



ESKMUIR GROUP FINANCE PLC

*(incorporated with limited liability under
the laws of England and Wales)*

Guaranteed by

ESKMUIR PROPERTIES LIMITED

£95,000,000 4.255 per cent.

Secured Guaranteed Bonds due 2047

The issue price of the £95,000,000 4.255 per cent. Secured Guaranteed Bonds due 2047 (the "**Bonds**") of Eskmuir Group Finance Plc (the "**Issuer**") is 100 per cent. of their principal amount. The Bonds will be fully, unconditionally and irrevocably guaranteed by Eskmuir Properties Limited (the "**Guarantor**" or "**Eskmuir**"). The Issuer's and the Guarantor's obligations in respect of the Bonds will initially be secured pursuant to (i) a security deed dated on or about 15 December 2017 (the "**Security Deed**") between the Guarantor and Link Corporate Trustees (UK) Limited (the "**Bond Trustee**"), (ii) a security deed dated on or about 15 December 2017 (the "**Additional Chargor Security Deed**") and, together with the Security Deed, the "**Security Deeds**") between Eskmuir (Thayer Street 2) Limited (the "**Additional Chargor**") and the Bond Trustee, (iii) a standard security dated on or about 15 December 2017 (the "**Standard Security**") granted by the Guarantor in favour of the Bond Trustee and (iv) an assignment of rents dated on or about 15 December 2017 granted by the Guarantor in favour of the Bond Trustee (the "**Assignment of Rents**") and, together with the Security Deeds and the Standard Security, the "**Security Agreements**"). See further "*Terms and Conditions of the Bonds – Security*".

Unless previously redeemed or cancelled, the Bonds will be redeemed at their principal amount on 12 December 2047 (the "**Maturity Date**"). Subject to certain conditions, the Bonds may be redeemed at the option of the Issuer in whole but not in part at any time after the Issue Date at the relevant redemption price described under "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption by the Issuer*". Subject to certain conditions set out in "*Terms and Conditions of the Bonds – Redemption and Purchase*", the Bonds may also be redeemed at any time upon the occurrence of certain changes affecting taxes in the United Kingdom. In addition, upon the occurrence of certain change of control events in respect of the Guarantor, each holder of Bonds (a "**Bondholder**") shall have the option to require the Issuer to redeem or, at the Issuer's option, purchase the Bonds of such Bondholder at the Make-Whole Price together with (or, where purchased, together with an amount equal to) interest accrued to (but excluding) the Change of Control Put Date. See further "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption at the option of Bondholders following a Change of Control or Initial Valuation Event*".

The Bonds will bear interest from 12 December 2017 (the "**Issue Date**") at the rate of 4.255 per cent. per annum payable semi-annually in arrear on 12 June and 12 December of each year commencing on 12 June 2018. Payments on the Bonds will be made in pounds sterling without deduction for or on account of taxes imposed or levied by the United Kingdom to the extent described under "*Terms and Conditions of the Bonds – Taxation*". The Guarantor will unconditionally and irrevocably guarantee the due and punctual payment of all amounts at any time becoming due and payable in respect of the Bonds (the "**Guarantee**"). Such Guarantee will be secured in the manner set out in "*Terms and Conditions of the Bonds – Security*".

These Listing Particulars have been approved by the United Kingdom Financial Conduct Authority (the "**FCA**") in its capacity as competent authority under the Financial Services and Markets Act 2000, as amended (the "**FSMA**"). These Listing Particulars comprise listing particulars given in compliance with the United Kingdom Listing Authority's listing rules under Part VI of the FSMA (the "**Listing Particulars**"). Applications have been made for the Bonds to be admitted to listing on the Official List of the FCA and to trading on the Professional Securities Market (the "**PSM**" or the "**Professional Securities Market**") of the London Stock Exchange plc (the "**London Stock Exchange**"). The PSM is not a regulated market for the purposes of the Markets in Financial Instruments Directive (2004/39/EC) ("**MiFID**").

These Listing Particulars do not constitute (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a prospectus for the purposes of Directive 2003/71/EC (as amended) (the "Prospectus Directive"). These Listing Particulars have been prepared solely with regard to the Bonds which are (i) not to be admitted to listing or trading on any regulated market for the purposes of MiFID and (ii) not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).

The Bonds and the Guarantee have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Bonds are subject to United States tax law requirements. The Bonds are being offered outside the United States in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Bonds will be in bearer form and in the denominations of £100,000 and integral multiples of £1,000 in excess thereof, up to and including £199,000. The Bonds will initially be in the form of a temporary global Bond (the "**Temporary Global Bond**"), without interest coupons, which will be deposited on or around the Issue Date with a common safekeeper for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"). The Temporary Global Bond will be exchangeable, in whole or in part, for interests in a permanent global Bond (the "**Permanent Global Bond**"), without interest coupons, not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Bonds cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Bond will be exchangeable in certain limited circumstances in whole, but not in part, for Bonds in definitive form ("**Definitive Bonds**") in the denomination of £100,000 each and integral multiples of £1,000 in excess thereof, up to and including £199,000 and with interest coupons attached. See "*Summary of Provisions Relating to the Bonds in Global Form*".

An investment in the Bonds involves risk. Prospective investors in the Bonds are recommended to read these Listing Particulars, including the section entitled "Risk Factors" carefully. Investors should reach their own investment decision about the Bonds only after consultation with their own financial and legal advisers about the risks associated with an investment in the Bonds and the suitability of investing in the Bonds in light of the particular characteristics and terms of the Bonds in light of each investor's particular financial circumstances.

12 December 2017

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IMPORTANT NOTICES

Each of the Issuer and the Guarantor accepts responsibility for the information contained in these Listing Particulars and declares that, having taken all reasonable care to ensure that such is the case, the information contained in these Listing Particulars, to the best of its knowledge, is in accordance with the facts and contains no omission likely to affect the import of such information.

The Valuer accepts responsibility for the information contained in "*Valuation Report*" and, to the best of its knowledge (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

These Listing Particulars are to be read in conjunction with all information which is incorporated by reference herein – see "*Information Incorporated by Reference*".

The Issuer and the Guarantor each confirm that these Listing Particulars contain all information regarding the Issuer, the Guarantor and the Bonds which is (in the context of the issue of the Bonds) material; such information is true and accurate and is not misleading; any opinions, predictions or intentions expressed in these Listing Particulars on the part of the Issuer or (as the case may be) the Guarantor are honestly held or made and are not misleading; these Listing Particulars do not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading; and all proper enquiries have been made to ascertain and to verify the foregoing.

Neither the Issuer nor the Guarantor has authorised the making or provision of any representation or information regarding the Issuer, the Guarantor or the Bonds and the Guarantee other than as contained in these Listing Particulars or as approved for such purpose by the Issuer and the Guarantor. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Guarantor or the Bond Trustee.

The Bond Trustee has not authorised the whole or any part of these Listing Particulars and makes no representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in these Listing Particulars. Neither the delivery of these Listing Particulars nor the offering, sale or delivery of any Bond shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Guarantor since the date of these Listing Particulars. The Bond Trustee accepts no liability in relation to the information contained in these Listing Particulars or any other information provided by the Issuer or the Guarantor in connection with the distribution of the Bonds. Neither these Listing Particulars nor any other information supplied in connection with the distribution of the Bonds is intended to constitute, and should not be considered as, a recommendation by any of the Issuer, the Guarantor, any member of the Group (as defined below) or the Bond Trustee that any recipient of these Listing Particulars or any other information supplied in connection with the distribution of the Bonds should purchase the Bonds. Each potential purchaser of Bonds should determine for itself the relevance of the information contained in these Listing Particulars and its purchase of Bonds should be based upon such investigation as it deems necessary. The Bond Trustee does not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by these Listing Particulars or to advise any investor or potential investor in the Bonds of any information coming to their attention.

These Listing Particulars do not constitute an offer of, or an invitation to subscribe for or purchase, any Bonds.

The distribution of these Listing Particulars and the offering, sale and delivery of Bonds in certain jurisdictions may be restricted by law. Persons into whose possession these Listing Particulars come are required by the Issuer and the Guarantor to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Bonds and on distribution of these Listing Particulars and other offering material relating to the Bonds, see "*Selling Restrictions*".

Unless the context otherwise requires, all references in this document to "the **Group**" refer to the Guarantor and its subsidiaries taken as a whole.

Each potential investor in the Bonds should determine the suitability of such investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in these Listing Particulars;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) understand thoroughly the terms of the Bonds and the Guarantee;
- (iv) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the potential investor's currency is not pound sterling; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

In particular, the Bonds and the Guarantee have not been and will not be registered under the Securities Act and the Bonds are subject to United States tax law requirements. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to U.S. persons.

In these Listing Particulars, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "£", "**pound sterling**" or "**Sterling**" are to the lawful currency of the United Kingdom and references to "€" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

Certain figures included in these Listing Particulars have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, these Listing Particulars:

1. the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Guarantor in respect of the year ended 30 September 2015 (set out on pages 10 to 33 of the 2015 Report and Consolidated Financial Statements of the Guarantor); and
2. the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Guarantor in respect of the year ended 30 September 2016 (set out on pages 10 to 36 of the 2016 Report and Consolidated Financial Statements of the Guarantor),

Such information shall be incorporated in, and form part of, these Listing Particulars, save that any statement contained in the information which is incorporated by reference herein shall be modified or superseded for the purpose of these Listing Particulars to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of these Listing Particulars.

Any information contained in any of the documents specified above which is not specifically incorporated by reference in these Listing Particulars is either not relevant for prospective investors in the Bonds or the relevant information is included elsewhere in these Listing Particulars. Any information or documents themselves incorporated by reference in the documents incorporated by reference in these Listing Particulars shall not form part of these Listing Particulars. Copies of the documents specified above may be inspected (without charge) during usual business hours at the registered office of the Issuer.

OVERVIEW

This overview must be read as an introduction to these Listing Particulars and does not purport to be complete and is taken from, and qualified in its entirety by, the remainder of these Listing Particulars. Any decision to invest in the Bonds should be based on a consideration of the Listing Particulars as a whole, including the documents incorporated by reference.

Words and expressions defined in the "Terms and Conditions of the Bonds" below or elsewhere in these Listing Particulars have the same meanings in this overview.

Issuer:	Eskmuir Group Finance Plc
Guarantor:	Eskmuir Properties Limited
Additional Chargor:	Eskmuir (Thayer Street 2) Limited
Bond Trustee:	Link Corporate Trustees (UK) Limited
Principal Paying Agent:	Citibank, N.A., London Branch
Bonds:	£95,000,000 4.255 per cent. Secured Guaranteed Bonds due 2047
Issue Price:	100 per cent. of the principal amount of the Bonds.
Issue Date:	12 December 2017
Use of Proceeds:	The net proceeds of the issue of the Bonds will be on-lent by the Issuer to the Guarantor. The Bonds will in part be issued in order to finance the redemption of certain Sterling denominated debenture stock previously issued by the Guarantor.
Interest:	The Bonds will bear interest from (and including) the Issue Date at a rate of 4.255 per cent. per annum payable semi-annually in arrear on 12 June and 12 December in each year commencing on 12 June 2018.
Status and Guarantee:	<p>The Bonds constitute direct, general, unconditional and unsubordinated obligations of the Issuer which rank and will rank at all times <i>pari passu</i> and without preference or priority among themselves.</p> <p>The due and punctual payment of all sums from time to time expressed to be payable by the Issuer in respect of the Bonds will be unconditionally and irrevocably guaranteed by the Guarantor. The guarantee will constitute the direct, general, unconditional and unsubordinated obligations of the Guarantor, secured in the manner set out in Condition 3 (<i>Security</i>).</p>
Form and Denomination:	<p>The Bonds will be issued in bearer form in the denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000, each with interest coupons attached.</p> <p>The Bonds will initially be in the form of a Temporary Global Bond, without interest coupons, which will be deposited on or around the Issue Date with a common safekeeper for Euroclear and Clearstream, Luxembourg. The Temporary Global Bond will be exchangeable, in whole or in part, for interests in a Permanent Global Bond, without interest coupons, not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Bonds cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Bond will be exchangeable in certain limited circumstances in whole, but not in part, for Bonds in definitive form in the denomination of £100,000 each and integral</p>

multiples of £1,000 in excess thereof, up to and including £199,000 and with interest coupons attached.

Maturity Date: 12 December 2047

Optional Redemption: The Issuer may, at its option, redeem or purchase, or procure that any of its Subsidiaries shall purchase, all, but not some only, of the Bonds at a price per Bond equal to (i) whichever shall be the higher (the "**Make-Whole Price**") of: (a) the principal amount of the Bond; and (b) an amount calculated by reference to the then yield of the 1½ per cent. Treasury Gilt due 2047 plus a margin of 0.50 per cent., together with accrued interest, or (ii) at their principal amount together with accrued interest in the event that sufficient Bonds have not been issued or subscribed in cash on or prior to the fifth Business Day following the Issue Date to enable the Guarantor to redeem the Existing Debentures in full, in each case as described under "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption by the Issuer*".

Relevant Event: Upon the occurrence of a Relevant Event (as defined in Condition 9(c) (*Redemption at the option of Bondholders following a Change of Control or an Initial Valuation Event*)), each Bondholder shall have the option to require the Issuer to redeem or, at the option of the Issuer, purchase the Bonds of such holder at a cash purchase price equal to the Make-Whole Price (in the case of a Change of Control) or their principal amount (in the case of an Initial Valuation Event), in each case together with accrued interest, as described under "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption at the option of Bondholders following a Change of Control or an Initial Valuation Event*".

Tax Redemption: In the event of certain tax changes, the Issuer may redeem the Bonds in whole, but not in part, at any time at an amount equal to their principal amount, together with unpaid interest accrued to (but excluding) the date fixed for redemption, as more fully provided in Condition 9 (*Redemption and Purchase*).

Security: As described in Condition 3 (*Security*), the Issuer's and the Guarantor's obligations in respect of the Bonds and the other Secured Obligations will, within 5 Business Days of the Issue Date, be secured pursuant to the Security Agreements in favour of the Bond Trustee for the benefit of itself and the Secured Parties as follows:

- (i) by way of a first legal mortgage over all of the Mortgaged Property;
- (ii) by way of a first standard security over the Scottish Secured Property;
- (iii) by way of an assignation of rental income derived from leases of the Scottish Secured Property;
- (iv) by way of a first fixed charge over all of each of the Guarantor's and the Additional Chargor's rights, title and interest from time to time in and to (i) the Real Property and all Related Rights (other than any Scottish Assets) and (ii) the benefit of any authorisation, consent, approval, resolution, licence exemption, filing, notarisation or registration held in connection with its use of any Security Asset;
- (v) by way of assignment, all of each of the Guarantor's and the Additional Chargor's rights, title and interest from time to time in and to any policy of insurance in which the Guarantor or the Additional Chargor (as the case may be) may at any time have an interest and all proceeds paid or payable thereunder and all other Related Rights (other than any Scottish Assets); and
- (vi) a charge by way of first floating charge over the whole of each of the Guarantor's and the Additional Chargor's undertaking and all of its

property, rights and assets, present and future wheresoever situate (including, without limitation, its uncalled capital),

in each case as further described in the Security Agreements.

**Addition,
substitution and
release of Security:**

Power will be reserved to the Guarantor and/or a Charging Company (as applicable):

- (i) to add to the Specific Security in accordance with the provisions of Condition 3(b) (*Security*);
- (ii) withdraw any part of the Specific Security in accordance with the provisions of Condition 5 (*Valuation of Specific Security and Withdrawals*); and
- (iii) substitute all or any part of the Specific Security in accordance with the provisions of Condition 6 (*Power of Substitution*).

Enforcement:

The Bond Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps or action (including lodging an appeal in any proceedings) against or in relation to the Issuer and the Guarantor as it may think fit to enforce the provisions of the Bond Trust Deed, the Bonds, the Coupons and/or the Security Agreements, but it shall not be bound to take any such proceedings or other steps or action unless (i) it shall have been so directed by an Extraordinary Resolution or so directed in writing by the holders of at least one-fifth in outstanding principal amount of the Bonds then outstanding, and (ii) it shall have been secured and/or indemnified and/or pre-funded to its satisfaction, as further described in the Bond Trust Deed.

No Bondholder, Couponholder or any Secured Party (other than the Bond Trustee) shall be entitled (i) to take any steps or action against the Issuer or the Guarantor to enforce the performance of any of the provisions of the Bond Trust Deed, the Bonds, the Coupons or the Security Agreements or (ii) to take any other action (including lodging an appeal in any proceedings) in respect of or concerning the Issuer or the Guarantor, in each case unless the Bond Trustee, having become bound so to take any such steps, actions or proceedings, fails so to do within a reasonable period and the failure shall be continuing.

**Post-enforcement
Priority of
Payment:**

Following the enforcement of the Security Assets, the net proceeds of enforcement of the Security Assets shall be applied in the following order of priority (the "**Post-enforcement Priority of Payment**"):

- (a) *first*, in payment or satisfaction of the Liabilities incurred by the Bond Trustee, or any Receiver or Appointee in preparing and executing the trusts under the Trust Documents (as defined in the Bond Trust Deed) (including the costs of realising any Security Assets and the Bond Trustee's and such Appointee's remuneration) and, on a *pari passu* basis, in payment or satisfaction of the Liabilities incurred by the Bond Trustee in relation to any enforcement action taken by the Bond Trustee and any other Liabilities of the Bond Trustee or other amounts owing to the Bond Trustee under the Trust Documents;
- (b) *second*, in payment of all amounts owing to the Paying Agents under the Agency Agreement on a *pro rata* and *pari passu* basis;
- (c) *third*, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any interest due and payable in respect of the Bonds;
- (d) *fourth*, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any principal due and payable in respect of the Bonds; and

- (e) *fifth*, in payment of any other Liabilities of the Issuer or the Guarantor (in each case insofar as they relate to the Bonds) on a *pro rata* and *pari passu* basis.

Covenants: Pursuant to Condition 7 (*Restrictions and Information Covenants*) and the terms of the Bond Trust Deed, the Issuer and the Guarantor have covenanted:

- (a) that without the prior written consent of the Bond Trustee; (i) (A) no part of the equity of redemption of the Specific Security (where relevant) and (B) no Scottish Asset (to the extent that such Scottish Asset is secured by the Security Agreements) shall be disposed of except to a Charging Company or the Issuer or Guarantor, or except by way of charge; and (ii) the Guarantor shall not permit any company which is for the time being a Charging Company to cease to be a wholly-owned Subsidiary of the Guarantor;
- (b) to make available to Bondholders and deliver to the Bond Trustee with every annual report and accounts certain certificates concerning (i) the aggregate value of the Specific Security and aggregate Net Annual Income receivable from the Specific Security and (ii) a complete list of all Real Property forming part of the Specific Security and any withdrawals from, additions to and substitutions in relation to, the Specific Security for the relevant period; and
- (c) for so long as the Guarantor shall not have equity shares listed on the London Stock Exchange plc, on a yearly basis, to invite Bondholders to an information meeting which, *inter alia* will review the Guarantor's operational and financial performance over the preceding year together with its plans for the forthcoming year.

Cross Default: The Bonds will have the benefit of a cross default provision as described in Condition 12 (*Events of Default*).

Taxation: All payments of principal and interest in respect of the Bonds and the Coupons made by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Bondholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required. See further "*Terms and Conditions of the Bonds – Taxation*".

Governing Law: The Bonds, the Security Deeds, the Bond Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them will be governed by English law. The Standard Security, the Assignment of Rents and any obligations (including any non-contractual obligations) arising out of or in connection with them will be governed by Scottish law.

Listing and Trading: Applications have been made for these Listing Particulars to be approved by the FCA and for the Bonds to be admitted to listing on the Official List of the FCA and to trading on the Professional Securities Market of the London Stock Exchange.

Clearing Systems: Euroclear and Clearstream, Luxembourg.

Selling Restrictions:	See " <i>Selling Restrictions</i> ".
Risk Factors:	Investing in the Bonds involves risks. See " <i>Risk Factors</i> " below.
ISIN:	XS1727497122
Common Code:	172749712

RISK FACTORS

An investment in the Bonds involves a high degree of risk. Any of the following risks could adversely affect the Issuer's or the Guarantor's business, results of operations, financial condition and prospects, in which case the price of the Bonds could decline, resulting in the loss of all or part of an investment in the Bonds, and the Issuer's (or the Guarantor's (as applicable)) ability to pay all or part of the interest or principal on the Bonds could be negatively affected.

Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under the Bonds. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with the Bonds are also described below.

Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the Issuer and the Guarantor may be unable to pay interest, principal or other amounts on or in connection with the Bonds for other reasons, and neither the Issuer nor the Guarantor represents that the statements below regarding the risks of holding the Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in these Listing Particulars and reach their own views prior to making any investment decision.

RISKS RELATING TO THE UK COMMERCIAL PROPERTY INDUSTRY

The value of Eskmuir's investment property portfolio and Eskmuir's revenue, cash flow and profits from the sale of investment properties are dependent on economic conditions and the commercial real estate market in the United Kingdom

All of Eskmuir's investment properties, which currently comprise a mix of retail, industrial and office properties, are located in the United Kingdom. The fair value of Eskmuir's investment properties is dependent on general economic conditions and, in particular, on the condition of the markets for these types of commercial property in the United Kingdom. Fair values of commercial properties in the United Kingdom are generally affected by overall conditions in the economy, political factors and one-off events, including the condition of financial markets, the cost and availability of finance to businesses, fiscal and monetary policies, changes in government legislation, political developments, including changes in regulatory or tax regimes, changes in unemployment, gilt yields, interest rates and credit spreads, levels of prevailing inflation, changes in consumer spending, the supply of, or a reduction in demand for, property, infrastructure quality, financial performance and the productivity of industries located in these countries, bankruptcy or redundancy of tenants, the returns from alternative assets as compared to residential property, environmental considerations, changes in planning laws and practices and the perceived threat from terrorism. Commercial property values and rental revenues are also affected by factors specific to each local market in which the property is located, including the supply of available property and demand for real estate of the type owned by Eskmuir in that local market. Moreover, Eskmuir's borrowings or use of other leverage may increase the volatility of Eskmuir's financial performance and results of operations.

