accordance with good market practice;

the counterparty must be acceptable in accordance with the FCA Regulations.

- 2.2 The collateral obtained will be held for safekeeping by the Depositary. It must be acceptable to the Depositary and must also be adequately and sufficiently immediate as set down in the FCA Regulations.

3 **Borrowing powers**

- 3.1 Subject to COLL (as it relates to Non-UCITS Retail Schemes) and the borrowing limits concerning immovable property (see above under "Investment and borrowing limits for immovable property"), the Company may borrow money for the purposes of achieving the objective of the Company on terms that such borrowings are to be repaid out of the scheme property of the Company. The ACD does not anticipate significant use of this borrowing power. Such borrowing may only be made from an eligible institution or approved bank (as defined in COLL). The borrowing of the Company must not, on any day, exceed 10% of the value of the property of the Company. This limit could be reduced below 10% subject to an overall aggregate limit of 20% when combined with mortgages and certain types of transferable securities which are not approved securities, as stated in COLL 5.6.19R(6).
- 3.2 The above provisions on borrowing do not apply to "back to back" borrowing for EPM purposes, being an arrangement under which an amount of currency is borrowed from an eligible institution and an amount in another currency at least equal to the amount of currency borrowed is kept on deposit with the lender (or their agent or nominee).
- 3.3 Borrowings may be made from the Depositary, the ACD or the Investment Manager or any associate of any of them provided that such lender is an eligible institution or approved bank and the arrangements are at least as favourable to the ACD as would be those of any comparable arrangements

effected on normal commercial terms negotiated at arm's length between two independent parties.

4 Restrictions on lending of money

- 4.1 None of the money in the scheme property of the Company may be lent and, for the purposes of this prohibition, money is lent by the Company if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.
- 4.2 Acquiring a debenture is not lending for these purposes, nor is the placing of money on deposit or in a current account.
- 4.3 This rule does not prevent the Company from providing an officer of the Company with funds to meet expenditure to be incurred by them for the purposes of the Company (or for the purposes of enabling them properly to perform their duties as an officer of the Company) or from doing anything to enable an officer to avoid incurring such expenditure.
- 4.4 In accordance with the PAIF Regulations, in the case of any loan relationship to which the Company is party as a debtor, throughout the accounting period in which that loan relationship is held, the interest must not depend on the results of all or part of the Company's business or the value of any of the Company's assets (unless the interest reduces where results improve and vice versa); the creditor must not be entitled to interest which exceeds a reasonable commercial return; and the creditor must only be entitled, on repayment, to the amount lent or an amount reasonably comparable with the amount generally repayable on listed securities.

5 Restrictions on lending of property other than money

- 5.1 The scheme property of the Company other than money must not be lent by way of deposit or otherwise. Transactions permitted by COLL 5.4 (Stock lending) are not to be regarded as lending for these purposes.
- 5.2 Where transactions in derivatives or forward transactions are used for the account of the Company in accordance with COLL nothing in this rule prevents the Company, or the Depositary at the request of the Company, from lending, depositing, pledging or charging scheme property for margin requirements, or transferring scheme property under the terms of an agreement in relation to margin requirements, provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to shareholders.
- 5.3 An agreement providing appropriate protection to shareholders for these purposes includes one made in accordance with the 1995 International Swaps and Derivatives Association Credit Support Annex (English Law) to the International Swap as and Derivatives Association Master Agreement.

6 Guarantees and indemnities

- 6.1 The Company or the Depositary for the account of the Company must not provide any guarantee or indemnity in respect of the obligation of any person.

6.2 None of the scheme property of the Company may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

6.3 The above paragraphs do not apply to:

the modification by consent of COLL 5.6.22R(9) in respect of COLL 5.5.9R granted to the Company and the Depositary;

any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL; and

for the Company:

an indemnity falling within the provisions of regulation 62(3) of the OEIC Regulations (Exemptions from liability to be void);

an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the scheme property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the scheme property; and

an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the Company and the holders of shares in that scheme become the first shareholders in the Company.

