

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately.**

If you have sold or otherwise transferred all your shares in DRUM Income Plus REIT plc (the "Company"), please send this document and the accompanying documentation at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward delivery to the purchaser or transferee.

This document should be read in conjunction with the Prospectus relating to the Company, which will be published shortly and is being prepared in accordance with the Prospectus Rules and Listing Rules of the Financial Conduct Authority made under section 73A of the Financial Services and Markets Act 2000.

The Company and the Directors of the Company, whose names appear on page 4, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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## **DRUM INCOME PLUS REIT PLC**

*(A company incorporated and registered in England and Wales with registered number 9511797 and registered as an investment company under section 833 of the Companies Act 2006)*

### **Related Party Transaction and Notice of General Meeting**

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Notice of a General Meeting of the Company to be held at 10.00 a.m. on 21 March 2016 at 16 Charlotte Square, Edinburgh EH2 4DF is set out at the end of this document. The accompanying form of proxy for use at that General Meeting should be completed and returned as soon as possible and, to be valid, must arrive at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than 48 hours (excluding non working days) before the time of the General Meeting.

Applications will be made to the UK Listing Authority for the New Shares to be admitted to the Official List and to the London Stock Exchange for those New Shares to be admitted to trading on the London Stock Exchange's Main Market. It is expected that Admission will become effective and that dealings in the New Shares issued pursuant to the Initial Placing will commence on 24 March 2016.

Your attention is drawn to the section headed "Action to be taken" on page 7 of this document.

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## EXPECTED TIMETABLE

	<i>2016</i>
Publication of Prospectus and Initial Placing opens	26 February
Latest time and date for receipt of forms of proxy	10.00 a.m. on 17 March
General Meeting	10.00 a.m. on 21 March
Latest time and date for commitments under the Initial Placing	3.00 p.m. on 22 March
Admission and dealings in the New Shares expected to commence	8.00 a.m. on 24 March

## PART I

### LETTER FROM THE CHAIRMAN OF THE COMPANY

# DRUM INCOME PLUS REIT PLC

*(A company incorporated and registered in England and Wales with registered number 9511797 and registered as an investment company under section 833 of the Companies Act 2006)*

#### *Directors*

John Evans (*Chairman*)  
Hugh Little  
Alan Robertson

#### *Registered Office*

Level 13  
Broadgate Tower  
20 Primrose Street  
London  
EC2A 2EW

26 February 2016

Dear Shareholder

### PROPOSED RELATED PARTY TRANSACTION

#### **Introduction**

Drum Income Plus REIT plc is a closed-ended investment company which was launched in May 2015 and whose assets are managed by Drum Real Estate Investment Management Limited (“DREIM”). The Company invests in UK commercial properties to achieve its objective of providing Shareholders with a regular dividend income plus the prospect of income and capital growth over the longer term. The Company’s Ordinary Shares are listed on the Official List and traded on the Main Market. The Company entered the UK REIT regime with effect from 20 August 2015.

On its launch in May 2015 the Company raised gross proceeds of approximately £31.9 million and issued 31,864,000 Ordinary Shares. Tcam Nominees (No. 1) Limited together with its associates holds, in aggregate, 27,268,000 Ordinary Shares, which equates to approximately 85.58 per cent. of the voting rights of the Company. In the light of this shareholding in the Company, under the Listing Rules, Tcam Nominees is a person exercising significant influence over the Company and is, as a result, a related party to the Company.

The Company has used all of the proceeds it received on launch together with approximately £11.1 million of its £20 million revolving loan facility with the Bank to acquire seven properties, located across the UK, for a gross consideration of approximately £41.6 million. DREIM, the Company’s asset manager, continues to identify attractive acquisition opportunities which it believes would benefit the Company’s portfolio.

The Board is therefore proposing to issue up to, in aggregate, 100 million New Shares by way of an Initial Placing at the Initial Placing Price of 100 pence per New Share and a subsequent Placing Programme to enable the Company to raise additional capital to acquire further UK commercial properties in accordance with the Company’s investment policy. These Proposals should substantially increase the size of the Company’s issued share capital, which in turn will give it a bigger equity base over which to spread fixed costs and provide for secondary liquidity in the Company’s Shares. Furthermore, as the proceeds of the Placings are invested, the Proposals will also help diversify the Company’s Property Portfolio and enhance the potential for income and capital growth over the longer term in accordance with the Company’s investment objective and policy.

