

Dated 21 November 2011 as amended and restated on

2014

- (1) ACTIVE UK REAL ESTATE FUND PLC (FORMERLY KNOWN AS ALPHA UK PROPERTY FUND ASSET COMPANY ("NO. 1") LIMITED)
- (2) ALPHA REAL TRUST LIMITED

Loan Agreement

Loan Agreement for £7,500,000 convertible into participating shares

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Loan Agreement for £7,500,000 convertible into participating shares dated 21 November 2011 as amended and restated on 2014

Parties

Borrower: **Active UK Real Estate Fund PLC (formerly known as Alpha UK Property Fund Asset Company ("No. 1") Limited)**, a company incorporated in Jersey with company number 87503 (the "**Borrower**").

Lender: **Alpha Real Trust Limited**, a company registered in Guernsey with registered number 44786 (or any successors, transferees or assignees of the whole or any part of the Loan thereof) (the "**Lender**").

Summary

Amount: £7,500,000.

Purpose: £2,500,000 will be made available to fund requested redemptions of Participating Shares (as defined herein), and the balance, if any, of such amount which is not used to fund redemptions of Participating Shares and £5,000,000 will be applied towards the payment of the Borrower's existing debt and expenses.

Period: The Loan is repayable on 20 November 2014.

Interest Rate: 6 per cent per annum.

Payment of interest may be deferred by the Borrower if it reasonably believes that it is unable to meet that interest payment. Such deferred interest will itself accrue interest at 6 per cent per annum compounded on each Interest Payment Date (as defined herein).

Conversion: The Loan is convertible into Participating Shares of the Borrower in accordance with clause 5 (*Conversion*).

Governing Law: English law.

THE PARTIES AGREE as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

"Accounts" means the audited accounts of the Group for the period ended or ending on the Accounts Date, and in respect of any representation and warranty made by the Borrower on an Interest Payment Date pursuant to Clause 8 (*Representations and Warranties*), the then latest available annual or half-yearly accounts of the Borrower, as may be applicable, provided to the Lender under Clause 9 (*Information*).

"Accounts Date" means 30 September 2013 and in respect of any representation and warranty made by the Borrower on an Interest Payment Date pursuant to Clause 8 (*Representations and Warranties*), the date of the then latest available annual or half-yearly accounts of the Borrower, as may be applicable, provided to the Lender under Clause 9 (*Information*).

"Affiliate" means, in relation to the Lender, a Subsidiary or Holding Company of the Lender or any other Subsidiary of that Holding Company.

"ART Facility Agreement" means the credit facility agreement dated 27 September 2013 between, amongst others, Alpha UK Property Fund Asset Company ("No 2") Limited.

"Articles" means the Articles of Association of the Borrower and, except as otherwise specified, as in force from time to time.

"Business Day" means a day (other than Saturday, Sunday or a public holiday) on which banks in Guernsey, Jersey and London are open for normal banking business.

"Class 1 transactions" means class 1 transactions (as defined in the Listing Rules made by the UK Financial Services Authority under Part VI of the UK Financial Services and Markets Act 2000 (as amended from time to time)).

"Conversion Date" means the Dealing Day for Subscriptions in respect of which any Conversion Notice is given or deemed to have been given.

"Conversion Notice" means a valid notice exercising the Conversion Rights in respect of the whole or any part of the Loan complying with Clauses 5.4 (*Basis of Conversion*) and 5.6 (*Overseas Lender*).

"Conversion Premium" is defined in Clause 5.5.

"Conversion Right" is defined in Clause 5.2.

"Conversion Shares" means Participating Shares which have been issued pursuant to the exercise of Conversion Rights or which will fall to be issued upon any future exercise thereof.

"Credit Facility Agreement" means the credit facility agreement dated 27 September 2013 between, amongst others, Alpha UK Property Fund Asset Company ("No 2") Limited and The Royal Bank of Scotland plc as amended and

restated pursuant to deed of amendment and restatement dated on or about the Effective Date.

"Date of Drawdown" means the date on which the Total Commitment is drawn down.

"Dealing Day for Subscriptions" means the last Business Day of each calendar month.

"Deed of Amendment and Restatement" means the deed of amendment and restatement and novation dated November 2014 between, the Lender, the Borrower and Active UK Real Estate Fund PLC in connection with this Agreement.

"Default" means:

- (a) any Event of Default; or
- (b) any event or circumstance which would, upon the giving of a notice, the expiry of a period, the making of a determination or the fulfilment of any other condition (in each case under this Agreement), constitute an Event of Default.

"Disclosure Package" means the documents set out in Schedule 4 (*Form of Conversion Notice*).

"Disposal" means any transfer or other disposal of an asset or of an interest in an asset, or the creation of any Right over an asset in favour of another person, but not the creation of Security.

"Dividend" means any dividend or distribution whether of cash, assets or other property, and whenever paid or made and however described (and for these purposes a distribution of assets includes without limitation an issue of Participating Shares or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves) provided that:

- (a) a purchase or redemption of Participating Shares by the Borrower or any subsidiary of the Borrower shall not constitute a Dividend unless they are purchased or redeemed at above the then prevailing NAV per Participating Share (in which case, the amount in excess of the then prevailing NAV per Participating Share shall be considered to be a Dividend); and
- (b) if the Borrower or any of its subsidiaries shall purchase any receipts or certificates representing Participating Shares, the provisions of paragraph (a) shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined in good faith by an independent financial adviser.

"Drawdown Notice" is defined in Clause 2.2.

"Duty" means any duty, obligation or liability of any kind.

"Effective Date" has the meaning given to it in the Deed of Amendment and Restatement.

"Event of Default" is defined in Clause 12.2.

"Financial Indebtedness" means indebtedness (whether present or future, actual or contingent) in respect of:

- (a) money borrowed and debit balances at banks;
- (b) any debt instrument;
- (c) acceptance credit facilities;
- (d) receivables sold otherwise than on a non-recourse basis;
- (e) deferred payments for assets or services acquired (but not ordinary trade credit);
- (f) finance leases and hire purchase contracts;
- (g) a counter-indemnity in respect of a Guarantee given by a financial institution;
- (h) any other transaction having the commercial effect of a borrowing; and
- (i) Guarantees of Indebtedness of any person falling within any of (a) to (h) above.

"Group" means the Borrower and its Subsidiaries.

"Group Company" means a member of the Group.

"Guarantee" means any guarantee, indemnity, bond, standby or documentary credit, third party charge or other assurance against financial loss by one person in respect of the obligations of another person.

"Holding Company" means the company or entity within whose consolidated supervision the Lender is included.

"IFRS" means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

"Interest Payment Date" means 25 January, 25 April, 25 July and 25 October in each year.

"Interest Period" means, in relation to the first Interest Period, the period from and including the Date of Drawdown to but excluding 25 January 2012, and in relation to any subsequent Interest Period, from and including an Interest Payment Date to but excluding the immediately subsequent Interest Payment Date.

