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# HERMES PROPERTY UNIT TRUST

General Information Memorandum

For professional investors only

[www.hput.co.uk](http://www.hput.co.uk)

  
**HERMES**  
INVESTMENT MANAGEMENT

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## Description of the Trust

This communication is directed only at Professional Clients or Eligible Counterparties, as defined in the Glossary to the Financial Conduct Authority's Handbook of Rules and Guidance.

### Key Features

The Trust is an unauthorised, tax exempt open-ended property unit trust and an Alternative Investment Fund ("AIF") as defined in the UK Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773). It was created in 1967 to enable Unit Holders to participate mutually in a professionally managed scheme investing in real property without prejudicing their tax exempt status whilst also freeing them from the burden of management.

The Trust is a balanced property unit trust which owns a diversified portfolio of real estate investments on behalf of underlying Unit Holders. Its key features are as follows:

- Performance objective – To out-perform the benchmark by 50 basis points per annum on a three year rolling basis.
- Investment philosophy – A core/satellite approach to portfolio construction. This reflects a core portfolio of property investments expected broadly to match property market returns, but with prospects for enhanced returns through exposure to higher risk/return investments in the satellite component.
- Fees – To ensure alignment between the Trust Manager and returns to Unit Holders, the Trust Manager receives a base fee which is augmented with a performance fee for outperformance against the benchmark. Fees payable to the Trust Manager are capped.
- The Appointments Committee is wholly independent of the Trust Manager and is responsible for the appointment, removal and remuneration of the Trust Manager, the Trustee and the independent auditors, each subject to ratification by Unit Holders and the independent valuer.
- The Trust Manager is the legal operator of the Trust.

### Investment Strategy and Objectives

The investments of the Trust consist primarily of freehold and leasehold land and buildings. It is the policy of the Trust Manager to spread these investments over a wide range of properties, so as to maintain a balanced investment portfolio with capital growth potential and beneficial yield. Properties may also be acquired, developed or otherwise dealt with jointly alongside other investors, particularly where these provide Unit Holders with exposure to property assets of a type or size that would not be appropriate for the Trust's portfolio if they were to be held directly.

The Trust Manager follows policies and practices designed to enhance property returns whilst minimising risk. These are summarised as follows:

- The portfolio of properties held by the Trust will be diversified between sectors dependent upon the potential returns from each sector. The Trust may also invest in non-core sectors of the property market which display beneficial performance characteristics.
- The Trust may invest alongside other investors in pooled investments where these provide exposure to assets of a size, type or location that are expected to provide enhanced returns. The amount of exposure to jointly held assets is carefully controlled in accordance with the Trust's investment restrictions.
- Properties will be acquired where the characteristics of the investment itself indicate outperformance through a combination of above average rental growth prospects and advantageous movements in capitalisation yield.
- Properties acquired will mainly be let to tenants of a good financial covenant where risk of default is considered to be low, although this will be balanced with acquisition of investments which offer the potential of future value enhancement as a result of active management.
- There will be a continuing programme of upgrading existing properties to improve rental growth prospects and capital values wherever appropriate by refurbishment, redevelopment or lease restructuring.
- Before developments are undertaken, either directly or in association with third parties, a careful review of the risk to reward ratio of the potential development will take place to ensure an acceptable balance for that project and for the Trust as a whole, and that development will be compliant with the Trust's investment restrictions.

### Responsible Property Investment ('RPI')

The Trust Manager has in place RPI practices and procedures that touch on all aspects of the ownership of the Trust's investment portfolio. When assets are acquired their RPI credentials are screened and when brought into the portfolio each asset becomes a part of the wider monitoring and review that applies to all property investments held by the Trust.

## Statement of Principles

Hermes Property Unit Trust operates under the following core principles:

- The Trust observes high standards of integrity and fair dealing at all times, in accordance with the obligations set out in the Trust Deed for the benefit of Unit Holders.
- The Trust maintains an open dialogue with Unit Holders. As part of this it provides Unit Holders with timely information enabling them to make informed decisions about the Trust.
- The Trust seeks to enhance the capital and income potential of its assets in a manner consistent with its risk objectives and investment policy.
- The Trust will manage its assets taking into consideration the relevant environmental and socioeconomic risks and opportunities which contribute to the potential of an investment to deliver long-term investment performance for Unit Holders.
- The Trust actively engages with its occupiers to develop long-term relationships in order to maximise portfolio value for its Unit Holders.
- The Trust complies with 'The Association of Real Estate Funds' Code of Practice and with relevant codes or standards in force that apply to the Trust.

## Management of the Trust

### Appointments Committee

The Appointments Committee consists of at least three, and at most eight, members. Each year at least one third of the Appointments Committee retires at the Annual General Meeting and is then eligible for re-election by Unit Holders.

The Appointments Committee is responsible for the appointment, removal and remuneration of both the Trust Manager and the Trustee, each subject to ratification by Unit Holders, the independent Auditors and the independent valuer.

The current membership of the Committee is:

#### David Nicol BA (Hons) CA – Chairman

David is a Chartered Accountant and worked for Morgan Stanley from 1984 until 2010 taking various senior operational roles. He was chair of Morgan Stanley Pension Trustee Limited and non-executive chair of the audit committee of Morgan Stanley International until the end of 2011. He is currently Chief Executive of Brewin Dolphin plc and a member of the Council of ICAS. David accepted the position of trustee for The Urology Foundation in 2017.

#### Caroline Burton MA

Formerly Executive Director of Investments, Guardian Royal Exchange plc, Caroline is currently an investment advisor to a number of local authority pension funds and holds non-executive positions at LV= and TR Property Investment Trust.

#### Paul Clark BA (Hons) MPhil

Paul is Chief Investment Officer at the Crown Estate, previously Director of Investment and Asset Management since 2007, prior to that he ran the Church Commissioners global real estate investment portfolio. He is also a non-executive Director of Ronson Capital Partners and sits on various industry bodies including the Policy Committee of The British Property Federation.