Since 2014, the low interest rate environment prevailing in the UK has maintained the attractiveness of investing in commercial property for UK investors. Additionally, the UK is still seen as a "safe haven" by many overseas investors and, as a result, UK commercial property remains attractive to overseas investors. This has seen capitalisation yields compress, increasing property values. During 2016, as the Brexit referendum drew closer, capitalisation yields for some commercial property assets softened and values reduced slightly. Since the Brexit referendum, there has been an effective devaluation of sterling, increasing the attraction of commercial property assets in the UK to overseas investors and resulting in further increases in asset prices. Notwithstanding these recent positive trends, the value of UK commercial property could decline in future periods for a variety of reasons, including if sterling recovers or the UK is no longer perceived as a safe haven by overseas investors. Any decline in UK commercial property values could be substantial and would be likely to result in reduced fair values in Eskmuir's property portfolio and could make it harder for Eskmuir to sell properties at attractive prices. Approximately 57 per cent., by value, of Eskmuir's investment property portfolio was located in London and the South East of England as at 30 September 2017. Although these regions of the UK have tended to show relatively healthy economic activity, Eskmuir is, as a result of its geographic concentration, particularly exposed to events that adversely

affect the commercial property markets in these areas (although Eskmuir is not heavily exposed to large city or West End offices which might experience more volatility in their values in times of uncertainty).

Any increase or decrease in the valuation of Eskmuir's investment properties is recorded as a revaluation gain or deficit in Eskmuir's income statement for the period during which the revaluation occurs and impacts directly on Eskmuir's statutory balance sheet. Eskmuir's investment properties are valued annually by an independent valuer on an open market value basis.

Reductions in the fair value of Eskmuir's investment properties may occur in the future and, over the longer term, could result in non-compliance with the loan to value ("**LTV**") covenant under Eskmuir's revolving loan facility, as well as the equivalent covenant in the Bonds. If the LTV exceeds the level specified in the loan agreement relating to the revolving loan facility, an event of default will occur. See "*Risks relating to the finance obtained by Eskmuir—If Eskmuir's investment properties suffer significant falls in value, Eskmuir may not be able, in the longer term, to maintain compliance with the LTV covenants in its borrowing agreements*" below.

The rental income that Eskmuir's property portfolio produces may fluctuate as a result of factors which are outside its control

Eskmuir's rental income, as reported under UK GAAP, was £15.9 million in the year ended 30 September 2014 compared to £13.6 million in the year ended 30 September 2015, a fall of £2.3 million, or 14.6 per cent. in the year ended 30 September 2015. Eskmuir's rental income, as reported under FRS 102, was £13.8 million in the year ended 30 September 2015 compared to £16.1 million in the year ended 30 September 2016, an increase of £2.2 million, or 16.3 per cent. in the year ended 30 September 2016. Rental income in any one year is impacted by the timing of acquisitions and disposals as well as asset management activity necessary to create value in the portfolio. Commercial property rental rates in the United Kingdom are generally affected by conditions in the economy and financial markets, including the factors discussed under "*The value of Eskmuir's investment property portfolio and Eskmuir's revenue, cash flow and profits from the sale of investment properties are dependent on economic conditions and the commercial real estate market in the United Kingdom*" above. Eskmuir is principally exposed to the risk that adverse market conditions affect rent review negotiations and the ability to re-let property following the termination of a tenancy.

Rental income in respect of Eskmuir's investment properties may be negatively affected in times of adverse economic conditions and a depressed commercial property market. There can be no assurance that Eskmuir's tenants will renew their leases at the end of their current tenancies nor can there be any assurance that new tenants of equivalent standing (or any new tenants) will be found to take up vacant properties at the same or similar rental levels. During periods for which properties are vacant, Eskmuir will not receive rent and will incur additional expenses until the relevant properties are re-let. Even if tenant renewals or replacements are effected, there can be no assurance that such renewals or replacements will be on terms (including rental levels and rent review terms) that are as favourable to Eskmuir as before or that new tenants will be as creditworthy as previous tenants. If Eskmuir suffers significant vacant periods on its investment properties or replacements are not found on favourable terms, or levels of rent arrears increase, this could have a material adverse effect on Eskmuir's business, results of operations, financial condition or prospects.

Eskmuir is exposed to the credit risk and creditworthiness of its individual tenants. Eskmuir's tenants may default in relation to their rental payments or may declare bankruptcy in the future. Where Eskmuir does not intend to sell a property upon vacancy, this may result in less rental income for Eskmuir, delayed payments and/or costs or delay in taking enforcement action. Furthermore, whilst eviction of the relevant tenant can be swift, there may be significant delays between the eviction and recommencement of rental income due to refurbishment, marketing and re-letting of the unit. These and other factors would result in higher vacancy rates, lower rental income and revaluation losses on the value of Eskmuir's investment properties.

The profit on disposal of investment properties in Eskmuir's property portfolio may fluctuate as a result of factors which are outside Eskmuir's control

Eskmuir's strategy involves the purchase of commercial property, spending a period managing the properties purchased with a view to enhancing their value and subsequently selling the enhanced property and recycling the proceeds into new acquisitions.

Eskmuir's profit realised on the disposal of investment properties, as reported under UK GAAP, was £13.8 million in the year ended 30 September 2014 compared to £5.4 million in the year ended 30 September 2015, a fall of £8.3 million, or 60.5 per cent. in the year ended 30 September 2015. Eskmuir's profit realised on the disposal of investment properties, as reported under FRS 102, was £5.4 million in the year ended 30 September 2015 compared £5.7 million in the year ended 30 September 2016, an increase of £0.3 million, or 5.2 per cent. in the year ended 30 September 2016.

Eskmuir's ability to generate profit and cash flow from the sale of its investment properties depends on the existence of buyers willing to pay attractive prices for those properties at the time Eskmuir desires to sell them. The existence of these buyers in turn depends upon overall UK economic conditions and the condition of the UK commercial property market. In difficult economic conditions, Eskmuir may not be able to sell properties for an appropriate price or on acceptable terms in a timely manner or at all. Additionally, as a consequence of cyclical and volatility in the prices of commercial property, Eskmuir may acquire properties in periods of higher prices and need to sell them during periods of lower prices. There is no guarantee that the price Eskmuir would be able to achieve on the sale of such properties would realise the margin anticipated by Eskmuir or would match or exceed the acquisition cost of the property. In addition, the length of time needed to find purchasers and to complete transfers or sales may increase in periods of market uncertainty. Downward pressure on sales prices may occur in the future and volumes of property sales and the revenue and profits from such sales may also be adversely affected.

If Eskmuir is unable to dispose of investment properties at attractive prices on a timely basis, or at all, Eskmuir's profit from property sales could decline substantially.

Property valuation is inherently subjective and uncertain

For the purposes of Eskmuir's financial statements, the valuation of its investment properties has, in the years ended 30 September in each of 2014, 2015 and 2016, been undertaken by Jones Lang LaSalle, Chartered Surveyors, as at 30 September in each year in accordance with the RICS Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors. Jones Lang LaSalle is also valuing Eskmuir's investment properties for its 2017 financial statements. Valuations are inherently subjective due to the individual nature of each property. Moreover, property valuations are made on the basis of assumptions which may not prove to be accurate, particularly in periods characterised by asset value volatility or lower transaction volumes. As a result, valuations are subject to a degree of uncertainty.

In determining the market value of any investment property, the valuers are required to make certain assumptions. These assumptions include, but are not limited to, matters such as the existence of willing buyers and willing sellers in uncertain market conditions, future commercial property price inflation, future commercial property rental levels, title, condition of structure and services, deleterious materials, goodwill, environmental matters, property locations, statutory requirements and planning, leasing and other information. Such assumptions may prove to be inaccurate or to be based upon flawed information or analyses of information.

Incorrect assumptions or flawed assessments underlying Eskmuir's investment property valuations could potentially inhibit Eskmuir's ability to realise a sale price that reflects the stated valuation or to raise financing using Eskmuir's properties as security. There is a risk that the valuations of Eskmuir's properties will not be reflected in any actual transaction prices, even where any such transactions occur shortly after the relevant valuation date.

Future commercial property acquisitions may expose Eskmuir to unforeseen risks and liabilities

Commercial property acquisitions involve a number of risks including, but not limited to, a failure to achieve expected results, unexpected problems and other risks inherent in the acquired property and associated with unanticipated events or liabilities. Before acquiring a property Eskmuir assesses both the market value and the potential market value of the property and the potential return on its investment. In making the assessment and otherwise conducting due diligence, Eskmuir relies on the resources available to it and an investigation by third parties. There can be no assurance, however, that due diligence examination carried out by Eskmuir, or by third parties on its behalf, in connection with any property Eskmuir acquires will reveal all of the risks and problems associated with the property, or the full extent of all risks and problems. When Eskmuir acquires or owns a property, the property may be subject to hidden material defects or deficiencies in the title to the property or otherwise which were not apparent at the time of acquisition, including structural damage, environmental hazards, legal restrictions or encumbrances and

non-compliance with existing building standards, health and safety or other administrative regulations. There can be no assurance therefore that Eskmuir will be able to identify, acquire or profitably manage additional properties without substantial costs, delays or other operational or financial problems, or at all.

Although Eskmuir sometimes obtains warranties and/or representations from the seller of a property with respect to certain legal or factual issues, these protections are not always in place and when in place they may not cover all of the problems that may arise following the purchase, and may not fully compensate Eskmuir for any diminution in the value of the acquired property or other loss it may suffer. In addition, it may be difficult or impossible to enforce indemnification rights arising from a breach of warranty and/or representation against a seller for various reasons, including the insolvency of the seller or the expiration of limitation periods or expiry of enforcement periods for such warranties and representations. High unforeseen costs or impairments to property values arising from material defects associated with properties acquired by Eskmuir and/or insufficient warranty coverage in relation to such properties could have a material adverse effect on Eskmuir's business, results of operations, financial condition or prospects.

The cost of Eskmuir's property improvement programmes may be higher than expected

When it acquires a new commercial property, Eskmuir develops an individual five year business plan for the property designed to enhance its value prior to sale and recycling of the proceeds into new properties that offer similar potential. The individual business plan for a property may include significant improvement programmes, including renovation and modernisation projects. Meeting budgets and deadlines for these projects often depends on accurate information regarding Eskmuir's properties and on the reliability of third party contractors. Accurate construction, historical and other related information for properties is not always available. If, for example, any of Eskmuir's properties violate building codes or were built using defective or other inappropriate materials, Eskmuir could incur substantial unbudgeted costs to remediate the problem (for example to remove asbestos contamination). Routine or unforeseen renovation, maintenance or modernisation projects that are delayed by, for example, the bankruptcy of a general contractor, may also cause Eskmuir to exceed a budget or deadline.

Eskmuir is exposed to potential warranty claims and liability relating to the leasing and selling of its investment properties

Eskmuir may be subject to warranty and other claims due to defects in quality or title relating to the leasing and sale of its investment properties. This liability may apply to defects in properties that were unknown to Eskmuir but could have, or should have, been discovered. In addition, Eskmuir may be exposed to substantial undisclosed or unascertained liabilities embedded in properties that were incurred or that arose prior to the completion of Eskmuir's acquisition of such properties. These liabilities could include, but are not limited to, liabilities for clean-up or remediation of undisclosed environmental conditions, liabilities to state entities, tenants, creditors or other persons involved with the properties prior to the acquisition, tax liabilities or indemnification claims by parties claiming to be entitled to be indemnified by the former owners of the properties.

Although Eskmuir may obtain contractual protection against such claims and liabilities from the seller of a property to it, there can be no assurance that such contractual protection has always been or will always be successfully obtained, or that it would be enforceable or effective if obtained under contract. Such potential liabilities, if realised, could have a material adverse effect on the returns realised on the property by Eskmuir. Any claims for recourse Eskmuir may have against parties from which Eskmuir has purchased such a property may fail because of the expiration of an applicable limitation period, lack of proof that the previous seller knew or should have known of the defect, the insolvency of the previous seller or for other reasons.

RISKS RELATING TO THE FINANCE OBTAINED BY ESKMUIR

Eskmuir's finance costs could increase or financing could cease to be available to Eskmuir on appropriate terms or at all

Eskmuir's ability to operate its business depends in part on it being able to raise funds. Should a liquidity crisis, such as that which occurred in late 2008 and early 2009, occur at a time when Eskmuir needs to raise financing, Eskmuir could be materially adversely affected.

An increase in the cost, or lack of availability, of finance (whether for macroeconomic reasons, such as a lack of liquidity in debt markets, or the inability of a financing counterparty to honour pre-existing lending arrangements, or reasons specific to Eskmuir) could impact both:

- Eskmuir's ability to progress investment opportunities necessary to deliver rates of return that meet investor expectations; and
- the day-to-day financing (or refinancing) requirements of Eskmuir's business over the longer term.

In addition, adverse interest rate movements could lead to an increase in the cost of borrowing. An increase in Eskmuir's LTV ratios, for example as a result of reductions in property values, could also increase the cost of financing or restrict Eskmuir's ability to arrange such financing or refinancing. Any increase in the cost of financing or any decrease in the availability of financing on reasonable terms could have a material adverse effect on Eskmuir's business, operations, financial condition and prospects.

If Eskmuir's investment properties suffer significant falls in value, Eskmuir may not be able, in the longer term, to maintain compliance with the LTV covenants in its existing borrowing agreements or the Bonds

Eskmuir funds its strategy in part by way of long-term financing facilities. These facilities currently comprise two debenture stock issues made in 1994 and 1995 which will be redeemed and cancelled using part of the proceeds of the issue of the Bonds (see "*Use of Proceeds*"), and a revolving loan facility with a UK bank that matures in January 2021.

The loan agreement relating to the revolving loan facility contains a financial covenant requiring the borrower, Eskmuir Securities Limited, to maintain a defined LTV ratio of not more than 65 per cent. in the period to 29 March 2020 and then not more than 60 per cent. until the maturity of the facility. The Conditions of the Bonds will also contain a similar covenant, see Condition 5 ("*Valuation of Specific Security and Withdrawals*"). Eskmuir's LTV ratio would be adversely affected by falls in the value of its investment properties.

Eskmuir's properties are re-valued annually and the results of such valuations are reflected in Eskmuir's financial statements as at the valuation dates. Many external economic and market factors, such as interest rate expectations, bond yields, the availability and cost of finance and the relative attraction of commercial property against other asset classes, have affected, and could affect, the assumptions used to arrive at current valuations and, as a consequence, Eskmuir's net asset value.

In the longer term, there is a risk that a significant reduction in the value of Eskmuir's properties would adversely affect its LTV ratio, which could result in a breach of the related financial covenants. For further information on the consequences of a breach of the covenants under Eskmuir's debt facilities, see "*— Eskmuir could trigger an event of default under its borrowing arrangements, which could result in its borrowings being accelerated and becoming immediately due and payable*" below.

Further, there is a risk that the financial covenants in the revolving loan facility based on the borrower's interest cover ratios would be adversely affected by falls in the borrower's net rental income or increases in its unhedged interest costs. For information on the circumstances which could give rise to a reduction in net rental income, see "*Risks relating to the UK commercial property industry – The rental income that Eskmuir's property portfolio produces may fluctuate as a result of factors which are outside its control*" above.

Eskmuir has significant borrowings, the amount and terms of which may restrict its ability to engage in certain business activities and limit its financial and operational flexibility

As at 30 September 2017, Eskmuir had £102.7 million in aggregate of indebtedness outstanding. Upon completion of the issue of the Bonds and upon redemption of the existing debenture stock (see "*Use of Proceeds*"), Eskmuir will have £115.5 million in aggregate of outstanding indebtedness.

Eskmuir, like any group of companies with significant borrowings, is subject to the risk that it will be unable to generate sufficient cash flows, or be unable to obtain sufficient funding, to satisfy its obligations to service and/or refinance its indebtedness. In addition, various covenants contained in Eskmuir's borrowing arrangements, including the Bonds, limit or may limit the flexibility of Eskmuir in running its

business. For example, if the LTV ratio in the loan agreement is breached, this would constitute an event of default under the agreement which could result in any loans outstanding under the loan agreement being accelerated, see "*Description of Eskmuir - Borrowings*".

Eskmuir's borrowing arrangements impose restrictions on Eskmuir which may affect, limit or prohibit Eskmuir's operational and financial flexibility. If Eskmuir were to seek to vary or waive any of these restrictions and the relevant lenders did not agree to such variation or amendment, these restrictions may limit Eskmuir's ability to plan for, or react to, market conditions or otherwise restrict Eskmuir's activities, investments or business plans. Any of the above could adversely affect Eskmuir's ability to make strategic acquisitions and investments and could generally have a material adverse effect on its business, results of operations, financial condition or prospects.

Eskmuir could trigger an event of default under its borrowing arrangements, which could result in its borrowings being accelerated and becoming immediately due and payable

Eskmuir's borrowing arrangements contain:

- representations and warranties, financial covenants and other covenants which, if breached, would give rise to an event of default; and
- events of default which would be triggered if, among other things, an event or circumstance occurs or exists which has, in the reasonable opinion of the agent appointed under the loan agreement, had a material adverse effect on the financial condition, business, assets or undertaking of Eskmuir, the borrower under the loan agreement or certain other Eskmuir group companies.

If an event of default was triggered, this could result in some or all of Eskmuir's outstanding debt being accelerated and becoming immediately due and repayable.

Eskmuir has granted security over a number of its properties in connection with its borrowing arrangements, details of which are set out in "*Description of Eskmuir—Borrowings*". After the occurrence of an event of default the relevant lenders may also be able to enforce their security over Eskmuir's assets.

For the reasons set out above, if Eskmuir triggered an event of default, this and any resulting enforcement action would have a material adverse effect on Eskmuir's business, results of operations, financial condition and prospects.

In addition, if Eskmuir were close to reaching its financial covenant limits, the Board may consider it imprudent to draw down any undrawn amounts under facilities which would otherwise still be available to it, as to do so would increase the risk of a covenant breach occurring. This could prevent Eskmuir from taking advantage of acquisition opportunities to expand its existing holdings in furtherance of its investment strategy, which could have a material adverse effect on its business, results of operations, financial condition or prospects.

Eskmuir is exposed to financial market risks including fluctuations in interest rates

Eskmuir is exposed to two types of interest rate risk:

- cash flow interest rate risk, which is the risk that the future cash flows under its variable rate borrowings will fluctuate because of changes in market interest rates; and
- fair value interest rate risk, which is the risk that the value of a fixed rate borrowing will fluctuate because of changes in market interest rates.

In December 2015, Eskmuir entered into a 4.4-year interest rate cap over a notional £50 million which expires in 2020 with a view to partially mitigating its cash flow interest risk. This cap had a remaining book value of £29,000 at 30 September 2016. Eskmuir has no current intention of entering into additional hedging arrangements.

Note 18 to Eskmuir's 2016 financial statements contains a sensitivity analysis in respect of its exposure to interest risk which showed that if interest rates for 2016 had been 50 basis points higher and this movement applied to the financial assets and financial liabilities as at the balance sheet date, the pre-tax profit for the

year ended 30 September 2016 would have been £311,000 lower. The inverse would have been equally true for 2016 if interest rates had been 50 basis points lower.

Eskmuir may also be exposed to market interest rate risk:

- when the interest rate cap that it has entered into in connection with its existing variable rate indebtedness expires; or
- when Eskmuir requires financing and, if hedging is considered appropriate, cannot hedge its interest rate exposure on commercially reasonable terms, or at all; or
- if Eskmuir's hedge counterparties default on their obligations.

To the extent that Eskmuir does not hedge its exposure to interest rate fluctuations or hedge counterparties default, Eskmuir may incur higher than expected interest rate expenses, which could have a material adverse effect on its profitability.

RISKS RELATING TO ESKMUIR'S OPERATIONS

Eskmuir's success depends on its senior management team and its business may be harmed if their services are lost or it is unable to recruit new or replacement personnel

As at 30 September 2017, Eskmuir had seven staff, including two executive directors and two other members of senior management. Eskmuir's success depends upon the continuing services of the members of its senior management team and recruitment of new senior management where necessary. If one or more senior executives are unable or unwilling to continue in their present positions, Eskmuir may not be able to replace them easily or at all, its business may be disrupted and its financial condition and results of operations may be materially and adversely affected. Competition for senior management is high, the pool of qualified candidates is limited and Eskmuir may not be able to retain the services of its senior executives, or attract and retain high-quality new senior executives. If any key executives leave and carry on any activities competing with Eskmuir, it may lose tenants and staff members, and its legal remedies against such individuals may be limited.

In addition, the loss of suitably qualified employees, or the inability to hire and retain suitably qualified replacements could impair Eskmuir's ability to execute its business plan and achieve its objectives, lead to employee morale problems or the loss of key employees, any of which could have a material adverse impact on its business, results of operations, financial condition or prospects.

Eskmuir may be subject to increases in administrative expenses

Eskmuir's administrative expenses could increase without a corresponding increase in revenue from its investment properties. Factors which could increase Eskmuir's administrative expenses include:

- increases in the rate of inflation;
- increases in property taxes and other statutory charges;
- changes in laws, regulations or government policies which increase the costs of compliance;
- increases in insurance premiums;
- increases in the costs of maintaining properties;
- improvement costs which Eskmuir must incur in order to facilitate sales of Eskmuir properties;
- defects affecting Eskmuir's properties which need to be rectified; and
- failure of sub-contractors leading to increased costs.

Such increases, if not matched by increases in revenue or other income, could have a material adverse effect on Eskmuir's profitability.