"Investment Management Agreement" means each investment management agreement dated on or about the Effective Date between the Borrower and Alpha Real Capital LLP.

"Legal Reservations" means:

- (a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating

to insolvency, désastre, bankruptcy, reorganisation and other laws generally affecting the rights of creditors;

- (b) similar principles, rights and remedies under the laws of any Relevant Jurisdiction; and
- (c) any other matters which are set out as qualifications or reservations as to matters of law of general application in any legal opinions supplied to the Lender in connection with this Agreement or any amendment and restatement thereof.

"Loan" means, at any time, the aggregate principal amount outstanding of all borrowings under this Agreement.

"NAV" means, in relation to a Business day, the amount determined as at the immediately preceding Valuation Day as being the net asset value of the Borrower calculated in accordance with the Articles.

"NAV per Participating Share" means, in relation to a Business Day the amount determined as at the immediately preceding Valuation Day as being the NAV divided by the number of Participating Shares of the Borrower then in issue (excluding any Participating Share held in treasury).

"Participating Shareholder" means a holder for the time being of Participating Shares.

"Participating Shares" means participating redeemable shares of the Borrower which are currently listed on the Official List of the Channel Islands Securities Exchange Limited.

"Permitted Loans" means loans provided by the Borrower to its Subsidiaries pursuant to:

- (a) a loan agreement dated 16 August 2012 between Alpha UK Real Estate Fund plc and the Borrower for interest free facilities of up to £40,000,000 to the Parent as novated to the Borrower (as lender);
- (b) a loan agreement dated 16 August 2012 between the Alpha UK Real Estate Fund plc and the Borrower for facilities of up to £5,923,180 to the Borrower as novated to the Borrower (as lender);
- (c) a loan agreement dated 16 August 2012 between the Alpha UK Real Estate Fund plc and Alpha UK Property Fund Asset Company ("No. 2") Limited for interest free facilities of up to £40,000,000 to Alpha UK Property Fund Asset Company ("No. 2") Limited;
- (d) a loan agreement dated 16 August 2012 between Alpha UK Real Estate Fund plc and Alpha UK Property Fund Asset Company ("No. 2") Limited for facilities of up to £6,683,565 to Alpha UK Property Fund Asset Company ("No. 2") Limited.

"Permitted Nominee" means a wholly-owned subsidiary of the Lender which is resident for tax purposes in the same jurisdiction as the Lender.

"Permitted Security" means any Security described in Schedule 3.

"Permitted Transfer" means:

- (a) a transfer of all the real property of the Borrower to Alpha UK Property Fund Asset Company ("No. 2") Limited on or about the Effective Date; and
- (b) a transfer of the shares in Alpha UK Property Fund Asset Company ("No 2") Limited to the Borrower.

"**Prospectus**" means the prospectus of the Borrower dated November 2014 as amended and supplemented from time to time.

"**Regulation**" means any present or future law, regulation, request, requirement or guideline of any authority, whether or not it has the force of law (but, if it does not, with which the person concerned habitually complies).

"**Relevant Jurisdiction**" means, in relation to the Borrower:

- (a) its jurisdiction of incorporation; and
- (b) any jurisdiction where that Borrower conducts its business.

"**Repayment Date**" is defined in Clause 3.1 (*Repayment*).

"**Restrictions**" is defined in Clause 5.6 (*Overseas Lender*).

"**Right**" means any right, privilege, power, immunity or other interest or remedy of any kind.

"**Security**" means:

- (a) any mortgage, charge, pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind in any jurisdiction;
- (b) any proprietary interest over an asset, or any contractual arrangement in relation to an asset in each case created in relation to Financial Indebtedness and which has the same commercial effect as if security had been created over it; and
- (c) any right of set-off created by agreement.

"**Sterling/£**" means the lawful currency for the time being of the United Kingdom; and, in respect of all payments to be made under this Agreement in Sterling, immediately available, freely transferable cleared funds.

"**Subscription Price**" is defined in Clause 5.2 (*Conversion Rights*).

"**Subsidiary**" means:

- (a) any company or entity directly or indirectly controlled by another person, for which purpose "control" means either ownership of more than 50 per cent of the voting share capital (or equivalent right of ownership) of such company or entity or power to direct its policies and management whether by contract or otherwise; and
- (b) for the purposes of Clause 9 (*Information*) only, any other entity which is required to be consolidated in the Borrower's accounts.

“**Tax**” means all present and future taxes, levies, imposts, duties, fees or charges of whatever nature together with any related interest and penalties (and Taxation is construed accordingly).

“**Total Commitment**” is defined in Clause 2.1 (*The Loan*).

“**UK Tax**” means Tax imposed by the United Kingdom or any part thereof.

“**US Person**” means a US Person as defined by Rule 902 under the Securities Act 1933 of the United States as amended.

“**Valuation Day**” means each valuation day for the Borrower as defined in the Prospectus.

“**VAT**” means value added tax.

1.2 **Interpretation**

In this Agreement:

- (a) the table of contents, the summary and the headings are inserted for convenience only and do not affect the interpretation of this Agreement;
- (b) references to clauses and schedules are to clauses of, and schedules to, this Agreement;
- (c) references to this Agreement or any other document are to this Agreement or that document as from time to time amended, restated, novated, or replaced, however fundamentally;
- (d) references to a person include an individual, firm, company, corporation, unincorporated body of persons and any government entity;
- (e) references to a person include its successors in title, permitted assignees and permitted transferees;
- (f) words importing the plural include the singular and vice versa;
- (g) references to a time or day are to London time or day; and
- (h) references to any enactment include that enactment as re-enacted; and, if an enactment is amended, any provision of this Agreement which refers to that enactment will be amended in such manner as the Lender, after consultation with the Borrower, determines to be necessary in order to preserve the intended effect of this Agreement.

1.3 This Agreement may be executed in counterparts.

1.4 No term of this Agreement is enforceable under the Contracts (Rights of Third Parties) Act 1999 by anyone other than a party to this Agreement.

2. **THE LOAN**

2.1 The Borrower may borrow £7,500,000 (the “**Total Commitment**”) from the Lender under this Agreement.

- 2.2 The Borrower may request draw down of the Total Commitment (in whole but not in part) by giving notice in writing to the Lender (in the form set out in Schedule 1 (*Form of Drawdown Notice*) and to be served as set out in Clause 22 (*Notices*)) prior to 5.00 pm on the third Business Day prior to the proposed Date of Drawdown specifying the account of the Borrower into which the Total Commitment is to be paid (the "**Drawdown Notice**"). Once given, the Borrower cannot revoke a Drawdown Notice.
- 2.3 The Borrower must draw down the Total Commitment on or before, and the Date of Drawdown can be no later than, 22 December 2011. If a Drawdown Notice is not received by the Lender by 5.00 pm on 19 December 2011, the Lender may in its sole and absolute discretion (a) still extend the advance of the Total Commitment to the Borrower in which case the Borrower shall be deemed to have given a Drawdown Notice to the Lender on 19 December 2011 with the Date of Drawdown of 22 December 2011 or (b) cancel the Total Commitment.
- 2.4 The obligation of the Lender under this Agreement to advance the Total Commitment is subject to the conditions that:
- 2.4.1 no Default has occurred and is continuing;
 - 2.4.2 no Default will result from the making of the advance of the Total Commitment;
 - 2.4.3 the Borrower is not otherwise in breach of this Agreement; and
 - 2.4.4 the representations and warranties contained in the Drawdown Notice are true on the proposed Drawdown Date.
- 2.5 The Borrower shall make available £2,500,000 of the funds borrowed under this Agreement to fund requested redemptions of Participating Shares. The Borrower shall ensure that the balance, if any, of the £2,500,000 which it considers is not required to fund redemptions of Participating Shares and up to £5,000,000 is applied towards the payment of the Borrower's existing debt and expenses.