#### Sue Clayton BSc FRICS

Sue is an Executive Director at CBRE, the global property advisers, where she has specialised in UK investment markets for over 25 years. Sue is a Non-Executive Director of Helical Plc where she chairs the Valuation Committee and sits on the Audit and Remuneration Committees. She is a Trustee of the Reading Real Estate Foundation. Barwood Capital Ltd have appointed Sue as Chair of its Barwood Property Fund 2017.

#### Andrew McIntyre MA, ACA

Andrew is a non-executive director of C. Hoare & Co and Ecclesiastical Insurance Group plc, and was previously a board member and chairman of Southern Housing Group Limited. He was a partner at Ernst & Young for 28 years. He also served on the firm's board and was a trustee of the firm's pension schemes. Andrew is a trustee of the Centre for Economic Policy Research and a member of the Financial Reporting Council Review Panel.

### Trust Manager and the HPUT Committee

Under the terms of the Trust Deed, Hermes Alternative Investment Management Limited has been appointed by the Appointments Committee to undertake all portfolio and risk management activities. The Trust Manager has formed a committee, known as the HPUT Committee, through which it considers certain matters on behalf of Unit Holders. Each of the members of the HPUT Committee is a member of the Appointments Committee. Each person is Financial Conduct Authority approved in respect of the activities they perform through the HPUT Committee.

The Trust Manager delegates certain of its property portfolio activities to Hermes Real Estate Investment Management Limited. Both Hermes Alternative Investment Management Limited and Hermes Real Estate Investment Management Limited are subsidiaries of Hermes Fund Managers Limited, which is wholly owned by the largest occupational pension scheme in the UK, the BT Pension Scheme.

Hermes Real Estate Investment Management Limited is one of the largest real estate managers in the UK with approximately £8.5 billion of gross assets under management (as at 31 March 2017).

### Key Personnel

#### Chris Mathew – Fund Director, Hermes Real Estate Investment Management Limited

Chris has been Fund Director of the Trust since July 2006 having previously been the Trust's Investment Manager. Chris qualified as a chartered surveyor in 1995 and prior to joining Hermes in July 2002 was an associate partner in the valuation consulting team of Drivers Jonas. Before joining Drivers Jonas, Chris worked at King Sturge and the Investment Property Databank.

#### Kirsty Wilman

Kirsty is Director of Finance and Operations in Hermes Real Estate having joined the team in 2010. She is responsible for the financial reporting, controls environment and operations for all Real Estate client mandates including the Trust. Prior to joining Hermes Real Estate, Kirsty was at Ernst and Young in Audit and Assurance working with Real Estate and Entrepreneurial clients. She qualified as a Chartered Accountant in 2005.

#### Gareth Davies

Gareth Davies joined Hermes in May 2016 as Head of Client Relationship Management and is responsible for building and developing relationships with clients across multiple distribution channels. Before joining Hermes, Gareth was a Managing Director at BlackRock, responsible for relationships with some of BlackRock's largest UK institutional investors. Gareth holds an MA in Engineering from the University of Cambridge and is a Fellow of the Institute of Actuaries.

## Principal Features of the Trust

### Constitution

The Trust is constituted by an amended and restated trust deed (the "Trust Deed") between the Appointments Committee, the Trust Manager and the Trustee. The Trust Deed ensures control by the Unit Holders through their power to appoint the members of the Appointments Committee.

The Appointments Committee may, subject to the approval of Unit Holders, remove the Trustee and the Trust Manager.

### Membership

The Trust Deed restricts the holding of Units to Exempt Funds. An "Exempt Fund" is defined in the Trust Deed to mean any person (including a body of persons or body corporate), trust, fund or unincorporated association that is wholly exempt (otherwise than by reason of residence) from capital gains tax or corporation tax on capital gains in the United Kingdom or which may hold Units in the Trust without prejudicing the total exemption of the Trust from tax on capital gains under Section 100(2) of the Taxation of Chargeable Gains Act 1992 including, as the context may require, any person or persons in whom the assets comprised in any such trust, fund or unincorporated association are from time to time vested or the persons having the conduct or administration thereof.

### Important Information

Should a Unit Holder not have, or cease to have, wholly exempt status, it must immediately notify the Trust Manager. If a Unit Holder fails to evidence exempt status when required to do so its Units will be cancelled. If a Unit Holder ceases to have such exempt status then its Units shall be cancelled or otherwise dealt with as permitted by the Trust Deed. The Trust Manager empowered to request information at any time in order to satisfy itself that Unit Holders are Exempt Funds. The Trust Manager may refuse to register any applicant as a Unit Holder if the Trust Deed requirements are not adhered to.

### Taxation

So long as all Unit Holders are Exempt Funds, the Trust will be exempt from capital gains tax under Section 100(2) of the Taxation of Chargeable Gains Act 1992. Distributions are paid without withholding income tax in line with the Unauthorised Unit Trusts (Tax) Regulations 2013.

### Operation of the Trust

The Trust Manager is the legal operator and manager of the Trust. The Trustee holds all of the assets of the Trust on behalf of the Unit Holders and ensures that the Trust is managed and operated in accordance with the terms of the Trust Deed.

### Trust Management

As noted on page 5 the Appointments Committee has appointed the Trust Manager to undertake all portfolio and risk management activities – this includes the management of the Trust's properties, setting and monitoring investment policy and general strategy as well as undertaking unit registration, finance, secretarial and administrative functions. Marketing activities are delegated to Hermes Investment Management Limited, a regulated company in the same group. The HPUT Committee approve investment strategy and set and monitor a framework of investment constraints within which the Trust Manager acts with wide discretion in the management of the Trust's real estate portfolio. The Trust Manager has delegated certain property activities to Hermes Real Estate Investment Management Limited.

The Estate Managers listed in the directory of this Information Memorandum have been appointed by the Trust to undertake the day to day management of the Trust's properties, including rent collection.

### Meetings

The Appointments Committee is responsible for convening an Annual General Meeting of all Unit Holders once a year. Notice is given in the Trust's Annual Report and Accounts at least 21 days prior to the date of the meeting.

### Investment Constraints

The Trust Manager may invest in property and property related investments, the latter to include shares, units, bonds or debentures or other interests in any company or collective investment scheme whose principal business is property investment or development. The Trust Manager may also enter into Derivative Transactions subject to approval by the HPUT Committee for the purposes of prudent portfolio management where such investments derive their value from property or are based on a property return index. The aggregate of any such Derivative Transactions entered into must not exceed 15% of the value of the Trust's Deposited Property in accordance with the terms of the Trust Deed.