Eskmuir faces competition from other companies active in the UK commercial property market

Eskmuir operates in a competitive environment. Entry barriers for competitors are generally low in the UK commercial property markets. Eskmuir competes with a large number of real estate owners, some of which may have greater resources, may be willing to accept lower returns on their investments, may be less leveraged than Eskmuir or may have more liquidity with which to take advantage of acquisition opportunities. Competitors include both regional investors, with in-depth knowledge of the local markets, and other property portfolio companies, including funds that invest nationally and internationally, institutional investors and foreign investors. Eskmuir's competitors also include entities structured so as to benefit from significant tax advantages as well as other characteristics which may result in such competitors having greater available capital resources than Eskmuir, less leverage and more liquidity with which to undertake acquisitions. All such competition may adversely affect Eskmuir's ability to maintain or grow rental income and achieve sales or to make suitable acquisitions of properties.

The risk of litigation is inherent in Eskmuir's operations

In the ordinary course of Eskmuir's business, legal actions, claims against and by Eskmuir and arbitrations involving Eskmuir arise. Eskmuir may be subject to litigation from tenants, entities to which Eskmuir provides property management services, purchasers of properties previously or currently owned by Eskmuir, current or former employees and third parties, including visitors to its properties. The publicity associated with, and the outcome of, such claims, arbitration and legal proceedings could adversely affect Eskmuir's business, results of operations and financial position.

Eskmuir may suffer uninsured losses or suffer material losses in excess of insurance proceeds

Eskmuir maintains insurance cover at the level which it believes is right for the needs of the business. This includes, but is not limited to, group income protection insurance for all directors and employees of Eskmuir, directors' and officers' liability insurance and professional indemnity insurance in relation to the fund and asset management services provided by Eskmuir. In relation to its investment properties, Eskmuir arranges comprehensive insurance cover which includes reinstatement and loss of rent and service charge monies. The cost of this cover is only borne by Eskmuir in the event a unit is vacant.

Eskmuir's insurance may be insufficient to cover the physical damage to property (including the property comprising the Specific Security) and/or liabilities caused by the incidents that it covers, resulting in losses that may not be fully compensated by insurance. Furthermore, certain types of risks (such as war risk, terrorist acts, flood damage and subsidence damage) may be, or may become in the future, either uninsurable or not economically insurable, or may not be currently or in the future covered by Eskmuir's insurance policies. Should an uninsured loss or a loss in excess of insured limits occur, Eskmuir could sustain financial loss or lose capital invested in any affected property as well as anticipated future income from that property Eskmuir would also remain liable for any debt or other financial obligation related to affected property. In addition, Eskmuir is liable to repair damage or meet liabilities caused by uninsured risks. No assurance can be given that material losses or liabilities in excess of insurance proceeds will not occur in the future.

Fraud or misconduct by an employee of Eskmuir or third party service providers could result in losses or reputational damage

Like any business, Eskmuir runs the risk that employee fraud or other misconduct could occur and the precautions that Eskmuir takes to prevent this may not be effective in all cases. Employee misconduct could cause significant financial harm or reputational damage to Eskmuir and any liability or loss may not be covered in part or in full by insurance. Similar issues may arise in relation to misconduct by the employees of third parties when Eskmuir employs third parties to provide services for customers. Although this risk has not had an historic impact on Eskmuir, such fraud or misconduct, were it to occur, may have a material adverse effect on Eskmuir's business, results of operations, financial condition or prospects.

Eskmuir's reliance on information technology systems exposes its business to disruptions or unexpected costs

Eskmuir's ability to maintain financial controls and provide a high-quality service to its tenants and entities to which it provides property management services depends, in part, on the efficient and uninterrupted operation of its information technology systems, including its computer systems and, in some cases, those of its property management agents. There can be no assurance that failures of the relevant information technology systems will not occur in the future.

In addition, information technology systems are vulnerable to damage or temporary interruption from flood, fire, power loss, telecommunications failure and similar events. Such systems may also be subject to viruses, sabotage, vandalism, hacking and similar misconduct. Although Eskmuir has disaster recovery procedures in place, any damage to, or failure of, any of Eskmuir's management information systems could result in temporary interruptions to Eskmuir's financial controls or property management operations which could have a material adverse effect on Eskmuir's business, results of operations, financial condition or prospects.

RISKS RELATING TO LAW AND REGULATION

Potential liability for environmental and health and safety problems may result in substantial costs to Eskmuir

Eskmuir, as a property owner, is subject to a variety of laws and regulations concerning the protection of health, safety and the environment. Environmental laws and regulations can impose liability for cleaning up contaminated land and buildings, watercourses or groundwater. UK legislation and regulations extend such liability to any person who causes or knowingly permits such contamination and, in some cases, present owners. Accordingly, in the ordinary course of its business, and in connection with past and future acquisitions, Eskmuir may be, or become, responsible for the costs of removal, investigation or remediation of any hazardous or toxic substances that are located on or in a property, or that are migrating to or have migrated from a property, owned by it. Eskmuir may also be exposed to the risk of third party personal injury and property damage claims in connection with contamination. In addition, more stringent requirements for environmental protection may be imposed by relevant regulatory authorities, which may increase Eskmuir's costs or delay planning permission for its properties.

The costs of any required removal, investigation or remediation of hazardous or toxic substances may be substantial regardless of whether Eskmuir originally caused the contamination. The presence of such substances, or the failure to remedy the situation properly, may also adversely affect the value of the property concerned or Eskmuir's ability to sell or let it or to borrow using the affected property as security.

Changes in legislation or regulation may adversely affect Eskmuir

Eskmuir has to comply with a wide range of laws and regulations in the areas in which it operates including relating to tax. Changes in the laws or regulations governing commercial property, or in their interpretation or enforcement, may adversely affect Eskmuir's business. Increased tax or stamp duty land tax (in Scotland, Land and Buildings Transaction Tax), increased real estate transfer tax, changes to land tax policies, additional environmental or other obligations on property owners or similar developments could limit Eskmuir's ability to increase rents or lead to a decrease in the volume and/or prices of transactions in the UK commercial property market or to a loss of strategic opportunities for Eskmuir's business. Changes in laws or regulations including tax legislation could require Eskmuir to incur additional costs in complying with these laws or regulations or require changes to its operations or accounting and reporting systems.

The regulatory framework within which Eskmuir operates is also subject to change and reinterpretation by governmental authorities. Any such change or interpretation could result in significant compliance costs for Eskmuir and divert management time from its core operations.

Any of Eskmuir's properties may at any time be compulsorily purchased by a governmental authority

Any property or part of any property owned by Eskmuir may, at any time following due process, be compulsorily acquired by a government department or local authority in connection with proposed redevelopment or infrastructure projects. In the event that a compulsory purchase order were implemented so as to compulsorily acquire a property or part of a property, compensation would be payable on the basis

of the value of all owners' and tenants' proprietary interests in that property as at the date of valuation as determined by reference to a statutory compensation code. This compensation could be less than Eskmuir's assessment of the property's current market value and there could be a significant delay in receiving the compensation, both of which factors could negatively affect Eskmuir's business.

RISKS RELATING TO THE ISSUER

The Issuer is a finance vehicle with no trading assets or trading income

The Issuer is a finance vehicle whose principal purpose is to raise funds for Eskmuir. Accordingly, the Issuer has no trading assets and does not generate trading income. The Issuer's only source of income is, therefore, monies received from Eskmuir. The proceeds of the Bonds shall be advanced by the Issuer to Eskmuir (see "*Use of Proceeds*" for further information). Accordingly, if Eskmuir's financial condition was to deteriorate, the Issuer and investors in the Bonds may suffer direct and materially adverse consequences. The Issuer, and payments by the Issuer in respect of the Bonds, will therefore be subject to the risk of delays in the receipt, or risk of defaults, of such payments. There can be no assurance that the levels or timeliness of payments received from Eskmuir will be adequate to ensure fulfilment of the Issuer's obligations in respect of the Bonds on each Interest Payment Date or on the Maturity Date (or any other date on which the Bonds are to be redeemed). However, the Issuer believes that, since the Issuer and Eskmuir are serviced by the same treasury team, any delay as a result of administrative risk is minimal.

RISKS RELATING TO THE BONDS

The Bonds may be redeemed prior to maturity at the Issuer's option

In the event that the Issuer or the Guarantor would be obliged to increase the amounts payable in respect of any Bonds due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Bonds in accordance with the Conditions. In addition, the Conditions provide that the Bonds are redeemable at the Issuer's option in certain other circumstances. An optional redemption feature is likely to limit the market value of the Bonds. During any period when the Issuer may elect to redeem the Bonds, the market value of the Bonds generally will not rise substantially above the price at which they can be redeemed.

If the Issuer redeems the Bonds in any of the circumstances mentioned above, there is a risk that the Bonds may be redeemed at times when the redemption proceeds are less than the current market value of the Bonds or when prevailing interest rates may be relatively low, in which latter case Bondholders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

Minimum Denomination

As the Bonds have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Bonds may be traded in amounts in excess of £100,000 that are not integral multiples of £100,000. In such case a Bondholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a Definitive Bond in respect of such holding (should Definitive Bonds be printed) and would need to purchase a principal amount of Bonds such that its holding amounts to the minimum denomination. Further, a Bondholder who, as a result of trading such amounts, holds an amount which is less than the minimum denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Bonds at, or in excess of, the minimum denomination such that its holding amounts to the minimum denomination. If Definitive Bonds are issued, holders should be aware that Definitive Bonds which have a denomination that is not an integral multiple of £100,000 may be illiquid and difficult to trade.

The terms of the Bonds may be modified with the consent of specified majorities of the Bondholders at a duly convened meeting, and the Bond Trustee may consent to certain modifications to the Bonds, or substitution of the Issuer, without the consent of the Bondholders

The Bond Trust Deed contains provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders, including

Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. The Bond Trust Deed constituting the Bonds also provides that the Bond Trustee may (except as set out in the Bond Trust Deed), without the consent of Bondholders, Couponholders or any other Secured Party, agree to certain modifications (except as expressly stated in the Bond Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Bonds, the Bond Trust Deed or the other Issue Documents or to the substitution of another company as principal debtor under the Bonds in place of the Issuer in the circumstances described in Condition 16 (*Meeting of Bondholders; Modification and Waiver; Substitution*) and the Bond Trust Deed.

Changes in law may adversely affect the rights of Bondholders

Changes in law after the date hereof may affect the rights of Bondholders as well as the market value of the Bonds. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Bonds, which may have an adverse effect on an investment in the Bonds.

In addition, any change in law or regulation that triggers a relevant tax change in the United Kingdom would entitle the Issuer, at its option (subject to certain conditions), to redeem the Bonds, in whole but not in part, as provided under "*Terms and Conditions of the Bonds — Redemption and Purchase*".

No assurance can be given as to the impact of any possible judicial decision or change to English law, regulation or administrative practice after the date of issue of the Bonds.

Potential Conflicts of Interest

Each of the Bond Trustee and the Paying Agents (together with the Issuer, the Guarantor and the Charging Companies, the "**Relevant Parties**") and their affiliates in the course of each of their respective businesses may provide services to other Relevant Parties and to third parties and in the course of the provision of such services it is possible that conflicts of interest may arise between such Relevant Parties and their affiliates or between such Relevant Parties and their affiliates and such third parties. Each of the Relevant Parties (other than the Issuer, the Guarantor and the Charging Companies) and their affiliates may provide such services and enter into arrangements with any person without regard to or constraint as a result of any such conflicts of interest arising as a result of it being a Relevant Party.

Risk relating to the redemption amount payable following an Event of Default

Pursuant to Condition 12.1 (*Events of Default and Enforcement – Events of Default*), following an Event of Default in respect of which the Bond Trustee has given an Acceleration Notice to the Issuer, the Bonds shall become immediately due and payable at their Make-Whole Price as determined in accordance with Condition 9(d) (*Redemption and Purchase – Redemption by the Issuer*) and Condition 12.1, together with accrued interest. In certain circumstances, the redemption amount payable pursuant to Condition 12.1 may be higher than that which the Issuer would pay in other circumstances (such as upon the final maturity of the Bonds or pursuant to Condition 9(d)). There is a concern in relation to the Bonds that an English court may rule that the redemption amount due to Bondholders following an Event of Default is unenforceable due to such amount being "unconscionable" and of a penal nature.

RISKS RELATING TO THE MARKET

There is no active trading market for the Bonds

The Bonds are new securities which may not be widely distributed and for which there is currently no active trading market. If the Bonds are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and the Guarantor. Although applications have been made for the Bonds to be admitted to listing on the Official List of the FCA and to trading on the Professional Securities Market, there is no assurance that such applications will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Bonds.

Because the Global Bonds are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer and/or the Guarantor

The Bonds will be represented by the Global Bonds except in certain limited circumstances described in the Permanent Global Bond. The Global Bonds will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Bond, investors will not be entitled to receive Definitive Bonds. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Bonds. While the Bonds are represented by the Global Bonds, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer and the Guarantor will discharge their payment obligations under the Bonds by making payments to or to the order of the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Bond must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Bonds. The Issuer and the Guarantor have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Bonds.

Bondholders of beneficial interests in the Global Bonds will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds in Sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of Sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Sterling would decrease (1) the Investor's Currency-equivalent yield on the Bonds; (2) the Investor's Currency-equivalent value of the principal payable on the Bonds; and (3) the Investor's Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Bonds are legal investments for it, (b) the Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

Interest rate risks

Investment in the Bonds, which bear a fixed rate of interest, involves the risk that subsequent increases in market interest rates may adversely affect the market value of the Bonds.

RISKS RELATING TO THE SECURITY OF THE BONDS

Considerations relating to the Security

The Bonds will be secured by the security granted in favour of the Bond Trustee for the benefit of itself, the Bondholders and the other Secured Parties. Such security includes a first legal mortgage, a first standard security, a first fixed charge and assignment, and a first assignation of rent in relation to the relevant property and rights set out in the Security Agreements given by the Guarantor, the Additional Chargor and any other Charging Company. The validity of any security given by the Guarantor, the Additional Chargor

or such other Charging Company (as the case may be) in connection with additions and / or substitutions of the security may depend on the solvency of the Guarantor, the Additional Chargor or such other Charging Company at the time of the grant.

Environmental Considerations

Under relevant UK environmental legislation, liability for environmental matters can be imposed on the "owner" or "person in control" of land. The term "owner" is not specifically defined and could include anyone with a proprietary interest in a property, which could include a representative of a trustee as a mortgagee in possession (or, in the case of properties situated in Scotland, a heritable creditor in possession) (in respect of which see the risk factor entitled "*Mortgagee in Possession Liability or Heritable Creditor in Possession*" below). Environmental laws may impose liability on the owner for clean-up costs if a property is or becomes contaminated. The Guarantor, the Additional Chargor or any other Charging Company (as the case may be) may therefore be liable for the entire amount of the clean-up and redemption costs for a contaminated site regardless of whether the contamination was caused by them or not. These costs may be significant and may affect the ability of the Issuer and the Guarantor to meet their respective payment obligations under the Bonds and the Guarantee.

In addition, the presence of hazardous or toxic substances, or the failure to adequately remedy adverse environmental conditions at any Real Property, may adversely affect the market value of the Real Property, as well as the Guarantor's, the Additional Chargor's or any other Charging Company's (as the case may be) ability to sell, lease or refinance the Real Property. Any environmental liability imposed on the Guarantor, the Additional Chargor or such other Charging Company (as the case may be) could also affect the ability of the Issuer and the Guarantor to meet their respective payment obligations under the Bonds and the Guarantee.

Fixed charges may take effect under English law as floating charges

Pursuant to the Security Agreements, the Guarantor, the Additional Chargor and any other Charging Company has purported, or will purport, to grant a fixed charge over all of the Guarantor's, the Additional Chargor's or such other Charging Company's (as the case may be) rights, title and interest from time to time in and to (i) the Real Property and all Related Rights and (ii) the benefit of any authorisation, consent, approval, resolution, licence exemption, filing, notarisation or registration held in connection with its use of any Security Asset. English law relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Guarantor, the Additional Chargor or any other Charging Company may take effect under English law only as floating charges if, for example, it is determined that the Bond Trustee does not exert sufficient control over the charged assets for the security to be said to "fix" over those assets. If the charges take effect as floating charges instead of fixed charges, then the claims of the Bond Trustee will be subject to claims which are given priority over a floating charge by law, including, amongst other things, prior charges, certain subsequent charges, the expenses of any winding up or administration and the claims of preferential creditors.

Claims of Creditors of the Issuer, the Guarantor, the Additional Chargor or any other Charging Company other than Secured Parties

Under English law, any creditor (who has not entered into non-petition clauses) would (save where an administrator has been appointed) be able to commence insolvency or winding up proceedings against the Issuer, the Guarantor, the Additional Chargor or any other Charging Company (as the case may be) in respect of any unpaid debt with a value in excess of £750.

Mortgagee in Possession or Heritable Creditor in Possession Liability

There is a risk that the Bond Trustee may be deemed to be a mortgagee in possession (or, in the case of properties situated in Scotland, a heritable creditor in possession after enforcement of a standard security) if it physically enters into possession of a Real Property or performs an act of control or influence which may amount to possession, such as submitting a demand direct to tenants requiring them to pay rents to the Bond Trustee. The consequence of being a mortgagee in possession (or a heritable creditor in possession, as the case may be) would be that the Bond Trustee may be obliged to account to the Guarantor, the Additional Chargor or another Charging Company (as the case may be) for the income obtained from the Real Property insofar as that income was not secured by an Assignment of Rents, be liable for any damage to the Real Property, have a limited liability to repair the Real Property and, in certain circumstances, be

obliged to make improvements or incur financial liabilities in respect of the Real Property. A mortgagee in possession (or a heritable creditor in possession, as the case may be) may also be liable to a tenant for any mismanagement of the relevant property and may incur liabilities to third parties in nuisance and negligence and, under certain statutes (including environmental legislation), the liabilities of a property owner. Pursuant to the relevant Security Deed (or, in the case of properties situated in Scotland, the Standard Security) and the Bond Trust Deed, the Issuer, the Guarantor, the Additional Chargor and any other Charging Companies (as the case may be) are, or will be, required to indemnify the Bond Trustee against all liabilities and expenses suffered or incurred by it. The obligation to indemnify the Bond Trustee may mean that there is a shortfall in funds available to pay all amounts due and owing under the Bonds.

Future Assets in Scotland

Under Scots law, rights in security (other than floating charges and by means of sundry less common forms of security) can only be created over an asset by transferring that asset to the party receiving the right in security. This means that rights in security can only be created properly over assets in existence at the time the right is created, unless the future assets can be said to have formed part of the transferred assets by the principle of accretion or are included within an existing contract. There is, therefore, a risk that certain Scottish assets, contracts and agreements which are acquired by the Guarantor or a Charging Company after it has signed a Standard Security or an Assignment of Rents will not be subject to a right in security granted in favour of the Bond Trustee (other than the floating charge pursuant to the Standard Security) unless new security documents are executed each time such an asset is acquired by the Guarantor or such Charging Company. Each Standard Security and Assignment of Rents of the Guarantor or a Charging Company contains, or will contain, a requirement on the Guarantor or such Charging Company to provide additional security in favour of the Bond Trustee at the request of the Bond Trustee, which may include security over future assets not otherwise subject to a right in security in favour of the Bond Trustee.

Appointment of Administrative Receiver to the Guarantor

The provisions of the Enterprise Act 2002 (the "**Enterprise Act**") restrict the right of the holder of a floating charge to appoint an administrative receiver (unless the security was created prior to 15 September 2003 or an exception applies) and instead give primacy to collective insolvency procedures (in particular, administration). The Insolvency Act 1986 contains provisions that continue to allow for the appointment of an administrative receiver in relation to certain transactions in the capital markets. The relevant exception provides that the appointment of an administrative receiver is not prohibited if it is made in pursuance of an agreement (being in respect of the transactions described in these Listing Particulars, the Security Deeds) which is or forms part of a capital market arrangement (as defined in the Insolvency Act) under which a party (such as the Guarantor, the Additional Chargor or any other Charging Company) incurs or, when such agreement was entered into was expected to incur, a debt of at least £50,000,000 and if the arrangement involves the issue of a capital market investment (also defined in the Insolvency Act, but generally a rated, listed or traded debt instrument).

Although there is yet no case law on how this exception will be interpreted, the exception should be applicable so far as concerns the floating charges created by the Guarantor, the Additional Chargor or any other Charging Company pursuant to the Security Deeds. However, as this is partly a question of fact, were it not to be possible to appoint an administrative receiver in respect of the Guarantor, the Additional Chargor or any other Charging Company (as the case may be), the Guarantor, the Additional Chargor or such other Charging Company (as the case may be) would be subject to administration if it became insolvent which may lead to the ability to realise the security being delayed and/or the value of the security being impaired.

The transfer of legal title to a certain property from Eskmuir Securities Limited to Eskmuir may not be perfected by registration of the transfer at the Land Registry, resulting in the transfer only of equitable title and the charge in favour of the Bond Trustee taking effect as an equitable charge by way of legal mortgage only

Under the Security Deed, Eskmuir will grant security to the Bond Trustee over the property with registered title HD107600 (St Peter's House, 45 Victoria Street, St Albans) (the "**Relevant Property**") within 5 Business Days of the Issue Date by a charge expressed to be by way of legal mortgage. The Relevant Property was transferred from Eskmuir Securities Limited to Eskmuir on 22 November 2017 by way of a transfer deed between Eskmuir and Eskmuir Securities Limited. However, under sections 27(1) and (2) of the Land Registration Act 2002, any transfer of registered land must itself be registered at the Land Registry and, unless and until the Land Registry has registered the transfer, it does not operate at law until the

relevant registration requirements are met and therefore legal title will not transfer to Eskmuir and Eskmuir will have an equitable interest only.

The Land Registry will not register any charge by way of legal mortgage granted by Eskmuir in respect of the Relevant Property if it does not hold legal title, which would be the case until the transfer of the Relevant Property is registered by the Land Registry (as above). Under sections 27(2) and 132(1) of the Land Registration Act 2002, a charge by way of legal mortgage is a registrable disposition and takes effect only as an equitable interest in the land unless and until registered. For so long as the Bond Trustee's interest in the Relevant Property remains an equitable charge, such equitable charge must be protected by registration of a notice at the Land Registry, otherwise it may be overridden by a registered disposition of the legal estate for valuable consideration.

