

Prospectus of LPPI Real Estate ACS

An authorised contractual scheme formed as a co-ownership scheme under section 235A of the Financial Services and Markets Act 2000

IMPORTANT: IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISOR.

Local Pensions Partnership Investments Ltd, the authorised contractual scheme manager of the ACS, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the FCA Collective Investment Schemes Sourcebook or the FCA Investment Funds Sourcebook to be included in it. Local Pensions Partnership Investments Ltd accepts responsibility accordingly.

PROSPECTUS

OF

LPPI REAL ESTATE ACS

(An authorised contractual scheme formed as a co-ownership scheme under section 235A of the Financial Services and Markets Act 2000)

(A Qualified Investor Scheme)

This document constitutes the Prospectus for **LPPI Real Estate ACS** which has been prepared in accordance with the FCA Collective Investment Schemes Sourcebook and the FCA Investment Funds Sourcebook.

This Prospectus is dated, and is valid as at, 10 June 2025.

LPPI Real Estate ACS is only available to investors who fall within the category of Eligible Investors as set out in Appendix III of this Prospectus.

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Important Information

Local Pensions Partnership Investments Ltd, the authorised contractual scheme manager (“**ACS Manager**”) and alternative investment fund manager of the ACS, is responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information in this document does not contain any untrue or misleading statement or omit any matters required to be included in it by the FCA Collective Investment Schemes Sourcebook and the FCA Investment Funds Sourcebook.

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

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

The Units may not be offered or sold in the United States of America, any state of the United States of America or in its territories and possessions or offered or sold to US Persons. The ACS has not been and will not be registered in the United States of America under any applicable legislation.

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

In order to comply with legislation implementing UK obligations under intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including the United States provisions commonly known as FATCA) the ACS Manager will collect and report information about Unitholders for this purpose, including information to verify their identity and tax status.

When requested to do so by the ACS Manager or its agent, Unitholders must provide information to be passed on to HM Revenue & Customs, and to any relevant overseas tax authorities.

The provisions of the ACS Deed are binding on each of the Unitholders and a copy of the ACS Deed is available on request from the ACS Manager.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by the ACS Manager.

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

This Prospectus is based on information, law applicable in England and Wales, and practice as at the date hereof. The ACS Manager cannot be bound by an out of date Prospectus when it has issued a new Prospectus and investors should check with the ACS Manager that this is the most recently published Prospectus.

All communications in relation to this prospectus shall be in English.

Important: If you are in any doubt about the contents of this Prospectus you should consult your professional advisor.

1. DEFINITIONS

Defined Term	Meaning
"ACS"	LPPI Real Estate ACS, constituted as a Co-Ownership Scheme;
"ACS Deed"	the deed constituting the ACS as amended from time to time in accordance with the COLL Sourcebook;
"ACS Manager"	Local Pensions Partnership Investments Ltd, the authorised contractual scheme manager and its successors as authorised contractual scheme manager and alternative investment fund manager, of the ACS;
"ACS Manager's Group"	the group of companies consisting of the ultimate holding company of the ACS Manager and each of the subsidiaries of that holding company;
"Administrator"	Langham Hall UK LLP, or such other entity as is appointed to act as administrator to the ACS from time to time;
"Affected Units"	has the meaning set out in paragraph 3.9;
"AIFMD Regime"	the collection of laws and rules commonly referred to as 'AIFMD', or as a part of that regime, as implemented in the United Kingdom or as brought into UK law by the European Union (Withdrawal) Act 2018 (as amended), including the FUND Sourcebook;
"Annual Management Charge"	the periodic fee payable to the ACS Manager as set out in detail in paragraph 7.3;
"AML"	Anti-Money Laundering;
"AML and CFT Regulations"	The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and the Proceeds of Crime act 2002 as amended from time to time;
"Approved Bank"	(in relation to a bank account opened by the ACS), shall have the meaning given to that term in the glossary to the FCA Handbook;
"Associate(s)"	any member of the ACS Manager's Group or any other person whose business or domestic relationship with the ACS or the ACS's associate might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties;
"Auditor"	Grant Thornton UK LLP, or such other entity as is appointed to act as auditor to the ACS from time to time;
"Authorised Contract"	a contract which the ACS Manager is authorised to enter into on behalf of the Unitholders for the purposes of, and in connection with, the acquisition, management and/or disposal of any Scheme Property (but does not

	include a contract by which a person becomes a Unitholder);
“Base Currency”	the currency in which the accounts of the ACS are to be prepared. Where the context requires, reference to “Base Currency” shall be to the currency to be used for a particular Sub-fund or Class or payments in relation to either of them;
“Business Day”	Monday to Friday (except for a bank holiday in England and Wales) being a day on which the London Stock Exchange is open for trading;
“CCP”	an exchange, clearing house or counterparty clearing house as set out in paragraph 5.5;
“Certificate of Eligibility”	the certificate in the form set out in Appendix V, or as may be amended by the ACS Manager from time to time, to be provided by each new prospective Unitholder confirming that they are an Eligible Investor;
“Class” or “Classes”	in relation to Units, means (according to the context) all of the Units related to a single Sub-fund or a particular class or classes of Unit related to a single Sub-fund;
“COBS”	the Conduct of Business Sourcebook published by the FCA and forming part of the FCA Handbook;
“COLL”	refers to the appropriate chapter or rule in the COLL Sourcebook;
“COLL Sourcebook”	the FCA Collective Investment Schemes Sourcebook issued by the FCA as amended from time to time;
“Committed Capital Value”	the sum of: <ul style="list-style-type: none"> (a) the Net Asset Value; plus (b) the value of any contractual commitments to acquire land and fund the development of additional properties that are intended to be included in the Scheme Property in the future (but which are not otherwise accounted for under (a));
“Conversion”	the conversion of Units in one Class in a Sub-fund to Units of another Class in the same Sub-fund and “Convert” shall be construed accordingly;
“Co-Ownership Scheme”	a collective investment scheme which satisfies the conditions in section 235A(3) of FSMA and which is authorised for the purposes of FSMA by an authorisation order;
“Custodian”	such person appointed by the Depositary from time to time to provide custody services in relation to the Scheme Property;
“Dealing Day for Redemptions”	a dealing day for investors wishing to redeem in a Sub-fund as set out in Appendix I;