APPENDIX 3

Eligible Securities Markets

All Sub-funds may deal through securities markets established in the UK and in EEA Member States on which transferable securities admitted to official listing in these states are dealt in or traded. In addition, up to 10% in value of any Sub-fund may be invested in transferable securities which are not approved securities.

Each Sub-fund may also deal in certain of the securities markets listed below and those derivatives markets indicated in Appendix 4.

- | | |
|--------------------|------------------------------------|
| 1. UK and Ireland | Alternative Investment Market |
| 2. Australia | The Australian Securities Exchange |
| 3. Channel Islands | The Channel Islands Stock Exchange |
| 4. Hong Kong | The Hong Kong Exchange |
| 5. Japan | The Tokyo Stock Exchange |
| 6. Singapore | The Singapore Stock Exchange |
| 7. United States | NYSE Amex Equities |
| | NYSE Euronext |
| | NASDAQ OMX PHLX |
| | The United States Bond Market |
| | NASDAQ |

APPENDIX 4

Eligible Derivatives Markets

- 1 American Stock Exchange
- 2 London International Financial Futures Exchange
- 3 New York Futures Exchange
- 4 New York Mercantile Exchange
- 5 New York Stock Exchange
- 6 Euronext Paris
- 7 Tokyo Stock Exchange
- 8 Tokyo International Financial Futures Exchange (TIFFE)
- 9 Toronto Futures Exchange
- 10 Toronto Stock Exchange

APPENDIX 5

Directory

The Company and Head Office

MGTS St. Johns Property ICVC
1 Sovereign Court
Graham Street
Birmingham
B1 3JR

Authorised Corporate Director

Margetts Fund Management Limited
1 Sovereign Court
Graham Street
Birmingham
B1 3JR

Investment Manager

St Johns Asset Management Ltd
AFH House
Buntsford Drive
Stoke Heath
Bromsgrove
Worcestershire
B60 4JE

Administrator and Registrar

Margetts Fund Management Ltd
1 Sovereign Court
Graham Street
Birmingham
B1 3JR

Depositary

The Bank of New York Mellon (International) Limited
160 Queen Victoria Street
London
EC4V 4LA

Standing Independent Valuer

Lambert Smith Hampton Group Limited
Interchange Place
Edmund St
Birmingham, B3 2TA

The Auditor

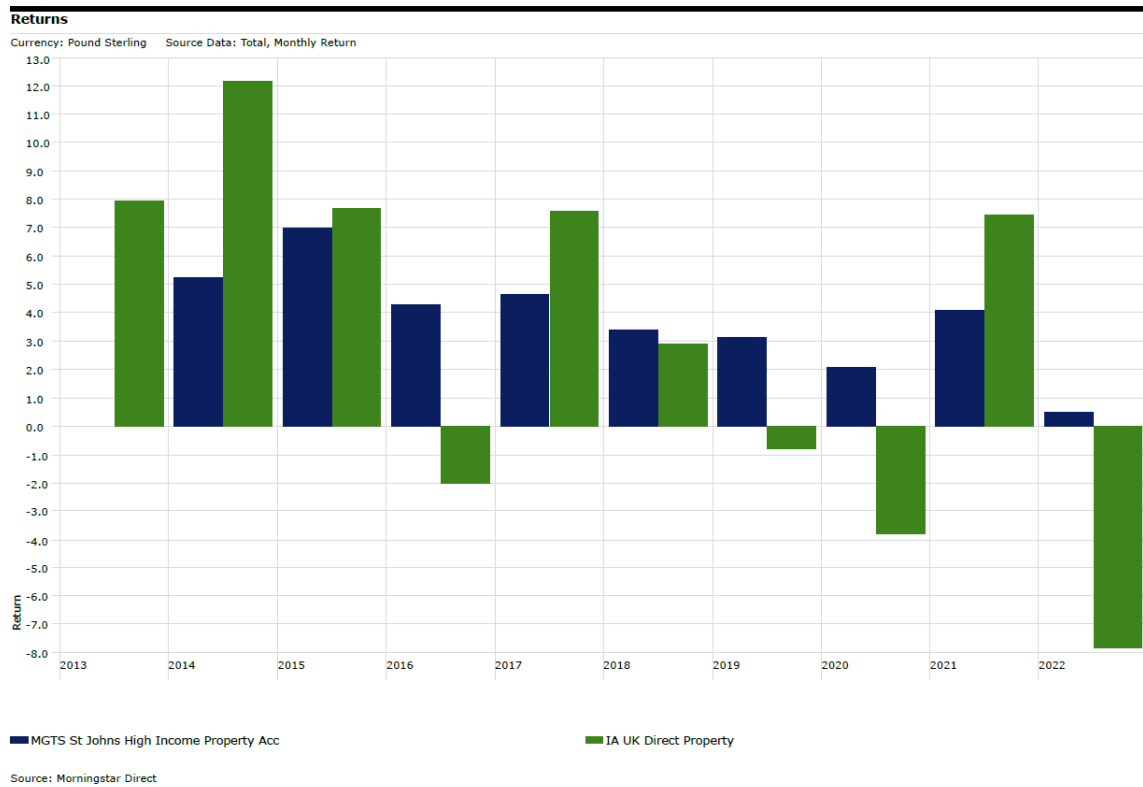
Shipleys LLP
Orange Street
Haymarket
London
WC2H 7DQ