Tcam Nominees is keen to see the Company grow and wishes to support these Proposals. Tcam Nominees (and its associates) has indicated that it would like the ability to make further investments in the Company, pursuant to the Proposals, of up to £10 million. Tcam Nominees has further indicated that, if Shareholders grant it this ability at the General Meeting, it, and its associates, may, in the first instance, subscribe for up to approximately £2.5 million in the Initial Placing. In the light of Tcam

Nominees being a related party to the Company, these further subscriptions, or subscriptions by its associates, pursuant to the Placing Programme constitute related party transactions under the Listing Rules.

Therefore as required by the Listing Rules, the Tcam Subscription is conditional upon the approval of the Independent Shareholders (being, Shareholders other than Tcam Nominees who may not vote on the Resolution). Tcam Nominees have agreed to take all reasonable steps to ensure that their associates do not vote on the Resolution.

Following the Placing Programme, on the assumption it is fully subscribed at the Initial Placing Price and on the assumption that 10 million New Shares are issued to Tcam Nominees, at the Initial Placing Price, it will own approximately 28.26 per cent. of the enlarged issued share capital of the Company. The purpose of this document is to provide Shareholders with further details of the Related Party Transaction and to provide Shareholders with notice of the General Meeting of the Company to consider and, if thought fit, pass the Resolution to approve the Related Party Transaction. The Tcam Subscriptions are therefore conditional on the passing of the Resolution at the General Meeting. The Proposals are not, however, conditional on the passing of the Resolution.

### **The Property Portfolio**

The Property Portfolio comprises seven properties which are located across the UK and have an aggregate current market value of approximately £40.36 million. The Property Portfolio generates a current gross contracted rent of approximately £3.3 million (with an acquisition yield of 7.9 per cent) and an aggregate estimated gross annual rent of approximately £3.2 million.

The Asset Manager continues to identify further potential acquisitions which are in accordance with the Company's investment policy. Therefore, the Board and the Asset Manager are confident that the proceeds of the Initial Placing can be invested shortly after Admission.

### **Details of the terms of the Proposals**

The Board is proposing to issue up to 100 million New Shares, in aggregate, under the Initial Placing and subsequent Placing Programme. The net proceeds of the Initial Placing and any further Placings under the Placing Programme will therefore be used to acquire additional UK commercial properties in accordance with the Company's investment policy.

#### *The terms of the Initial Placing*

The Initial Placing Price is 100 pence. There is no minimum amount to be raised under the Initial Placing.

The Initial Placing is conditional on:

- (i) the Placing Agreement becoming wholly unconditional (save as to Admission) and not having been terminated in accordance with its terms prior to Admission; and
- (ii) (a) the UKLA having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New Shares arising under the Initial Placing to the Official List with a premium listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject ("listing conditions")) will become effective as soon as a dealing notice has been issued by the Financial Conduct Authority and any listing conditions having been satisfied; (b) the London Stock Exchange having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the New Shares will be admitted to trading; and (c) Admission occurring on or before 8.00 a.m. on 24 March 2016 or such time and/or date as the Company, the Sponsor and the Bookrunner, in conjunction with the Asset Manager, may agree, being not later than 8.00 a.m. on 30 April 2016.

The actual number of New Shares issued under the Initial Placing will be determined by the Company and the Bookrunner. The final results of the Initial Placing will be announced via an RIS.

### *The terms of the Placing Programme*

The Company is proposing the Placing Programme to enable the Company to raise additional capital in the 12 month period from the publication of the Prospectus when it identifies properties that are suitable for acquisition. This should enable the Asset Manager to make a series of property acquisitions whilst also mitigating the impact on the Company of receiving lower returns on significant cash balances awaiting investment. Once the existing Shareholder allotment authorities granted at a general meeting of the Company held on 24 April 2015 are exhausted, the Company will, if it is appropriate to do so, convene further general meetings to seek Shareholder approval for the allotment and disapplication of pre-emption rights on further New Shares for use under the Placing Programme.