“Dealing Day for Subscriptions”	a dealing day for investors wishing to subscribe for units in a Sub-fund as set out in Appendix I;
“Depositary”	NatWest Trustee and Depositary Services Limited, or such other person as is appointed to act as Depositary of the ACS from time to time;
“Depositary Agreement”	the agreement between NatWest Trustee and Depositary Services Limited and the ACS Manager dated 30 September 2019, which may be amended, supplemented and/or replaced from time to time;
“EEA State”	a member state of the European Union and any other state which is within the European Economic Area;
“Efficient Portfolio Management”	<p>techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:</p> <ul style="list-style-type: none"> (a) they are economically appropriate in that they are realised in a cost effective way; (b) they are entered into for one or more of the following specific aims: <ul style="list-style-type: none"> (i) reduction of risk; (ii) reduction of cost; (iii) generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in COLL;
“Eligible Investor”	<p>one of the following:</p> <ul style="list-style-type: none"> (a) a professional ACS investor (having the meaning set out in the glossary to the FCA Handbook (as set out in Appendix IV)); (b) a large ACS investor (being a person who in exchange for Units makes a payment of not less than £1 million or contributes property with a value of not less than £1 million); (c) a person who already properly holds units in the ACS; or (d) a nominee for any of the above; and <p>a person to whom units in a QIS may be promoted under COBS 4.12B.7R (which, for the avoidance of doubt, shall include, a person who the ACS Manager has been permitted to treat as an elective professional client in accordance with COBS 3.5.3BR to COBS 3.5.3ER) (and “Eligible Investors” shall be construed accordingly);</p>

"ESMA"	the European Securities Markets Authority or any other regulatory body which may assume its regulatory responsibilities from time to time;
"European Union" or "EU"	the European Union, being the Union established by the Treaty on European Union signed at Maastricht on 7 February 1992 (as amended);
"Fair Value Price"	has the meaning given to it in paragraph 4.5.1;
"FCA"	the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time;
"FCA Handbook"	the FCA Handbook of Rules and Guidance, as amended from time to time;
"FCA Rules"	the rules contained in the FCA Handbook, as amended or replaced from time to time, which shall, for the avoidance of doubt, not include guidance or evidential provisions contained in the FCA Handbook;
"Financial Derivative Instruments"	types of investment which derive their value from the value and characteristics of one or more underlying assets such as a security, an index or an interest rate. They are leveraged, therefore a small movement in the value of the underlying asset can cause a large movement in the value of the Financial Derivative Instrument. Also known as "derivatives". See "Leverage";
"FSMA"	the Financial Services and Markets Act 2000, as amended or replaced from time to time;
"FUND"	refers to the appropriate chapter or rule in the FUND Sourcebook;
"FUND Sourcebook"	the FCA Investment Funds Sourcebook issued by the FCA as amended from time to time;
"Group Link"	has the meaning given to it in paragraph 6.10.5.2;
"HMRC"	His Majesty's Revenue & Customs;
"Investment Advisor" or "Investment Manager"	any investment manager or investment advisor which the ACS Manager appoints to assist in managing the whole, or a portion of, the assets of a Sub-fund from time to time in accordance with the investment objective and investment policy of that Sub-fund;
"Investment Jurisdiction"	has the meaning given to it in paragraph 2.1.1;
"Late Trading"	has the meaning given to it in paragraph 3.4;
"LBTT"	has the meaning set out in 9.5;
"Leverage"	a method of achieving an increased exposure to an underlying asset through the use of Financial Derivative Instruments. Leverage means any method by which the ACS Manager increases the exposure of the ACS whether through borrowing cash or securities, or

	leverage embedded in Financial Derivative Instruments or by any other means;
“Link”	has the meaning given to it in paragraph 6.10.5.1;
“Lock-In period”	the period before which a Sub-fund will not offer redemptions, as set out in Appendix I;
“LTT”	has the meaning set out in 9.5;
“Net Asset Value” or “NAV”	the value of the Scheme Property of a Sub-fund (or, as the context requires, of all existing Sub-funds of the ACS) less all the liabilities of that Sub-fund (or, as the context requires, of all existing Sub-funds of the ACS) determined in accordance with the ACS Deed;
“New Units”	has the meaning given to it in paragraph 3.5;
“Original Units”	has the meaning given to it in paragraph 3.5;
“OTC”	over-the-counter;
“PRN”	FCA Product Reference Number, as recorded on the FCA’s Financial Services Register;
“Property Manager”	any property manager appointed from time to time to assist in the efficient day-to-day management of the properties that form part of the Scheme Property of a Sub-fund;
“Prospectus”	this document constituting the prospectus of the ACS which has been prepared in accordance with the Regulations, as amended from time to time;
“Qualified Investor Scheme” or “QIS”	an FCA authorised collective investment scheme which states in its deed that it is a qualified investor scheme;
“Redemption Cut-Off Point”	the date and time specified for the receipt of dealing instructions set out in respect of each Sub-fund in Appendix I;
“Redemption Settlement Time”	the date and time specified for the receipt of monies for payment of redemption monies set out in respect of each Sub-fund in Appendix I;
“Register”	the register of Unitholders;
“Registrar and Transfer Agent”	Langham Hall UK LLP, or such other entity as is appointed to act as registrar and transfer agent to the ACS from time to time;
“Regulated Activities Order”	the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544), as amended from time to time;
“Regulations”	the Collective Investment in Transferable Securities (Contractual Scheme) Regulations 2013 (SI 2013/1388), the AIFMD Regime and the FCA Handbook (including the COLL Sourcebook and its FUND Sourcebook) and any other applicable rules made under FSMA from time to time in force. This does not include