The Trust Manager sets constraints on the proportions that may be invested in indirect vehicles, developments and joint vehicles. These are monitored regularly by the HPUT Committee; the Real Estate Investment Manager must comply with these constraints in the investment management of the Trust but subject to HPUT Committee discretion. A summary of the investment constraints is set out below:

- Co-investment – not more than 10% of gross asset value to be held in investments alongside other investors.
- Debt – no more than 30% of gross asset value. There are also constraints on the level of gearing set out in the Trust Deed.
- Development – exposure to be no more than 10% of gross asset value.

## Principal Features of the Trust – continued

- Cash – usually no more than 10% of gross asset value, or subject to a waiting list for new investors to be implemented from time-to-time.
- Maximum relative property size – 10% of gross asset value.
- Approval is required for any purchase of leasehold interests with an unexpired term of less than 50 years, non-standard sectors and for the purchase of listed or indirect investments.
- The aggregate value of any Derivative Transactions entered into must not exceed 15% of gross asset value. Any derivative transactions will be approved by the HPUT Committee.

### Custody of Investments and Money

The Trust Manager shall promptly pay monies it receives from clients into a segregated client account but pending such payment such monies shall not be treated as client money for the purposes of Financial Conduct Authority rules. In consequence the money will not be subject to the protections conferred by the client money rules.

The Trustee and Depositary, National Westminster Bank Plc, is required to safeguard the property of the Trust and the rights attaching thereto by way of segregation and identification of assets.

### Accounts and Reports

The Trust publishes its audited Annual Report and Accounts to 25 March each year and its unaudited Interim Report and Accounts to 29 September. Each Unit Holder also receives a quarterly update on the performance of the Trust.

The Trust Manager, in its capacity as Alternative Investment Fund Managers of the Trust for the purposes of Alternative Investment Fund Managers Directive, is obliged to disclose certain information to investors, including liquidity (although the Trust does not have liquidity arrangements and is not anticipated to have any liquidity arrangements) and leverage, and reference will be made to these matters in the Annual and Interim Report and Accounts.

### Association of Real Estate Funds ("AREF")

The Trust is a member of AREF and the Real Estate Investment Manager is represented on the AREF Committee. The Appointments Committee and the Trust Manager support and meet the objectives of the AREF Code of Practice.

## Units

### Buying Units

Units may be purchased at the Offer Price on twelve Subscription Dates annually. These are 26 January, 26 February, 26 March, 26 April, 26 May, 25 June, 26 July, 26 August, 30 September, 26 October, 26 November and 26 December or in each case the next following business day. The minimum initial investment is 10,000 Units and subsequent applications must be for a minimum of 1,000 Units. All applications for Units should be made using the Form of Application as scheduled to this Information Memorandum which should be returned to the Trust Manager once completed.

All applications (which for initial applications must be for a minimum of 10,000 Units) should be accepted and allotted in full, however the Trust Manager reserves the right to refuse applications or to scale them down. In addition, in order to control liquidity levels, the Trust may operate a waiting list with respect to the issuance of new Units.

The Form of Application for Units incorporates an indemnity and is accompanied by a Form of Authority addressed to HMRC authorising them to advise the Trust Manager in the event of the Unit Holder ceasing to be an Exempt Fund. The applicant will also need to provide confirmation from HMRC that they are eligible to invest. An example letter requesting this confirmation is attached.

These provisions are designed to protect the tax position of the Trust and enable immediate steps to be taken to secure disposal of the holding of a Unit Holder who no longer has exempt fund status.

When a waiting list is in operation, prospective Unit Holders are able to invest either as soon as Units are created or on a phased basis. In either case, Unit Holders are added to the list in date and time order following receipt by the Trust Manager of a completed Form of Application. Confirmation of Exempt Fund status is required from HMRC for new investors before any units can be issued.

If an investor's order is either not filled, or is only partly filled in a particular month, they retain their place on the waiting list until their original order is satisfied. A potential investor may choose not to take up the subscription that has been applied for on one occasion but any subsequent refusal may result in their application, or in the case of phased investors, that proportion of their application, being removed from the waiting list. In such cases the investor may write to the Trust Manager requesting that their application remain on the waiting list. This application would then be treated as a new request and would therefore be added to the waiting list in date and time order.

### Payments for Units

Payment must be made direct to the Trust by telegraphic transfer in Pounds Sterling by the fifth business day after the relevant Subscription Date. Units are issued on the Subscription Date. Interest will be charged on late payments.

### Disposal of Units by Transfer

The Trust Manager operates a Unit matching service and may be able to help facilitate early encashment for Unit Holders wishing to dispose of their Units.

A Unit Holder may, subject to the requirements of the Trust Deed, transfer some or all of their Units to another Exempt Fund, at a price agreed between them. Transfers between Exempt Funds will take effect on the Register at the next Subscription Date, following receipt by the Trust of the completed transfer.

Secondary market trades are published on the Trust's website: <https://www.hermes-investment.com/uki/capabilities/real-estate/hermes-property-unit-trust/hput-secondary-market-trades/>

### Disposal of Units by Auction

A Unit Holder wishing to dispose of Units may do so using the auction service provided by the Trust Manager, who acts as facilitator only in relation to these transactions. In such circumstances any parties who have registered an interest with the Trust Manager are invited to submit a bid to the Trust Manager for the Units on offer by a specified date.

The single highest bidder is awarded the Units following acceptance of the price by the seller. In the event that two or more prospective investors submit the same highest bid, they will each be asked to submit a best and final offer. The sale of Units will take effect on the Register at the next Subscription Date. Interest will be charged on late payments.

An auction request may be submitted to the Trust Manager at any time. However, requests for an auction received after the 8th calendar day of a month up to and including the Subscription Date of that same month will be actioned on the day following that Subscription Date, for trade and settlement on the following month's Subscription Date.

Requests for an auction received after a Subscription Date up to and including the 8th calendar day of the following month will be actioned as soon as possible for trade and settlement at the next following Subscription Date.