Accordingly, there is a risk that:

- (a) the transfer of the Relevant Property to Eskmuir is not registered and therefore takes effect as an equitable transfer only, resulting in the charge taking effect in equity only for reasons of both defect of legal title and imperfect registration of the charge itself; and
- (b) the notice of the equitable charge is not registered with the Land Registry, which may result in the charge being overridden as discussed above,

which would leave the Bond Trustee without the legal charge in respect of the Relevant Property that it purports to have under the Security Deed and the Bond Trustee will not have the ability to appoint a receiver over the Relevant Property, and in the case of (b) above, any subsequent lender with a registered legal mortgage (provided it has been made for valuable consideration) would take priority over the Bond Trustee's equitable charge.

TERMS AND CONDITIONS OF THE BONDS

The £95,000,000 4.255 per cent. Secured Guaranteed Bonds due 2047 (the "**Bonds**", which expression includes any further bonds issued pursuant to Condition 17 (*Further Issues*) and forming a single series therewith) of Eskmuir Group Finance Plc (the "**Issuer**") are subject to, and have the benefit of, a bond trust deed dated 12 December 2017 (as amended or supplemented from time to time, the "**Bond Trust Deed**") between the Issuer, Eskmuir Properties Limited (the "**Guarantor**") and Link Corporate Trustees (UK) Limited as bond trustee (the "**Bond Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Bond Trust Deed) and are the subject of an agency agreement dated 12 December 2017 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Guarantor, Citibank, N.A., London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Bonds), the paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Bonds) and the Bond Trustee. The Bonds also have the benefit of security created pursuant to (i) a security deed dated on or about 15 December 2017 (as amended or supplemented from time to time, the "**Security Deed**") between the Guarantor and the Bond Trustee, (ii) a security deed dated on or about 15 December 2017 (as amended or supplemented from time to time, the "**Additional Chargor Security Deed**" and, together with the Security Deed and any other security deed or security deeds granted and/or to be granted from time to time by the Guarantor or any Charging Company in favour of the Bond Trustee, the "**Security Deeds**") between Eskmuir (Thayer Street 2) Limited (the "**Additional Chargor**") and the Bond Trustee, (iii) a standard security dated on or about 15 December 2017 granted by the Guarantor in favour of the Bond Trustee (as amended or supplemented from time to time, a "**Standard Security**") and (iv) an assignment of rents dated on or about 15 December 2017 granted by the Guarantor in favour of the Bond Trustee (as amended or supplemented from time to time, an "**Assignment of Rents**").

Certain provisions of these Conditions are summaries of the Bond Trust Deed, the Security Agreements (as defined below) and the Agency Agreement and are subject to their detailed provisions. The holders of the Bonds (the "**Bondholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Bond Trust Deed, the Security Agreements and the Agency Agreement applicable to them.

Words and expressions defined in the Bond Trust Deed, the Security Agreements or the Agency Agreement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated.

Copies of the Bond Trust Deed, the Agency Agreement and the Security Agreements are available for inspection by Bondholders during normal business hours at the registered office for the time being of the Bond Trustee, being at the date hereof 6th Floor, 65 Gresham Street, London EC2V 7NQ and at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

1. **Form, Denomination and Title**

The Bonds are serially numbered and in bearer form in the denomination of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000, with Coupons and talons (each, a "**Talon**") for further Coupons attached at the time of issue. No Bonds will be issued with a denomination above £199,000.

Title to the Bonds, the Coupons and the Talons will pass by delivery. The holder of any Bond, Coupon or Talon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Bonds or the Bond Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

2. **Status and Guarantee**

- (a) **Status of the Bonds:** The Bonds constitute direct, general, unconditional and unsubordinated obligations of the Issuer and rank and will rank at all times *pari passu* and without preference or priority among themselves.
- (b) **Guarantee of the Bonds:** The Guarantor has in the Bond Trust Deed unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Bonds. Such guarantee (the "**Guarantee**") constitutes direct, general, unconditional and unsubordinated obligations of the Guarantor, secured in the manner set out in Condition 3 (*Security*).

3. **Security**

- (a) The Issuer's and the Guarantor's obligations in respect of the Bonds and the other Secured Obligations will, within 5 Business Days of the Issue Date, be secured (subject as provided in these Conditions and the Security Agreements) pursuant to the Security Agreements in favour of the Bond Trustee for the benefit of itself and the Secured Parties as follows:
 - (i) by way of a first legal mortgage over all of the Mortgaged Property;
 - (ii) by way of a first standard security over the Scottish Secured Property;
 - (iii) by way of an assignation of rental income derived from leases of the Scottish Secured Property;
 - (iv) by way of a first fixed charge over all of each of the Guarantor's and the Additional Chargor's rights, title and interest from time to time in and to (i) the Real Property and all Related Rights (other than any Scottish Assets) and (ii) the benefit of any authorisation, consent, approval, resolution, licence exemption, filing, notarisation or registration held in connection with its use of any Security Asset;
 - (v) by way of assignment, all of each of the Guarantor's and the Additional Chargor's rights, title and interest from time to time in and to any policy of insurance in which the Guarantor or the Additional Chargor (as the case may be) may at any time have an interest and all proceeds paid or payable thereunder and all other Related Rights (other than any Scottish Assets); and
 - (vi) a charge by way of first floating charge over the whole of each of the Guarantor's and the Additional Chargor's undertaking and all of its property, rights and assets, present and future wheresoever situate (including, without limitation, its uncalled capital),

in each case as further described in the Security Agreements.

- (b) Power will be reserved:
 - (i) to the Guarantor or, subject to the provisions of the Security Deed, any wholly-owned Subsidiary of the Guarantor, whether to satisfy the provisions of Condition 5(d) or (e) (*Valuation of Specific Security and Withdrawals*) below or the proviso to Condition 17 (*Further Issues*), to add to the Specific Security by charging in favour of the Bond Trustee and to its satisfaction (A) any additional interest in any Real Property then comprised in the Specific Security and/or other eligible property and/or by paying to the Bond Trustee, a sum of money, so as, in each case, to form part of the Specific Security and, (B) if the Guarantor or such Subsidiary (as the case may be) shall not for the time being have subsisting in favour of the Bond Trustee a floating charge over its undertaking and all its property, rights and assets, present and future wheresoever situate (including any uncalled capital) forming part of the Security Assets, by way of floating charge its undertaking and all its property, rights and assets, present and future,

wheresoever situate (including any uncalled capital) so as to form part of the Security Assets (but not part of the Specific Security); and

- (ii) to the Guarantor and each Charging Company to create, extend or permit to subsist fixed and/or floating charges over all or any part of their respective undertakings, properties and assets' other than any property or assets comprised in the Specific Security, ranking in priority to or *pari passu* with any floating charge (but not any specific charge) created by it and for the time being subsisting in favour of the Bond Trustee as security for the Bonds and any Further Bonds.
- (c) The security constituted by the Security Agreements shall become enforceable, and any floating charge will crystallise, upon the delivery of an Acceleration Notice in accordance with Condition 12 (*Events of Default and Enforcement*).
- (d) If for any reason no part of the Specific Security remains vested in the Guarantor or any Charging Company, the Bond Trustee shall release the Guarantor or such other Charging Company (as the case may be) from the floating charge created by it under the Security Agreements.
- (e) The Bond Trust Deed contains insurance covenants. Moneys payable in respect of any claims relating to an insured event for less than £100,000 may be released to the Issuer, the Guarantor or any relevant Charging Company (as the case may be).

In these Conditions:

"Assignment of Rents" means the assignment of rental income dated the date of the Security Deed to be granted by the Guarantor in favour of the Bond Trustee over the rental income and other monies derived from leases of the Scottish Secured Property and any further assignment of rents granted and/or to be granted from time to time by the Guarantor or any Charging Company in favour of the Bond Trustee in respect of the rents and other monies derived from Real Property situate in Scotland;

"Charging Company" means the Additional Chargor and any other wholly-owned Subsidiary of the Guarantor which shall have charged in favour of the Bond Trustee any of its assets as security for the discharge of the Secured Obligations or which shall have paid to the Bond Trustee, so as to form part of the Specific Security, a sum of money and, in each case, which shall not for the time being have ceased to be a Charging Company pursuant to the provisions of the Bond Trust Deed;

"eligible property" means:

- (a) any Real Property situated in the United Kingdom (being, in the case of the charging of Real Property which is leasehold, Real Property held under a lease with, at the date of charging, an unexpired term expiring not earlier than 45 years after the maturity of the Bonds and any Further Bonds then in issue and not containing provisions which in the opinion of the Bond Trustee make such lease unsuitable for the purpose of providing security for the Bonds and any Further Bonds as part of the Specific Security) which is the subject of a certificate of title given by a leading or substantial firm of solicitors approved by the Bond Trustee establishing, to the Bond Trustee's satisfaction, good and marketable title to the Real Property and which is the subject of a Professional Valuation in terms satisfactory to the Bond Trustee; or
- (b) any Real Property situated in the United Kingdom approved for the proposed charging by the Bond Trustee,

and includes any additional interest in any Real Property already comprised in the Specific Security;

"Group" means the Guarantor and its Subsidiaries taken as a whole;

"Mortgaged Property" means the freehold and leasehold property specified in Schedule 1 (*Mortgaged Property*) of each of the Security Deeds;

"Real Property" means the Mortgaged Property, the Scottish Secured Property and any present or future freehold, heritable or leasehold or immoveable property and any other interest in land or buildings and all rights relating thereto in which the Guarantor or relevant Charging Company (as the case may be) has an interest including all buildings and erections and fixtures (including trade fixtures but excluding tenants' fixtures) and fixed plant and machinery for the time being thereon belonging to it and all improvements and additions thereto and all easements, servitudes, rights and licences appurtenant thereto subject to and with the benefit of all leases, underleases, tenancies, agreements for lease, rights, covenants, undertakings and conditions affecting the same;

"Scottish Assets" means all the property, assets and undertaking of the Guarantor or any Charging Company which are located in Scotland or otherwise governed by Scots law;

"Scottish Secured Property" means Queen Anne Park, Queen Anne Drive, Newbridge, EH28 8LH, registered in the Land Register of Scotland under Title Number MID149611;

"Secured Obligations" means all present and future obligations and liabilities (whether actual or contingent, whether owed jointly or severally or in any other capacity whatsoever and whether originally incurred by the Issuer, the Guarantor, the relevant Charging Company (as the case may be) or by some other person) of the Issuer, the Guarantor or the relevant Charging Company (as the case may be) to any Secured Party under or in respect of the Issue Documents;

"Security Agreements" means the Security Deeds, the Standard Security and the Assignment of Rents;

"Security Assets" means each of the assets and undertakings of the Guarantor or the relevant Charging Company (as the case may be) which from time to time are, or are expressed to be, the subject of any security created or expressed to be created by it in favour of the Bond Trustee by or pursuant to the Security Agreements and all other assets and undertaking which from time to time are, or are expressed to be, the subject of any security created or expressed to be created in favour of the Bond Trustee as security for the Secured Obligations to the extent that the same shall not have been released pursuant to Condition 5 (*Valuation of Specific Security and Withdrawals*) or substituted pursuant to Condition 6 (*Power of Substitution*) or otherwise pursuant to the provisions of the Security Agreements;

"Specific Security" means the Mortgaged Property, the Scottish Assets (to the extent that they are secured by the Security Agreements) or such of them as shall for the time being remain subject to the security constituted by the Security Agreements and all other Real Property and all capital moneys and investments representing the same and other moneys which at any time shall be held by or assured to or mortgaged or charged by way of first specific security in favour of the Bond Trustee as security for the payment of the principal moneys, premiums and interest on the Bonds to the extent the same shall not have been released pursuant to Condition 5 (*Valuation of Specific Security and Withdrawals*) or Condition 6 (*Power of Substitution*) or otherwise pursuant to the provisions of the Security Agreements;

"Standard Security" means the standard security dated on or about 15 December 2017 to be granted by the Guarantor in favour of the Bond Trustee over the Scottish Secured Property and any other standard security or standard securities granted and/or to be granted from time to time by the Guarantor or any Charging Company in favour of the Bond Trustee over Real Property situate in Scotland; and

"Subsidiary" means a subsidiary within the meaning of section 1159 of the Companies Act 2006, as amended.

4. **Post-Enforcement Priority of Payments**

Following the enforcement of the Security, the net proceeds of enforcement of the Security Assets shall be applied in the following order of priority (the **"Post-enforcement Priority of Payment"**):

- (a) *first*, in payment or satisfaction of the Liabilities incurred by the Bond Trustee, or any Receiver or Appointee in preparing and executing the trusts under the Trust Documents (including the costs of realising any Security Assets and the Bond Trustee's and such Appointee's remuneration) and, on a *pari passu* basis, in payment or satisfaction of the

Liabilities incurred by the Bond Trustee in relation to any enforcement action taken by the Bond Trustee and any other Liabilities of the Bond Trustee or other amounts owing to the Bond Trustee under the Trust Documents;

- (b) *second*, in payment of all amounts owing to the Paying Agents under the Agency Agreement on a *pro rata* and *pari passu* basis;
- (c) *third*, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any interest due and payable in respect of the Bonds;
- (d) *fourth*, in payment, on a *pro rata* and *pari passu* basis, to the Bondholders of any principal due and payable in respect of the Bonds; and
- (e) *fifth*, in payment of any other Liabilities of the Issuer or the Guarantor (in each case insofar as they relate to the Bonds) on a *pro rata* and *pari passu* basis.

5. **Valuation of Specific Security and Withdrawals**

- (a) The Guarantor will make available to Bondholders and deliver to the Bond Trustee a Professional Valuation of the whole of the Specific Security not less than once every five years from the date as at which a Professional Valuation was last provided pursuant to the provisions of this Condition 5(a), the date of such first Professional Valuation to be not later than 12 December 2022. The Issuer and the Guarantor shall procure that the Net Annual Income from the Specific Security as at the date of any such Professional Valuation shall also be reported on by the Auditors. The Guarantor shall, subject to Condition 5(c) below, procure the production of every such Professional Valuation and Auditor's report (which shall be dated as at a date not earlier than the date of the requirement for such Professional Valuation) within three months of the date on which such Professional Valuation has been required.
- (b) The Issuer and the Guarantor shall make available to Bondholders and deliver to the Bond Trustee a Desktop Valuation prepared by the Valuers in each year other than a year in respect of which a Professional Valuation is required to be delivered in accordance with Condition 5(a). The Guarantor shall procure that the Net Annual Income from the Specific Security as at the date of any such Desktop Valuation shall also be reported on by the Auditors. The Guarantor shall, subject to Condition 5(c) below, procure the production of every such Desktop Valuation and Auditor's report (which shall be dated as at a date not earlier than the date of the requirement for such Desktop Valuation) within three months of the date on which such Desktop Valuation has been required.
- (c) Any requirement for a Valuation Report may be satisfied insofar as it relates to Real Property by the production to the Bond Trustee within one month after the date of a requirement for a Valuation Report pursuant to Condition 5(a) or 5(b) above of a Valuation Report of the whole of the Real Property comprised in the Specific Security as at a date not more than six months prior to the date of the production to the Bond Trustee of such Valuation Report (the date of the Valuation Report for the purposes of the following provisions of this Condition 5 being the date of such production).
- (d) If any such Valuation Report shall show that the aggregate value of the Specific Security shall be in excess of one and two-thirds times the aggregate principal amount of the Bonds and any Further Bonds outstanding on the date of such Valuation Report, including any fixed or minimum premiums payable on final redemption, and if the Net Annual Income receivable from the Specific Security at the date of such Valuation Report shall be not less than one and a quarter times the gross annual interest on such Bonds and Further Bonds, the Guarantor or a Charging Company may within six months after the date of such Valuation Report withdraw any part of the Specific Security which shall be approved by the Bond Trustee for release from the Specific Security without substituting other property or money **provided that**:
 - (i) the Specific Security remaining immediately after such withdrawal shall have a value at the date of such Valuation Report of not less than one and two-thirds

times the aggregate principal amount of the Bonds and any Further Bonds outstanding on the date of such Valuation Report, and any fixed or minimum premiums payable on final redemption; and

- (ii) the Net Annual Income receivable at the date of such Valuation Report from the Specific Security remaining immediately after such withdrawal shall be not less than one and a quarter times the gross annual interest on such Bonds and Further Bonds.
- (e) If any such Valuation Report shall show that the aggregate value of the Specific Security shall be less than one and two-thirds times the aggregate principal amount of the Bonds and any Further Bonds outstanding on the date of such Valuation Report and any fixed or minimum premiums payable on final redemption, the deficiency below one and two-thirds times the aggregate principal amount of the Bonds and any Further Bonds outstanding and any fixed or minimum premiums payable on final redemption shall within three months after the date of such Valuation Report be made good by the Guarantor or (subject to the provisions of the Bond Trust Deed) any wholly-owned Subsidiary of the Guarantor charging in favour of the Bond Trustee and to its satisfaction (A) by way of first specific charge eligible property of a value at the time it is so charged not less than the amount of such deficiency or, at the option of the Guarantor, paying to the Bond Trustee a sum of money equal to the amount of such deficiency, so as, in each case to form part of the Specific Security, or partly in one way and partly in the other, and, (B) if the Guarantor or such Subsidiary (as the case may be) shall not for the time being have subsisting in favour of the Bond Trustee a floating charge over its undertaking and all its property, assets and rights, present and future, wheresoever situate (including any uncalled capital) forming part of the Security Assets, by way of floating charge its undertaking and all its property, assets and rights, present and future, wheresoever situate (including any uncalled capital) so as to form part of the Security Assets (but not part of the Specific Security).
- (f) If the Net Annual Income receivable from the Specific Security as shown by any such report at the date of a Valuation Report shall be less than one and a quarter times the gross annual interest on the Bonds and any Further Bonds outstanding on such date, the deficiency below one and a quarter times the gross annual interest on the Bonds and any Further Bonds shall within three months after the date of such Valuation Report be made good by the Guarantor or (subject to the provisions of the Bond Trust Deed) any wholly-owned Subsidiary of the Guarantor charging in favour of the Bond Trustee and to its satisfaction (A) by way of first specific charge eligible property or, at the option of the Guarantor, paying to the Bond Trustee a sum of money producing immediately after such charge or payment Net Annual Income sufficient to make up such deficiency so as, in each case, to form part of the Specific Security, or partly in one way and partly in the other, and, (B) if the Guarantor or such Subsidiary (as the case may be) shall not for the time being have subsisting in favour of the Bond Trustee a floating charge over its undertaking and all its property, assets and rights, present and future, wheresoever situate (including any uncalled capital) forming part of the Security Assets, by way of floating charge its undertaking and all its property, assets and rights, present and future, wheresoever situate (including any uncalled capital) so as to form part of the Security Assets (but not part of the Specific Security).
- (g) Upon the occurrence of an Event of Default or Potential Event of Default (each as defined in the Trust Deed) and for so long as such Event of Default or Potential Event of Default is continuing, all rights of withdrawal under this Condition 5 shall cease.

In these Conditions:

"**Auditors**" means the auditors for the time being of the Guarantor (or in the case of joint auditors any one of them) or, in the event of their being unable or unwilling to carry out any action requested of them pursuant to the provisions of the Bond Trust Deed, such other firm of chartered accountants as may be nominated by the Guarantor and approved by the Bond Trustee (or, if the Guarantor fails on request by the Bond Trustee to nominate a suitable firm, appointed by the Bond Trustee);

"Desk Top Valuation" means a valuation conducted in accordance with the same methodology as a Professional Valuation addressed to, *inter alios*, the Bond Trustee provided by the Valuers on a "desktop" basis;

"Net Annual Income" means in relation to:

- (i) Real Property, the amount as reported by the Auditors to the Bond Trustee, of the annual income from such Real Property (including without limitation to the generality of the foregoing, sums received by the Guarantor or relevant Charging Company in respect of service charges and insurance premiums in respect of such Real Property) then accruing or due to commence to accrue within three months after the date as at which the report of the Auditors is given before deducting any taxation other than value added tax included in such income ("**output tax**") but after making proper provision (where appropriate in the opinion of the Auditors) for ground and head rents, rates, insurance, property management expenses, repairs, maintenance and other outgoings borne or to be borne by the Guarantor or relevant Charging Company (such provision to exclude any value added tax charged or chargeable to the Guarantor or relevant Charging Company in respect of such outgoings to the extent that the same does not exceed the output tax and is recoverable by way of credit by reason of such outgoings having been incurred in relation to any of the Specific Security); and
- (ii) capital moneys (including any sums paid to the Bond Trustee to form part of the Specific Security) or investments representing the same, the amount, as reported by the Auditors to the Bond Trustee, of the annual income from such capital moneys or investments based on the rate then accruing therefrom before deducting taxation;

"Professional Valuation" means in relation to:

- (i) Real Property, a full valuation addressed to the Bond Trustee made by the Valuers on the basis of "Market Value" in accordance with the appropriate sections of both the current Practice Statements and United Kingdom Practice Statements contained within the RICS Valuation – Global Standards 2017 (the Red Book) or such other basis as the Bond Trustee may agree;
- (ii) investments, a valuation addressed to the Bond Trustee by an expert approved by the Bond Trustee; and
- (iii) money, a determination by the Bond Trustee of the amount thereof for the time being;

"value" means in relation to any Real Property the value ascribed thereto by a Valuation Report as at a date not more than six months before the date at which such value falls to be determined, **provided that:**

- (i) for the purposes of Condition 6 (*Power of Substitution*) but not this Condition 5 or Condition 17 (*Further Issues*) the Bond Trustee may (but shall not be obliged to), at its discretion, instead of requiring a Valuation Report treat the value of a Real Property as being (A) if the same was acquired not more than six months before being brought into charge, its acquisition price or (B) if the same is proposed to be released from charge and is the subject of a binding contract for sale on an arm's length basis, the agreed sale price therefor (without the deduction therefrom of any of the costs of such sale);
- (ii) at the discretion of the Bond Trustee there may for the purpose of determining value be added to any Valuation Report or acquisition price the cost (as reported by the Auditors) of additions or improvements of a capital nature made to such Real Property after such Valuation Report or acquisition and before such determination or, where a Real Property is to be released from the Specific Security, any amount by which the value of the Real Property to be released has been reduced as a result of any unremedied breach of any of the provisions of the Security Agreements; and
- (iii) for the purposes of Condition 7(c) below the value of the Specific Security shall be that given in the most recent Valuation Report;

"Valuation Report" means a Professional Valuation or a Desktop Valuation; and

"Valuers" means Jones Lang LaSalle Limited, or such other firm of professional valuers as the Bond Trustee may approve from time to time (such approval not to be unreasonably withheld or delayed).