	guidance or evidential requirements contained in the Sourcebooks;
"Restricted Issue Units"	has the meaning given to it in paragraph 3.2.4;
"SDLT"	has the meaning set out in 9.5;
"Scheme Property"	the scheme property of a Sub-fund or of all existing Sub-funds (as appropriate);
"Second Fund"	has the meaning set out in Appendix III, paragraph 5.5;
"Second Scheme"	has the meaning set out in Appendix III, paragraph 5.1;
"Standing Independent Valuer"	Savills UK Limited, or such other entity as is appointed to act as standing independent valuer from time to time;
"Sub-fund" or "Sub-funds"	a sub-fund of the ACS (being part of the Scheme Property of the ACS which is pooled separately) to which specific assets and liabilities of the ACS may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund;
"Subscription Cut-Off Point"	the date and time specified for the receipt of dealing instructions set out in respect of each Sub-fund in Appendix I;
"Subscription Settlement Time"	the date and time specified for the receipt of monies for payment of subscription monies set out in respect of each Sub-fund in Appendix I;
"Switch"	the switch, where permissible, of Units of one Sub-fund for Units of another Sub-fund and "Switching" shall be construed accordingly;
"Taxation"	all forms of taxation whenever created or imposed and whether in the UK or elsewhere and shall include any taxes, duties, levies and any other amount in the nature of taxation in any relevant jurisdiction, including all fines, interest, penalties and expenses incidental and relating to any such tax, duty, levy or charge and their negotiation, settlement or dispute and any actual or threatened claim in respect of them (except to the extent that the liquidity arises through the negligence, fraud or default of the ACS Manager, the Depositary or any other service provider);
"Unit" or "Units"	a unit or units in the ACS (including fractions of units, with one fraction being equivalent to one-thousandth of a unit);
"Unitholder"	a holder of registered Units;
"US" or "United States"	the United States of America (including the States and the District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction;
"US Persons"	a person who falls within the definition of "US Person" as defined in rule 902 of regulation S of the United States Securities Act 1933 and shall include additionally any person that is not a "Non-United States Person"

within the meaning of United States Commodity Futures Trading Commission Regulation 4.7;

“Valuation Point”

the point, whether on a periodic basis or for a particular valuation, at which the ACS Manager carries out a valuation of the Scheme Property for the ACS or a Sub-fund (as the case may be) for the purpose of determining the price at which Units of a Class may be issued, cancelled or redeemed. For details of the Valuation Point of a Sub-fund please see Appendix I; and

“VAT”

value added tax.

2. DETAILS OF THE ACS AND ITS STRUCTURE

2.1 General Information

2.1.1 The ACS

LPPI Real Estate ACS is an authorised contractual scheme in co-ownership form authorised by the FCA with effect from 9 September 2019. The PRN for the scheme is 913189. Please note that approval by the FCA in this context does not in any way indicate or suggest endorsement or approval of the Sub-funds as an investment.

The ACS has an unlimited duration.

As a consequence of being constituted as sub-funds of an authorised co-ownership scheme, the Sub-funds are treated as tax-transparent for UK income and capital gains tax purposes and are therefore, in most cases, also treated as tax-transparent by the jurisdictions from which any underlying income or gains arising to the Sub-funds are derived. Such tax-transparency cannot, however, be guaranteed.

Where a Sub-fund is regarded as tax-transparent in relevant taxing jurisdictions, each Unitholder should be entitled to claim the benefits of any applicable double taxation treaty between that Unitholder's jurisdiction of residence and the jurisdiction in which any underlying income or gains arise. Each Unitholder should take appropriate advice as to the tax treatment of their investment in a Sub-fund. In order for treaty benefits to be available in relation to any underlying income and gains, it will generally be necessary that the jurisdiction having primary taxing rights over the relevant income and gains (the "**Investment Jurisdiction**") respects the UK's tax-transparent treatment of the Sub-fund. In cases where the tax authority in the Investment Jurisdiction does not respect the UK's tax-transparent treatment of the Sub-fund, withholding or other taxes may arise which would not have arisen had the Unitholder directly owned the underlying investments. In other words, that Unitholder would not obtain the benefits of tax-transparency in relation to the income or gains.

It will be the responsibility of the Depositary to procure that the Custodian, where appropriate, makes the necessary filings for reclaims of any tax withheld in cases where such reclaims are available, or, where appropriate, to protect against amounts being withheld in the first place.

Any economic benefit from such claims will be attributed to the appropriate Class of Units in the relevant Sub-fund, in order that only the Unitholders entitled to relevant treaty benefits should benefit from the amounts reclaimed. To this end, Unitholders will be required to provide the ACS Manager with evidence of their tax residence and of their particular tax status for treaty benefit purposes and domestic law reliefs within that jurisdiction. It will be the responsibility of the Unitholder to notify the ACS Manager promptly should there be a change in such status and, in any event, immediately on the Unitholders becoming aware of such change.

Unitholders are not liable for the debts of the Sub-fund or Sub-funds in which they are invested. Unitholders are not liable to make any further payment to a Sub-fund after they have paid the purchase price of their Units. They are, however, liable for any tax arising in respect of their proportionate share of the income and gains in the Sub-fund or Sub-funds in which they have invested.

The Scheme Property of each Sub-fund is beneficially owned by its Unitholders as tenants in common. Details of the Sub-funds are set out in Appendix I.

2.1.2 **Base Currency**

The Base Currency of the ACS is pounds sterling. Sub-funds may from time to time at the discretion of the ACS Manager be denominated in a currency other than the Base Currency. The currency of each Sub-fund is set out in Appendix I.

2.2 **The Structure of the ACS**

2.2.1 **The Sub-funds**

The ACS is structured as an umbrella authorised contractual scheme, in that different Sub-funds may be established from time to time by the ACS Manager with the approval of the FCA. On the introduction of any new Sub-fund, a revised prospectus will be prepared setting out the relevant details of each Sub-fund.

The ACS is a QIS and an alternative investment fund for the purposes of the AIFMD Regime. The assets of each Sub-fund are beneficially owned by the Unitholders in that Sub-fund as tenants in common and must not be used to discharge any liabilities of, or meet any claims against, any person other than the Unitholders in that Sub-fund in their capacity as Unitholders. Consequently, the assets of each Sub-fund will be treated as separate from those of every other Sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that Sub-fund. Investment of the assets of each of the Sub-funds must comply with the COLL Sourcebook and FUND, as applicable and the investment objective and policy of the relevant Sub-fund.

Subject to the above, each Sub-fund will be charged with the liabilities, expenses, costs and charges of the ACS attributable to that Sub-fund, and within each Sub-fund charges will be allocated between Classes in accordance with the terms of issue of Units of those Classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-fund may be allocated by the ACS Manager in a manner which it believes is fair to the Unitholders generally. This will normally be pro rata to the Net Asset Value of the relevant Sub-funds.

Please see paragraph 5.2 below "Liabilities of the ACS and the Sub-funds".

Details of the Sub-funds, including their investment objectives and policies and charges, are set out in Appendix I.

A detailed statement of the general investment and borrowing powers in respect of each type of Sub-fund is set out in Appendix III.

2.2.2 **Eligible investors**

Units may not be issued to a person other than an Eligible Investor.

In addition to the Certificate of Eligibility in the form set out in Appendix V, investors will be required to provide the ACS Manager with such information and documents as it may require regarding the investor and its tax status to enable appropriate tax treatment and benefits to be available.