New Shares will only be issued to new and existing Shareholders at a premium to the most recent NAV per Share at the time of issue. The premium will be intended to cover the direct costs of the relevant issue of New Shares and contribute to the financial impact of investing the proceeds. However, the Placing Programme Price will not necessarily cover the full costs of the relevant Issue and the investment of the resulting proceeds. The net asset value could therefore be reduced to the extent such costs are not covered.

### **Gearing policy**

Gearing, calculated as borrowings as a percentage of the Group's assets, will not exceed 50 per cent. at the time of drawdown.

The Board has put in place the £20 million revolving loan facility with the Bank which has a term of 18 months and is therefore repayable on 22 July 2017. The Bank Facility will be used to fund further acquisitions in accordance with the Company's investment policy. The Group has already drawn down approximately £11.1 million from the Bank Facility in order to complete the acquisition of the Cheadle Property and the properties situated at Arthur House, Manchester and Eastern Avenue Retail Park, Gloucester, both of which completed on 24 February 2016. The interest rate on the Bank Facility is LIBOR plus 1.1 per cent.

The Board intends to refinance its existing debt with longer term debt prior to the repayment date as it aims to maintain the proposed gearing level of 40 per cent. loan to value over the longer term.

### **Dividend policy**

Subject to market conditions and the Company's performance, financial position and financial outlook, it is the Directors' intention to pay dividends to Shareholders on a quarterly basis. The Company has declared a first interim dividend of 1.3125 pence per Ordinary Share in respect of the period from the Company's launch on 29 May 2015 to 31 December 2015 which will be paid on 26 February 2016 to Shareholders on the Company's register of members at the close of business on 5 February 2016.

The Board expects to pay an initial aggregate dividend of 5.25 pence per Ordinary Share in respect of the period from the Company's launch to 30 September 2016. Following this initial period the Company is targeting fully covered aggregate dividends of at least 5.5 pence per Ordinary Share and 6.0 pence per Ordinary Share (on the assumption the net asset value of the Company exceeds £50 million) in respect of the 12 months ending 30 September 2017 and 30 September 2018 respectively.

There are no assurances that these dividends, which are targets only and not profit forecasts, will be paid or that the Company will pay any dividends. Save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant New Shares pursuant to the Placing Programme such New Shares will rank *pari passu* with the Ordinary Shares.

### **Costs and expenses of the Proposals**

The costs and expenses of the Proposals are expected to be approximately £1.6 million on the assumption that the Placing Programme is fully subscribed and is carried out by way of a single issue at the Initial Placing Price.

### **Further information**

Your attention is drawn to the further information set out in Part II of this document.

**General Meeting**

Under the Listing Rules, the Related Party Transaction requires the approval of Shareholders. An ordinary resolution will therefore be proposed at the General Meeting to approve the Related Party Transaction. The Resolution requires the approval of a simple majority of the votes cast in respect of it by Independent Shareholders. You will find set out at the end of this document a notice convening a General Meeting of the Company to be held at 10.00 a.m. on 21 March 2016 at 16 Charlotte Square, Edinburgh EH2 4DF.

**Action to be taken**

You will find enclosed with this document a form of proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed on it and return it to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received as soon as possible and, in any event, not later than 10.00 a.m. on 17 March 2016. Completion of a form of proxy will not prevent a Shareholder attending and voting at the General Meeting in person.

**Recommendation**

The Board, which has been so advised by Dickson Minto W.S., considers that the Related Party Transaction is fair and reasonable so far as Shareholders are concerned. In providing its advice, Dickson Minto W.S. has taken into account the Board's commercial assessments. The Board also considers the passing of the Resolution to be in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolution to be put to the General Meeting as they intend to do so in respect of their own beneficial holdings (amounting to 125,000 Shares, representing approximately 0.4 per cent. of the issued share capital of the Company).

Yours faithfully

**John Evans**  
*Chairman*

## PART II

### ADDITIONAL INFORMATION

The Company was incorporated and registered in England and Wales on 26 March 2015 and is a public company limited by shares, with registered number 9511797. The Company operates under the Act (and the regulations from time to time made thereunder). Its registered office is at Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW and its principal place of business is at 115 George Street, Edinburgh EH2 4JN (telephone number: 0131 225 9595). Save for its compliance with the Act (and the regulations from time to time made thereunder), the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules, the Company is not an authorised or regulated entity.