6. **Power of Substitution**

- (a) The Guarantor or (with the consent of the Guarantor) a Charging Company may withdraw all or any part of the Specific Security charged by it which shall be approved by the Bond Trustee for release from the Specific Security upon the Guarantor or (subject to the provisions of the Bond Trust Deed) any wholly-owned Subsidiary of the Guarantor charging in favour of the Bond Trustee and to its satisfaction (A) by way of first specific charge eligible property or by paying to the Bond Trustee a sum of money so as, in each case, to form part of the Specific Security, or partly in one way and partly in the other, and, (B) if the Guarantor or such Subsidiary (as the case may be) shall not for the time being have subsisting in favour of the Bond Trustee a floating charge over its undertaking and all its property, assets and rights, present and future, wheresoever situate (including any uncalled capital) forming part of the Security Assets, by way of floating charge its undertaking and all its property, assets and rights, present and future, wheresoever situate (including any uncalled capital) so as to form part of the Security Assets, **provided that** the Bond Trustee shall be satisfied that at the time of such substitution:
- (i) the value of the eligible property and/or the amount of money being substituted is at least equal to the value and/or amount of the Specific Security or part thereof being released from the specific charge; and
- (ii) following such substitution the Net Annual Income receivable from the Specific Security would be not less than one and a quarter times the gross annual interest on the Bonds and Further Bonds then outstanding.

For the purposes of the foregoing any excess in the value of the eligible property and/or the amount of money substituted and in the Net Annual Income therefrom over the value and/or amount of or Net Annual Income from the Specific Security or part thereof released from the charge shall (at the request of the Guarantor but, in the case of excess Net Annual Income, only if the Bond Trustee consents) be taken into account in any subsequent substitution prior to the first or (or as the case may be) next Valuation Report used for the purposes of Condition 17 (*Further Issues*) below or carried out pursuant to Condition 5 (*Valuation of Specific Security and Withdrawals*) above.

- (b) If at any time:
- (i) the Guarantor or any Charging Company (in either case in relation to the Specific Security) or any Real Property forming part of the Specific Security shall become the subject of any Environmental Claim or shall fail to comply with any Environmental Law or any Environmental Approval to which it may be subject; or
- (ii) any Real Property forming part of the Specific Security shall be included on any register of land subject to contaminative use compiled pursuant to section 143 of the Environmental Protection Act 1990 or any successor to that provision;

and, in either such case, the happening of such event would have caused the relevant Valuers, if they had been aware of it when giving the Valuation Report last made by them, to reduce by more than 10 per cent., the value of such Specific Security or, in the determination of the Bond Trustee, would render such Specific Security unsuitable as security for the Bonds and any Further Bonds, then in such event the Guarantor or the relevant Charging Company shall at the request of the Bond Trustee withdraw that part of the Specific Security affected and the Guarantor or (subject to the provisions of the Bond Trust Deed) any wholly-owned Subsidiary of the Guarantor shall charge in favour of the Bond Trustee and to its satisfaction by way of first specific charge eligible property or pay

to the Bond Trustee a sum of money so as, in each case, to form part of the Specific Security or partly in one way and partly in the other, **provided that** the Bond Trustee shall be satisfied at the time of such substitution that the conditions set out in Conditions 6(a)(i) and (ii) above are met (on the assumption that the value of the Specific Security withdrawn is equal to that stated in the most recent Valuation Report). If the Guarantor or such Subsidiary (as the case may be) shall not for the time being have subsisting in favour of the Bond Trustee a floating charge over its undertaking and all its property, assets and rights, present and future, wheresoever situate (including any uncalled capital) forming part of the Security Assets it shall, by way of floating charge, charge in favour of the Bond Trustee its undertaking and all its property, assets and rights, present and future, wheresoever situate (including any uncalled capital) so as to form part of the Security Assets (but not part of the Specific Security).

- (c) Upon the occurrence of an Event of Default or Potential Event of Default (each as defined in the Trust Deed) and for so long as such Event of Default or Potential Event of Default is continuing, all rights of substitution under this Condition 6 shall cease.

For the purposes of these Conditions:

"Dangerous Substance" means any natural or artificial substance (whether in the form of a solid, liquid, gas or vapour) the generation, transportation, storage, treatment, use or disposal of which (whether alone or in combination with any other substance) is capable of causing harm to man or any other living organism or causing damage to the Environment or public health or welfare including (without limitation) any controlled, special, hazardous, toxic, radioactive or dangerous waste;

"Environment" means:

- (i) land including any natural or man-made structures;
- (ii) water including ground waters and waters in drains and sewers; and
- (iii) air, including air within buildings and other natural or man-made structures above or below ground;

"Environmental Approval" means all or any permits, licences, consents, approvals, certificates, qualifications, specifications, registrations and other authorisations including any conditions which attach to any of the above, and the filing of all notifications, reports and assessments required under any Environmental Law, for the operation of any business from or using any of the Specific Security or the occupation or use of all or any of the Specific Security;

"Environmental Claim" means any claim by any person:

- (i) in respect of any loss or liability suffered or incurred by that person as a result of or in connection with any violation of Environmental Law; or
- (ii) that arises as a result of or in connection with Environmental Contamination and that could give rise to any remedy or penalty (whether interim or final) that may be enforced or assessed by private or public legal action or administrative order or proceedings;

"Environmental Contamination" means each of the following and their consequences:

- (i) any release, leakage or spillage of any Dangerous Substance at or from any site owned or occupied or used by the Guarantor or any Charging Company into any part of the Environment; or
- (ii) any accident, fire, explosion or sudden event at any site owned, occupied or used by the Guarantor or any Charging Company which is directly or indirectly caused by or attributable to any Dangerous Substance; or
- (iii) any other pollution of the Environment,

which in each case is in contravention of Environmental Law and directly affects any of the Specific Security; and

"Environmental Law" means all and any applicable laws, including common law, statute and subordinate legislation, European Community Regulations and Directives and judgments and decisions, including notices, orders or circulars, of any court or authority competent to make such judgment or decision compliance with which is mandatory for the Guarantor or any Charging Company in any jurisdiction in which any Real Property forming part of the Specific Security is situated with regard to:

- (i) the pollution or protection of the Environment;
- (ii) harm to the health of humans, animals or plants including without limitation laws relating to public and workers' health and safety;
- (iii) emissions, discharges or releases into, or the presence in, the Environment of chemicals or any other pollutants or contaminants, or industrial, radioactive, dangerous, toxic or hazardous substances or wastes (whether in solid, semi-solid, liquid or gaseous form and including noise and genetically modified organisms); or
- (iv) the manufacture, processing, use, treatment, storage, distribution, disposal, transport or handling of the substances or wastes described in (iii) above.

7. **Restrictions and Information Covenants**

The Issuer and the Guarantor have covenanted with the Bond Trustee in the Bond Trust Deed that:

- (a) without the prior written consent of the Bond Trustee:
 - (A) (i) no part of the equity of redemption of the Specific Security (where relevant) and (ii) no Scottish Asset (to the extent that such Scottish Asset is secured by the Security Agreements) shall be disposed of except to a Charging Company or the Issuer or Guarantor, or except by way of charge; and
 - (B) the Guarantor shall not permit any company which is for the time being a Charging Company to cease to be a wholly-owned Subsidiary of the Guarantor;
- (b) the Guarantor shall make available to the Bondholders and deliver to the Bond Trustee with every annual report and accounts sent to them a certificate signed by any two directors of the Issuer and the Guarantor as to:
 - (A) the aggregate value of the Specific Security as at a date not more than three months before the date of the annual report and accounts (in the case of Real Property on the basis of valuation adopted in valuing the Real Property for the purposes of such annual report and accounts, such basis to be stated in such certificate) and the ratio (expressed as a fraction) of such aggregate value to the aggregate principal amount of the Bonds and all Further Bonds then outstanding; and
 - (B) the aggregate Net Annual Income receivable from the Specific Security and the ratio (expressed as a fraction) of such Net Annual Income to the gross annual interest payable on the Bonds and all Further Bonds then outstanding;
- (c) it shall make available to the Bondholders and deliver to the Bond Trustee with every annual report and accounts, a certificate signed by any two directors of the Issuer and the Guarantor setting out a complete list of all Real Property forming part of the Specific Security as at the date of such Certificate and all (if any) withdrawals from, additions to and substitutions in relation to, the Specific Security made during the period to which the relevant annual report and accounts relate, and including, where Real Property has been withdrawn, the name and address of such Real Property and, where Real Property has been added or substituted, a description of such Real Property, including its address, age, a summary of the terms of the tenants' leases, estimated net annual rents receivable and

value. If withdrawals since the later of the date of the most recent annual certificate given under this Condition 7(c) and the most recent notification to the London Stock Exchange plc referred to below (if any) cumulatively exceed 15 per cent. by value of the value of the Specific Security, the Issuer will promptly release an announcement published via the Regulatory News Service of the London Stock Exchange plc;

- (d) it shall furnish to any Bondholder upon request and upon proof of its holding copies of all certificates sent to the Bondholders under sub-paragraphs (b) and (c) above: and
- (e) it shall, for so long as any Bonds remain outstanding, on a yearly basis, invite Bondholders to, and hold for their benefit, an information meeting which, inter alia, will review the Guarantor's operational and financial performance over the preceding year together with its plans for the forthcoming year.

8. Interest

The Bonds bear interest from 12 December 2017 (the "**Issue Date**") at the rate of 4.255 per cent. per annum, (the "**Rate of Interest**") payable semi-annually in arrear on 12 June and 12 December in each year (each, an "**Interest Payment Date**"), subject as provided in Condition 10 (*Payments*).

Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder and (b) the day which is seven days after the Principal Paying Agent or the Bond Trustee has notified the Bondholders that it has received all sums due in respect of the Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date in respect of each Bond shall be £21.28 in respect of each Calculation Amount, multiplied by a fraction equal to the denomination of such Bond divided by the Calculation Amount. If interest is required to be paid in respect of a Bond on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest penny (half a penny being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Bond divided by the Calculation Amount, where:

"**Calculation Amount**" means £1,000;

"**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the product of (1) the number of days in the Regular Period in which the relevant period falls and (2) two; and

"**Regular Period**" means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

9. Redemption and Purchase

- (a) **Scheduled redemption:** Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 12 December 2047, subject as provided in Condition 10 (*Payments*).
- (b) **Redemption for tax reasons:** The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Bond Trustee that:
 - (i) (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change

in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 12 December 2017 and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

- (ii) (A) the Guarantor has or (if a demand was made under the Guarantee) would become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) or the Guarantee, as the case may be, as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 12 December 2017; and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it;

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Bonds were then due or (as the case may be) a demand under the Guarantee were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Bond Trustee:

- (A) a certificate signed by two directors of the Issuer stating that the circumstances referred to in (i)(A) and (i)(B) above prevail and setting out the details of such circumstances or (as the case may be) a certificate signed by two directors of the Guarantor stating that the circumstances referred to in (ii)(A) and (ii)(B) above prevail and setting out the details of such circumstances; and
- (B) an opinion in form and substance satisfactory to the Bond Trustee of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment.

The Bond Trustee shall accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (i)(A) and (i)(B) or (as the case may be) (ii)(A) and (ii)(B) above, in which event they shall be conclusive and binding on the Bondholders.

Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Bonds in accordance with this Condition 9(b).

- (c) ***Redemption at the option of Bondholders following a Change of Control or an Initial Valuation Event:***

A "**Change of Control Put Event**" will be deemed to occur if at any time following the Issue Date, a member or members (as the case may be) of the Laing family and/or any family or charitable trust connected with a member or members (as the case may be) of the Laing family cease to hold collectively, directly or indirectly, at least 50 per cent. of the shares or voting rights of the Guarantor (a "**Change of Control**").

An "**Initial Valuation Event**" will be deemed to occur if the security described in Condition 3(a) (*Security*) is not created and/or granted within 5 Business Days of the Issue Date.

A "**Relevant Event**" means a Change of Control Put Event or an Initial Valuation Event, as the case may be.

"**Laing Family**" means any direct line descendant of Sir William Kirby Laing or their respective spouses or issues.

If a Change of Control Put Event or an Initial Valuation Event occurs, the holder of each Bond will have the option (a "**Relevant Event Put Option**") (unless prior to the giving of the relevant Relevant Event Notice (as defined below) the Issuer or Guarantor (as the case may be) has given notice of redemption under Condition 9(b) (*Redemption for tax reasons*) above) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Bond on the date (the "**Relevant Event Put Date**") which is seven days after the expiration of the Relevant Event Put Period (as defined below) at:

- (i) in the case of an Initial Valuation Event, their outstanding principal amount; or
- (ii) in the case of a Change of Control, the Make-Whole Price (as defined below),

in each case together with (or where purchased together with an amount equal to) interest accrued to (but excluding) the Relevant Event Put Date.

Promptly upon, and in any event within:

- (i) 5 Business Days after the Issuer becoming aware that an Initial Valuation Event has occurred; or
- (ii) 14 days after the Issuer becoming aware that a Change of Control Put Event has occurred,

the Issuer shall give notice (a "**Relevant Event Notice**") to the Bondholders and the Bond Trustee in accordance with Condition 18 (*Notices*) specifying the nature of the Relevant Event and the procedure for exercising the Relevant Event Put Option.

To exercise the Relevant Event Put Option, the holder of the Bond must deposit such Bond with any Paying Agent at its Specified Office at any time during its normal business hours within 90 days after a Relevant Event Notice is given (the "**Relevant Event Put Period**"), accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the Specified Office of any Paying Agent (a "**Relevant Event Put Notice**") in accordance with the Agency Agreement. No Bond so deposited and option so exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Any such Bond should be delivered together with all Coupons and Talons appertaining thereto maturing after the Relevant Event Put Date, failing which the relevant Paying Agent will require payment from or on behalf of the Bondholder of an amount equal to the face value of any such missing Coupon or Talon. Any amount so paid will be reimbursed to the Bondholder against presentation and surrender of the relevant missing Coupon or Talon (as the case may be) (or any replacement therefor issued pursuant to Condition 14 (*Replacement of Bonds, Coupons and Talons*)) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon or Talon would have become due, but not thereafter. The Paying Agent to which such Bond and Relevant Event Put Notice are delivered will issue to the Bondholder concerned a non-transferable receipt in respect of the Bond so delivered (a "**Put Option Receipt**"). Payment in respect of any Bond so delivered will be made, if the holder duly specified a bank account in the Relevant Event Put Notice to which payment is to be made, on the Relevant Event Put Date by transfer to that bank account and, in every other case, on or after the Relevant Event Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the Specified Office of any Paying Agent. A Relevant Event Put Notice, once given, shall be irrevocable. The Issuer shall redeem or purchase (or procure the purchase of) the relevant Bonds on the Relevant Event Put Date unless previously redeemed (or purchased) and cancelled.

If 80 per cent. or more in principal amount of the Bonds then outstanding have been redeemed or purchased pursuant to this Condition 9(c) (*Redemption at the option of Bondholders following a Change of Control or an Initial Valuation Event*), the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Bondholders (such notice being given within 30 days after the Relevant Event Put Date), redeem or purchase (or

procure the purchase of), at its option, all but not some only of the remaining outstanding Bonds at:

- (i) in the case of an Initial Valuation Event, their outstanding principal amount; or
- (ii) in the case of a Change of Control Put Event, their Make Whole Price,

in each case together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

The Bond Trustee is under no obligation to ascertain or monitor whether a Relevant Event or any event which could lead to the occurrence of or could constitute a Relevant Event has occurred and, until it shall have express notice pursuant to the Bond Trust Deed to the contrary, the Bond Trustee shall be entitled to assume that no Relevant Event has occurred and shall have no liability to the Bondholders or any other person in respect thereof.

(d) ***Redemption by the Issuer:***

The Issuer:

- (i) may, at any time, on giving not less than 30 nor more than 45 days' notice to the Bondholders in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption (the "**Optional Redemption Date**")), redeem or purchase, or procure that any member of the Group shall purchase, the Bonds, in whole, but not in part, for the time being outstanding together with payment of interest accrued to but excluding the Optional Redemption Date;
- (ii) shall, in the event that the security for the Bonds shall become enforceable and the Bond Trustee shall determine or become bound to enforce the same (the "**Enforcement Redemption Date**"), redeem the Bonds in whole, but not in part, for the time being outstanding together with interest accrued to but excluding the Enforcement Redemption Date; and
- (iii) may on giving not less than 3 Business Days' notice to the Bondholders in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable and specify the date fixed for redemption (the "**Optional Redemption Date**")) redeem or purchase, or procure that any member of the Group shall purchase, the Bonds, in whole, but not in part, for the time being outstanding together with payment of interest accrued to but excluding the Optional Redemption Date, in the event that sufficient Bonds have not been issued or subscribed in cash on or prior to the fifth Business Day following the Issue Date to enable the Guarantor to redeem the Existing Debentures in full in accordance with their terms,

at, in the case of redemption or purchase pursuant to (iii) above, their outstanding principal amount, or otherwise at a price (the "**Make-Whole Price**") equal to whichever shall be the higher of:

- (A) the principal amount of the Bond; and
- (B) the principal amount of the Bond multiplied by the price (as reported in writing to the Issuer and the Bond Trustee by an independent financial adviser (the "**Financial Adviser**") appointed by the Issuer at the Issuer's expense and whose appointment is approved in writing by the Bond Trustee) expressed as a percentage (rounded to three decimal places, 0.0005 being rounded upwards) at which the Gross Redemption Yield on the Bonds (if the Bonds were to remain outstanding until their stated maturity) on the Determination Date is equal to the sum of (x) the Gross Redemption Yield at 3.00 p.m. (London time) on the Determination Date of the 1½ per cent. Treasury Gilt 2047 (or, where the Financial Adviser advises the Issuer that, for reasons of illiquidity or otherwise, such bond is not appropriate for such purpose, such other government gilt as such Financial Adviser may recommend) plus (y) a margin of 0.50 per cent.

Any notice of redemption given under this Condition 9(d) (*Redemption at the option of the Issuer*) will override any notice of redemption given (whether previously, on the same date or subsequently) under Condition 9(b) (*Redemption for tax reasons*). No notice of redemption may be given under this Condition 9(d) (*Redemption at the option of the Issuer*) where the Optional Redemption Date would fall during a Relevant Put Period (as defined in Condition 9(c) (*Redemption at the option of Bondholders following a Change of Control or an Initial Valuation Event*) above) arising from a Change of Control.

In these Conditions:

"Determination Date" means (A) in the case of redemption or purchase pursuant to (i) above, the date which is the second business day in London prior to the Optional Redemption Date or (B) in the case of redemption or purchase pursuant to (ii) above, the Enforcement Redemption Date or;

"Existing Debentures" means the Guarantor's outstanding £50,000,000 7⁷/₈ per cent. First Mortgage Debenture Stock due 2020 and £50,000,000 9¹/₄ per cent. First Mortgage Debenture Stock due 2020; and

"Gross Redemption Yield" means a yield calculated by the Financial Adviser on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields" page 5, Section One: Price/Yield Formulae (Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date) (published on 8 June 1998 and updated on 15 January 2002 and 16 March 2005) (as amended or supplemented from time to time).

- (e) ***No other redemption:*** The Issuer shall not be entitled to redeem the Bonds otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (d) (*Redemption at the option of the Issuer*) above.
- (f) ***Purchase:*** The Issuer, the Guarantor or any other member of the Group may at any time purchase Bonds in the open market or otherwise and at any price, **provided that** all unmatured Coupons and unexchanged Talons are purchased therewith. Any Bonds purchased by the Issuer, the Guarantor or any member of the Group may be held or resold or may be surrendered for cancellation.
- (g) ***Cancellation:*** All Bonds which are redeemed or purchased by the Issuer, the Guarantor or any member of the Group and surrendered for cancellation will forthwith be cancelled, together with all unmatured Coupons or unexchanged Talons attached to the Bonds or surrendered with them shall be cancelled and may not be reissued or resold.

10. Payments

- (a) ***Principal:*** Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender (or, in the case of part payment only, endorsement) of Bonds at the Specified Office of any Paying Agent outside the United States by sterling cheque drawn on, or by transfer to a sterling account maintained by the payee with, a bank in London.
- (b) ***Interest:*** Payments of interest shall, subject to paragraph (f) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (**provided that** payment is made in full) surrender (or, in the case of part payment only, endorsement) of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.
- (c) ***Payments subject to fiscal laws:*** All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*). No commissions or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.

- (d) ***Deduction for unmatured Coupons:*** If a Bond is presented without all unmatured Coupons relating thereto, then:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
 - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this subparagraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.
- Each sum of principal so deducted shall be paid in the manner provided in paragraph 10(a) (*Principal*) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void coupons.
- (e) ***Payments on business days:*** If the due date for payment of any amount in respect of any Bond or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a sterling account as referred to above, on which dealings in foreign currencies may be carried on both in London and in such place of presentation.
- (f) ***Payments other than in respect of matured Coupons:*** Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bonds at the Specified Office of any Paying Agent outside the United States.
- (g) ***Partial payments:*** If a Paying Agent makes a partial payment in respect of any Bond or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and the date of such payment.
- (h) ***Exchange of Talons:*** On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a coupon sheet relating to the Bonds (each, a "**Coupon Sheet**"), the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet including a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 13 (*Prescription*). Upon the due date for redemption of any Bond, any

unexchanged Talon relating to such Bond shall become void and no Coupon will be delivered in respect of such Talon.