In the event that more than one unit holders submit an auction request for the same month, the highest bid(s) will be offered to the sellers in date and time order that their auction requests were received.



## Units – continued

### Disposal of Units by Redemption

Unit Holders wishing to redeem their Units must notify the Trust Manager in writing to take effect at the following Notice Date, being 26 March, 25 June, 30 September and 26 December. Within the six week period following the relevant Notice Date the Trust Manager will notify those Unit Holders either (i) that their redemption has been accepted and of the Effective Sale Date on which their Units will be cancelled or (ii) that their redemption request will be deferred either in whole or in part. In certain circumstances the Trust Manager may defer the redemption of some or all of the Units for up to three consecutive quarters.

A waiting list for redemptions will be operated on a first come first served basis. If a Unit Holder wishes to acquire Units during a redemption notice period, Units held by those on the waiting list will be offered to the prospective purchaser in date order.

Redemption proceeds will be paid to Unit Holders on the next following Notice Date or such earlier date should the Trust Manager so decide. The Trust Manager has the right to defer redemptions if:

- it would be bound to sell, mortgage or charge the Trust's assets in circumstances it believes to be contrary to the interests of the Unit Holders as a whole; or
- in its opinion the redemption would have an adverse effect on the cash flow of the Trust following redemption. In forming its opinion the Trust Manager will consider operational expenditure and working capital including but not limited to contracted receipts, committed capital expenditure and reasonably foreseeable costs to be incurred over the following nine months on the Trust's portfolio of properties.

### Pricing

The Trust issues Units at the Offer Price and redeems Units at the Bid Price. The Offer Price is calculated as the Fair Value of a Unit plus the estimated acquisition costs of property. The Bid Price is calculated as the Fair Value of a Unit less the estimated selling costs of property.

The Fair Value is based on the market value of the Trust's Deposited Property adjusted for any other circumstances the Trust Manager deem to be material. Both Offer and Bid Prices are calculated and published on a monthly basis.

Prices are published in the Financial Times and on the Trust's website: <https://www.hermes-investment.com/uki/capabilities/real-estate/hermes-property-unit-trust/hput-dealing/>

### Income

All income arising on the Trust's assets belongs beneficially to Unit Holders and therefore does not form part of the Bid or Offer Price. Income is allocated to each Unit Holder on a monthly basis and distributions are made quarterly for the periods ending 24 June, 29 September, 25 December and 25 March. Payment is made on or around 15 August, 15 November, 15 February and 15 May respectively or the preceding business day. In the case of new Unit Holders, the initial distribution is calculated pro-rata from the date of registration to the end of the first quarterly accounting period.

A reinvestment of income facility is available for Unit Holders of the Trust. Should a Unit Holder wish to take advantage of this reinvestment service a completed application form must be received by the Trust Manager prior to the Subscription Date immediately following payment of each quarterly distribution. Such reinvestment is made at the Offer Price prevailing at the Subscription Date when the reinvestment is to take place.

### Title to Units

Title to Units shall be evidenced by an entry in the Register. The Trust Manager shall not issue certificates to Unit Holders. A statement shall be sent to each Unit Holder annually detailing the number of Units held as at 29 September together with transactions during the preceding twelve months.

## Fees and Charges

### Management Fees

The Trust Manager is entitled to receive a fee of 0.10% per annum of the quarterly net asset value of the Trust, subject to a minimum fee of £400,000 per annum in relation to its duties as Trust Manager other than in respect of Real Estate Related Services.

The Trust Manager is also entitled to receive a fee of 0.30% per annum of the quarterly net asset value of the Trust, subject to a minimum fee of £900,000 per annum in respect of Real Estate Related Services. In addition, the Trust Manager may receive performance related fees for Real Estate Related Services if the performance of the Trust exceeds the average weighted total return of the agreed benchmark, being the average return on the IPD UK Other Balanced Property Fund Index Weighted Average Returns, on a three year rolling average basis. The amount of the fee is calculated as 17.5% of the out-performance generated. Fees for Real Estate Related Services are capped at 0.70% of the net asset value of the Trust at the end of the calendar year.

The Trust Manager delegates Real Estate Related Services to Hermes Real Estate Investment Management Limited.

### Appointments Committee Fees

The Appointments Committee is remunerated in respect of each accounting period an amount that will not exceed 0.05% of the gross asset value of the Trust. Remuneration accrues daily and is payable quarterly in arrears.

The members of the Appointments Committee are paid out of the assets of the Trust and receive no additional remuneration for their appointment on the HPUT Committee.

### Other Charges

The Trust bears the cost of the Trustee, auditors, valuers, estate managers and the Appointments Committee and any other fees reasonably and properly incurred on behalf of the Trust. Neither the Trust nor the Trust Manager retains commission and service charge rebates.

The Trustee is entitled to receive a fee based on the Trust's net asset value, which is calculated and paid quarterly in arrears. The Trustee's fee entitlement is 0.030% per annum on the first £100 million, 0.015% per annum on the next £200 million and 0.010% per annum of the Trust's net asset value over £300 million. The terms of this fee arrangement are subject to review on an annual basis by the Appointments Committee.

## Responsibilities and Governance

### Appointments Committee

The Appointments Committee is appointed to act on behalf of Unit Holders – it is responsible for the appointment and removal of the Trust Manager, the Trustee, the independent auditors, and the independent valuer, each subject to ratification by Unit Holders, and the remuneration of both the Trust Manager and Trustee. The Appointments Committee is also required by the Trust Deed to approve the financial statements of the Trust at the end of each annual accounting period – such financial statements are considered by the Unit Holders annually at the Trust's Annual General Meeting. The Appointments Committee has taken all reasonable steps to ensure compliance with its responsibilities.

New members of the Appointments Committee are appointed by Unit Holders at the Trust's Annual General Meeting; at least one third of the members are considered for re-election each year. Simon Melliss and David Nicol were re-appointed to the Appointments Committee in July 2016. The Appointments Committee met four times during the current financial year.

The Appointments Committee is supported by the following two Committees:

The Audit Committee – duties include the review of external audit arrangements, external audit reports and review of the auditors' statements on effectiveness of systems for internal control and risk management. It is also responsible for the review of interim and annual financial statements before submission for approval by the Appointments Committee. The Audit Committee met twice during the current financial year to review the financial statements.