APPENDIX 6

Historical Past Performance

The historical performance of the Fund is as follows together with the historical performance of the relevant benchmark(s), where applicable, for the Fund provided for comparison purposes. Annual performance for the Fund is shown after the deduction of the annual management charge. Past performance is not necessarily a guide to future performance. The value of investments and the income from them can go down as well as up and Unitholders may not get back the amount originally invested.

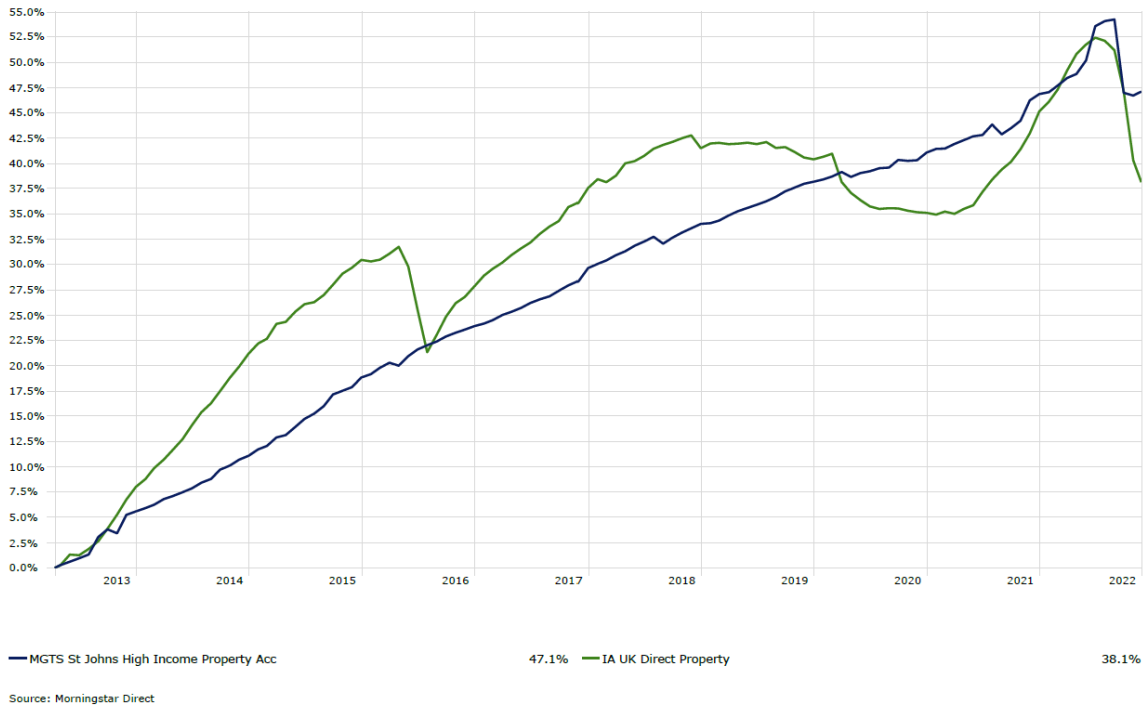
The bar chart below shows the performance of the Fund for each twelve month period from 1 January 2013. The line graph shows the cumulative performance of the Fund from 26 November 2012 to 26 November 2022. These are based on net return with income reinvested.