In addition, investors must also meet any other investment criteria for any Class in which they intend to invest.

In the event that the ACS Manager becomes aware that the Units are vested in a person other than an Eligible Investor (or reasonably believes this to be the case) the ACS Manager reserves the right to redeem such Units forthwith. In these circumstances, the ACS Manager may determine that Unitholder should be deemed to have renounced title to the entire holding to the ACS Manager

and the ACS Manager may redeem the entire holding. If the ACS Manager makes such a determination, the redemption will normally be at the next Valuation Point but the ACS Manager may create a special Valuation Point for this purpose upon giving the Depositary reasonable prior notice of the creation of such special Valuation Point.

Where it comes to the attention of the ACS Manager either through the Unitholder informing the ACS Manager or otherwise that an Eligible Investor holds Units in a Class which is inappropriate to its tax status (for example where the tax reclaim rate diverges from that of other Unitholders in that Class due to changes in its own tax status or domestic exemptions affecting that Unitholder), or where the Unitholder has failed to provide the ACS Manager with such documentation as the ACS Manager may require in order to establish the Unitholder's tax status, or does not meet any of the other investment criteria for the Sub-fund or Class in which the investor intends to invest or is invested, the ACS Manager reserves the right to redeem or convert (at the ACS Manager's discretion and if an appropriate Class is available) such Units, as appropriate, forthwith. This will normally be the next Valuation Point but the ACS Manager may create a special Valuation Point for this purpose, upon giving the Depositary reasonable prior notice. In the event that no suitable alternative Class exists, the Unitholder will immediately be deemed to have renounced title to the entire holding to the ACS Manager. In such scenarios, the ACS Manager is not obliged to give the Unitholders prior notice of its actions and the Unitholder bears any consequent risks, including that of market movement.

In the event that a Unitholder becomes aware that it is not an Eligible Investor or that it beneficially owns Units which are inappropriate for its tax status, or for which it does not meet the other investment criteria as set out in this Prospectus and the Appendices, then it must inform the ACS Manager as soon as possible and the ACS Manager will take action in accordance with the above provisions.

2.2.3 **Classes of Units**

Each Class is designed for investors who share a specific tax profile so that the tax treatment, including treaty rights, of all the Unitholders in a particular Class is the same.

Fractions of Units can be issued and these will be one-thousandth of a whole Unit.

Units have no par value and, within each Class in each Sub-fund subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the termination of the relevant Sub-fund or the winding up of the ACS. Units do not carry preferential or pre-emptive rights to acquire further Units.

The details of the Units presently available for each Sub-fund, including details of their criteria for eligibility, subscription and fee structure, are set out in Appendix I.

Further Classes of Unit may be established from time to time by the ACS Manager with the agreement of the Depositary and in accordance with the ACS Deed and the Regulations. On the introduction of any new Class, a revised Prospectus will be prepared, setting out the details of each Class.

The currency of denomination for each new Class of Units will be determined at the date of creation and set out in the Prospectus issued in respect of the new Class of Units. Hedged Unit Classes may be made available in certain Sub-funds (please see paragraph 2.2.4 below).

Where a Sub-fund has different Classes, each Class, where relevant, may attract different rates of non-United Kingdom withholding or other taxes or charges, and so monies may be received or deducted from the Scheme Property attributable to such Classes in unequal proportions. In these circumstances, the proportionate interests of the Classes within a Sub-fund will be adjusted accordingly.

If a Unitholder's tax status changes (for example, where its withholding tax rate or tax reclaim rate diverges from that of the other Unitholders in a Class due to changes in taxation treaties or domestic exemptions affecting the Unitholder), or where the Unitholder has failed to provide in a timely fashion such documentation as the ACS Manager may require in order to establish the Unitholder's tax status, or where the Unitholder fails to meet any other investment criteria for that Sub-fund or Class the ACS Manager may in its sole discretion redeem that Unitholder's Units or may Convert their Units into an appropriate Class as referred to in paragraph 2.2.2, headed "Eligible Investors" above, if an appropriate Class is available. Unitholders should note that the appropriate Class may be a Class for Unitholders who are not entitled to benefit from any reduction of withholding tax under a relevant double tax agreement.

In such scenarios and subject to the provisions of paragraph 2.2.2, the ACS Manager is not obliged to give the Unitholder prior notice of its actions and the Unitholder bears any consequent risks, including that of market movement.

The net proceeds from subscriptions to a Sub-fund will be invested in the specific pool of assets constituting that Sub-fund. The ACS will maintain for each current Sub-fund a separate pool of assets, each invested for the exclusive benefit of the Unitholders in the relevant Sub-fund.

To the extent that any Scheme Property, or any assets to be received as part of the Scheme Property, or any costs, charges or expenses to be paid out of the Scheme Property, are not attributable to one Sub-fund only, the ACS Manager will allocate such Scheme Property, assets, costs, charges or expenses between Sub-funds in a manner which is fair to all Unitholders of the ACS.

Units in the ACS are not currently listed on any investment exchange.

Units may be made available as either income or reinvestment Units. Holders of income Units will be entitled to be paid the distributable income attributed to those Units. Holders of reinvestment Units will be entitled to a distribution of income but this will automatically be used to buy more Units of the relevant Sub-fund on each interim and/or annual distribution date.

Unitholders are entitled (subject to certain restrictions, in particular as regards meeting the eligibility criteria) to Convert all or part of their Units in a Class in a Sub-fund for Units of another Class within the same Sub-fund, where available, or to Switch them for Units of any Class within a different Sub-fund. Details of these Conversion and Switching facilities and the restrictions are set out in paragraph 3.5 for Switching and paragraph 3.6 in the case of Conversions.

2.2.4 **Hedged Unit Classes**

In respect of hedged Unit Classes, the ACS Manager may utilise various instruments including, but not limited to: forward currency contracts, currency futures and currency swaps to seek to reduce, but not eliminate, the effect of exchange rate fluctuations between the currencies of the underlying investments of the Sub-fund and the currency of denomination of each hedged Unit Class (e.g. Sterling, Euro or US Dollar), based on the total value of each hedged Unit Class.

Unit Class hedging activity will not form part of the investment policy of any Sub-fund. The effects (i.e. gains or losses) and costs associated with hedging transactions will be attributed to the relevant Unit Class only.

Hedged Unit Classes are not currently available.