#### 1. Major Shareholders

- 1.1 As at 24 February 2016 (being the latest practicable date prior to the publication of this document) the Company is aware of the following persons who are directly or indirectly interested in 3 per cent. or more of the Company's issued share capital:

	<i>Number of Ordinary Shares as at the date of this document</i>	<i>Percentage of current issued Ordinary Shares</i>
Tcam Nominees*	27,268,000	85.58%
Drum REIT LLP	2,000,000	6.28%

\* These Shares are held by Tcam Nominees and its associates on behalf of the underlying beneficial shareholders and managed by a number of independent investment managers whose decisions in relation to the Shares are unfettered by Tcam Asset Management Limited.

- 1.2 Save as described above, as at 24 February 2016 (being the latest practicable date prior to the publication of this document), the Directors are not aware of any person who could, directly or indirectly, jointly or severally, own or exercise control over the Company or of any arrangements, the operation of which may result in a change of control of the Company.

#### 2. Significant Changes

In the period from 30 September 2015 (being the end of the last financial period of the Company for which financial information has been published) to the date of this document, there has been no significant change in the financial or trading position of the Group save that: (i) the Group has acquired five properties (situated at Gosforth Newcastle, Monteith House, Glasgow, Cheadle, Manchester, Arthur House, Manchester and Eastern Avenue Retail Park, Gloucester) for an aggregate consideration of approximately £33 million; (ii) the Company has cancelled its share premium account creating a special reserve of approximately £28 million which is available for distribution; and (iii) the Property Subsidiary has entered into the Bank Facility and has drawn down approximately £11.1 million.

#### 3. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by a member of the Group since the incorporation of the Company which are, or may be, material to the Group as at the date of this document:

- 3.1 A placing agreement dated 26 February 2016 between (1) the Company, (2) the Asset Manager and (3) Cantor Fitzgerald whereby Cantor Fitzgerald conditionally agrees to use its reasonable endeavours to procure placees in the Initial Placing and Placing Programme of up to 100 million New Shares. In consideration for its services Cantor Fitzgerald will be paid commission of an amount equal to one per cent. of the gross proceeds that it raises under the Issues. Cantor Fitzgerald has agreed to rebate to the discretionary clients of Tcam one per cent. of the gross proceeds subscribed by them.

The Placing Agreement is conditional on Admission. The Placing Agreement contains certain warranties and indemnities given by the Company and the Asset Manager without time limit in favour of Cantor Fitzgerald. Such indemnities and warranties are customary in an agreement of this kind. The Placing Agreement may be terminated in certain circumstances prior to Admission including by reason by *force majeure*.

- 3.2 The Company and the AIFM have entered into an agreement dated 28 April 2015 as amended by side letter dated 12 February 2016 pursuant to which the AIFM is appointed to act as the Company's Alternative Investment Fund Manager.

The AIFM's duties under the AIFM Agreement with regard to portfolio management include, *inter alia*, complying with the Company's investment policy and keeping the Company's assets under review and generally providing investment advice to the Company in connection with treasury management and money market funds.

The AIFM has entered into the Asset Management Agreement with the Asset Manager. Pursuant to the terms of the Asset Management Agreement, the AIFM has delegated responsibility for sourcing acquisitions, identifying disposal opportunities and portfolio management services relating to the Company to the Asset Manager.

The AIFM's liability to the Company for all matters so delegated has not been affected thereby. The AIFM has, and shall maintain, the necessary expertise and resources to supervise effectively those tasks delegated to the Asset Manager.

Under the terms of the AIFM Agreement, the AIFM is also responsible for obtaining and maintaining from the Financial Conduct Authority or the Jersey Financial Services Commission all approvals necessary for the AIFM to be appointed and continue to act as Alternative Investment Fund Manager of the Company in accordance with the AIFMD; and is required to provide all such risk management services to the Company as are required by the AIFMD, including, *inter alia*, (i) the implementation of adequate risk management systems to identify, measure, manage and monitor appropriately all risks relevant to the Company's investment strategy and to which the Company is or may be exposed, (ii) the implementation of an appropriate, documented and regularly updated due diligence process when the Company makes investments, (iii) ensuring that the risks associated with each investment position of the Company and their overall effect upon the Property Portfolio can be properly identified, measured, managed and monitored on an ongoing basis, including through the use of appropriate stress testing procedures, (iv) the establishment and implementation of quantitative and qualitative risk limits for the Company, taking into account all relevant risks and (v) reviewing the risk management systems at least annually and adapting them where necessary.