The Audit Committee's principal responsibilities include:

- monitoring and reviewing the auditors' independence, objectivity and effectiveness of the audit process, and considering the appointment of the auditor;
- discussing and agreeing the scope of the audit and reviewing the auditors' response to changes in the regulatory requirements;
- reviewing the interim and annual financial statements prior to submission to the Appointments Committee including advice on whether they are fair, balanced and understandable;
- discussing issues and management recommendations that arise with the external auditors;
- agreeing any non-audit services; and
- considering major findings from any controls reports produced by external or internal auditors.

During this financial year, the Audit Committee discussed and considered:

- the scope of the audit and the risks identified by the auditors during the planning stage;
- the re-appointment of the external auditors;
- the significant risks to the financial statements and the audit response to these concluding that this response is appropriate and that no errors or issues have been identified arising from these; and
- the output from the Audit & Assurance Faculty (AAF) report produced by external auditors, Deloitte LLP.

As a result of this activity the Audit Committee were able to conclude that the interim and annual financial statements were fair, balanced and understandable.

The Audit Committee consists of David Nicol (Chairman), Sue Clayton and Caroline Burton.

The Nominations Committee considers the appointment of new members and consists of David Nicol (Chairman), Sue Clayton and Caroline Burton.

### Trust Manager

The Trust Manager is required to manage and administer the Trust in accordance with the Trust Deed and has responsibility for all portfolio and risk management matters. It is responsible for the approval of amounts to be distributed and for the issuance of financial statements subject to approval by the Appointments Committee.

In June 2013, the Trust Manager formed the HPUT Committee through which it considers certain matters on behalf of Unit Holders including investment constraints. It comprises only the members of the Appointments Committee and met four times during the current financial year.

The HPUT Committee is supported by the Asset Plan Committee. The Asset Plan Committee's duties include the detailed review of the investment process and of the strategic property plans for each individual asset within the Trust's portfolio. Its membership consists of Paul Clark (Chairman) and Sue Clayton. The Asset Plan Committee met twice formally and informally on various occasions during the current financial year.

### Trustee

The role of the Trustee includes:

- ensuring that the Trust is managed by the Trust Manager in accordance with the Trust Deed and that proper accounting records have been maintained;
- safeguarding the property of the Trust and the rights attaching thereto by way of segregation and identification of assets; and
- taking all reasonable steps to ensure the investment and borrowing powers are complied with.

### Governance

The Appointments Committee and the Trust Manager are committed to a high standard of corporate governance in the operation of the Trust.

### Regulation and Legislation

The Trust Manager is responsible for dealing with its regulator, the Financial Conduct Authority, in an open and co-operative manner. The Trust Manager will inform the regulator promptly of anything concerning the Trust which might reasonably be expected to be disclosed.

The Trust Manager is also responsible for ensuring that all applicable legislation and regulations including but not limited to the Bribery Act 2010 are complied with by the Trust. It is required to maintain adequate procedures that ensure compliance with such legislation and it monitors that such procedures are adhered to.

### Conflicts of Interest

The Appointments Committee and the Trust Manager will seek to avoid any conflict of interest arising. Should a conflict arise, they have a duty to ensure fair treatment of all Unit Holders.

## Important Notes for Investors

This communication is directed only at Professional Clients or Eligible Counterparties, as defined in the Glossary to the Financial Conduct Authority's Handbook of Rules and Guidance. Any investment or investment activity to which this communication relates is only available to, and will only be engaged in with, such persons and any other persons who receive this communication should not rely on or act upon this communication.

The Hermes Property Unit Trust ("HPUT" or the "Trust") is constituted by an amended and restated trust deed between the Appointments Committee, the Trust Manager and the Trustee. The Trust Manager is regulated by the Financial Conduct Authority, is the legal operator of the Trust and is responsible for setting the investment policy and strategy of the Trust. The Trustee is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The Trust Manager has overall responsibility for the operation and management of the Trust.

This document has no regard to the specific investment objectives, financial situation or particular needs of any of its recipients. This document (whose contents are subject to change and are updated quarterly) is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Prospective investors must rely on their own examination of the legal, taxation, financial and other consequences of an investment in HPUT, including the merits of investing and the risks involved. Prospective investors should not treat the contents of this document as advice relating to legal, taxation or investment matters. Before entering into an agreement in respect of an investment referred to in this document, you should consult your own professional and/or investment advisers as to its suitability for you and should understand that statements regarding future prospects may not be realised. No action should be taken or omitted to be taken in reliance upon information in this document.

The opportunities described in this document have unique risks that may make them unsuitable for certain investors and past performance may not be indicative of future results. It is important to note that the underlying volatility and risk of the Trust's portfolio and that of its benchmark index may vary materially.

Property is an illiquid investment and may result in deferment of redemption of Units. The value of the property is a matter of a valuer's opinion rather than fact.

Units in the Trust are intended to represent a medium to long-term investment and should not be regarded as a short-term holding. The Trust is not an authorised unit trust scheme for the purposes of the Financial Services and Markets Act 2000 and the Income and Corporation Taxes Act 1988.

### Rights of Complaint

Should a cause for complaint arise, details should be sent to:

The Trust Manager – Hermes Property Unit Trust, Hermes Alternative Investment Management Limited, Lloyds Chambers, 1 Portsoken Street, London E1 8HZ

Email: [kirsty.wilman@hermes-investment.com](mailto:kirsty.wilman@hermes-investment.com)  
Telephone: 020 7680 2225

Any complaints will be dealt with as a matter of urgency in accordance with the Trust's complaints policy. Unit Holders will also have recourse to the Financial Ombudsman if eligible.

### Other Information

#### Application Information

Initial Applicants are reminded to read the notes carefully under the heading "Important Notes for Investors" and are required to complete the Form of Authority AND the Form of Application (both Forms are scheduled to this Information Memorandum).

Existing Unit Holders applying for further Units are only required to complete the specified sections of the Form of Application.

The completion of the Form of Application should be carried out with reference to the relevant published Subscription Date and Offer Price.