11. **Taxation**

All payments of principal and interest in respect of the Bonds and the Coupons by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Bondholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond or Coupon presented for payment:

- (a) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of its having some connection with the United Kingdom other than the mere holding of the Bond or Coupon; or
- (b) more than 30 days after the Relevant Date except to the extent that the holder of such Bond or Coupon would have been entitled to such additional amounts on presenting such Bond or Coupon for payment on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in London by the Principal Paying Agent or the Bond Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Bondholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 11 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 11 (*Taxation*) pursuant to the Bond Trust Deed.

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the United Kingdom, references in these Conditions to the United Kingdom shall be construed as references to the United Kingdom and/or such other jurisdiction.

12. **Events of Default and Enforcement**

12.1 **Events of Default**

If any of the following events occurs, then the Bond Trustee at its discretion may and, if so requested in writing by holders of at least one fifth of the aggregate principal amount of the outstanding Bonds or if so directed by an Extraordinary Resolution, shall (subject, in the case of the happening of any of the events mentioned in paragraphs (e), (f), (g) and (h) below to the Bond Trustee having certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Bondholders and, in all cases, to the Bond Trustee having been indemnified and/or prefunded and/or provided with security to its satisfaction) give written notice to the Issuer (the "**Acceleration Notice**") declaring the Bonds to be immediately due and payable, whereupon they shall become immediately due and payable at their Make-Whole Price determined in accordance with Condition 9(d)(ii), but with a margin of 0 rather than 0.5 per cent. for the purposes of sub-paragraph (B)(y), together with accrued interest without further action or formality:

- (a) if default shall be made in the payment on the due date of any principal moneys due in respect of any of the Bonds or any Further Bonds or for a period of 14 days in the payment of any interest on the Bonds or Further Bonds due to be paid in accordance with the provisions of the Bond Trust Deed; or

- (b) if an order shall be made or a resolution passed for the winding-up of the Issuer, the Guarantor or any Charging Company except, in the case of a Charging Company, for a voluntary members' winding-up previously approved in writing by the Bond Trustee; or
- (c) if a petition, not being frivolous or vexatious, shall be presented or analogous proceedings shall be taken for appointing an administrator or similar officer of the Issuer, the Guarantor or any Charging Company or if a receiver shall be appointed of or any encumbrancer shall take possession of, or exercise or attempt to exercise any power of sale in respect of, the Specific Security or any part thereof; or
- (d) if any distress, execution, diligence or other process shall be levied or enforced or sued out upon or against any of the Specific Security and shall not be discharged within 14 days; or
- (e) if any distress, execution, diligence or other process shall be levied or enforced or sued upon or against any of the assets of the Issuer, the Guarantor or any Charging Company other than the Specific Security, and shall not be discharged within 14 days or if a receiver shall be appointed of, or any encumbrancer shall take possession of, or exercise or attempt to exercise any power of sale in respect of, any of the assets of the Issuer, the Guarantor or any Charging Company other than the Specific Security; or
- (f) if the Issuer, the Guarantor or any Charging Company shall stop or threaten to stop payment of its debts generally as and when they fall due, or cease or threaten to cease to carry on business or substantially the whole of its business (otherwise, in the case of a Charging Company only, than for the purposes of a reconstruction, amalgamation or merger the terms of which have previously been approved in writing by the Bond Trustee); or
- (g) if default shall be made by the Issuer, the Guarantor or any Charging Company in the performance or observance of any covenant, condition or provision (other than any covenant for the payment of the principal moneys or interest owing on any of the Bonds) binding on it under the Bond Trust Deed, which default is not remedied (if capable of remedy) within 14 days; or
- (h) if the Issuer, the Guarantor or any Charging Company shall become insolvent, be unable to meet its debts as they fall due or shall for the purposes of section 123(1) (except (1)(a) thereof unless the Bond Trustee considers the amount of the demand material) of the Insolvency Act 1986 be deemed to be unable to pay its debts as they fall due; or
- (i) if any loan capital or borrowings of the Issuer, the Guarantor or of any Charging Company in an aggregate principal amount of the higher of £2,000,000 or 0.3125 per cent. of Shareholder's Funds shall become or be declared repayable prior to their stated date of maturity by reference to an event of default howsoever described or not be paid on maturity or at the expiry of any applicable grace period; or
- (j) if the Issuer, the Guarantor or any Charging Company shall create or purport to create or permit to subsist any mortgage, charge or lien ranking or which by any means within the control of the Issuer, the Guarantor or any Charging Company may be made to rank on the Specific Security or any part thereof *pari passu* with or in priority to the security constituted by the Security Agreements over the Specific Security; or
- (k) if the Issuer, the Guarantor or any Charging Company is served with any notice threatening irritancy of any lease of any part of the Specific Security situate in Scotland; or
- (l) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect.

For the purposes of these Conditions:

"Shareholders' Funds" means the aggregate of:

- (a) the amount for the time being paid up or credited as paid up on the issued share capital of the Guarantor; and

- (b) the amounts for the time being standing to the credit of any reserves (including any share premium account, revaluation reserve and any credit balance on profit and loss account) of the Guarantor and the Subsidiaries;

all as shown by the then latest published consolidated balance sheet forming part of the group accounts of the Guarantor prepared for the purpose of the Companies Act 2006, as amended from time to time, which has been audited and has been reported on by the Auditors as the main accounts of the Guarantor and the Subsidiaries but after:

- (i) deducting any amounts attributable to goodwill, the amount of any debit balance on profit and loss account and other intangible assets;
- (ii) deducting a sum equal to any deferred tax not provided for in such balance sheet other than any tax contingent on the disposal of any assets in respect of which an amount has been included in the revaluation reserve;
- (iii) deducting therefrom any amount distributed or proposed to be distributed to persons other than the Guarantor and the Subsidiaries out of profits accrued on or before the date of, and not provided in, such balance sheet;
- (iv) deducting therefrom, if not otherwise deducted, any amount included in such consolidation attributable to minority interests; and
- (v) making such adjustments as may be appropriate to reflect any variation in the amount of such paid-up share capital or the amounts standing to the credit of such reserves (other than profit and loss account) or any company becoming or ceasing to be a subsidiary, in each case since the date of the balance sheet.

If the Guarantor has no Subsidiaries, references to the consolidated balance sheet and group accounts above shall be construed as references to the balance sheet and accounts of the Guarantor.

12.2 **Enforcement**

The Bond Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps or action (including lodging an appeal in any proceedings) against or in relation to the Issuer and the Guarantor as it may think fit to enforce the provisions of the Bond Trust Deed, the Bonds, the Coupons and/or the Security Agreements, but it shall not be bound to take any such proceedings or other steps or action unless (i) it shall have been so directed by an Extraordinary Resolution or so directed in writing by the holders of at least one-fifth in outstanding principal amount of the Bonds then outstanding, and (ii) it shall have been secured and/or indemnified and/or pre-funded to its satisfaction, as further described in the Bond Trust Deed. When determining whether an indemnity or any security or pre-funding under any document is satisfactory to it, the Bond Trustee shall be entitled to (i) evaluate its risk in any given circumstance by considering the worst-case scenario; and (ii) require that any indemnity or security given to it by the Bondholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

The Bond Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would be contrary to any law of that jurisdiction. Furthermore, the Bond Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

No Bondholder, Couponholder or any Secured Party (other than the Bond Trustee) shall be entitled (i) to take any steps or action against the Issuer or the Guarantor to enforce the performance of any of the provisions of the Bond Trust Deed, the Bonds, the Coupons or the Security Agreements or (ii) to take any other action (including lodging an appeal in any proceedings) in respect of or concerning the Issuer or the Guarantor, in each case unless the Bond Trustee, having become bound

so to take any such steps, actions or proceedings, fails so to do within a reasonable period and the failure shall be continuing.

13. **Prescription**

Claims for principal shall become void unless the relevant Bonds are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

14. **Replacement of Bonds, Coupons and Talons**

If any Bond, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Bonds, Coupons or Talons must be surrendered before replacements will be issued.

15. **Paying Agents**

In acting under the Agency Agreement and in connection with the Bonds and the Coupons, the Paying Agents act solely as agents of the Issuer, the Guarantor and (to the extent provided therein) the Bond Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Bondholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer and the Guarantor reserve the right (with the prior approval of the Bond Trustee) at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor principal paying agent and additional or successor paying agents; **provided, however, that** the Issuer and the Guarantor shall at all times maintain a principal paying agent.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Bondholders.

16. **Meetings of Bondholders; Modification and Waiver; Substitution**

- (a) **Meetings of Bondholders:** The Bond Trust Deed contains provisions for convening meetings of Bondholders to consider matters relating to the Bonds, including the modification of any provision of these Conditions or the Bond Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) or by the Bond Trustee and shall be convened by the Bond Trustee upon the request in writing of Bondholders holding not less than one-tenth of the aggregate principal amount of the outstanding Bonds. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Bonds or, at any adjourned meeting, one or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Bondholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Bondholders, who for the time being are entitled to receive notice of a meeting of Bondholders under the Trust Deed, holding not less than 95 per cent. in principal amount of the Bonds outstanding, will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

- (b) **Modification and waiver:** The Bond Trustee may, without the consent of the Bondholders, the Couponholders or any other Secured Party, agree to any modification of these Conditions, the Trust Documents, the Bonds or the other Issue Documents in relation to which its consent is required which is, in the opinion of the Bond Trustee, proper to make if, in the opinion of the Bond Trustee, such modification will not be materially prejudicial

to the interests of Bondholders and to any modification of these Conditions, the Trust Documents, the Bonds or the other Issue Documents which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Bond Trustee may, without the consent of the Bondholders, the Couponholders or any other Secured Party, authorise or waive any proposed breach or breach of the Bonds or the Bond Trust Deed, or determine that any Event of Default or Potential Event of Default shall not be treated as such for the purposes of the Bond Trust Deed if, in the opinion of the Bond Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

- (c) **Substitution:** The Bond Trust Deed contains provisions permitting the Bond Trustee to, subject to any required amendment of the Bond Trust Deed, without the consent of the Bondholders or the Couponholders or any other Secured Party, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Bonds, the Coupons and the Bond Trust Deed of another company or other entity subject to certain conditions set out in the Bond Trust Deed being complied with. No Bondholder or Couponholder shall, in connection with any substitution, be entitled to claim any indemnification or payment in respect of any tax consequence thereof for such Bondholder or (as the case may be) Couponholder except to the extent provided for in Condition 11 (*Taxation*) (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Bond Trust Deed).

Unless the Bond Trustee agrees otherwise, any such authorisation, waiver, modification or substitution shall be notified to the Bondholders as soon as practicable thereafter.

17. Further Issues

The Issuer may from time to time (but subject always to the provisions of the Bond Trust Deed and the Security Deed), without the consent of the Bondholders or the Couponholders, create and issue further secured bonds having the same terms and conditions (and secured by the same assets) as the Bonds in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Bonds. The Issuer may also from time to time, with the consent of the Bond Trustee, create and issue other series of bonds having the benefit of the Bond Trust Deed. In each case subject to the following:

- (a) no Further Bonds shall be created or issued unless the Bond Trustee is satisfied that immediately thereafter:
 - (i) the aggregate value of the Specific Security as determined by a Professional Valuation as at the date of issue of the relevant Further Bonds will be not less than one and two-thirds times the principal amount of the Bonds which would then be outstanding and any fixed or minimum premiums payable on final redemption; and
 - (ii) the Net Annual Income, receivable from the Specific Security will be not less than one and a quarter times the gross annual interest on the Bonds which would then be outstanding;
- (b) no Further Bonds shall be paid up in whole or in part by a capitalisation of reserves or undistributed profits of the Guarantor or be issued by way of collateral security; and
- (c) any Further Bonds shall be constituted and secured by a deed in favour of the Bond Trustee and such deed shall be expressed to be supplemental to the Bond Trust Deed and shall be in such form as the Bond Trustee shall approve and the Issuer shall cause the same to be duly stamped to the extent it requires to be stamped and particulars to be duly registered with the Registrar of Companies.

18. Notices

Notices to the Bondholders shall be valid if published in accordance with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed or if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English

language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Bondholders.

19. **Governing Law and Jurisdiction**

- (a) **Governing law:** The Bonds, the Bond Trust Deed, the Security Deeds and any non-contractual obligations arising out of or in connection with the Bonds, the Trust Deed and the Security Deeds are governed by English law. The Standard Security, the Assignment of Rents and any obligations (including any non-contractual obligations) arising out of or in connection with them are governed by Scottish law.
- (b) **Jurisdiction:** Each of the Issuer and the Guarantor has in the Bond Trust Deed (i) agreed for the benefit of the Bond Trustee and the Bondholders that the courts of England shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Bonds (including any non-contractual obligation arising out of or in connection with the Bonds) and (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient. The Bond Trust Deed also states that nothing contained in the Bond Trust Deed prevents the Bond Trustee or any of the Bondholders from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction and that, to the extent allowed by law, the Bond Trustee or any of the Bondholders may take concurrent Proceedings in any number of jurisdictions.

20. **Indemnification of the Bond Trustee and Bond Trustee Contracting with the Issuer, Guarantor and Charging Companies**

The Bond Trust Deed contains provisions for the indemnification of the Bond Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

In the exercise of its powers and discretions under these Conditions and the Bond Trust Deed, the Bond Trustee will have regard to the interests of the Bondholders as a class and will not be responsible for any consequence for individual holders of Bonds or Coupons as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

The Bond Trust Deed also contains provisions pursuant to which the Bond Trustee is entitled, inter alia, (a) to enter into business transactions with the Issuer, the Guarantor, any Subsidiary, or any person or body corporate directly or indirectly associated with the Issuer, the Guarantor or any Subsidiary and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, the Guarantor, any Charging Company and/or any other member of the Group and (b) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Bond Trustee shall not be bound to take any step or action in connection with the Bond Trust Deed or the Conditions or obligations arising pursuant thereto or pursuant to the other Issue Documents, where it is not satisfied that it is indemnified and/or secured and/or prefunded against all its liabilities and costs incurred in connection with such step or action and may demand, prior to taking any such step or action, that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so as to indemnify it.

The Bond Trustee shall have no responsibility for the validity, sufficiency or enforceability of the security. The Bond Trustee shall not be responsible for monitoring the compliance by any of the other Transaction Parties with their obligations under the Issue Documents, neither shall the Bond Trustee be responsible for monitoring the compliance by the Guarantor or any of the other parties to the Security Agreements of their obligations under the Security Agreements or any other document.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Bonds will initially be in the form of the Temporary Global Bond which will be deposited on or around the Issue Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Bonds will be issued in new global note ("NGN") form. On 13 June 2006 the European Central Bank (the "**ECB**") announced that Bonds in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Bonds in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The Bonds are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Bonds are intended to be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper and does not necessarily mean that the Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Bondholders should note that the European Central Bank has applied a temporary extension of Eurosystem eligibility to Sterling denominated securities. However, should this extension cease at any time during the life of the Bonds, the Bonds will not be in a form which can be recognised as eligible collateral.

The Temporary Global Bond will be exchangeable in whole or in part for interests in the Permanent Global Bond not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Bond unless exchange for interests in the Permanent Global Bond is improperly withheld or refused. In addition, interest payments in respect of the Bonds cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Bond will become exchangeable in whole, but not in part, for Bonds in definitive form ("**Definitive Bonds**") in the denominations of £100,000 and higher integral multiples of £1,000 in excess thereof up to and including £199,000 each at the request of the bearer of the Permanent Global Bond against presentation and surrender of the Permanent Global Bond to the Principal Paying Agent if either of the following events (each, an "**Exchange Event**") occurs: (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 12 (*Events of Default and Enforcement*) occurs. No Definitive Bonds will be issued with a denomination above £199,000.

Whenever the Permanent Global Bond is to be exchanged for Definitive Bonds, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Bonds, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Bond to the bearer of the Permanent Global Bond against the surrender of the Permanent Global Bond to or to the order of the Principal Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

In addition, the Temporary Global Bond and the Permanent Global Bond will contain provisions which modify the Terms and Conditions of the Bonds as they apply to the Temporary Global Bond and the Permanent Global Bond. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Temporary Global Bond and the Permanent Global Bond will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Bond or (as the case may be) the Permanent Global Bond to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Bonds. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Bond or (as the case may be) the Permanent Global Bond, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Payments on business days: In the case of all payments made in respect of the Temporary Global Bond and the Permanent Global Bond "**business day**" means any day which is a day on which dealings in foreign currencies may be carried on in London.

Exercise of put option: In order to exercise the option contained in Condition 9(c) (*Redemption at the option of Bondholders following a Change of Control or an Initial Valuation Event*) the bearer of the Permanent Global Bond must, within the period specified in the Conditions for the deposit of the relevant Bond and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Bonds in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Notices: Notwithstanding Condition 18 (*Notices*), while all the Bonds are represented by the Permanent Global Bond (or by the Permanent Global Bond and/or the Temporary Global Bond) and the Permanent Global Bond is (or the Permanent Global Bond and/or the Temporary Global Bond are) deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to Bondholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Bondholders in accordance with Condition 18 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg.

Cancellation: Cancellation of any Bond represented by the Temporary Global Bond or the Permanent Global Bond and required by the Conditions of the Bonds to be cancelled following its redemption or purchase and surrender will be effected by entry in the records of Euroclear or Clearstream, Luxembourg, as the case may be.

USE OF PROCEEDS

The net proceeds of the issue of the Bonds will be on-lent by the Issuer to the Guarantor. The Bonds will in part be issued in order to finance the redemption of certain Sterling denominated debenture stock previously issued by the Guarantor.

DESCRIPTION OF THE ISSUER

OVERVIEW

The Issuer is a wholly-owned finance subsidiary of Eskmuir and was incorporated on 20 October 2017 as a public limited company under the laws of England and Wales.

The Issuer is registered in England and Wales under number 11024386. The Issuer's registered office is 8 Queen Anne Street, London, W1G 9LD and its telephone number is 020 7436 2339.

The Issuer's financial statements are prepared to 30 September of each year.

The authorised and issued share capital the Issuer is £100,000, consisting of 100,000 ordinary shares with a nominal value of £1 per share. All of the shares of the Issuer have been issued, are fully paid-up.

The principal business of the Issuer is borrowing on behalf of Eskmuir and advancing the net proceeds of such borrowings to Eskmuir.

DIRECTORS

The directors of the Issuer are:

- Paul A Hodgson, MRICS (see "*Description of Eskmuir - Directors and senior management*" for further details);
- James A Harding, FCA (see "*Description of Eskmuir - Directors and senior management*" for further details);
- Christopher M Laing OBE (see "*Description of Eskmuir - Directors and senior management*" for further details);
- Richard JM Collier (see "*Description of Eskmuir - Directors and senior management*" for further details);
- Nicholas J Treble (see "*Description of Eskmuir - Directors and senior management*" for further details);
- Sir John MK Laing (see "*Description of Eskmuir - Directors and senior management*" for further details); and
- David E Laing (see "*Description of Eskmuir - Directors and senior management*" for further details).

The usual business address of each of the directors of the Issuer is 8 Queen Anne Street, London, W1G 9LD.

No potential conflicts of interest exist between the directors' duties to the Issuer and their private interests and/or other duties.

INDEPENDENT AUDITOR

The Issuer has appointed Deloitte LLP, with registered office at 2 New Street Square, London, EC4A 3BZ as its independent auditor.

DESCRIPTION OF ESKMUIR

OVERVIEW

Eskmuir Properties Limited (the "**Guarantor**" or "**Eskmuir**") is a property investment company set up in 1990 as a successor to Laing Properties Plc by the Laing family, their trusts and charitable foundations (the "**Shareholders**"). Eskmuir's strategy is to achieve a sustainable income return for its shareholders while also achieving real capital growth commensurate with perceived risk.

Eskmuir's total investment property assets as at 30 September 2016 amounted to £251 million. These assets generated annual rental income of £16 million in the year ended 30 September 2016. Eskmuir's pre-tax profit for the same year was £12 million.

As at 30 September 2017, Eskmuir's investment property portfolio comprised 26 individual properties located across the United Kingdom, with 57 per cent. by value located in South East England and Central and Greater London. As at the same date, the portfolio had a combined value of approximately £255 million and a passing rent¹ at that date of approximately £14 million (unaudited) after taking into account acquisitions and disposals in the year ended 30 September 2017.

Eskmuir's investment property portfolio comprises retail, industrial and office properties, with a total of 188 tenants. Sainsbury's is the largest single tenant accounting for approximately £1.01 million of rental income in the year ended 30 September 2016. The weighted average lease length of the whole property portfolio as at 30 September 2017 was 5.9 years to expiry (4.2 years to the earlier of break or expiry).

Eskmuir's borrowings net of cash were £114 million as at 30 September 2016 and comprised £78 million of fixed rate debenture stock due to mature in February 2020 (which Eskmuir intends to redeem using part of the proceeds of the Bonds, see "*Borrowings—Fixed rate debenture stock*"), floating rate bank debt of £39 million and cash of £2 million. As at 30 September 2016, the ratio of net debt / capital and reserves was 0.7x and over the last 10 years has been in the range of 0.9x to 1.6x (for the last five years the range has been 0.9x to 1.2x). Interest cover (measured as rental income / interest payable) was 1.8x for the year ended 30 September 2016 and for the last 10 years has been in the range of 1.8x to 2.1x.

Eskmuir employs seven people including its two executive directors: Paul Hodgson who is the Managing Director and joined Eskmuir in 2006 and James Harding who is the Finance Director and Company Secretary and joined Eskmuir in 2011.