3. **BUYING, REDEEMING AND SWITCHING UNITS**

The dealing office of the Registrar and Transfer Agent is normally open from 9.00a.m. to 5.00p.m. (London time) on each Business Day in respect of each Sub-fund to receive requests for the purchase, sale, Conversion and Switching of Units.

The ACS Manager may vary these times at its discretion.

The ACS Manager will accept instructions by post to Local Pensions Partnership Investments Ltd c/o Langham Hall UK LLP, 8th Floor, 1 Fleet Place, London, EC4M 7RA to purchase, sell, Switch or Convert the title of Units.

In addition, the ACS Manager may from time to time make arrangements to allow subsequent Units to be bought or sold on-line, by telephone or through other communication media. Telephone calls may be recorded.

At present Unitholders may not effect transfer of title to Units on the authority of an electronic communication.

Currently the ACS Manager will neither sell nor redeem (as those terms are defined in the FCA Rules) Units for its own account.

3.1 **Anti-Money Laundering**

The ACS Manager and the Registrar and Transfer Agent are subject to and required to comply with AML and CFT Regulations. In order to comply the UK AML and CFT Regulations the ACS Manager and the Registrar and Transfer Agent have implemented customer due diligence procedures designed to identify and verify the identity of each Unitholder.

Prospective Unitholders, as well as existing Unitholders who intend to redeem or transfer all or a portion of their Units to a third party, will be required to complete an application, redemption or transfer form as applicable and submit customer due diligence information requested in said form. The Registrar and Transfer Agent shall review the information submitted and determine what additional customer due diligence information, if any, is required to comply with AML and CFT Regulations. All customer due diligence information must be submitted 30 days before the Dealing Day. Where a prospective or existing Unitholder is unable to provide the requested customer due diligence information, the Registrar and the ACS Manager may:

3.1.1 In the case of application or transfer, not accept the investor into the ACS for the requested Dealing Day, or

3.1.2 In the case of a redemption, delay settling the redemption until sufficient customer due diligence information has been received.

The Registrar and the ACS Manager reserve the right to periodically update customer due diligence information held on file in respect of a Unitholder. Where a Unitholder is not willing to provide the customer due diligence information requested within a reasonable period, the ACS Manager also reserves the right to sell the Units purchased and return the proceeds to the account from which the subscription was made. These proceeds may be less than the original investment.

3.2 **Buying Units**

3.2.1 **Procedure**

Application forms may be obtained from the ACS Manager.

Each initial request to purchase Units in a Sub-fund must be accompanied by each of the following documents:

3.2.1.1 an application form;

3.2.1.2 a Certificate of Eligibility in the form set out in Appendix V of this Prospectus; and

3.2.1.3 such other documents and information as the ACS Manager, the Registrar and Transfer Agent and/or the Custodian may require regarding the investor, and in particular in relation to anti-money laundering and such investor's tax status, and to enable appropriate tax treaty benefits to be available.

The ACS Manager and Registrar and Transfer Agent will also require an application form on all subsequent requests for purchases of Units and may, at its discretion, also require investors to provide the documents listed at (b) and (c) above on subsequent purchases of Units.

Valid applications to purchase Units received before the relevant Subscription Cut-Off Point will be processed at the Unit price calculated, based on the Net Asset Value per Unit, at the next Valuation Point, except in the case where dealing in a Sub-fund has been suspended as set out in paragraph 3.12.

Payment in cleared funds in respect of orders for the purchase of Units is due on the Subscription Settlement Time specified for each Sub-fund in Appendix I. An application to purchase Units will only be deemed to have been accepted by the ACS Manager once it is in receipt of a valid application form, Certificate of Eligibility, and such other documents as the ACS Manager may require regarding the investor and in particular its tax status and to enable appropriate tax treaty benefits to be available and, if required by the ACS Manager, cleared funds for the application.

The ACS Manager, at its discretion, has the right to cancel a purchase deal if settlement is overdue (being more than seven Business Days of receipt of an application form or other instruction) and any loss arising on such cancellation shall be the liability of the applicant. The ACS Manager is not obliged to issue Units unless it has received cleared funds from an investor.

A purchase of Units in writing or via any other communication media made available is a legally binding contract. Applications to purchase, once made, are, except in the case where cancellation rights are applied, irrevocable. However, subject to its obligations under the Regulations, the ACS Manager has the right to reject, on reasonable grounds, any application for Units in whole or part, and in this event the ACS Manager will return any money sent, or the balance of such monies, at the risk of the applicant.

Any subscription monies remaining after a whole number of Units have been issued will not be returned to the applicant. Instead, fractions of Units will be issued and these will be one-thousandth of a whole Unit.

3.2.2 **Documents the buyer will receive**

A confirmation giving details of the number and price of Units bought will be issued no later than the end of the Business Day following the Valuation Point by reference to which the price is determined.

Registration of Units can only be completed by the ACS Manager upon receipt of any required registration details. These details may be supplied in writing to the ACS Manager or by returning to the ACS Manager the properly completed registration form and copy of the confirmation. These details will not be required following the initial registration.

Ownership of Units will be evidenced by an entry on the Register. Income information provided in respect of periodic distributions on Units will show the number of Units held by the recipient at the end of the period.

3.2.3 **Minimum subscriptions and holdings**

The minimum initial subscriptions, subsequent subscriptions and holdings levels for each Class of Unit in a Sub-fund are set out in Appendix I.

If following a redemption, Switch or Conversion a holding in any Class of Unit should fall below the minimum holding for that Class, the ACS Manager has a discretion to effect a redemption of that Unitholder's entire holding in that Class of Unit. The ACS Manager may use this discretion at any time. Failure not to do so immediately after such redemption, Switch or Conversion does not remove this right.

3.2.4 **Restricted Issue Units**

Where a Class of Units is designated "**Restricted Issue Units**", the ACS Manager has discretion to apply restrictions on the issue of those Units. The ACS Manager's current policy is to limit the total number of Units available in each Sub-fund. Those limits apply across all Classes of Units.

All the Classes of Units currently in issue are Restricted Issue Units. This prevents a Sub-fund holding more cash (from subscriptions) than can be invested in a timely manner without unbalancing the portfolio.

The ACS Manager will usually declare the limit (and therefore the total amount of Units available for subscription), three months prior to the relevant Dealing Day for Subscription.

Should the value of net subscription requests on any Dealing Day for Subscription exceed the amount of available Units, the subscription requests will be scaled back on a pro-rata basis. Unfulfilled requests will not be deferred and Unitholders wishing to make further subscriptions will need to apply again at a future Dealing Day for Subscriptions.