Under the terms of the AIFM Agreement, the AIFM has agreed to act in good faith and with the reasonable skill and diligence expected of a competent and prudent investment manager and to act in the best interests of the Company. The AIFM Agreement contains an unlimited indemnity in favour of the AIFM against claims by third parties except to the extent that the claim is due to a breach by the AIFM of the AIFM Agreement or to the negligence, wilful default or fraud of the AIFM or any party to whom the AIFM has delegated any of its functions.

The AIFM Agreement may be terminated immediately if, among others, the AIFM is guilty of negligence, wilful default or fraud, is the subject of insolvency proceedings or both of the Key Men are no longer involved to a material extent in the management of the Group's assets and the Board has not given its prior consent to the change. The AIFM Agreement is terminable by any party on 12 months' written notice, provided that such notice shall expire no earlier than 29 May 2019 (being the fourth anniversary of the Company's launch), unless the Asset Manager is appointed as Alternative Investment Fund Manager. The AIFM Agreement further provides that the Company will pay to the AIFM a fixed fee of £15,000 per annum plus an annual portfolio management fee of 1.15 per cent. per annum of the Net Assets of the Company where such Net Assets are less than £150 million. In the event that the Net Assets are equal to or in excess of £150 million the annual portfolio management fee will reduce to 1 per cent. of the Net Assets of the Company. The AIFM has agreed that the portfolio management fee will be paid to the Asset Manager. The Asset Manager has agreed to reduce its portfolio management fee under the AIFM Agreement, to the extent necessary to ensure that the annual expenses of the Company do not exceed 2.0 per cent. of the Net Assets.

The AIFM maintains a professional indemnity insurance policy. The policy provides cover against claims up to £5 million arising from professional negligence.

- 3.3 The Company, the AIFM and the Asset Manager have entered into an asset management agreement dated 28 April 2015 and amended by side letter dated 12 February 2016 pursuant to which the AIFM has delegated portfolio management services relating to the Company to the Asset Manager on the same terms as the AIFM Agreement. The Asset Management Agreement is terminable by any party on 12 months' written notice, provided that such notice shall expire no earlier than 29 May 2019 (being the fourth anniversary of the Company's launch). The AIFM has the power to instruct the Asset Manager and terminate the Asset Management Agreement with immediate effect when this is in the interests of investors.

In its capacity as asset manager, the Asset Manager is responsible for the property management of the assets of the Company including the sourcing of new real estate assets in the UK, the collection of rent and implementing the agreed property management strategy including maximising rental income at rent reviews, negotiating longer leases and the removal of tenant break options, instructing agents to re-let premises at lease expiries and where appropriate arranging for refurbishment to increase rental income or capital values as well as the day to day monitoring of the assets of the Company.

The AIFM has agreed that its portfolio management fee described above will be paid to the Asset Manager. During the refurbishment or development of properties it is customary to appoint a specialist third party advisor to manage such projects and pay to them project management fees in respect of such work. The Board may agree to appoint the Asset Manager as a project manager if it considers it to be in the best interests of the Company to do so. For such work the Asset Manager would receive an appropriate fee. To the extent any commissions arise from procuring insurance in respect of the properties held in the Company's portfolio, the Asset Manager would not be entitled to retain such commissions.

- 3.4 The Property Subsidiary and the Bank (in various capacities) have entered into the Facility Agreement dated 22 January 2016 whereby the Bank has agreed to make available a term loan facility of £20 million. Interest is payable by the Property Subsidiary at a rate equal to the aggregate of LIBOR, plus 1.1 per cent. per annum. The Bank Facility has a term of 18 months and is repayable on 22 July 2017. The Facility Agreement contains standard events of default and covenants for a bank facility of this nature. An Event of Default (as defined in the Facility Agreement) will be triggered if, *inter alia*, (i) the loan to value ratio exceeds 50 per cent. or (ii) if the net rental income in respect of all leases should fall below 2.5 times the amount of interest payable under the Facility Agreement over the period the net rental income is calculated. The Bank Facility is secured by way of fixed and floating charges over the assets of the Property Subsidiary.