3. **REPAYMENT**

- 3.1 The Borrower will repay the Loan on 20 November 2014 (the **Repayment Date**).
- 3.2 If Conversion Rights in respect of the whole or any part of the Loan have not been exercised on or prior to repayment, the relevant whole or part of the Loan shall be repaid at 114 per cent of the principal amount outstanding.
- 3.3 The Lender shall have recourse to all of the assets of the Borrower for the repayment of the Loan and for any other amounts owing to the Lender (including but not limited to payments under Clause 6 (*Interest*), Clause 7 (*Expenses*), Clause 14 (*Tax*), Clause 15 (*Interest for late payment*) and Clause 16 (*Indemnities*)) if the Borrower breaches Clauses 8.4 (*This Agreement*) or 11.6 (*Negative Undertakings*).

4. **NO PREPAYMENT**

The Borrower may not prepay the Loan.

5. **CONVERSION**

5.1 **Relevant approvals**

If the Participating Shares are listed on the Official List of the Channel Islands Securities Exchange Limited and/or any other stock exchange when the Conversion Rights (as defined below) are exercised, the Borrower shall procure and do all that is required (including but not limited to preparing a listing document (if so required)) for the Conversion Shares to be admitted to, and trading on, the Official List of the Channel Islands Securities Exchange Limited and/or the relevant stock exchange (as the case may be), and as will enable the Conversion Rights and all other rights of subscription and exchange for and conversion into Participating Shares to be satisfied in full.

5.2 **Conversion Rights**

5.2.1 The Lender shall have the right (without prejudice to the right to receive any accrued but unpaid interest) to convert the principal amount of the Loan (wholly or partly) and the Conversion Premium into Participating Shares (the **Conversion Right**), each of which will be issued to the Lender or its Permitted Nominee at the NAV per Participating Share as at the Conversion Date (the **Subscription Price**) (and for the avoidance of doubt, without any additional charges, duties or fees levied).

5.2.2 Such Conversion Right may be exercised at any time on or after the Date of Drawdown and on or prior to the Repayment Date, and may be exercised multiple times.

5.3 **Conversion Notice**

5.3.1 The Lender shall exercise the Conversion Right by serving a Conversion Notice to the Borrower which shall be in writing in the form set out in Schedule 4 (*Form of Conversion Notice*) and shall be served as set out in Clause 22 (*Notices*).

5.3.2 The Lender must serve a Conversion Notice on the Borrower prior to 5.00 p.m. (London time) on the Business Day preceding the Dealing Day for Subscriptions (the **Dealing Deadline**) on which it seeks to exercise its Conversion Right. Conversion Notices served after the Dealing Deadline shall take effect on the Dealing Day for Subscriptions following the next Dealing Deadline.

5.3.3 A Conversion Notice once served shall be irrevocable.

5.4 **Basis of conversion**

If the Lender elects to convert, the Lender will be deemed to receive the principal amount of the Loan to be converted plus the Conversion Premium which will together then be deemed to be paid to the Company for the Conversion Shares pursuant to Clause 5.2 (*Conversion Rights*).

5.5 **Conversion Premium**

Formula for Conversion Premium:

$$\text{Max} \left[\left(\frac{\text{NAV}_t - \text{NAV}_0}{\text{NAV}_0} \right), 0 \right] \times \text{Principal amount of the Loan to be converted}$$

NAV₀ means the NAV per Participating Share as at 30 September 2011.

NAV_t means the NAV per Participating Share as at the Conversion Date.

5.6 Overseas Lender

Each Conversion Notice will be deemed to contain a representation that, at the time of its submission to the Borrower, the Lender exercising the relevant Conversion Rights is not a US Person or a person in Canada, Australia, the Republic of South Africa or Japan or, if they are such a person, that their exercise or acquisition of the relevant Conversion Rights is permitted by the securities laws of the relevant jurisdiction. The exercise or transfer of the Conversion Rights, or the right of a person to receive the Participating Shares falling to be issued on the exercise of any Conversion Rights, shall be subject to such requirements, conditions, restrictions, limitations or prohibitions (together referred to as **Restrictions**) as the Borrower may at any time impose, for the purpose of complying with (or for avoiding any requirement which would otherwise arise to comply with) the regulations of Jersey, the United States, Canada, Australia, the Republic of South Africa and Japan and any other relevant jurisdiction (including, without limitation, the Securities Act 1933 of the United States, as amended, the Investment Company Act of 1940 of the United States, as amended, any rules or regulations promulgated under such Acts and any rules of the Channel Islands Securities Exchange Limited with which the Borrower is required to comply) and will only be effective to the extent that it conforms to such Restrictions. The Borrower may request from any person exercising Conversion Rights, and if relevant its Permitted Nominee, such information as they may require for determining whether such Restrictions will be applicable and, if so, whether they will be complied with.

5.7 Rights attached to the Participating Shares subscribed for

All Conversion Shares when allotted and issued shall:

- 5.7.1 be credited as fully paid and (save as appears in paragraph 5.7.2) shall rank *pari passu* in all respects with the fully paid Participating Shares in issue on the date the Conversion Shares are issued;
- 5.7.2 rank in full for all Dividends and distributions out of the profits or assets (including, without limitation, sums distributed by way of profits or reserves) of the Borrower declared, made or payable to members of the Borrower on its register of members holding Participating Shares at any time on or after the date the Conversion Shares are issued, other than Dividends and other distributions declared made or paid in respect of the Participating Shares by reference to a record date falling prior to the date the Conversion Shares are issued; and
- 5.7.3 be listed and admitted to trading on the Official List of the Channel Islands Securities Exchange Limited,

and the Borrower shall make all such payments and do all such things as may be necessary to carry this Clause 5.7 (*Rights attached to the Participating Shares subscribed for*) into effect.

5.8 **Fractions**

No fraction of a Participating Share shall be issued upon conversion and any amount of Loan in respect of which the Conversion Rights have been exercised which represents a fractional part of a Participating Share shall be repaid by the Borrower immediately upon conversion.

5.9 **No cost**

Every conversion shall be effected at no cost to the converting Lender.