Eskmuir is domiciled in the United Kingdom, its registered office and head office is at 8 Queen Anne Street, London, W1G 9LD and its telephone number is 020 7436 2339.

HISTORY

Following the takeover of Laing Properties Plc in 1990, the Shareholders formed Eskmuir in order to reinvest part of the proceeds received in the UK property sector. Eskmuir is wholly owned by the Shareholders.

Eskmuir was incorporated in England & Wales on 18 June 1990 (registered number 2512752) as a private limited company under the Companies Act 1985.

Eskmuir's shares were listed on the London Stock Exchange in 1998 and, when market conditions became an opportunity, were de-listed in 2000.

During 2015, Eskmuir established the Diversified Property Fund for Charities (the "**DPFC**"), an unauthorised exempt property unit trust targeting a recurring income yield and real capital growth for charity investors. As part of the launch process, six of Eskmuir's charity Shareholders participated in a £20 million share buyback and reinvested the proceeds received by them into DPFC. Two of Eskmuir's wholly-

¹ Passing rent is gross rent less any rent payable under head leases. Gross rent is the gross accounting rent receivable (quoted on an annualised basis) prepared under FRS102 which requires that rental income from fixed and minimum guaranteed rent reviews and tenant incentives is spread on a straight-line basis over the lease period to earliest termination date. This can result in income being recognised ahead of cash flow.

owned subsidiaries act as the fund manager and the asset manager of DPFC, which had £43 million of assets under management as at 30 September 2016.

Eskmuir's basic net asset value per share has grown from £1.25 per share (based on UK GAAP) at its formation in 1990 to £7.80 per share (based on FRS102) as at 30 September 2016. Over the same period, the UK retail price index would have grown the original £1.25 per share investment to £2.56 per share. In addition to capital growth, Eskmuir's shareholders have received annual dividends averaging 10.5 per cent. of their initial investment per year since 1990. The shareholders have enjoyed 25 successive years of dividend growth.

STRATEGY

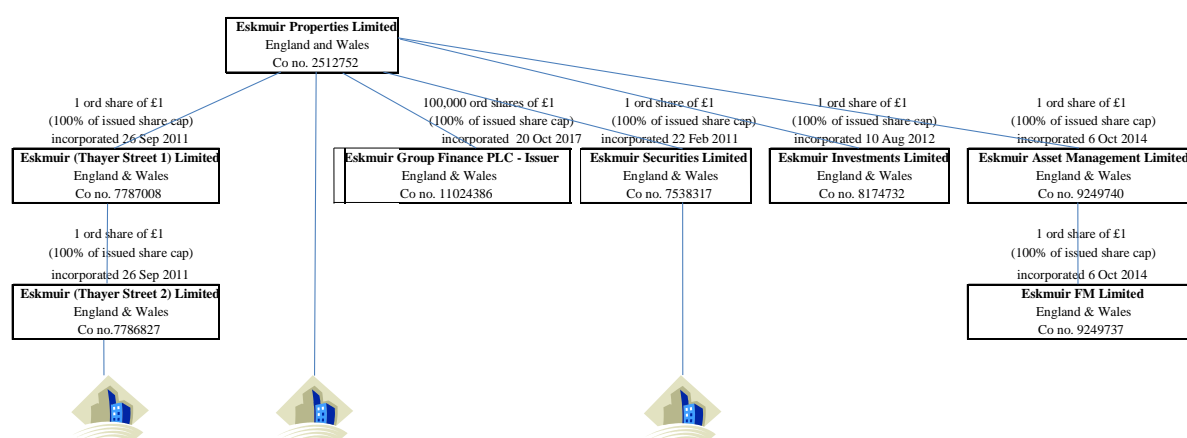
Eskmuir aims to achieve a sustainable income return for its shareholders whilst also achieving real capital growth commensurate with perceived risk.

Eskmuir's equity is controlled by the Laing family trusts and charities established by Laing family members. Both of these Shareholder groups have a long-term view and limited access to additional capital for investment and, for both groups, their interests in Eskmuir represent the bulk of the value of their respective investment portfolios. Eskmuir therefore invests for the long term in a risk managed way, seeking above average returns for its investors.

Eskmuir's strategy has three core attributes:

- **asset management:** Eskmuir adopts five-year asset plans for each individual asset in its investment property portfolio. These plans are amended as necessary to reflect the dynamic nature of the particular investment and its market. A core strength of the management team is the identification and realisation of active asset management opportunities that enhance rental income streams (in terms of both quantum and duration) and capital values;
- **investment management - acquisitions and disposals:** Eskmuir constantly monitors the investment market to source potential suitable acquisitions and to identify any specific market demand for assets in the portfolio where targeted returns from the asset plan could be met or exceeded from disposals; and
- **fund management:** Eskmuir established the DPFC in 2015. DPFC's assets under management were £50.9 million as at 30 June 2017 (unaudited) against a target of £200 million by 2020. Eskmuir earns asset management and fund management fees from DPFC, which totalled £244,000 in the year ended 30 September 2016. Eskmuir intends to build a strong fund manager track record with DPFC before seeking any further mandates.

GROUP STRUCTURE



The Group principally comprises Eskmuir and six wholly-owned subsidiaries, two of which are indirectly held. In addition, the Issuer is a wholly-owned subsidiary of Eskmuir, which was incorporated as a finance vehicle for the purpose of the issue of the Bonds, see "*Description of the Issuer*".

As indicated in the group structure chart above, three Group companies own properties: Eskmuir, Eskmuir Securities Limited and Eskmuir (Thayer Street 2) Limited.

SHAREHOLDERS AND SHAREHOLDINGS

As at the date of these Listing Particulars, Eskmuir's issued share capital comprised 16,182,085 ordinary shares of £1.00 each.

Eskmuir's Shareholders and their shareholdings are:

Shareholder type	Shareholder	Shares held (per cent.)
Settlements.....	Sir Kirby Laing Principal Settlement Trust	72
	Sir Kirby Laing Residual Settlement Trust	5
Charities.....	Kirby Laing Foundation	12
	Beatrice Laing Trust	3
	Martin Laing Foundation	2
	Christopher Laing Foundation	1
Individuals.....	Christopher Maurice Laing	3
	Sir John Martin Kirby Laing	1
Others.....		1
		100

DESCRIPTION OF THE BUSINESS

Eskmuir's business principally comprises portfolio asset management, investment management and fund management.

Portfolio asset management

A five-year asset plan is devised by Eskmuir for each investment property when it is acquired. Each plan focuses on enhancing income and capital appreciation with a view to realising the increased value on sale of the property at the end of the plan, assuming the targets set out in the plan have been met and market conditions are suitable for the sale. Eskmuir's asset plans focus on enhancing the quality and quantity of income derived from the asset which, in turn, is intended to increase the value of the asset. By creating accommodation which is appropriate to the occupier's needs, Eskmuir seeks to reposition its acquired assets to ensure that vacant space is let swiftly at superior rents, minimising void costs and ensuring optimal lease terms. For example, in 2014 Eskmuir initiated the rebranding of Sweet Briar Retail Park, Norwich. This resulted in an improved tenant mix with Marks and Spencer Simply Food, a new Costa Coffee unit and IKEA's first small store in the UK all opening at the park in 2015. In 2016, asset management activity included renegotiating a lease on a Currys PC World unit, releasing space for a letting to Tapi Carpets. Additionally, Eskmuir secured 4.7 acres of expansion land adjacent to the park and has submitted a planning application to extend the park, creating more than 75,000 square feet of additional net lettable area for retail tenants. Another example of how Eskmuir implements five-year asset plans is at Ashford Industrial Estate, Heathrow. The estate was acquired in 2012 for £5.5 million with rents at £8.00 per square foot and the average unexpired lease term (the "AWULT") was 3.7 years to lease expiry. Through implementing a programme of internal and external refurbishments to units and actively managing lease events, it has been possible to increase the rents to £12.60 per square foot and the AWULT to 8.5 years to lease expiry (6.4 years to the earlier of lease expiry and break option). These actions, together with the improved quality of tenants in occupation, saw the capitalisation yield and rental income significantly improve resulting in a 2017 disposal for £12.5 million.

Eskmuir's active approach to lease events resulted in 53 transactions being completed in the year ended 30 September 2015 that had a £1.9 million positive impact on rents bringing Eskmuir's net rental income for the year to £13.6 million. The vacancy rate in the portfolio was 9.8 per cent. at 30 September 2015 and the average rent collection during the year was unchanged from the prior year at 97 per cent. of rent collected within 21 days. In the year ended 30 September 2016, 45 lease transactions were completed that had a £1.6 million positive impact on rents bringing Eskmuir's net rental income for the year to £16.1 million. The vacancy rate in the portfolio was 7.7 per cent. at 30 September 2016 and the average rent collection during the year was 96 per cent. of rent collected within 21 days.

Investment management

Eskmuir acquires properties in strong locations with resilient occupier demand where it sees potential to enhance rental income streams and value through active asset management. Acquiring the assets at attractive prices is a key factor. Once a property's asset plan has been delivered, Eskmuir looks to dispose of the property and realise the valuation growth, with a view to reinvesting the proceeds into new assets with significant asset management potential.

In the year ended 30 September 2015, Eskmuir recorded a £5.4 million profit on the disposal of six properties to third parties and four properties to launch the DPFC, realising £39.1 million in aggregate. During the same year, Eskmuir purchased 2 new properties for £5.1 million in aggregate. In the year ended 30 September 2016, Eskmuir recorded a £5.7 million profit on the disposal of three properties to third parties, realising £35.8 million in aggregate. During the same year, Eskmuir purchased ten new properties for £35.2 million. In the year ended 30 September 2017, Eskmuir sold six properties to third parties, realising £51.0 million in aggregate. During the same year, Eskmuir purchased two new properties for £26.5 million in aggregate.

Fund management

In 2015, Eskmuir established the DPFC. Eskmuir group companies act as fund manager and asset manager for DPFC. When a potential acquisition is assessed by Eskmuir, DPFC has a right of first refusal. In practice however, an acquisition needs to fit with DPFC's investment operating criteria and DPFC needs to have the funds to invest. Currently, there is no cross over with assets suited to Eskmuir also being suited to DPFC.

During the year ended 30 September 2015, Eskmuir sold four properties to DPFC as a seed portfolio and DPFC acquired an additional two properties. In the year ended 30 September 2016, DPFC acquired a further two properties. One of the properties acquired by DPFC in the financial year ended 30 September 2016 was Kiln Farm Industrial Estate in Milton Keynes. The estate comprises 21 units of which eight were vacant at purchase. The vendor provided a 12-month rental guarantee at £4.00 per square foot on the vacant units, all of which were let within 12 months at rentals of between £4.25 and £5.50 per square foot.

As at 30 September 2016, DPFC had an annualised distribution yield since inception of 6.24 per cent. (in line with its target of between 6 per cent. and 7 per cent.) and an annualised total return since inception of 11.1 per cent. (ahead of its target of between 7 per cent. and 9 per cent.). The portfolio had a vacancy rate of 0.94 per cent. at 30 September 2016.

Alternative investments

Eskmuir also has a small portfolio of investments in early stage unlisted small businesses with a historical cost (net of provisions for impairment) of £1 million at 30 September 2016. See Note 12 to the financial statements for the year ended 30 September 2016.

INVESTMENT PROPERTY PORTFOLIO

As at 30 September 2017, Eskmuir's investment property portfolio comprised 26 individual properties located across the United Kingdom, with a combined value of £255 million and a passing rent at that date of approximately £14 million (unaudited).

Split by value, 35 per cent. of the portfolio is located in the South East of England and 22 per cent. is located in Central and Greater London.

Split by sector, 34 per cent. of the properties in the portfolio are industrial properties, 48 per cent. are retail properties (23 per cent. retail parks, 18 per cent. retail properties in Central and Greater London and 7 per cent. retail shopping centres) and 18 per cent. are office properties.

The weighted average lease length of the whole portfolio as at 30 September 2017 was 5.9 years to expiry (4.2 years to the earlier of break or expiry) with a total of 188 tenants. Sainsbury's is the largest single tenant accounting for £1.01 million of rental income in the year ended 30 September 2016/.

The table below shows the geographic split of Eskmuir's investment property portfolio as at 30 September 2017.

	Number of Properties	Net Rent	Valuation	
		<i>(£'000)</i>	<i>(£'000)</i>	<i>(per cent.)</i>
Central / Greater London	3	2,197	55,340	22
South East	10	4,415	89,020	35
South West & Wales	1	358	4,700	2
Midlands & East Anglia	7	3,610	59,135	23
North & Scotland	5	3,636	46,390	18
	26	14,216	254,585	100

The table below shows the sectoral split of Eskmuir's investment property portfolio as at 30 September 2017.

	Valuation	
	<i>(£'000)</i>	<i>(Per cent.)</i>
Offices.....	46,330	18
Industrial	85,715	34
Retail parks	59,170	23
Retail – Central/Greater London	46,540	18
Retail – shopping centre.....	16,830	7
	254,585	100

The table below shows the current annualised net rental income derived from Eskmuir's investment property portfolio that expires in each five-year period shown from 30 September 2017.

	To earlier of break and expiry		To expiry	
	Current annualised net rental income expiring in period	Percentage of total	Current annualised net rental income expiring in period	Percentage of total
	<i>(£'000)</i>		<i>(£'000)</i>	
1 to 5 years	9,985	70	5,234	37
5 to 10 years	3,034	21	7,296	51
10 to 15 years	1,165	8	1,499	11
15 to 20 years	32	1	187	1
	14,216	100	14,216	100

The table below lists Eskmuir's major tenants, being tenants paying more than £200,000 rent per annum, as at 30 September 2017.

	Current annualised rental income
	<i>(£'000, except where otherwise stated)</i>
1 Sainsbury's Supermarkets Ltd.....	1,010
2 B&Q Plc	571
3 E-Leather Ltd	515
4 Rawlinson & Hunter.....	479
6 DSG Retail Ltd.....	434
7 H R Owen Plc.....	357
8 Mecca Bingo Ltd.....	330
9 Microlease Ltd.....	327
10 Ikea Ltd	314
11 Dunelm (Soft Furnishings) Ltd.....	300
12 Eat Ltd.....	248
13 Debenhams.....	245
14 Rexel UK Ltd	245
15 Racal Acoustics Ltd.....	223
16 Arkay Windows Ltd	212

		Current annualised rental income <i>(£'000, except where otherwise stated)</i>
17	Marks and Spencer Plc	209
		6,109
	Percentage of investment property portfolio rental income in the year ended 30 September 2017	42%

The map below shows the locations of the properties in Eskmuir's investment property portfolio as at 30 September 2017.



SECURED PORTFOLIO

Details of the property portfolio that will constitute the security for the Bonds (the "**Secured Portfolio**") is set out under "*Valuation Report*". The Secured Portfolio comprises 13 properties with 73 tenants. The weighted average unexpired lease term is 6.0 years (4.6 years to the earlier of break and expiry).

As at the date of these Listing Particulars, the security for the Bonds has been created by Eskmuir and the Additional Chargor.

The Additional Chargor was incorporated in England & Wales on 26 September 2011 (registered number 7786827) as a private limited company under the Companies Act 2006 and is a company within the Group that is designated to hold properties.

BORROWINGS

As at the date of these Listing Particulars, Eskmuir's borrowings net of cash totalled £102.7 million and comprised £78.3 million of fixed rate debenture stock scheduled to mature in February 2020 and floating rate bank debt of £24.4 million.

Fixed rate debenture stock

Eskmuir issued £50 million 7 $\frac{7}{8}$ per cent. First Mortgage Debenture Stock 2020 in 1994 which is listed on the London Stock Exchange. In 1995, Eskmuir issued £50 million 9 $\frac{1}{4}$ per cent. First Mortgage Debenture Stock 2020 which is also listed on the London Stock Exchange. Both series of debenture stock mature in February 2020. Market purchases in the intervening years have resulted in a reduction of the nominal amount outstanding of each issue, as follows:

- in respect of the £50 million 7 $\frac{7}{8}$ per cent. First Mortgage Debenture Stock 2020, as at the date of these Listing Particulars, the nominal amount outstanding is £39,500,000; and
- in respect of the £50 million 9 $\frac{1}{4}$ per cent. First Mortgage Debenture Stock 2020, as at the date of these Listing Particulars, the nominal amount outstanding is £38,750,000.

The outstanding debenture stock is secured on a portfolio of 10 properties which was valued at £142 million as at 30 September 2017 and by a floating charge over all Eskmuir's property, assets and rights, present and future, wheresoever situated (including any uncalled share capital).

Eskmuir is subject to two principal covenants under its outstanding debenture stock, namely an LTV covenant and an interest cover covenant, and has complied with such covenants to date (see "*Description of Eskmuir – Performance against the financial covenants*" below for further detail).

Eskmuir intends to redeem its outstanding debenture stock using part of the proceeds of the issue of the Bonds (see "*Use of Proceeds*").

Floating rate bank debt

Eskmuir, through Eskmuir Securities Limited, has an £80 million revolving loan facility with National Westminster Bank plc, Eskmuir's corporate bankers. The facility was amended on 29 September 2017 to reflect a margin over LIBOR of either 1.70 per cent. or 2.55 per cent., based on certain financial metrics being satisfied, and a deferred maturity date from March 2018 to 30 January 2021. As at the date of these Listing Particulars, £24.4 million was drawn under this facility, with the drawings maturing on 30 January 2021.

Drawings under the facility are currently secured on a portfolio of 15 properties which was valued at £110 million as at 30 September 2017. The facility is not guaranteed by Eskmuir Properties Limited.

Key financial covenants under the revolving loan facility

The borrower is subject to two principal types of covenant under its revolving loan facility: an LTV covenant and interest cover covenants. In addition, the facility contains events of default, covenants and representations and warranties, in terms that are customary for facilities of these types. See "*Risk factors—Risks relating to the finance obtained by Eskmuir—Eskmuir could trigger an event of default under its*

borrowing arrangements, which could result in its borrowings being accelerated and becoming immediately due and payable".

LTV covenant

The LTV covenant in the revolving credit facility requires the borrower to ensure that the amount borrowed and outstanding under the relevant facility does not exceed 65 per cent. of the value of the security given in respect of the facility in the period to 29 March 2020 and then does not exceed 60 per cent. of the value of the security given in respect of the facility until the maturity of the facility. This covenant applies on a continuous basis. Any breach of the covenant would constitute an event of default which could result, among other things, in the acceleration of the borrower's obligation to repay the facility.

Interest cover covenants

The interest cover covenants in the bank facility require the borrower to ensure that:

- its actual net rental income in respect of the secured properties for each quarter is not less than 1.75 times greater than its actual finance cost under the facility for the same period; and
- its projected net rental income in respect of the secured properties for the next 12 months is not less than 1.75 times greater than its projected finance cost under the facility for the same period.

These covenants are tested quarterly. Any breach of either covenant would constitute an event of default which could result, among other things, in the acceleration of the borrower's obligation to repay the facility. In relation to the interest cover covenant based on projected net rental income, the borrower may cure any breach of the covenant by prepaying an appropriate part of the loans outstanding under the facility.

Performance against the key financial covenants

The table below shows the borrower's most recent performance against its main debt covenants in both the outstanding debenture stock and the revolving loan facility:

Test Date	Listed Debenture Debt	Revolving loan Facility
	30 April 2017	31 July 2017
	<i>(£'000, except where otherwise stated)</i>	
Value of security	137,025	128,365
Loan drawn	78,250	60,200
Loan to value (<i>per cent.</i>)	57%	47%
Loan to value covenant (<i>per cent.</i>).....	67%(1)	65%
Net rental income	9,111(2)	6,122
Finance cost.....	6,695	1,905
Interest cover (<i>times</i>).....	1.36x	3.21x
Interest cover covenant (<i>times</i>).....	1.25x	1.75x

Notes:

(1) The debentures permit property substitutions in the security pool so long as the interest cover covenant continues to be met and the LTV ratio does not fall on the date of substitution. Withdrawals from the security pool are permitted so long as the interest cover covenant continues to be met and a tighter LTV ratio of 60 per cent. is satisfied on the date of withdrawal. If the LTV ratio rises to 67 per cent., Eskmuir must provide sufficient additional security such that the LTV ratio returns to 60 per cent. Under the debenture, LTV is defined using value as a multiple of the loan outstanding.

(2) Includes £2 million held as cash collateral by the debenture trustee to be treated as net rental income for covenant compliance purposes.

Other financial covenants under the revolving loan facility

The revolving loan facility also contains (i) a debt to net rental income covenant which is tested quarterly and requires the average amount outstanding under the facility in each quarter to be less than a defined multiple (which varies over the term of the facility) of its contractually entitled rent under the secured properties for that quarter and (ii) a limit on the total amount of external borrowings by Eskmuir measured by reference to a defined percentage of the market value of all of Eskmuir's properties.

COMPETITION

Eskmuir faces competition predominantly in letting vacant space at investment properties and acquiring investment properties. Eskmuir's competitive strategy is to ensure that:

- in relation to lettings, properties are in strong locations. In addition, Eskmuir ensures that, when space becomes vacant, such properties are refurbished to a standard appropriate for the relevant local market and that such properties are amongst the highest quality second hand space available in the local area; and
- in relation to acquisitions, Eskmuir has an extensive network of agency and principal contacts who ensure that Eskmuir is well placed in the competitive bidding process and is also offered "off market" opportunities. Eskmuir's reputation for being a purchaser who performs is crucial to Eskmuir being a preferred party for vendors to transact with.

See further *“Risk factors—Risk relating to Eskmuir’s operations—Eskmuir faces competition from other companies active in the UK commercial property market”*.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Eskmuir's directors and their principal functions are as follows:

<u>Name</u>	<u>Current Position</u>
Paul A Hodgson, MRICS	Managing Director
James A Harding, FCA	Finance Director and Company Secretary
Christopher M Laing OBE	Non-executive Chairman
Richard JM Collier	Non-executive Director
Nicholas J Treble	Non-executive Director
Sir John MK Laing	Non-executive Director
David E Laing	Non-executive Director

The business address of each of the directors listed above is 8 Queen Anne Street, London W1G 9LD. No potential conflicts of interest exist between the directors' duties to Eskmuir and their private interests and/or other duties.