Investment Growth

Time Period: 13/04/2013 to 26/11/2022

Currency: Pound Sterling Source Data: Total Return



WARNING: The value of investments can fall as well as rise. Past performance is not a guide to possible future performance.

APPENDIX 7

List of Directors

Directors of Margetts Fund Management Limited:

Executive:

T.J. Ricketts

M.D. Jealous

A. Ogunnowo

Non-Executive:

J. M. Vessey

N. Volpe

APPENDIX 8

PAIF Regulations – Conditions

The following summarises the conditions of the PAIF Regulations:

1. The property investment business condition

The Company must carry on property investment business (broadly, one or more of a property rental business, owning shares in UK REITs or shares in overseas equivalents of UK REITs) and its prospectus and instrument of incorporation must include a statement that its investment objectives are to carry on property investment business and to manage cash raised for investment in the property investment business.

2. The genuine diversity of ownership condition

Broadly, the Company must not limit the intended investors to a number of specific persons or specific groups of connected persons. The prospectus and instrument of incorporation must contain a statement that the shares in the Company will be widely available and specify the intended categories of investor.

The terms governing participation in the Company must not deter a reasonable investor within the intended categories of investor from investing in the Sub-fund.

The shares must be marketed widely to reach the intended investors and in a manner appropriate to attract those investors (and the instrument of incorporation and prospectus must include a statement to that effect). In addition, those investors within the intended categories must be able to obtain information about the Company and acquire shares in it upon request to the ACD. This requirement is relaxed in certain circumstances where the Company has no capacity to receive additional investments.

3. The corporate ownership condition

Body corporates are not permitted to own 10% or more of the net asset value of the Company and the Company must take reasonable steps to prevent this occurring. If a body corporate does nevertheless acquire 10% or more of the Company, the Company must take steps to reduce that holding.

Shareholders who are body corporates must undertake not to acquire more than 10% of the Company and undertake to reduce their holding below 10% on becoming aware that this percentage holding has been breached.

In addition, body corporates who hold shares in the Company must provide a certificate that they hold the shares as beneficial owner, or if they hold shares otherwise than as beneficial owner they must provide a certificate that they hold less than 10% of the shares on behalf of themselves or any one other corporate beneficial owner and have obtained undertakings from any such corporate beneficial owner in the form spelt out in the paragraph above. The instrument of incorporation and prospectus must include provisions which require body corporates to give such a certificate.

Any body corporate who owns shares otherwise than as beneficial owner must undertake to the ACD to disclose the name and extent of the holding of any other body corporate on whose behalf it owns the shares.

4. The loan creditor condition

In the case of any loan relationship to which the Company is party as a debtor, throughout the accounting period in which that loan relationship is held, the interest must not be results-dependent (unless the interest reduces where results improve and vice versa); the creditor must not be entitled to interest which exceeds a reasonable commercial return; and the creditor must only be entitled, on repayment, to the amount lent or an amount reasonably comparable with the amount generally repayable on listed securities.

5. The balance of business condition

During its first accounting period, at least 40% of the Company's net income must be derived from the property investment business and at least 40% of the total value of the assets held by the Company must be involved in the property investment business. In subsequent accounting periods these percentage levels must increase to 60% in both cases.

6. The notification condition

The ACD must give notice to HMRC for the PAIF Regulations to apply to the Company. This notice must be given at least 42 days before the date of expected incorporation and authorisation of the Company, but this period is reduced if HMRC have given clearance that the genuine diversity of ownership condition is met.