5.10 **Issue of Participating Shares**

Upon exercise of a Conversion Right, the Borrower shall issue credited as fully paid the Conversion Shares in consideration of the repayment with effect from the Conversion Date of the principal amount of Loan being converted. Such Conversion Shares shall be deemed to be issued as of the relevant Conversion Date and a contract note evidencing ownership of the Conversion Shares will be sent to the Lender or its Permitted Nominee within five Business Days of the Conversion Date. The Borrower shall within three Business Days of the Conversion Date send to the converting Lender a cheque for the NAV representing any fractional entitlement to Participating Shares and any accrued and unpaid interest on the Loan being converted.

6. **INTEREST**

6.1 The Borrower will pay interest on the Loan for each Interest Period on its Interest Payment Date.

6.2 The rate of interest is 6 per cent per annum.

6.3 Payment of interest may be deferred by the Borrower if it reasonably believes that it is unable to meet that interest payment. Such deferred interest will itself accrue interest at a rate of 6 per cent per annum, compounded on each Interest Payment Date.

7. **EXPENSES**

Stamp and other duties

The Borrower will promptly pay all stamp duties or similar Tax and all filing, registration or notarisation fees payable in connection with the Loan or this Agreement and any other related documents, but not in connection with any transfer or assignment under Clause 20 (*Transfer*).

8. **REPRESENTATIONS AND WARRANTIES**

8.1 The Borrower represents and warrants to the Lender (notwithstanding any constructive or actual knowledge of the Lender) that all the matters described in the rest of this Clause 8 (*Representations and Warranties*) are true on the date of this Agreement.

8.2 To the extent that any information is provided by the Borrower and is not expressly set out in this Agreement the Borrower represents and warrants that to the best of its knowledge and belief such information was true and accurate at the time it was given.

8.3 **The Borrower**

The Borrower is duly incorporated and validly existing under the laws of its jurisdiction of incorporation. It has the power, and has obtained all necessary authorisations, to own its assets and carry on its business in all relevant jurisdictions. It is conducting its business and operations in compliance with all applicable laws, regulations and guidelines.

8.4 **This Agreement**

8.4.1 The Borrower has power to and is able to lawfully execute this Agreement and to exercise its Rights and perform its Duties under them (including but not limited to the issue of the Conversion Shares); and it has obtained all necessary authorisations to do so.

8.4.2 This Agreement constitutes legally binding and enforceable obligations of the Borrower save as the same may be limited by any bankruptcy, insolvency or other similar laws of general application and save that any undertaking or indemnity for United Kingdom stamp duty may be void under the provisions of section 117 of the United Kingdom's Stamp Act 1871.

8.4.3 The obligations of the Borrower under this Agreement constitute its direct, unconditional, unsecured and unsubordinated obligations and will rank at least pari passu in right of payment with all other present and future unsecured obligations of the Borrower except for obligations mandatorily preferred by law applying to companies generally.

8.4.4 The execution of this Agreement and the exercise of its Rights and the performance of its Duties under them will not result in the Borrower being in breach of any Duty or being required to create any Security or perform any other action as a result of any Duty.

8.4.5 This Agreement is effective and admissible in evidence without the need for any filing, registration, notarisation or other action.

8.4.6 No Jersey stamp duty or other similar Jersey Tax is payable in respect of this Agreement.

8.4.7 Subject to the Legal Reservations, the choice of English law as the governing law of this Agreement will be recognised and enforced in the Borrower's jurisdiction of incorporation except to the extent that a court might be permitted to disregard the express choice of law of the parties in accordance with the provisions of the Rome I Regulation (593/2008/EC) on the Law Applicable to Contractual Obligations or the Rome II Regulation (864/2007/EC) on the Law Applicable to Contractual Obligations.

8.4.8 Subject to the Legal Reservations, any judgment obtained in England in relation to this Agreement will be recognised and enforced in the Borrower's jurisdiction of incorporation unless it was contended that the judgment was obtained contrary to the provisions of Articles 34

and 35 of Regulation 2001/44/EC on jurisdiction and enforcement of judgments in civil and commercial matters.

8.5 **Litigation**

No litigation, arbitration or administrative proceeding is taking place which could have a material adverse effect on any Group Company. No Group Company is aware that any such proceeding is threatened other than as disclosed in the Disclosure Package.

8.6 **The Accounts**

8.6.1 The Accounts have been prepared in accordance with IFRS. The Accounts provide a true and fair view of the financial position of the Borrower and the Group as at the Accounts Date and of the operations of the Borrower and the Group for the financial period ended or ending on that date.

8.6.2 There has been no material adverse change in the condition (financial or otherwise), business prospects, properties, shareholders' equity or results of operations of the Borrower or the Group from that set out in the Accounts other than as described in the Disclosure Package.

8.7 **The Disclosure Package**

As at the Effective Date, the Disclosure Package is true in all material respects and does not omit any facts which would make it misleading in a material respect. Expressions of opinion contained in it are based on reasonable assumptions.

8.8 **Tax**

No Tax is imposed by withholding or otherwise on any payment to be made by the Borrower in connection with this Agreement to a Lender resident in Guernsey (and for the avoidance of doubt, this excludes any Tax imposed on the Lender once payment has been received by the Lender).

8.9 **Default**

8.9.1 No Default has occurred and is continuing.

8.9.2 No Default will result from the Borrower entering into this Agreement.

8.9.3 The Borrower is not otherwise in breach of this Agreement.

8.10 **Repetition**

Each representation and warranty under this Clause 8 (*Representations and Warranties*) other than under Clause 8.6 (*The Accounts*) is deemed to be made by the Borrower by reference to the facts and circumstances then existing on each Interest Payment Date.

9. **INFORMATION**

9.1 The Borrower will, until the full repayment of the Loan, provide the Lender with the documents and information relating to the Group specified in column (1) at the time specified in column (2):

(1)	(2)
Information	Time
audited consolidated annual accounts	as soon as they are available, and no later than 180 days after the end of the period to which they relate or such later time where the delay is attributable to a renegotiation of the Credit Facility Agreement
unaudited consolidated half-yearly accounts	as soon as they are available, and no later than 120 days after the end of the period to which they relate or such later time where the delay is attributable to a renegotiation of the Credit Facility Agreement
any document sent to the Borrower's shareholders or creditors generally or to any stock exchange or other regulatory body	when sent to that person
such other information as the Lender may reasonably require	as soon as practicable following a request by the Lender
9.2	The Borrower will ensure that:
9.2.1	all audited accounts delivered under this Agreement are prepared in accordance with IFRS and provide a true and fair view of the financial position of the period to which they relate; and
9.2.2	all other information delivered under this Agreement is true in all material respects and does not omit anything which would make it misleading in a material respect.
9.3	The Borrower will inform the Lender of any matter which might adversely affect its ability to perform any of its obligations under this Agreement and of any Default, in each case, as soon as it becomes aware of the fact.
10.	POSITIVE UNDERTAKINGS
10.1	The Borrower will ensure that the undertakings contained in this Clause 10 (<i>Positive Undertakings</i>) are complied with until the full repayment or conversion of the Loan.
10.2	The Loan will be used for the purposes specified in Clause 2.2 (<i>The Loan</i>).
10.3	The payment obligations of the Borrower under this Agreement will rank at least equally and rateably with all of its other present and future unsecured payment obligations, except for obligations mandatorily preferred by law applying to companies generally.
10.4	Alpha Real Capital LLP will be the investment manager of the Borrower and the Borrower shall obtain the prior written approval of the Lender for a change in investment manager (other than a termination by the Borrower for cause

pursuant to Clause 6.1 or Clause 6.2 of the Investment Management Agreement).