- 3.5 The Company is a party to an administration and secretarial agreement with R&H Fund Services Limited dated 28 April 2015 pursuant to which the Administrator provides day-to-day administration of the Company and acts as secretary and administrator to the Company. In its capacity as administrator, the Administrator is responsible for the maintenance of accounts, preparing half yearly and annual accounts of the Company and calculating the net asset value of the Shares based on information provided to the Administrator by the Asset Manager.

A fixed fee of £75,000 per annum is payable by the Company to the Administrator. A further fee of 0.05 per cent. per annum of the total assets of the Company which exceeds £100 million, subject to a cap of £90,000 per annum, will be payable by the Company to the Administrator.

The Company will also reimburse the Administrator for disbursements and reasonable out of pocket expenses incurred by the Administrator on behalf of the Company.

The Administrator may delegate the whole or any part of its duties and responsibilities to an affiliate however such delegation does not affect the liability of the Administrator who shall remain at all times liable for the acts or omissions of its delegate as if such acts or omissions were its own.

This administration and secretarial agreement can be terminated by the Company or the Administrator on six months' written notice.

The administration and secretarial agreement may be terminated immediately if: (i) notice is given or filed in respect of the other party in relation to the appointment of an administrator, or a petition is presented or application made for an administration order; (ii) an order is made or a resolution passed to put the other party into liquidation (except a voluntary liquidation for the purpose of reconstruction, amalgamation or merger); (iii) the other party is unable to pay its debts as they fall due; (iv) a receiver is appointed to the undertaking of the other party or any part thereof; or (v) the parties agree.

- 3.6 By a letter dated 28 April 2015, Tcam have irrevocably undertaken to the Company that, at any time or times when Tcam together with its associates (as defined in the Listing Rules), are entitled to exercise, or to control 30 per cent. or more of the rights to vote at general meetings of the Company, they will not, and will exercise such rights as they may have to procure that none of their associates will:
- (a) seek to nominate directors to the Board who are not independent of Tcam or its associates;
  - (b) take any action which would be detrimental to the general body of Shareholders;
  - (c) take any action which may result in the AIFM, the Asset Manager or any other investment manager of the Company or its subsidiaries from time to time, not being able to carry out its duties independently of Tcam or its associates; or
  - (d) take any action which may result in the Directors not being able to fulfil their duties as Directors independently of Tcam or its associates; or
  - (e) enter into any transaction or relationship with the Company or its subsidiaries other than at an arm's length and on a normal commercial basis.

#### **4. Dealings in New Shares**

It is expected that the New Shares will be issued and admitted to listing on the UKLA's Official List and to trading on the Main Market of the London Stock Exchange, and dealings in such shares will commence, on 24 March 2016. A total number of up to 100 million New Shares are being issued pursuant to the Placing Programme. Fractions of New Shares will not be issued. The New Shares will be issued in registered form and will be capable of being held in certificated or uncertificated form. Pending the issue of definitive certificates in respect of the New Shares, transfers will be certified against the register.

#### **5. Consent**

Dickson Minto W.S., which is authorised and regulated in the UK by the Financial Conduct Authority, has given and has not withdrawn its consent to the inclusion herein of its name and the reference to it in the form and context in which they appear.

#### **6. Documents available for inspection**

- 6.1 Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW and the registered office of the Company until close of business on 25 February 2017:
- (i) the Memorandum and Articles of the Company;
  - (ii) the written consent referred to in paragraph 5 of this Part II; and
  - (iii) this document.
- 6.2 Copies of the Prospectus will also be available at the addresses provided in paragraph 6.1 above as soon as it is published for a period of 12 months.