The ACS Manager may in its discretion increase the limit to accommodate subscription requests where it determines that to do so will not materially prejudice any existing unitholders in the Sub-fund.

3.2.5 **Client Money Opt Out**

Under the Client Money Rules, a "professional client" within the meaning of FCA Handbook may "opt out" of the protections which it would otherwise receive under the Client Money Rules. The ACS Manager will only accept as Unitholders Eligible Investors whom the ACS Manager classifies as professional clients. The ACS Manager will not hold any money received from or due to any Unitholder in accordance with the Client Money Rules and the FCA has not given its approval for the ACS Manager to hold money under the Client Money Rules. Unless a Unitholder elects to "opt out" of the Client Money Rules, the ACS Manager will not be able to accept any subscription from the Unitholder or pay the proceeds of any redemption to the Unitholder.

When a Unitholder "opts out" of the Client Money Rules, it will have to consent in writing that it understands that:

- 3.2.5.1 any money which it has paid to the ACS Manager or any money that is due to the Unitholder will not be subject to the protections conferred by the Client Money Rules;
- 3.2.5.2 as a consequence, this money will not be segregated from the money of the ACS Manager in accordance with the Client Money Rules and will be used by the firm in the course of its own business; and

3.2.5.3 the Unitholder will rank only as a general creditor of the ACS Manager.

The ACS Manager will transfer all payments of money into the ACS Manager's bank account no later than the Business Day after such payments are received. Each bank account is used to hold the money of one or more clients of the ACS Manager.

The ACS Manager's bank accounts will be held with such bank or authorised institution as the ACS Manager may nominate from time to time.

If required, money will be held in the bank account until the Subscription Settlement Time. Money may also be held in a bank account on redemption. Unitholders are not entitled to any interest on the money held in a bank account. Redemption payments will be paid in Sterling from a bank account.

Where the ACS Manager has not been provided with sufficient payment details, it will make reasonable efforts to contact the relevant Unitholder and confirm such details before any payment is made. Whilst the ACS Manager is waiting for any such query to be resolved, the money in question will be held in a bank account. The ACS Manager may delay payment of the redemption proceeds if it reasonably believes that it should do so for a Unitholder's protection (such as to prevent fraud) or as required by law.

If the ACS Manager becomes insolvent, all the money held in a bank account will become part of the ACS Manager's insolvent estate and a Unitholder will become a general creditor of that insolvent estate. If there is a shortfall in the money in the ACS Manager's insolvent estate, a Unitholder may not receive back part or any of the money due to the Unitholder. The Unitholder may also suffer delay in receiving back any money due to it from the insolvent estate.

3.2.6 **Issue of Units in exchange for in specie assets**

The ACS Manager may, at its discretion, arrange for the ACS (or the relevant Sub-fund) to issue Units in exchange for assets other than cash, but will only do so where the Depositary has taken reasonable care to determine that the ACS's acquisition of those assets in exchange for the Units concerned is not likely to result in any material prejudice to the interests of Unitholders. Where the ACS Manager considers the deal to be substantial in relation to the total size of the Sub-fund it may require the investor to contribute in specie.

The ACS Manager will ensure that the beneficial interest in the assets is transferred to the Unitholders in the relevant Sub-fund with effect from the issue of the Units.

The ACS Manager will not issue Units in any Sub-fund in exchange for assets the holding of which would be inconsistent with the investment objective or policy of that Sub-fund.

3.3 **Redeeming Units**

3.3.1 **Procedure**

Subject to 3.3.2 and 3.3.7, every Unitholder has the right to require the redemption of their Units on any Dealing Day for Redemption, unless the value of Units which a Unitholder wishes to redeem will mean that the Unitholder will hold Units with a value less than the required minimum holding.

Valid instructions to redeem Units received before a Redemption Cut-Off Point by the ACS Manager will be processed at the Unit price calculated, based on the Net Asset Value per Unit, at the next Valuation Point, except in the case where

dealing in a Sub-fund has been suspended as set out in paragraph 3.3.7 and 3.12.

A redemption instruction in respect of Units in writing or via any other communication media made available is a legally binding contract. However, an instruction to the ACS Manager to redeem Units, although irrevocable, may not be settled if the redemption represents Units where the money due on the earlier purchase of those Units has not yet been received or if insufficient customer due diligence information has been received by the ACS Manager and the Registrar and Transfer Agent. A redemption request will not be deemed to be complete unless it is in writing or the ACS Manager has received a completed redemption form.

3.3.2 **Lock-In Periods**

Each Sub-fund may have a designated initial period, specified in Appendix I, during which redemptions will not be offered. Subject to paragraphs 3.3.7, 3.11 and 3.12, redemption requests made during the Lock-In Period, and prior to the relevant Redemption Cut-Off, will be effected at the first Dealing Day for Redemption following the end of the Lock-In Period. The Lock-In Period may be shortened at the ACS Manager's discretion.

3.3.3 **Documents a redeeming Unitholder will receive**

A confirmation giving details of the number and price of Units redeemed will be sent to the redeeming Unitholder (or the first named Unitholder, in the case of joint Unitholders) together with (if sufficient written instructions have not already been given) a redemption form for completion and execution by the Unitholder (or by all the joint Unitholders) no later than the end of the Business Day following the later of the request to redeem Units or the Valuation Point by reference to which the price is determined.

Payment of redemption proceeds will normally be made via bank transfer in accordance with any instruction received. The ACS Manager may recover any bank charge levied on such transfers. Instructions to make payments to third parties will not normally be accepted.

Such payment will be made within the timeframes set out for each Sub-fund in Appendix I.

3.3.4 **Final distribution**

A redeeming Unitholder will receive a final distribution for the period up to, and including, the relevant Dealing Date for Redemptions. This will be paid to the redeeming investors at the same time as to other Unitholders on the distribution payment date following the relevant Dealing Date for Redemptions.

3.3.5 **Minimum redemption**

Part of a Unitholder's holding may be redeemed but the ACS Manager reserves the right to refuse a redemption request if the value of the Units of any Sub-fund to be redeemed is less than the minimum stated in respect of the appropriate Class in the Sub-fund in question (see Appendix I).