#### Contacts for Further Information

Further information and requests for copies of the Trust Deed, Annual Report and other Trust information should be made to Kirsty Wilman via email ([hput@hermes-investment.com](mailto:hput@hermes-investment.com)) or at the address above.

Should existing Unit Holders or potential applicants wish to obtain a wider explanation of the strategy and progress of the Trust, please contact the Client Services Team ([clientservices@hermes-investment.com](mailto:clientservices@hermes-investment.com)) at the address of the Trust Manager.

Hermes Real Estate Investment Management Limited have produced a document which expands on the approach to Responsible Property Investment. If you wish to receive a copy of this paper please contact [hput@hermes-investment.com](mailto:hput@hermes-investment.com).

Unit Holder information is confidential and will not be provided to third parties unless a request is received in writing from the Unit Holder.

## Directory

### Appointments Committee

David Nicol (Chairman)  
Caroline Burton  
Paul Clark  
Sue Clayton  
Andrew McIntyre

### Trust Manager

Hermes Alternative Investment Management Limited  
Lloyds Chambers  
1 Portsoken Street  
London  
E1 8HZ

Tel: 020 7702 0888  
Fax: 020 7680 4711

The Trust Manager's duties include those of Registrar.  
The Trust Manager is authorised and regulated by the Financial Conduct Authority

### Real Estate Investment Manager

Hermes Real Estate Investment Management Limited  
Lloyds Chambers  
1 Portsoken Street  
London  
E1 8HZ

Tel: 020 7702 0888  
Fax: 020 7680 4711

### Trustee and Depositary

National Westminster Bank plc  
135 Bishopsgate  
London  
EC2M 3UR

Registered in England no. 929027

Trustee enquiries should be made to:  
National Westminster Bank plc  
Trustee & Depositary Services  
280 Bishopsgate  
London  
EC2M 4RB

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

### Legal Advisors to the Trust

Berwin Leighton Paisner LLP  
Adelaide House  
London Bridge  
London  
EC4R 9HA

### Independent Auditors

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

### Independent Valuers

Knight Frank LLP  
55 Baker Street  
London  
W1U 8AN

### Estate Managers

Jones Lang LaSalle  
40 Bank Street  
Canary Wharf  
London  
E14 5EG

Workman & Partners  
Rivergate House  
70 Redcliff Street  
Bristol  
BS1 6AL

## Definitions

Throughout this Information Memorandum the following definitions apply:

### Appointments Committee

The Appointments Committee of the Trust, whose current members are set out on page 5.

### Bid Price

The Bid Price is calculated as the Fair Value of a unit less the estimated selling costs of property.

### Deposited Property

All the assets held by the Trust or deemed to be held by the Trust.

### Effective Sale Date

The Notice Date next following the Notice Date on which a redemption notice takes effect for the purposes of redeeming units, or such earlier date if the Trust Manager so decides.

### Eligible Counterparty

- an investment firm;
- a credit institution;
- an insurance company;
- a collective investment scheme authorised under the UCITS Directive or its management company;
- a pension fund or its management company;
- another financial institution authorised or regulated under European Community legislation or the national law of an EEA State;
- an undertaking exempted from the application of MiFID under either Article 2(1)(k) (certain own account dealers in commodities or commodity derivatives) or Article 2(1)(l) (locals) of that directive;
- a national government or its corresponding office, including a public body that deals with the public debt;
- a central bank;
- a supranational organisation.

### Fair Value

Fair Value is based on the market value of the Deposited Property adjusted for any circumstances the Trust Manager deem to be material.

### Gross Asset Value

The value of capital assets held by the Trust.

### HMRC

HM Revenue & Customs.

### HPUT Committee

The committee constituted by the Trust Manager to consider Trust matters and which is described more fully on page 5.

### Independent Valuer

Knight Frank LLP or such other firm as may be appointed by the Appointments Committee to provide an independent market value of properties held by the Trust based on their experience and expertise.

### Notice Date

The date on which Units may be redeemed being 26 March, 25 June, 30 September and 26 December.

### Offer Price

The Offer price is calculated as the Fair Value of a unit plus the estimated acquisition costs of property.

### Professional client

An entity required to be authorised or regulated to operate in financial markets. This includes:

- a credit institution;
- an investment firm;
- any other authorised or regulated financial institution;
- an insurance company
- a collective investment scheme or management company of such scheme
- a pension fund or the management company of a pension fund;
- a commodity or commodity derivatives dealer;
- a local authority;
- any other institutional investor.
- Or, a large undertaking meeting two of the following size requirements on a company basis:
  - balance sheet total of EUR 20,000,000;
  - net turnover of EUR 40,000,000
  - own funds of EUR 2,000,000

### Real Estate Investment Manager

Hermes Real Estate Investment Management Limited who was appointed pursuant to a Real Estate Investment Management Agreement dated 18 July 2013 between it and the Trust Manager.

### Register

Register of Unit Holders.

### Subscription Date

The day each month on which Units may be purchased, being 26 January, 26 February, 26 March, 26 April, 26 May, 25 June, 26 July, 26 August, 30 September, 26 October, 26 November and 26 December or the next following business day.

### Trustee

National Westminster Bank plc.

### Trust Manager

Hermes Alternative Investment Management Limited who is appointed by the Appointments Committee pursuant to a Trust Management Agreement dated 21 July 2014, to manage the Trust and fulfil the duties defined in the Trust Deed.

### Unit

One undivided share in the Trust

### Unit Holder

A registered holder of Units.

# Hermes Property Unit Trust – Application Form

## Form of Application including Indemnity

Applicants who are applying to invest in the Hermes Property Unit Trust for the first time should complete every section of this form. Applicants who are already registered Holders of Units and who wish to apply for additional Units, please complete Sections 1, 2, 3 and 8, together with any other changes in details since their previous application.