11. **NEGATIVE UNDERTAKINGS**

- 11.1 The Borrower will ensure that the undertakings contained in this Clause 11 (*Negative Undertakings*) are complied with until the full repayment or conversion of the Loan.
- 11.2 No Security will exist over any of the assets of any Group Company except Permitted Security.
- 11.3 No Guarantee will exist by any Group Company of any Financial Indebtedness of any other person except under the Credit Facility Agreement.
- 11.4 Subject to Clause 11.11 (*Negative Undertakings*) there will be no Disposal of the assets of any Group Company (whether by one transaction or a series of related transactions) without the prior written consent of the Lender, otherwise than for full value in the ordinary course of trading save for the Permitted Transfer.
- 11.5 No Group Company will make any loans or otherwise grant any credit to any person except Permitted Loans.
- 11.6 The Borrower shall not make or consent to any changes to the terms, or waive any breaches, of the Permitted Loans other than with the prior approval of the Lender.
- 11.7 The Borrower will not create or permit to exist any class of redeemable shares other than the Participating Shares.
- 11.8 The Borrower will not cause, and will not permit, a material change in its investment policy and the Borrower shall obtain the prior written consent of the Lender for any such change.
- 11.9 The Borrower shall not initiate, approve, cause, support or enter into any transactions equivalent to class 1 transactions or reverse takeovers without obtaining the prior written consent of the Lender.
- 11.10 The Borrower shall not approve or enter into any related party transactions without obtaining the prior written consent of the Lender except the Permitted Loans or the Permitted Transfer.
- 11.11 The Borrower shall not dispose of any of its interest in Alpha UK Property Fund Asset Company ("No 2") Limited without obtaining the prior written consent of the Lender.
- 11.12 The Borrower shall not cause or permit a change of directors in the Borrower without obtaining the prior written consent of the Lender.
- 11.13 For so long as any of the Conversion Rights remain exercisable or any Conversion Shares remain unissued following exercise of any Conversion Right, the Borrower shall observe all its obligations under this Agreement and the Borrower shall not without the prior consent of the Lender, except as required by any regulations which the Borrower is required to comply:
 - 11.13.1 in any way modify the rights attaching to any of its existing shares as a class;

- 11.13.2 consolidate or sub-divide its equity share capital (including Participating Shares);
- 11.13.3 issue any Participating Shares at below the NAV per Participating Share; or
- 11.13.4 create or issue another class of equity share capital or securities convertible into equity share capital (including securities convertible into Participating Shares),

and shall ensure that at no time shall there be in issue Participating Shares of differing nominal values.

12. **DEFAULT**

12.1 **Consequences of an Event of Default**

12.1.1 If an Event of Default has occurred, any Lender holding at least one-tenth in principal amount of the Loan then outstanding may at any time, by giving notice to the Borrower:

12.1.1.1 demand repayment of all or any part of the Loan and payment of any other amounts accrued under this Agreement; and/or

12.1.1.2 declare that all or any part of the Loan is repayable, and any other amounts accrued under this Agreement are payable, on demand by the Lender at any time.

12.1.2 Any repayment made in connection with or pursuant to this Clause 12.1 (*Consequences of an Event of Default*) shall be repaid:

12.1.2.1 if made during the period from and including the date of this Agreement to but excluding the first anniversary of this Agreement at 105 per cent of the principal amount outstanding plus any accrued but unpaid interest;

12.1.2.2 if made during the period from and including the first anniversary of this Agreement to but excluding the second anniversary of this Agreement at 110 per cent of the principal amount outstanding plus any accrued but unpaid interest; and

12.1.2.3 if made on or after the second anniversary of this Agreement at 114 per cent of the principal amount outstanding plus any accrued but unpaid interest.

12.2 **Identity of Events of Default**

Each of the matters listed in the rest of this Clause 12 (*Default*) is an Event of Default.

12.3 **This Agreement**

12.3.1 The Borrower fails to pay any amount payable by it under this Agreement in the manner stipulated herein unless its failure to pay is

caused by an administrative or technical error and payment is made within four Business Days of the due date.

- 12.3.2 The Borrower breaches Clause 10 (*Positive Undertakings*) or Clause 11 (*Negative Undertakings*) of this Agreement or repudiates this Agreement.
- 12.3.3 Any representation made by the Borrower in connection with this Agreement or any related document is incorrect or misleading in a material respect.
- 12.3.4 The Borrower breaches any other provision of this Agreement (but, if the Lender considers that the breach is capable of remedy, there will not be an Event of Default if the Borrower takes such action as is required by the Lender to rectify the breach within such period, not being less than four Business Days, as the Lender stipulates).
- 12.3.5 Any provision of this Agreement becomes ineffective or unenforceable for any reason.

12.4 **Cross-default**

- 12.4.1 Any Financial Indebtedness of any Group Company is not paid when due.
- 12.4.2 Any breach of, misrepresentation in relation to, or default under any document by any Group Company enables any other party to that document to exercise, in relation to Financial Indebtedness, any powers equivalent to those given to the Lender by Clause 12.1 (*Consequences of an Event of Default*) or to require security for such Financial Indebtedness; or any such powers are exercised.
- 12.4.3 However, there will not be an Event of Default under Clauses 12.4.1 and 12.4.2 if the Borrower fails to pay any investment management fee or asset management fee as it is due and payable and provided that this does not trigger or cause any of the other Events of Default.

12.5 **Financial position**

- 12.5.1 Any Group Company becomes insolvent or unable to pay its debts.
- 12.5.2 Any Group Company ceases to carry on business, stops payment of its debts or any class of them or enters into any compromise or arrangement in respect of its debts or any class of them; or any step is taken to do any of those things.
- 12.5.3 The auditors of the Borrower qualify their audit report on the audited consolidated accounts of the Borrower, unless the Lender considers that such qualification is of a technical nature only.
- 12.5.4 The whole or a substantial part of the assets of any Group Company is nationalised, expropriated or compulsorily acquired.
- 12.5.5 However, there will not be an Event of Default only in respect of non payment of debts under Clauses 12.5.1 and 12.5.2 (*Financial position*) if the Borrower fails to pay any investment management fee or asset management fee as it is due and payable and provided that this does

not breach any other limb or test in Clauses 12.5.1 and 12.5.2 (*Financial position*) or trigger or cause any of the other Events of Default.