3.3.6 **In specie redemptions**

If a Unitholder requests the redemption of Units the ACS Manager may at its discretion and where it considers the deal to be substantial in relation to the total size of the Sub-fund concerned or in some way detrimental to the Sub-fund, arrange, having given prior notice in writing to the Unitholder, that, in place of payment for the Units in cash, the ACS transfers property or, if requested by the Unitholder and agreed to by the ACS Manager, the net

proceeds of sale of the relevant property, to the Unitholder. Before the redemption proceeds of the Units become payable, the ACS Manager must give written notice to the Unitholder that the relevant property or the proceeds of sale of the relevant property will be transferred to that Unitholder so that the Unitholder can request the net proceeds of redemption rather than the relevant property if they so desire.

The Depository must take reasonable care to ensure that the property concerned would not be likely to result in any material prejudice to the interests of Unitholders.

The ACS Manager will select the property to be transferred or sold in consultation with the Depository.

Unitholders may be liable to stamp, transfer or financial transaction taxes on the assets they receive on an in specie redemption.

3.3.7 **Deferred Redemption**

When the ACS Manager receives requests for the redemption of Units, the ACS Manager may elect to restrict the total value of Units to be redeemed if it considers this necessary to protect the interests of unitholders. If the ACS Manager elects to restrict the redemption of Units, but allows a limited number of units to be redeemed, then all relevant redemption requests will be scaled down pro rata to the value of the Units requested to be redeemed and, subject to the above restriction, any Units which are not redeemed on a Dealing Day for Redemption, shall be treated as if a request for redemption has been made in respect of such Units, for the next and each subsequent Dealing Day for Redemption, until such restriction is lifted to the extent that all of the Units to which the original request(s) related have been redeemed. All deals relating to an earlier Valuation Point will be completed before those relating to a later Valuation Point are considered.

The maximum length of any deferred redemption is 24 months from the relevant Valuation Point.

3.3.8 **SDLT Clawback**

Please see paragraph 3.9 for details of the SDLT clawback.

3.4 **Late Trading**

“**Late Trading**” is defined as the acceptance of a subscription, redemption, Conversion or Switch order received after a Sub-fund’s applicable Valuation Point for that Dealing Day for Subscription or Dealing Day for Redemption. Late Trading is not permitted.

3.5 **Switching**

Subject to any restrictions on the eligibility of investors for a particular Unit Class, a Unitholder may at any time Switch all or some of their Units of one Sub-fund (“**Original Units**”) for Units of another Sub-fund (“**New Units**”) in the ACS, subject to the receiving Sub-fund having an appropriate Class for the Switching Unitholder. Unless otherwise stated, the number of New Units issued will be determined by reference to the respective prices of New Units and Original Units at the Valuation Point applicable at the time the Original Units are redeemed and the New Units are issued.

Unitholders wishing to Switch will be required to provide to the ACS Manager a Certificate of Eligibility for the Class to be Switched into together with such other documents and information as the ACS Manager may require regarding the investor including the investors ability to meet the investment criteria and in particular in relation to such investor’s tax status and to enable appropriate tax treaty benefits to be available.

The ACS Manager may, at its discretion, make a charge on the Switching of Units between Sub-funds. Any such charge on Switching does not constitute a separate charge payable by a Unitholder, but is rather the application of any redemption charge on the Original Units and any initial charge on the New Units.

For details of the charges on Switching currently payable, please see paragraph 3.7.3 "Charges on Switching or Conversions". The charge may be waived.

If a partial Switch would result in the Unitholder holding a number of Original Units or New Units of a value which is less than the minimum holding in the Class concerned, the ACS Manager may, if it thinks fit, Switch the whole of the applicant's holding of Original Units to New Units (and make a charge on Switching) or refuse to effect any Switch of the Original Units. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a Switch.

Written instructions must be received by the ACS Manager before a Dealing Day for Redemption in the current Sub-fund and a Dealing Day for Subscription in the receiving Sub-fund to be dealt with at the prices at those Valuation Points or at such other Valuation Points as the ACS Manager at the request of the Unitholder giving the relevant instruction may agree. Switching requests received after these Valuation Points will be held over until the next Dealing Day for Redemption/Subscription in each of the relevant Sub-fund or Sub-funds.

The ACS Manager may adjust the number of New Units to be issued to reflect the application of any charge on Switching together with any other charges or levies in respect of the application for the New Units or redemption of the Original Units as may be permitted pursuant to the COLL Sourcebook.

Please note that under UK tax law a Switch of Units in one Sub-fund for Units in any other Sub-fund is treated as a redemption of the Original Units and a purchase of New Units and will, for persons subject to taxation, be a realisation of the Original Units for the purposes of UK capital gains taxation, which may give rise to a liability to tax, depending upon the Unitholder's circumstances.

A Unitholder who Switches Units in one Sub-fund for Units in any other Sub-fund will not be given a right by law to withdraw from or cancel the transaction.

3.6 **Conversions**

Subject to any eligibility criteria in relation to a Unit Class, Unitholders are permitted to Convert their Units in one Class in a Sub-fund for Units of another Class (if any) in the same Sub-fund.

Conversions will be effected by the ACS Manager recording a change of Class on the Register.

Investors should note that whilst Conversions are permitted, as Classes are designed for specific tax purposes related to the investors in those Classes, opportunities for Conversions are limited.

If a Unitholder should wish to Convert Units it should apply to the ACS Manager in the same manner as for a sale as set out above, including the same requirements as to Certificates of Eligibility where relevant and such other documents as the ACS Manager, the Administrator or the Custodian may require regarding the investor and in particular its tax status and to enable appropriate tax treaty benefits to be available. Unitholders should note that because of these requirements, Conversions may not be possible.

In the event that an Eligible Investor holds Units in a Class which is inappropriate to its tax status (for example where tax reclaim rate diverges from that of other Unitholders in that Class due to changes in its own tax status or domestic exemptions affecting that Unitholder), or where the Unitholder has failed to provide the ACS Manager, the Administrator or the Custodian with such documentation as the ACS Manager, the

Administrator or the Custodian may require in order to establish the Unitholder's tax status, or does not meet any of the other investment criteria for the Sub-fund or Class in which the investor is invested, the ACS Manager reserves the right to convert (at the ACS Manager's discretion and if an appropriate Class is available) such Units, as appropriate, forthwith.

Where Conversions are possible, the ACS Manager will carry out instructions to Convert Units as soon as possible but this may not be at the next Valuation Point and instructions may be held over and processed with Conversion instructions given by other Unitholders and in some cases may not be effected until the end of the relevant accounting period. Unitholders should contact the ACS Manager for further information on when a Conversion may be effected.