Please complete the form in BLOCK CAPITALS. Please ensure you sign the declaration in section 8 and send the completed form to:

The Trust Manager of Hermes Property Unit Trust  
c/o Hermes Real Estate Finance  
Lloyds Chambers  
1 Portsoken Street  
London E1 8HZ

### 1. Beneficial Owner of Units

We hereby certify that the Units will only be held by or on behalf of an Exempt Fund (the "Fund") whose details are as follows. See Note (v):

Full name of the Fund:

Full name of sponsoring company:

Address of the Fund:

  

Primary contact name:

Phone:

Position:

Email:

Secondary contact name:

Phone:

Position:

Email:

Audit and Pension Schemes Services Office of HM Revenue & Customs Pension Scheme Tax Reference No. or SF Number:

Or: HM Revenue & Customs Financial Intermediaries and Claims Office (Trust & Charities Division) Reference No. CB/X

Please indicate if you would like to receive copies of the following (please circle and indicate method of delivery): Statement of Unit Holding: yes / no [ Email / Post ] Annual Report and Accounts: yes / no [ Email / Post ] Copy of the Tax Voucher: yes / no [Email / Post ]

### 2. Unit Holder Details (the name in which the Units are to be registered)

It is not possible to register Units in the name of a specific fund or charity unless the fund or charity itself is a corporate body.

Name of the Unit Holder:

Address:

  

Contact Name:

Phone:

Position:

Email:

PRA/FCA Number (if registered):

Please indicate if you would like to receive copies of the following (please circle and indicate method of delivery):

Statement of Unit Holding: yes / no [ Email / Post ] Annual Report and Accounts: yes / no [ Email / Post ]

Copy of the Tax Voucher: yes / no [Email / Post ]

# Hermes Property Unit Trust – Application Form

## Form of Application including Indemnity

### 3. Subscription Details

Please set out below the number or value of Units of the Trust the Fund wishes to subscribe for.

The minimum initial number of Units is 10,000 and subsequent applications must be for a minimum of 1,000 Units.

Units are subscribed for at the fair value fixed in accordance with the provisions of the deed constituting the Trust (the "Trust Deed"). See Note (vi).

Units subscribed for:  Units

Or

Value subscribed for: £

Preferred subscription date on which the Fund wishes to invest:

Or

Phased investment: please attach a letter setting out the preferred phasing. See note (iv).

### 4. Dividend & Tax Voucher Instructions

#### Dividend Instructions

Distributions are paid by telegraphic transfer; please provide bank account details below:

Bank Name:

Bank Address:

Account in the Name of:

Account Number:

Sort Code:

Reference (optional):

### 5. Fund Advisor, Custodian, Administrator and Investment Manager Details

#### Fund's Advisor/Investment Consultant (if applicable)

Company Name:

Address:

Contact name:

Contact role/title:

Email address:

Telephone number:

Fax number:

PRA/FCA Number (if registered):

Please indicate if you would like to receive copies of the following (please circle and indicate method of delivery):

Statement of Unit Holding: yes / no [ Email / Post ] Annual Report and Accounts: yes / no [ Email / Post ] Copy of the Tax Voucher: yes / no [Email / Post ]



# Hermes Property Unit Trust – Application Form

## Form of Application including Indemnity

### 5. Fund Advisor, Custodian, Administrator and Investment Manager Details (continued)

#### Fund's Custodian (if different from details in section 2)

Company Name:

Address:

Contact name:

Contact role/title:

Email address:

Telephone number:

Fax number:

PRA/FCA Number (if registered):

Please indicate if the Advisor is to receive copies of the following (please circle and indicate method of delivery):

Statement of Unit Holding: yes / no [ Email / Post ] Annual Report and Accounts: yes / no [ Email / Post ] Copy of the Tax Voucher: yes / no [ Email / Post ]

#### Fund's Administrator (if applicable)

Company Name:

Address:

Contact name:

Contact role/title:

Email address:

Telephone number:

Fax number:

PRA/FCA Number (if registered):

Please indicate if you would like to receive copies of the following (please circle and indicate method of delivery):

Statement of Unit Holding: yes / no [ Email / Post ] Annual Report and Accounts: yes / no [ Email / Post ] Copy of the Tax Voucher: yes / no [ Email / Post ]

# Hermes Property Unit Trust – Application Form

Form of Application including Indemnity

## 5. Fund Advisor, Custodian, Administrator and Investment Manager Details (continued)

### Fund's Investment Manager

Company Name:

Address:

Contact name:

Contact role/title:

Email address:

Telephone number:

Fax number:

PRA/FCA Number (if registered):

Please indicate if you would like to receive copies of the following (please circle and indicate method of delivery):

Statement of Unit Holding: yes / no [ Email / Post ] Annual Report and Accounts: yes / no [ Email / Post ] Copy of the Tax Voucher: yes / no [Email / Post ]

## 6. Reporting Requirements

Please detail below those people who you would like to receive the HPUT Quarterly Update.

Name:

Email address:

Address:

[Email/Post] (please indicate method of delivery)

Name:

Email address:

Address:

[Email/Post] (please indicate method of delivery)

# Hermes Property Unit Trust – Application Form

## Form of Application including Indemnity

### 7. Authorised Signatories

All new applicants must complete this section. Alternatively please attach a certified copy of the authorised signatory list for the holder of the Units.

Existing investors – please complete this section if there has been a change to the existing authorised signatory list or attach a certified copy of the authorised signatory list.

The Trust Manager may accept and act upon instructions given in writing by letter signed by any [redacted] (number required) of the following authorised signatories of the Holder:

Name: [redacted]

Position: [redacted]

Signature: [redacted] Date: [redacted]

Name: [redacted]

Position: [redacted]

Signature: [redacted] Date: [redacted]

Name: [redacted]

Position: [redacted]

Signature: [redacted] Date: [redacted]

Name: [redacted]

Position: [redacted]

Signature: [redacted] Date: [redacted]

Name: [redacted]

Position: [redacted]

Signature: [redacted] Date: [redacted]

# Hermes Property Unit Trust – Application Form

## Form of Application including Indemnity

### 8. Declaration

This form must be signed by the authorised signatory(s) of the Fund. Where the signatory(s) is/are different from those who signed a previous application, confirmation of their power to sign must be provided.

In making this application, we comply with the representations and abide by the agreements printed overleaf.