A brief biography of each director is set out below.

Paul Hodgson, Managing Director

Mr Hodgson joined Eskmuir's board as Investment Director in 2006 and was promoted to Managing Director in 2007. Mr Hodgson was formerly a Divisional Director at Warner Estate, responsible for the Apia Regional Office and Agora Shopping Centre Funds with assets totalling approximately £900 million. Mr Hodgson is 49.

James Harding, Finance Director and Company Secretary

Mr Harding qualified as a Chartered Accountant in 1998 and joined Eskmuir in 2011. Mr Harding was formerly involved with the flotation and on-going management of Max Property Group Plc and held senior positions at Prestbury Investment Holdings and Chelsfield Plc. Mr Harding is 45.

Christopher Laing OBE, non-executive Chairman

Mr C. Laing represents the interests of the Beatrice Laing Trust and the Christopher Laing Foundation. He is 69.

Richard Collier, non-executive Director

Mr Collier (alongside Nick Treble) represents the interests of the Sir Kirby Laing Principal and Residual Settlement Trusts. He is 72.

Nick Treble, non-executive Director

Mr Treble (alongside Richard Collier) represents the interests of the Sir Kirby Laing Principal and Residual Settlement Trusts. He is 58.

Sir John MK Laing, non-executive Director

Sir Martin Laing represents the interests of the Martin Laing Foundation and the Beatrice Laing Trust. He is 75.

David Laing, non-executive Director

Mr D. Laing represents the interests of the Sir Kirby Laing Foundation, the Beatrice Laing Trust and the David Laing Foundation. He is 72.

Eskmuir's directors recognise the value of good corporate governance and strive to adhere to the UK Corporate Governance Code as closely as possible.

SENIOR MANAGEMENT

The senior management of Eskmuir and their principal functions are as follows:

Name	Current Position
Paul A Hodgson, MRICS	Managing Director
James A Harding, FCA	Finance Director and Company Secretary
John Sullivan MRICS	Senior Asset Manager
Kenneth Jamieson MRICS	Asset Manager

The business address of each of the senior managers listed above is 8 Queen Anne Street, London W1G 9LD. No potential conflicts of interest exist between the senior managers' duties to Eskmuir and their private interests and/or other duties.

A brief biography of each senior manager, other than Mr Hodgson and Mr Harding, is set out below.

John Sullivan MRICS, Senior Asset Manager

Before joining Eskmuir, Mr Sullivan was an Associate Partner at Drivers Jonas focusing on the strategic and asset management of a number of Central London landed estates. Mr Sullivan has experience in investment acquisitions and valuations, agency, lease advisory and property management. He is 39.

Kenneth Jamieson MRICS, Asset Manager

Mr Jamieson has over 19 years' property market experience having previously worked as a director focusing on fund management at Invista Real Estate and as an investment agent at DTZ Debenham Tie Leung. Mr Jamieson has UK-wide experience in investment transactions, asset management and valuation. He is 42.

VALUATION REPORT

Valuation Report

The valuation report set out below (the "**Valuation Report**") was prepared by Jones Lang LaSalle Limited, Chartered Surveyors, of 30 Warwick Street, London W1B 5NH (the "**Valuer**") and relates to the Mortgaged Properties and the Scottish Secured Property which will be charged in favour of the Bond Trustee for the benefit of itself, the Bondholders and the other Secured Parties, within 5 Business Days of the Issue Date to ensure compliance with Condition 3 (*Security*). It is included in these Listing Particulars, in the form and context in which it is included, at the Issuer's request and with the consent of the Valuer and the Valuer has authorised the contents of this section.

The Valuer does not have a material interest in the Issuer, the Guarantor or the Additional Chargor.

Summary of valuations in respect of the Bonds

A summary of the values of the Mortgaged Properties and the Scottish Secured Property set out in the Valuation Report which are to be charged within 5 Business Days of the Issue Date for the benefit of the Bondholders is set out below:

	Properties	Value on Market Value basis
	<i>No.</i>	<i>£</i>
Guarantor	12	£142,510,000
Additional Chargor.....	1	£25,290,000
Total	13	£167,800,000

Summary of net annual income in respect of the Mortgaged Properties and the Scottish Secured Property

A summary of the net annual income of the Mortgaged Properties and the Scottish Secured Property which are to be charged within 5 Business Days of the Issue Date for the benefit of the Bondholders is set out below:

	Properties	Net annual income
	<i>No.</i>	<i>£</i>
Guarantor	12	£7,439,215
Additional Chargor.....	1	£786,782
Total	13	£8,225,997



Jones Lang LaSalle Ltd
30 Warwick Street London W1B 5NH
+44 (0)20 7493 4933
jll.co.uk

Eskmuir Group Finance Plc
8 Queen Anne Street
London W1G 9LD

(the “**Issuer**”)

Eskmuir Properties Limited
8 Queen Anne Street
London W1G 9LD

(the “**Guarantor**”)

Eskmuir (Thayer Street 2) Limited
8 Queen Anne Street
London W1G 9LD

(the “**Additional Chargor**”)

Link Corporate Trustees (UK) Limited
(as trustee in its own capacity and for each of the other Secured
Parties on the terms and conditions set out in the Bond Trust Deed (as
defined in the Bond Trust Deed) as defined below)
6th Floor
65 Gresham Street
London EC2V 7NQ

(the “**Bond Trustee**”)

Centrus Financial Advisors Limited
10 Queen Street Place
London EC4R 1BE

(the “**Solicitation Agent**”)

12 December 2017

Dear Sirs,

Eskmuir Properties Limited and Eskmuir (Thayer Street 2) Limited – Portfolio Valuation

Introduction

In accordance with our signed engagement letter with the Guarantor, dated 11 December 2017, we, Jones Lang LaSalle Limited, Chartered Surveyors, have considered the properties referred to in the attached schedule (the “**Schedule**”), in order to advise you of our opinion of the Market Value (as defined below) as at the Effective Date (as defined below), of the Freehold (“**F/H**”), Leasehold (“**LLH**”) or Part Freehold, Part Leasehold (“**Part F/H, Part LLH**”) interests in each of these properties (the “**Properties**” and each a “**Property**”), as appropriate.



The effective valuation date is 12 December 2017 (the “**Effective Date**”).

Purpose of Valuation

We understand that this Valuation Report including the Schedule hereto (together, the “**Valuation Report**”) is required for inclusion in listing particulars (the “**Listing Particulars**”) prepared in accordance with the listing rules under Part VI of the Financial Services and Markets Act 2000 in connection with the Secured Guaranteed Bonds due 2047 (the “**Bonds**”) to be issued by the Issuer pursuant to a bond trust deed (the “**Bond Trust Deed**”) to be dated on or about 12 December 2017 between the Issuer, the Guarantor, the Additional Chargor and the Bond Trustee as trustee on behalf of itself and each of the other Secured Parties on the terms and conditions set out in the Bond Trust Deed.

Basis of Valuation and Assumptions

We set out below the basis and assumptions we have used in preparing our Valuation Report followed by a summary of the aggregate values of the Freehold and Leasehold and Part Freehold and Part Leasehold interests in the Properties described in the Schedule.

We confirm that the value of the Properties has been assessed on the basis of Market Value in accordance with the appropriate sections of both the current Practice Statements (“**PS**”), and United Kingdom Practice Statements (“**UKPS**”) contained within the RICS Valuation – Global Standards 2017 (the “**Red Book**”). This is an internationally accepted method of valuation.

The valuations have been prepared by us as External Valuers as defined in the Red Book and the Properties have each been valued individually. We confirm that no conflict of interest has occurred as result of our production of the Valuation Report.

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

Valuation approach

The income capitalisation method is based on capitalising the net income stream at an appropriate yield. In establishing the net income stream we have reflected the current rent (gross rent) payable to lease expiry, at which point we have assumed that each unit of occupation will be let at our opinion of Market Rent. We have made allowances for voids and rent free periods where appropriate, as well as deducting non-recoverable costs where applicable. The comparable method is used to select the appropriate yield, which has been adjusted for the location of the building, specification, tenant credit quality, lease terms and lot size, amongst other factors.

Valuation

On the basis outlined in this Valuation Report, we are of the opinion that the aggregate of the individual Market Values, as at the Effective Date, of the Freehold, Leasehold and Part Freehold, Part Leasehold interests, subject to and with the benefit of various occupational leases, as summarised in the Schedule, but subject to the Special Assumption stated in this Valuation Report, is:



Eskmuir Properties Limited

Property	Market Value as at the Effective Date
EDINBURGH, Queen Anne Drive	£3,600,000
HARROW, Waverley Industrial Park	£22,670,000
KETTERING, Baron Avenue Trade Park	£4,505,000
LONDON NW10, Pilot Industrial Centre	£7,470,000
LONDON W1, 8 Queen Anne Street	£8,800,000
NORWICH, Sweet Briar Retail Park	£28,270,000
OXFORD, Nuffield Way	£11,520,000
PETERBOROUGH, Kingsbridge Centre, Sturrock Way	£8,000,000
SOUTHEND, Greyhound Retail Park	£11,610,000
ST.ALBANS, St Peter's House, Victoria Street	£7,140,000
WATFORD, Watford Business Park	£8,925,000
WIMBLEDON, Sainsburys, Worple Road/St. Georges Road	£20,000,000
Total	£142,510,000

Eskmuir (Thayer Street 2) Limited

Property	Market Value as at the Effective Date
LONDON W1, Heron Place / Thayer Street (basement and ground floor)	£25,290,000
Total	£25,290,000

Market Value Split by Tenure

Below we summarise the total aggregate values by Tenure:

Tenure	Market Value
F/H – 9 properties	£104,785,000
LLH – 3 properties	£43,015,000
Part F/H, Part LLH – 1 property	£20,000,000
Total Aggregate Fair Value	£167,800,000

There are no negative values to the Valuation Report.

The table below shows the geographic split of the Properties as at the Effective Date.



Tenure	No. of properties	Net Rent	Valuation	%
Central / Greater London	5	£3,726,658	£84,230,000	50.2
South East	4	£2,021,988	£39,195,000	23.3
Midlands & East Anglia	3	£2,586,722	£40,775,000	24.3
North & Scotland	1	£301,537	£3,600,000	2.1
Total		£8,636,905	£167,800,000	

The table below shows the sector split of the Properties as at the Effective Date.

Sector	Valuation	%
Offices - Town centre	£15,940,000	9.5
Industrial	£66,690,000	39.7
Retail Parks	£39,880,000	23.8
Retail Central/Greater London	£45,290,000	27.0
Total	£167,800,000	100.0

Comparison to Year-End Valuation

We provide a year-end valuation to each of the Guarantor and the Additional Chargor for financial reporting purposes as at 30 September 2017. We confirm that the valuation as at the Effective Date is 0.25% higher compared with our valuation as at 30 September 2017 and this is due to erosion of rent free periods at Oxford, balanced out by a tenant at this estate going into administration; Capex at Southend; a new letting at Watford and increasing proximity to reversions in other cases.

Realisation Costs

Our Valuation Report is exclusive of VAT and no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal of any Property.

Assumptions and Sources of Information

An assumption is stated in the Glossary to the Red Book to be a “supposition taken to be true” (“**assumption**”). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations in this Valuation Report, we have made a number of assumptions and have relied on certain sources of information. We believe that the assumptions we have made are reasonable, taking into account our knowledge of the Properties, and the contents of reports (such as Building Survey and Environmental reports) made available to us. However, in the event that any of these assumptions prove to be incorrect then our valuations should be reviewed. The assumptions we have made for the purposes of our valuations are referred to below.

We have made the following **Special Assumption**:

None.



Inspections

We inspected the Properties between March and October 2017.

Information

We have made an assumption that the information which the Guarantor, the Additional Chargor and their professional advisers have supplied to us in respect of the Properties is both full and correct.

It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

Title

We have had sight of agreed form draft Certificates of Title (the “**Certificates of Title**”) produced by Osborne Clarke, DLA Piper, Bircham Dyson Bell and Brodies in preparing our Valuation Report. We confirm that our valuations fully reflect the disclosures and other information contained therein.

Floor Areas

We have been provided with floor areas by the Guarantor and the Additional Chargor and have assumed that these are gross or net and have been prepared in accordance with the RICS’ Code of Measuring Practice. As agreed we have relied upon these floor areas for the purposes of this valuation exercise. For the avoidance of doubt, we have not measured any part of the property or undertaken check measurements.

Plant and Machinery

Landlords’ fixtures such as lifts, escalators, air-conditioning and other normal service installations have been treated as an integral part of each Property and are included within our valuations. Plant and machinery, tenant’s fixtures and specialist trade fittings have been excluded from our valuations.

No specialist tests have been carried out on any of these service systems and for the purposes of our valuations we have assumed that all are in good working order and in compliance with any relevant statute bye-law or regulation.

Environmental Investigations and Ground Conditions

We were not instructed to carry out site surveys or environmental assessments nor have we investigated any historical records, to establish whether any land or premises are or have been, contaminated. Unless we have been provided with information to the contrary (for example the Reports prepared by Watts in the case of the properties at St Albans and Peterborough in 2017 and 2015 respectively), we have assumed that the Properties are not, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect the present or future use of the Properties.

We were not instructed to carry out structural surveys of the Properties but we have reflected any apparent wants of repair in our opinion of the value as appropriate. Properties have been valued on the basis of the Guarantor’s or the Additional Chargor’s advice save where we have been specifically advised to the contrary, no deleterious materials have been used in the construction of any of the subject buildings.

Planning

We have made the assumption that (save as disclosed in the Certificates of Title) there are no adverse Town Planning, Highway or other schemes or proposals, which would materially impact our opinion of value.



We have assumed that all buildings comply with all statutory and Local Authority requirements including building, fire and health and safety regulations.

Tenure and Tenancies

We have not read copies of the leases and have relied on the tenancy summaries included within the Certificates of Title for the purposes of our valuation.

We have not conducted credit enquires into the financial status of any of the tenants. However, in undertaking our valuations we have reflected our understanding of the market perception of the financial status of the tenants. We have also assumed that each tenant is capable of meeting its leasehold obligations and that there are no undisclosed breaches of covenant.

Responsibility

This Valuation Report is provided to the addressees as set out on the first page of this Valuation Report and is issued for inclusion in the Listing Particulars issued by the Issuer and may be used in connection with the transactions referred to in this Valuation Report and for the purposes of the Listing Particulars. This Valuation Report forms part of the Listing Particulars and may be referred to in any supplementary listing particulars.

We hereby consent to the publication of this Valuation Report in the Listing Particulars and accept responsibility for the information contained in this Valuation Report. To the best of our knowledge (having taken all reasonable care to ensure that such is the case) the information given in this Valuation Report is in accordance with the facts and does not omit anything likely to affect the import of such information.

With the exception of this Valuation Report, we do not accept any liability in relation to the information contained in the Listing Particulars or any other information provided by the Guarantor, the Additional Chargor or any other party in connection with the placement, offer or listing. The Valuation Report may not be reproduced or used in connection with any purpose other than as described in this Valuation Report without our prior written consent.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'P. O'Brien', with a long horizontal flourish extending to the right.

Peter O'Brien BSc (Hons) MRICS
Director

For and on behalf of
Jones Lang LaSalle Limited



Schedule of Properties

Property Address
EDINBURGH, Queen Anne Drive
HARROW, Waverley Industrial Park
KETTERING, Baron Avenue Trade Park
LONDON NW10, Pilot Industrial Centre
LONDON W1, 8 Queen Anne Street
NORWICH, Sweet Briar Retail Park
OXFORD, Nuffield Way
PETERBOROUGH, Kingsbridge Centre, Sturrock Way
SOUTHEND, Greyhound Retail Park
ST.ALBANS, St Peter's House, Victoria Street
WATFORD, Watford Business Park
WIMBLEDON, Sainsburys, Worple Road/St. Georges Road
LONDON W1, Heron Place / Thayer Street (basement and ground floor)

TAXATION

United Kingdom Taxation

The following is a general description of certain United Kingdom tax considerations relating to the Bonds and is based on the Issuer's understanding of current United Kingdom law and the published practice of HM Revenue & Customs ("HMRC"), which may be subject to change, sometimes with retrospective effect. It applies only to the position of persons who are absolute beneficial owners of their Bonds. It describes only the United Kingdom withholding tax treatment of payments of interest in respect of the Bonds. It does not deal with any other aspect of the United Kingdom taxation treatment of acquiring, holding or disposing of the Bonds.

Prospective holders of Bonds who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom are advised to consult their own professional advisers.

The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Bondholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Bonds are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Bonds. In particular, Bondholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Bonds even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

Interest on the Bonds

The Bonds will constitute "quoted Eurobonds" within the meaning of section 987 of the Income Tax Act 2007 (the "**Act**") provided they are and continue to be listed on a recognised stock exchange, within the meaning of section 1005 of the Act. While the Bonds are and continue to be quoted Eurobonds, payments of interest by the Issuer on the Bonds may be made without withholding or deduction for or on account of United Kingdom income tax. Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000, as amended) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The London Stock Exchange is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the Professional Securities Market of the London Stock Exchange may be regarded as "listed on a recognised stock exchange" for these purposes.

In other cases, absent a relief or exemption (such as a direction by HMRC that interest may be paid without withholding or deduction for or on account of United Kingdom income tax to a specified Bondholder following an application by that Bondholder under an applicable double tax treaty), an amount must generally be withheld on account of United Kingdom income tax at the basic rate (currently 20 per cent.) from payments of interest on the Bonds.

The reference to "interest" in this United Kingdom Taxation section means "interest" as understood in United Kingdom tax law, and in particular any premium element of the redemption amount of any Bonds redeemable at a premium may constitute a payment of interest subject to the withholding tax provisions discussed above. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the Terms and Conditions of the Bonds or any related documentation.

Payments by Guarantor

If the Guarantor makes any payments in respect of interest on the Bonds (or other amounts due under the Bonds other than the repayment of amounts subscribed for the Bonds) such payments may be subject to UK withholding tax at the basic rate (currently 20 per cent.), subject to such relief as may be available

under an applicable double tax treaty (a "**Treaty**"), or to any other exemption which may apply. Where such a Treaty relief is available, and the applicable conditions in the relevant Treaty are satisfied, the Bondholder should be entitled to a refund of tax withheld, provided it complies with the applicable formalities relating to such claim within the relevant limitation period. It may, however, not in practice be possible for the Bondholder to obtain a direction for the guarantee payments to be made free from withholding tax. Such payments by the Guarantor may not be eligible for any of the other exemptions described above.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, other than Estonia, a "**participating Member State**"). However, Estonia has since ceased to participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary' market transactions) in certain circumstances.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

SELLING RESTRICTIONS

The United States of America

The Bonds and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each of the Issuer and the Guarantor will not offer, sell or deliver the Bonds, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Bonds, within the United States or to, or for the account or benefit of, U.S. persons, and will send to each dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons.

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

United Kingdom

Each of the Issuer and the Guarantor further represents, warrants and undertakes that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

General

Persons into whose hands these Listing Particulars come are required by the Issuer and the Guarantor to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Bonds or possess, distribute or publish these Listing Particulars or any other offering material relating to the Bonds, in all cases at their own expense.

GENERAL INFORMATION

1. Authorisation

The creation and issue of the Bonds has been authorised by a resolution of the Board of Directors of the Issuer dated 21 October 2017. The giving of the Guarantee by the Guarantor has been authorised by a resolution of the Board of Directors of the Guarantor dated 17 October 2017.

2. Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had since the date of its incorporation, a significant effect on the financial position or profitability of the Issuer.

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Guarantor is aware), which may have, or have had during the 12 months prior to the date of these Listing Particulars, a significant effect on the financial position or profitability of the Guarantor and /or the Group.

3. Significant/Material Change

There has been no material adverse change in the prospects of the Issuer nor any significant change in the financial or trading position of the Issuer since 20 October 2017, being the date of its incorporation.

Since 30 September 2016 there has been no material adverse change in the prospects of the Guarantor nor any significant change in the financial or trading position of the Guarantor or the Group.

4. Auditors

The auditors of the Issuer are Deloitte LLP. As at the date of these Listing Particulars no financial statements have been prepared in respect of the Issuer.

The consolidated financial statements of the Guarantor have been audited without qualification in accordance with generally accepted accounting principles in the United Kingdom for the years ended 30 September 2015 and 30 September 2016 by Deloitte LLP, a member firm of the Institute of Chartered Accountants of England and Wales.

5. Documents on Display

For so long as the Bonds are listed on the London Stock Exchange and the rules of that exchange so require, physical copies of the following documents may be inspected during normal business hours at the offices of the Issuer at 8 Queen Anne Street, London, W1G 9LD and at the offices of the Principal Paying Agent:

- (a) the constitutive documents of the Issuer;
- (b) the constitutive documents of the Guarantor;
- (c) the Agency Agreement, the Security Agreements and the Bond Trust Deed (which includes the Guarantee); and
- (d) the audited consolidated financial statements of the Guarantor for the year ended 30 September 2015 and the audited consolidated financial statements of the Guarantor for the year ended 30 September 2016.

6. Material Contracts

There are no material contracts entered into other than in the ordinary course of any of the Issuer's, the Guarantor's or a member of the Group's business, which could result in any of the Issuer, the Guarantor or a member of the Group being under an obligation or entitlement that is material to

the Issuer's ability to meet its obligations to Bondholders in respect of the Bonds or the Guarantor's ability to meet its obligations in respect of the Guarantee.

7. **Yield**

On the basis of the issue price of the Bonds of 100 per cent. of their principal amount, the yield in the Bonds is 4.255 per cent. on an annual basis. This figure is calculated on the basis of the issue price and as at the date of these Listing Particulars, and is not an indication of future yield.

8. **ISIN and Common Code**

The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN is XS1727497122 and the common code is 172749712.

9. **Clearing Systems**

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

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