12.6 **Insolvency procedures**

12.6.1 Any Group Company is dissolved or enters into liquidation, administration, administrative receivership, receivership, a voluntary arrangement, a scheme of arrangement with creditors, any analogous or similar procedure in any jurisdiction other than England or any other form of procedure relating to insolvency, reorganisation or dissolution in any jurisdiction; or any step is taken by any person with a view to any of those things.

12.6.2 However, there will not be an Event of Default under Clause 12.6.1 (*Insolvency procedures*) if the Borrower can establish, to the satisfaction of the Lender in its sole and absolute discretion, that such procedure is:

12.6.2.1 instituted by the Group Company concerned for the purpose of a fully solvent reorganisation; or

12.6.2.2 a court process instituted by a creditor and is an abuse of process of the court.

12.7 **Legal process**

12.7.1 Any judgment or order against a Group Company is not stayed or complied with within 14 days.

12.7.2 Any execution, distress, sequestration or other legal process is commenced against any of the assets of a Group Company and is not discharged within seven days.

12.7.3 Any steps are taken to enforce any Security over any assets of a Group Company.

12.8 **Miscellaneous**

12.8.1 Amendment to the rights of the Participating Shares or the conversion or change of the Participating Shares.

12.8.2 The Borrower creates or permits to exist any class of redeemable shares other than the Participating Shares.

12.8.3 Any Group Company incurs or permits to subsist any additional Financial Indebtedness after the date of this Agreement except:

12.8.3.1 under the Credit Facility Agreement;

12.8.3.2 under this Agreement;

12.8.3.3 under the ART Facility Agreement; and

12.8.3.4 the Permitted Loans.

13. **PAYMENTS AND INDEMNITIES**

13.1 **Date of payment**

13.1.1 Each payment to be made by the Borrower under this Agreement will be paid on the due date. If that date is not a Business Day, it will be paid on the next Business Day. However, if that would take the payment into the next calendar month, it will be paid on the preceding Business Day.

13.2 **Nature of Payment**

13.2.1 Each payment to be made by the Borrower under this Agreement will be made in full, without any set-off or deduction and in accordance with Clause 14 (*Tax*).

13.2.2 The Loan and interest and other amounts attributable to the Loan will be paid in Sterling. Any costs and expenses will be paid in the currency in which they were incurred and all other amounts will be paid in Sterling.

13.2.3 If a payment is received from the Borrower in the wrong currency, that payment will not discharge any part of the obligation in respect of which it was made. The Lender is irrevocably authorised to convert the amount received into the correct currency and to apply the net proceeds in reduction of the Borrower's liability. However, the Lender is under no obligation to do so, either at all or at any particular time, and has no responsibility for any loss suffered by the Borrower as a result of the Lender's action or inaction.

13.3 **Partial payments**

13.3.1 If a payment received from the Borrower under this Agreement is insufficient to pay in full all amounts then payable by the Borrower under this Agreement, the amount received may be applied by the Lender towards payment of any amounts payable under this Agreement in such order as it may choose.

13.3.2 This clause overrides any appropriation of such a payment by the Borrower.

14. **TAX**

14.1 Subject to Clause 20.4 (*Increased Costs*), if the Borrower is required to make a deduction in respect of Tax from any payment for the account of the Lender under this Agreement, the amount payable by the Borrower will be increased to the extent necessary to ensure that, after such deduction has been made, the Lender receives (and is able to retain) a net sum equal to the amount which it would have received had no such deduction been required to be made. If applicable, the Lender will comply with all appropriate formalities required to be performed by it (save as may depend on action being taken by a third party which has not been taken) so that it can receive payments from the Borrower under this Agreement without deduction for Tax.

14.2 If the Lender changes its tax residence and as a result of the laws then existing at the date of such change in residence the Borrower would have to make an increased payment to the Lender under this Clause 14 (*Tax*) or 19 (*Changes in*

Regulation), then the Lender can only receive payment under those clauses to the same extent as the Lender would have received payment had such change of residence not occurred.

15. **INTEREST FOR LATE PAYMENT**

15.1 If the Borrower fails to pay an amount payable in connection with this Agreement (including an amount payable under this Clause 15 (*Interest for Late Payment*)) on the due date for payment, it will pay interest on that amount from the due date until the date of payment (whether before or after judgment) in accordance with this Clause 15 (*Interest for Late Payment*).

15.2 Interest is payable under this Clause 15 (*Interest for Late Payment*) at the rate of 6 per cent per annum and will accrue from day to day. Where interest payable under this Clause 15 (*Interest for Late Payment*) or elsewhere under this Agreement is required to be calculated for any period which is not an Interest Period, it will be calculated on the basis of actual days elapsed and a 365 day year.

16. **INDEMNITIES**

16.1 **General indemnities**

16.1.1 The Borrower will, within four Business Days after a demand, indemnify the Lender against any loss which it may have suffered as a result of:

16.1.1.1 any failure by the Borrower to pay any amount under this Agreement when it is due;

16.1.1.2 any prepayment of all or part of the Loan;

16.1.1.3 the occurrence of any other Event of Default;

16.1.1.4 any other breach of this Agreement by the Borrower; or

16.1.1.5 complying with Clause 19.3 (*Changes in Regulation*).

16.1.2 In Clause 16.1 (*General Indemnities*), loss means a loss or expense of any kind certified as such by the Lender, including but not limited to losses arising as a result of funding the Loan or reemploying deposits which are no longer required for such funding or re-employing funds received from the Borrower otherwise than as scheduled in this Agreement.

16.2 **Currency indemnity**

16.2.1 If any amount owing by the Borrower in connection with this Agreement is required to be converted into another currency for any purpose (such as the making of a claim against the Borrower or obtaining or enforcing any judgment or order against it) the Borrower will indemnify the Lender against any loss which it may suffer as a result.

16.2.2 In Clause 16.2.1, loss means a loss or expense of any kind certified as such by the Lender, including but not limited to any loss arising from any difference between the rate of exchange used for the purpose of

the conversion and the actual rates of exchange which the Lender would, in the ordinary course of business, have obtained.

17. SET-OFF

- 17.1 The Lender may at any time set off any credit balance to which the Borrower is entitled or any other Financial Indebtedness of the Lender to the Borrower against any sum then payable by the Borrower to the Lender under this Agreement.
- 17.2 The Borrower irrevocably authorises the Lender to purchase such other currencies as may be necessary to effect the set-off.

18. CALCULATIONS AND CERTIFICATES

- 18.1 The entries made in accounts maintained by the Lender are *prima facie* evidence of the matters to which they relate.
- 18.2 All interest and other payments of an annual nature under this Agreement will accrue from day to day. They will be calculated on the basis of actual days elapsed and a 365 day year.
- 18.3 Any certificate or determination by the Lender as to any rate of interest, exchange rate, or amount payable under this Agreement is conclusive and binding on the Borrower, unless there is a manifest error.