## DEFINITIONS

The meaning of the following terms shall apply throughout this document unless the context otherwise requires:

<b>Act</b>	the Companies Act 2006 (as amended from time to time)
<b>Administrator</b>	R&H Fund Services Limited, a company incorporated in England and Wales with registered number 07777299
<b>Admission</b>	admission of the New Shares, issued pursuant to the Initial Placing, to the Official List and to trading on the London Stock Exchange
<b>AIFM or investment manager</b>	R&H Fund Services (Jersey) Limited, a company incorporated in Jersey with registered number 42576
<b>AIFM Agreement</b>	the AIFM agreement between the Company and the AIFM dated 28 April 2015 and as amended by a side letter dated 12 February 2016 a summary of which is set out in paragraph 3.2 of Part II of this document
<b>AIFMD</b>	the EU Directive on Alternative Investment Fund Managers
<b>Articles</b>	the articles of incorporation of the Company
<b>Asset Management Agreement</b>	the asset management agreement between the Company, the AIFM and the Asset Manager dated 28 April 2015 and as amended by the side letter dated 12 February 2016 a summary of which is set out in paragraph 3.3 of Part II of this document
<b>Asset Manager or DREIM</b>	Drum Real Estate Investment Management Limited, a private limited company incorporated in Scotland with registered number SC475927
<b>Bank</b>	The Royal Bank of Scotland plc, a company incorporated in Scotland with registered number SC090312
<b>Bank Facility</b>	the £20 million revolving loan facility provided to the Property Subsidiary by the Bank pursuant to the Facility Agreement
<b>Board or Directors</b>	the directors of the Company
<b>Bookrunner or Cantor Fitzgerald</b>	Cantor Fitzgerald Europe
<b>Cheadle Property</b>	the property situated at Cheadle Lakeside, Manchester which was acquired by the Group on 22 January 2016
<b>Circular</b>	this document
<b>Company</b>	DRUM Income Plus REIT plc, a company incorporated in England and Wales with registered number 9511797
<b>Disclosure and Transparency Rules</b>	the disclosure and transparency rules made by the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (as amended) as amended from time to time

<b>General Meeting</b>	the general meeting of the Company to be held at 10.00 a.m. on 21 March 2016 at which the Resolution will be proposed
<b>Facility Agreement</b>	the facility agreement in relation to the Bank Facility between, among others, the Bank in various capacities and the Property Subsidiary dated 22 January 2016
<b>Group</b>	the Company and the Property Subsidiary and any other direct or indirect subsidiary (as that term is defined in the Law) of the Company from time to time
<b>Independent Shareholders</b>	Shareholders other than Tcam Nominees and its associates
<b>Initial Placing</b>	the placing of New Shares at the Initial Placing Price by the Bookrunner as described in this document
<b>Initial Placing Price</b>	100 pence per New Share
<b>Key Men</b>	Bryan Sherriff and Graeme Bone or any other person who may be designated a key man from time to time in accordance with the Asset Management Agreement
<b>Listing Rules</b>	the listing rules made by the Financial Conduct Authority under the Financial Services and Markets Act 2000 (as amended) as amended from time to time
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>LTV</b>	Loan to Value
<b>Main Market</b>	the main market of the London Stock Exchange
<b>NAV or net asset value</b>	in relation to a Share, means its net asset value on the relevant date calculated in accordance with the Company's normal accounting policies
<b>Net Assets</b>	the aggregate gross value of the assets of the Company and any members of the Group (but excluding the value of any assets held outside the Company and any members of the Group or interests held in subsidiaries) including cash less the total liabilities of the Company and any members of the Group (save that such total liabilities shall exclude any liability of an intra-group nature) and including proportionate shares of joint ventures, and the value of the assets shall be based on the most recent external valuation prepared on or prior to the relevant valuation date by the valuer appointed by the Company to value the assets of the Company
<b>New Shares</b>	the new Ordinary Shares to be issued pursuant to the Proposals
<b>Official List</b>	the Official List of the UK Listing Authority
<b>Ordinary Shares or Shares</b>	ordinary shares of 10p each in the capital of the Company
<b>Placing Agreement</b>	the placing agreement between the Company, the Asset Manager and the Bookrunner dated 26 February 2016
<b>Placing Programme</b>	the proposed programme of placings of New Shares by the Bookrunner as described in the Prospectus