We understand that the provisions of the Trust Deed are binding on all Holders and persons claiming through them and in particular we understand and consent to the provisions of Clause 7 of the Trust Deed which provides (*inter alia*) that if either:

- (i) a Beneficial Holder or Exempt Beneficial Owner ceases to be or has never been an Exempt Fund (as defined in Note (v) in the Notes section);  
or
- (ii) a Legal Holder ceases to hold Units as bare trustee, nominee or agent for an Exempt Beneficial Owner;

and the Trust is assessed to tax on chargeable gains, the Holder and the Exempt Beneficial Owner (if applicable), shall jointly and severally indemnify the Trust against all such tax to which the Trust may be assessed together with professional fees incurred.

We agree to observe, perform and be bound by all the provisions and conditions contained in the Trust Deed. We warrant and undertake that the trustees for the time being of the Fund have full power and authority to have recourse to the investments and property of the Fund in respect of any liability arising under the Trust Deed.

In submitting this application we are acting for and on behalf of the Fund and we hereby warrant that we have full power and authority to bind the trustees (if any) of the Fund and its investment and property and the trustees shall accordingly be bound by the terms of the Trust Deed.

We certify that any gain accruing to the Fund on the Units, if it were to dispose of them, would be wholly exempt from capital gains tax and corporation tax (otherwise than by reason of residence). The wholly exempt status of the Fund has been established with HM Revenue & Customs.

The Trust Manager is required by law (including, for the avoidance of doubt, FATCA) to obtain relevant information so as to verify the identity of all applicants, including information to verify their residency, citizenship, ownership or control. In the event of delay or failure by the applicant to provide all the information requested for verification purposes the Trust Manager may refuse to accept the application. The Trust Manager also reserves the right to request further information during the period of investment.

We covenant that, in the event we acquire any Units, we shall:

- (a) on becoming aware of a Disqualification Event, send a Disqualification Notice to the Trustee and the Trust Manager; and
- (b) within 20 Business Days of each Annual Accounting Date, send written confirmation to the Trustee and the Trust Manager that:
  - (i) we are, and were throughout the preceding Accounting Period, a Holder; and
  - (ii) we know of no reason why we should cease to be a Holder during the next Accounting Period.

We understand that we shall be classified as a Professional Investor as defined by the Financial Conduct Authority's Conduct of Business Sourcebook (COBS).

Name:

Position:

Signature:  Date:

Name:

Position:

Signature:  Date:

The Trust Manager is authorised and regulated by the Financial Conduct Authority.

To: HM Revenue & Customs  
 Pension Scheme Services  
 Fitzroy House  
 Castle Meadow Road  
 Nottingham  
 NG2 1BD

**Unauthorised Unit Trust Form of Authority**

**Name of Unauthorised Unit Trust:**

Hermes Property Unit Trust

**1. Full Name of the Registered Pension Scheme\*:**

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**2. Pension Scheme Tax Reference:**

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**3. To the Commissioners of the H M Revenue & Customs**

I/we hereby irrevocably authorise and request you to notify

<b>Name in full</b>	The Trust Manager of Hermes Property Unit Trust		
<b>Address</b>	c/o Hermes Real Estate Finance Hermes Property Unit Trust Lloyds Chambers 1 Portsoken Street London		
	<b>Postcode</b>	E1 8HZ	

that the above named pension scheme is a Registered Pension Scheme within the meaning of Part 4 of Finance Act 2004

This form must be signed by the Scheme Administrator \*\* as shown on the Online Scheme Record

**4.**

<b>Dated this</b>		<b>Day of</b>	
<b>Signature</b>			
<b>Scheme Administrator Name in full</b>			
<b>Address</b>			
	<b>Postcode</b>		
<b>Scheme Administrator ID</b>			

**Important**

\* This must be the same as the scheme name as shown on the Online Scheme Record

\*\* If Registered Scheme Administrator is an organisation or company the person signing above is declaring they are authorised by the organisation or company to sign on their behalf.

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## Hermes Property Unit Trust – Application Form

### Form of Application including Indemnity

#### Notes

- i. An initial application to subscribe must be made for a minimum of 10,000 Units. Subsequent applications must be made for a minimum of 1,000 Units.
- ii. Initial applicants are required to complete the Form of Authority. Unless notified otherwise, all communications will be sent to the name and address of each Holder provided under Section 2 of this Form of Application.
- iii. Initial applicants are required to send a copy of the Fund's latest Annual Report and Accounts or a letter from the person who will be the Holder (if regulated by the Prudential Regulation Authority/Financial Conduct Authority) confirming that appropriate Know Your Customer evidence of the identity of their client has been obtained and will continue to be retained.
- iv. Should phasing be required, a letter requesting phased investment should be appended to this Application Form. The letter should set out the preferred timing and the amount to be invested each month or quarter and should be signed by an authorised signatory of the Fund.
- v. "Exempt Fund" means any person (including a body of persons or a body corporate), trust, fund or unincorporated association that is wholly exempt (otherwise than by reason of residence) from capital gains tax or corporation tax on capital gains in the United Kingdom or which may hold Units in the Trust without prejudicing the total exemption of the Trust from tax on capital gains under section 100(2) of the Taxation of Chargeable Gains Act 1992 including, as the context may require, any person or persons in whom the assets comprised in any such trust, fund or unincorporated association are from time to time vested or the persons having the conduct or administration thereof. An "Exempt Fund" will also include a registered pension scheme within the meaning of Part 4 Finance Act 2004. The Trust Manager is authorised and regulated by the Financial Conduct Authority.
- vi. Subscription is at the discretion of the Trust Manager and in particular there may be times when a waiting list for the issue of new Units is in operation. When a waiting list is in operation, all applicants, regardless of whether phased or not, are added to the list in date and time order following receipt of a completed application form.
- vii. It is not possible to register Units in the name of a specific fund or charity unless the fund or charity itself is a corporate body.
- viii. Money received by the Trust Manager will not be subject to Financial Conduct Authority Client Asset rules, as such:
  - a. the money will not be subject to the protections conferred by the client money rules;
  - b. as a consequence, this money will not be segregated from the money of the firm in accordance with the client money rules and will be used by the firm in the course of its own business; and
  - c. the eligible counterparty or professional investor will rank only as a general creditor of the firm.
- ix. Defined terms in this Form of Application and the Form of Authority have the same meaning as those set out in the Trust Deed unless otherwise defined.