19. CHANGES IN REGULATION

- 19.1 Clauses 19.2 to 19.3 (*Changes in Regulation*) apply if a new Regulation is introduced or there is a change to an existing Regulation or to its interpretation or application after the date of this Agreement and, in any such case, its effect is, in relation to the Loan or this Agreement:
- 19.1.1 to reduce the amount payable to the Lender (for the avoidance of doubt, excluding any Tax imposed on the Lender once payment has been received by the Lender and any amount which the Borrower is exempted from paying under Clause 14 (*Tax*));
 - 19.1.2 that the Lender or any of its Affiliates incurs any loss (including a loss of potential future profits); or
 - 19.1.3 to reduce in any other way the effective return of the Lender or any of its Affiliates.
- 19.2 The Lender will notify the Borrower as soon as practicable. The Borrower will, within three Business Days of demand, pay to the Lender the amount which the Lender certifies is required to compensate it or its Affiliate for the matters specified in Clause 19.1 (*Changes in Regulation*). Such a demand may be made even after the Loan, or any part of it, has been converted or repaid but shall not be made after the Repayment Date. The certificate must set out the basis of the computation of the amount, but need not include any matters which the Lender or its Affiliate regards as confidential.
- 19.3 Upon receipt of notice from a Lender pursuant to Clause 19.2 (*Changes in Regulation*) or if the Borrower is required to increase the amount of any payment pursuant to Clause 14 (*Tax*) and provided that such amounts demanded or payable are materially adverse to the Borrower, the Borrower shall have the

option to repay in full all amounts outstanding under the Loan plus any accrued but unpaid interest owing to that particular Lender as set out in Clause 12.1.2 (*Default*) applied mutatis mutandis, and the Borrower shall notify the Lender of the exercise of this option within seven days of receipt of notice from the Lender pursuant to Clause 19.2 (*Changes in Regulation*).

19.4 Should the Borrower choose to exercise the option to repay under Clause 19.3 (*Changes in Regulation*), the Lender shall still have the option to exercise the Conversion Rights in respect of all or part of the relevant principal amount of the Loan at any time prior to the repayment by the Borrower, and in any case, at least on the next Dealing Day for Subscriptions following receipt of notice from the Borrower pursuant to Clause 19.3 (*Changes in Regulation*).

19.5 Without being under any legal obligation to do so, or to provide any information to the Borrower, the Lender will take such steps as, in its reasonable opinion, will not be prejudicial to it, to mitigate any loss which would give rise to a claim under Clauses 14 (*Tax*) or 19 (*Changes in Regulation*).

19.6 **Illegality**

If it becomes contrary to any Regulation for the Lender to perform any of its Duties under this Agreement, the Borrower will repay the Loan on demand, together with all other amounts owing to the Lender under this Agreement.

20. **TRANSFER**

20.1 **No transfer by the Borrower**

The Borrower may not transfer (either by assignment or by novation) any of its Rights or Duties under this Agreement.

20.2 **Transfer by the Lender**

The Lender may assign all or part of its Rights under this Agreement to any assignee, or transfer all of its Rights and Duties under this Agreement to any transferee (and in respect of any such transfer, the Borrower agrees and undertakes to enter into a novation agreement to effect the transfer).

20.3 **Disclosure of information**

The Lender may disclose to any prospective assignee or transferee such information about the Borrower, the Loan and this Agreement as the Lender may consider appropriate if the person to whom the information is to be given has agreed to keep such information confidential.

20.4 **Increased costs**

If the Lender assigns any of its Rights under this Agreement and as a result of circumstances existing at the date of the assignment, the Borrower would have to make an increased payment to the assignee under Clauses 14 (*Tax*) or 19 (*Changes in Regulation*), then the assignee can only receive payment under those clauses to the same extent as the assignor would have received payment had the assignment not occurred.

21. **REMEDIES**

21.1 The Rights of the Lender against the Borrower under this Agreement are cumulative. They do not limit any Rights of the Lender against the Borrower existing under the general law.

21.2 No failure by the Lender to exercise any Right under this Agreement will operate as a waiver of that Right. Nor will a single or partial exercise of a Right by the Lender preclude its further exercise.

22. **NOTICES**

22.1 Any notice or other communication to a party to this Agreement must be in writing. It must be addressed for the attention of such person, and sent to such address or fax number as that party may from time to time notify to the other parties.

22.2 It shall be deemed to have been received by the relevant party on receipt at that address or fax number.

22.3 The initial administrative details of the parties are contained in Schedule 2 (*Initial administrative details of the parties*), but a party may amend its own details at any time by notice to the other parties.

22.4 Any notice to the Borrower under Clause 12.1 (*Consequences of an Event of Default*) may alternatively be sent to its registered office or to any of its places of business or to any of its directors; and it will be deemed to have been received when delivered to any such places or persons.

23. **ENGLISH TRANSLATIONS**

23.1 Any notice given under or in connection with this Agreement must be in English.

23.2 Where any other document provided to the Lender under the terms of this Agreement is not in English, that document must be accompanied by an English translation, certified to be an accurate translation of the original.

23.3 The English translation will prevail over the original document unless that document is a constitutional, statutory or other official document.

24. **PARTIAL INVALIDITY**

If at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision in any other respect or under the law of any other jurisdiction will be affected or impaired in any way.

25. **LAW AND JURISDICTION**

25.1 **Law**

This Agreement and any non-contractual obligations connected with it are governed by, and shall be construed with, English law.

25.2 **Jurisdiction**

- 25.2.1 The Borrower irrevocably agrees that the English courts have exclusive jurisdiction and accordingly submits to the jurisdiction of the English courts in relation to any matter arising in connection with this Agreement or any non-contractual obligations connected with it (including regarding its existence).
- 25.2.2 The Borrower agrees that the English courts are the most appropriate and convenient courts to settle any matter falling within Clause 25.2 (*Jurisdiction*).
- 25.2.3 The Lender may, however, bring proceedings in connection with this Agreement (including its existence) in any court of competent jurisdiction and, to the extent allowed by law, take concurrent proceedings in any number of jurisdictions.

25.3 **Process agent**

- 25.3.1 The Borrower irrevocably appoints Alpha Real Capital LLP, 6th Floor, 338 Euston Road, Regent's Place, London NW1 3BG at its registered office from time to time to receive on its behalf process issued out of the English courts in connection with this Agreement and any other documents in connection thereof or with the Loan.
- 25.3.2 Failure by the process agent to notify the Borrower of the process will not invalidate the proceedings concerned.
- 25.3.3 If this appointment is terminated for any reason, the Borrower will appoint a replacement agent and will ensure that the new agent notifies the Lender of its acceptance of appointment.

THIS AGREEMENT has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

Form of Drawdown Notice

To:

Alpha Real Trust Limited

Dated: [.]