<b>Property Portfolio</b>	the direct and indirect property assets of the Group from time to time
<b>Property Subsidiary</b>	DRUM Income Plus Limited, a company incorporated in England and Wales with registered number 09515513
<b>Proposals or Placings</b>	the issue of up to 100 million New Shares pursuant to the Initial Placing, and/or the Placing Programme as described in the Prospectus
<b>Prospectus</b>	the prospectus to be published by the Company on or around 26 February 2016 in relation to the Proposals
<b>Prospectus Rules</b>	the prospectus rules made by the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (as amended) as amended from time to time
<b>Red Book</b>	RICS Appraisal and Valuation Standards, 6th Edition
<b>Related Party Transaction</b>	the Tcam Subscription
<b>Resolution</b>	the ordinary resolution to approve the Related Party Transaction to be proposed at the General Meeting, notice of which is set out at the end of this document
<b>RIS</b>	regulatory information services maintained by the Financial Conduct Authority
<b>Shareholders</b>	holders of the Ordinary Shares
<b>Sponsor</b>	Dickson Minto W.S.
<b>Tcam</b>	Tcam Asset Management Limited and any member of its group of companies including (as the case may be) Tcam Nominees
<b>Tcam Nominees</b>	Tcam Nominees (No.1) Limited, a private limited company incorporated in Scotland with registered number SC170830
<b>Tcam Subscription</b>	the ability of Tcam Nominees, or its associates, to subscribe for, in aggregate, up to £10 million pursuant to the Placing Programme which is a related party transaction under the Listing Rules
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland
<b>UKLA or UK Listing Authority</b>	the Financial Conduct Authority, acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000

# DRUM INCOME PLUS REIT PLC

*(A company incorporated and registered in England and Wales with registered number 9511797  
and registered as an investment company under section 833 of the Companies Act 2006)*

## NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of DRUM Income Plus REIT plc (the "Company") will be held at 16 Charlotte Square, Edinburgh EH2 4DF on 21 March 2016 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution.

### **Ordinary Resolution**

**THAT** the Tcam Subscription (as defined in the circular published by the Company dated 26 February 2016 which accompanies this notice (the "Circular")) be and is hereby approved.

*By Order of the Board*  
**R&H Fund Services Limited**

*Registered Office*  
Level 13  
Broadgate Tower  
20 Primrose Street  
London  
EC2A 2EW

Dated: 26 February 2016

**Notes:**

1. A member who is entitled to attend, speak and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him or her. More than one proxy may be appointed provided each party is appointed to exercise the rights attached to different shares. A proxy need not be a member of the Company.
2. A form of proxy is enclosed for use at the meeting. The form of proxy should be completed and sent, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, so as to reach Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 10.00 a.m. on 17 March 2016 (or, in the case of any adjournment, not less than 48 hours (excluding non working days) prior to the time of the adjourned meeting).
3. Completing and returning a form of proxy will not prevent a member from attending in person at the meeting and voting should he or she so wish. If a member attends the meeting, any proxy appointed will be automatically terminated.
4. Any person (a "Nominated Person") receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (the "Act") should note that the provisions in Notes 1 and 2 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such agreement to give instructions to the member as to the exercise of voting rights at the meeting.
5. Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy the information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from the Nominated Person.
6. If you submit more than one valid proxy form, the proxy appointment received last before the latest time for the receipt of proxies will take precedence. If the Company is unable to determine which proxy appointment was last validly received, none of them shall be treated as valid in respect of the same.
7. To have the right to attend, speak and vote at the meeting (and also for the purposes of calculating how many votes a member may cast on a poll) a member must first have his or her name entered on the register of members not later than close of business on 17 March 2016 or in the case of an adjourned meeting 48 hours prior to the holding of the adjourned meeting (excluding non working days). Changes to entries in the register after that time shall be disregarded in determining the rights of any member to attend and vote at such meeting.
8. As at 5.00 p.m. on 24 February 2016, the Company's issued share capital comprised 31,864,000 Ordinary Shares with a total of 31,864,000 voting rights.
9. Any person holding 3 per cent. of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such other party complies with their respective disclosure obligations under the Disclosure and Transparency Rules.
10. Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's registrar by 10.00 a.m. on 17 March 2016 (excluding non-working days). Instructions on how to vote through CREST can be found by accessing the following website: [euroclear.com/CREST](http://euroclear.com/CREST). Shareholders are advised that CREST and the internet are the only methods by which completed proxies can be submitted electronically.
11. If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare (ID number 3RA50) by 10.00 a.m. on 17 March 2016 (excluding non-working days). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Computershare is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. Defined terms used but not defined in this notice shall have the same meaning given to them in the Circular published by the Company dated 26 February 2016.