Loan agreement for £7,500,000 convertible into participating shares dated 21 November 2011 (the **Agreement**)

1. We wish to draw down the Total Commitment of £7,500,000 on [.] 2011.
2. The funds should be credited to [account details].
3. We represent and warrant that all of the matters described in Clause 8 (*Representations, warranties and undertakings*) of the Agreement are true today. We also warrant that they will continue to be true on the Date of Drawdown.
4. We confirm that:
 - 4.1 no Default has occurred and is continuing;
 - 4.2 no Default will result from the making of the advance of the Total Commitment; and
 - 4.3 the Borrower is not otherwise in breach of this Agreement.
5. Words defined in the Agreement have the same meanings in this notice.

Yours faithfully

.....

For and on behalf of [**Borrower**]

SCHEDULE 2

Initial administrative details of the parties

Party	Address	Fax Number	Attention
Borrower	3rd Floor Walker House 28-34 Hill Street St Helier Jersey, Channel Islands JE4 8PN	+ 44 (0) 1534 885200	The Directors
	Copy to:	0207 391 4700	
	Alpha Real Capital LLP 6 th Floor 338 Euston Road Regent's Place London NW1 3BG		
Lender	Old Bank Chambers, La Grande Rue St Martin's, Guernsey Channel Islands GY4 6RT	44 (0) 1481 231101	The Directors

SCHEDULE 3

Permitted Security

1. Liens arising in the ordinary course of trading by operation of law.
2. All security created from time to time in accordance with the terms of the Credit Facility Agreement.
3. All security created from time to time in accordance with the terms of the ART Facility Agreement.

SCHEDULE 4

Form of Conversion Notice

To: Active UK Active UK Real Estate Fund PLC (the **Borrower**) (see Note 1)

I being the holder of[.] in principal amount outstanding of the Loan in respect of the loan agreement dated [.] 2011 (the **Agreement**) hereby give notice that I require the Borrower to convert all/£ [.] only (see Note 2) of the said Loan into Participating Shares on the terms of the Agreement.

I hereby direct you to allot and issue registered Participating Shares of the Borrower in accordance with such terms to [me]/[Permitted Nominee]. [I]/[Permitted Nominee] agree[s] to accept such Participating Shares subject to the Memorandum and Articles of Association of the Borrower. [I]/[Permitted Nominee] hereby request[s] the entry of my/our/its name(s) in the register of members of the Borrower in respect thereof.

I hereby require the despatch to [me]/[Permitted Nominee] of the contract note evidencing title.

Dated 201[.]

Signature(s)

[Signature(s) of [Permitted Nominee]]

(see Note 4)

Postal address:

.....

NOTES

1. In order to exercise the Conversion Rights in respect of all or any part of the Loan, this Conversion Notice should be signed and completed and sent to the registered office of the time being of the Borrower, for the attention of the Secretary.
2. If exercising the Conversion Rights in respect of all of the principal amount of the Loan outstanding, allow "all" to stand and delete reference to the principal amount of Loan being converted. If exercising the Conversion Rights in respect of only part of the principal amount of the Loan outstanding, delete "all" and write in the principal amount of the Loan to be converted.
3. A company must execute the notice either under its common seal or by the signature of a duly authorised officer.

SCHEDULE 5

Disclosure Package

Part I: Credit Facility Agreement

1. Credit facility agreement dated 27 September 2013 between, amongst others, Alpha UK Property Fund Asset Company ("No 2") Limited and The Royal Bank of Scotland plc as amended and restated pursuant to deed of amendment and restatement dated on or about the Effective Date.
2. Duty of Care Agreement dated on or about the Effective Date between, amongst others, Savills as property manager, Alpha Real Capital LLP and The Royal Bank of Scotland plc.
3. Duty of Care Agreement dated on or about the Effective Date between, amongst others, Alpha Real Capital LLP as investment manager and The Royal Bank of Scotland plc.
4. Fee letter between Alpha UK Property Fund Asset Company ("No 2") Limited and The Royal Bank of Scotland plc.
5. Subordination Agreement dated on or about the Effective Date between, amongst others, Active UK Real Estate Fund PLC (formerly known as Alpha UK Property Fund Asset Company ("No 1") Limited), Alpha UK Property Fund Asset Company ("No 2") Limited and The Royal Bank of Scotland plc.
6. Security Agreement dated 27 September 2013 between Alpha UK Property Fund Asset Company ("No.2") Limited and The Royal Bank of Scotland plc.
7. Supplemental Security Agreement dated on or about the Effective Date between Alpha UK Active Property Fund Asset Company ("No.2").
8. Share Charge dated on or about the Effective Date between Active UK Real Estate Fund PLC (formerly known as Alpha UK Property Fund Asset Company ("No 1") Limited) and The Royal Bank of Scotland plc.

Part II: Internal Loan Agreements

1. Loan Agreement dated 16 August 2012 between Alpha UK Real Estate Fund plc and the Borrower for interest free facilities of up to £40,000,000 to the Parent as novated on or about the Effective Date.
2. Loan Agreement dated 16 August 2012 between the Alpha UK Real Estate Fund plc and the Borrower for facilities of up to £5,923,180 to the Borrower as novated on or about the Effective Date.
3. Loan Agreement dated 16 August 2012 between the Alpha UK Real Estate Fund plc and Alpha UK Property Fund Asset Company ("No. 2") Limited for interest free facilities of up to £40,000,000 to Alpha UK Property Fund Asset Company ("No. 2") Limited as novated on or about the Effective Date.

4. Loan Agreement dated 16 August 2012 between Alpha UK Real Estate Fund plc and Alpha UK Property Fund Asset Company ("No. 2") Limited for facilities of up to £6,683,565 to Alpha UK Property Fund Asset Company ("No. 2") Limited as novated on or about the Effective Date.

Part III: Management Agreements

1. Investment Management Agreement dated about the Effective Date between Alpha Real Capital LLP and Active UK Real Estate Fund PLC (formerly known as Alpha UK Active Fund Asset Company ("No 1") Limited) and Alpha UK Active Fund Asset Company ("No 2") Limited
2. Asset Management Agreement dated on or about the Effective Date between Alpha Real Capital LLP and Savills.

Part IV: Corporate Documents

1. Memorandum and Articles of Association of Active UK Real Estate Fund PLC (formerly known as Alpha UK Active Fund Asset Company ("No 1") Limited).
2. Certificate of Incorporation and Certificates of Incorporation on Change of Name of Active UK Real Estate Fund PLC (formerly known as Alpha UK Active Property Fund Asset Company ("No 1") Limited).
3. Memorandum and Articles of Association of Alpha UK Property Fund Asset Company ("No 2") Limited.
4. Certificate of Incorporation and Certificates of Incorporation on Change of Name of Alpha UK Property Fund Asset Company ("No 2") Limited.

EXECUTED by the parties:

**ACTIVE UK REAL ESTATE PLC (FORMERLY KNOWN AS
ALPHA UK PROPERTY FUND ASSET COMPANY
("NO. 1") LIMITED)**

the Borrower

.....
Authorised signatory

ALPHA REAL TRUST LIMITED

the Lender



.....
Authorised signatory

Melanie Torode
Alternate Director to Serena Tremlett