The number of Units to be issued in the new Class will be calculated relative to the latest price of the Units being Converted and the Units being issued.

Where a Conversion of Units would, if effected in accordance with the terms of any Conversion notice, result in a Unitholder holding less than the permitted minimum holding (by number or value) of Units in either Class as set out in the Prospectus from time to time, then the ACS Manager may (at its discretion) decide either to:

- (a) treat the Unitholder in question as having served a conversion notice in respect of their entire holding of Units; or
- (b) refuse to give effect to the conversion notice in question.

For the avoidance of doubt, each Conversion notice shall relate only to the Conversion of Units of a single Class.

The ACS Manager may at its discretion make a charge on the Conversion of Units between Classes in a Sub-fund. For details of the charges on Conversion currently payable, please see paragraph 3.7.3 "Charges on Switching or Conversions".

Conversions will not be treated as a disposal for United Kingdom capital gains tax purposes (except if one or other of the Classes is hedged, or they are both hedged differently).

3.7 **Dealing Charges**

Each of the Sub-funds is single priced with a dilution levy and the Prospectus reflects this.

The price per Unit at which Units are bought, redeemed, Switched or Converted is the Net Asset Value per Unit - which may be adjusted in accordance with 3.7.4 below. Any initial, redemption, Switching or Conversion charge is payable in addition to the price or is deducted from the gross subscription or the proceeds of the redemption monies.

3.7.1 **Initial charge**

The ACS Manager may impose a charge on the purchase of Units in each Class. The initial charge is calculated as a percentage of the price of a Unit in respect of each Unit Class and is set out in Appendix I. The ACS Manager may waive or discount the initial charge at its discretion.

Any initial charge will be deducted from the subscription monies and is payable by the Unitholder to the ACS Manager.

From the initial charge received, or out of its other resources, the ACS Manager may pay a commission to relevant intermediaries including any Investment Advisor or Investment Manager and their associates.

There is currently no initial charge.

3.7.2 **Redemption Charge**

The ACS Manager may make a charge on the redemption of Units in each Class.

There is currently no redemption charge.

The ACS Manager may waive or discount the redemption charge at its discretion and may only increase the redemption charge in accordance with COLL. Also, if such a charge was introduced, it would not apply to Units issued before the date of the introduction (i.e. those not previously subject to a redemption charge).

3.7.3 **Charges on Switching or Conversions**

On the Switch or Conversion of Units, the ACS Deed authorises the ACS Manager to impose a charge. The charge on a Conversion or Switch is payable by the Unitholder to the ACS Manager.

The ACS Manager may waive or discount the Switching or Conversion charge at its discretion and may only increase the charge in accordance with COLL. Also, if such a charge was introduced, it would not apply to Units Switched or Converted before the date of introduction (i.e. those not previously subject to such a charge).

There are currently no charges on the Conversion or Switch of Units as set out in Appendix I for the relevant Sub-fund.

3.7.4 **Dilution levy**

The actual cost of purchasing or selling underlying investments in a Sub-fund may deviate from the mid-market value used in calculating its Unit price, due to costs such as taxes (including stamp duty land tax or its equivalent), professional and agents fees, between buying and selling prices of the Sub-fund's underlying investments, being mainly property. These dealing costs could have an adverse effect on the value of a Sub-fund, known as "**Dilution**". In order to mitigate the effect of dilution, the Regulations allow the ACS Manager to make a Dilution levy on the purchase, redemption or Switch of Units in a Sub-fund.

A Dilution levy is a separate charge of such amount or at such rate as is determined by the ACS Manager to be made for the purpose of reducing the effect of dilution. This amount is not retained by the ACS Manager, but is paid into the relevant Sub-fund.

The Dilution levy is calculated by reference to the costs of dealing in the underlying investments of the relevant Sub-fund, including any dealing spreads, commission and transfer taxes.

The need to charge a Dilution levy will depend on the volume of purchases and redemptions. It is not possible to predict accurately whether Dilution would occur at any point in time but given the nature of the assets, the holdings in the Sub-funds and the types of investors, the ACS Manager expects that a Dilution levy will be applied on most occasions because of the typical dealing costs involved in respect of real estate assets.

The ACS Manager's policy is that it may require a Dilution levy on the purchase and redemption of Units if, in its opinion, the existing Unitholders (for purchases) or remaining Unitholders (for redemptions) might otherwise be adversely affected. For example, the Dilution levy may be charged in the following circumstances:

- (a) where the Scheme Property of a Sub-fund is in continual decline;

- (b) on a Sub-fund experiencing large levels of net purchases relative to its size;
- (c) on "large deals" (typically being a purchase or redemption of Units to a size exceeding 5% (five percent) of the Net Asset Value of the relevant Sub-fund), or
- (d) in any case where the ACS Manager is of the opinion that the interests of existing or remaining Unitholders require the imposition of a Dilution levy.

The estimated Dilution levy (where applicable) in relation to each Sub-fund is as detailed in Appendix I.

The ACS Manager, in its absolute discretion, may waive or reduce the Dilution levy. The ACS Manager may alter its current Dilution policy in accordance with the procedure set out in the Regulations.

3.8 **Transfers**

Subject to this section, Unitholders are entitled to transfer their Units to another person or body as long as the recipient is eligible to hold those Units and has provided all relevant documentation evidencing its identity and status. All transfers must be in writing on a transfer form provided by the ACS Manager for this purpose. Completed transfer forms must be returned to the Administrator in order for the transfer to be registered. The ACS Manager may reject a proposed transfer if it considers that such transfer will have a detrimental impact on the Sub-fund.

At present, transfer of title by electronic communication is not accepted.

3.9 **SDLT clawback**

The ACS Manager may:

- 3.9.1 deduct an amount on the redemption of Units to cover any SDLT clawback that it considers may be payable by it in respect of them; or
- 3.9.2 refuse to register a transfer of Units unless an amount equivalent to any SDLT clawback has been paid to the ACS Manager for the account of the ACS.

For the purposes of this section 3.9, an SDLT clawback is any amount of SDLT which should become payable by the ACS Manager in respect of the ACS as a result of the withdrawal of Co-ownership Authorised Contractual Scheme seeding relief (as provided for in the Finance Act 2003 in section 65A and Schedule 7A Part 2). The phrase SDLT clawback includes any similar provision that may be enacted in relation to land and buildings transaction tax and also, to land transaction tax provisions.

3.10 **Restrictions and Compulsory Redemption**

In addition to the eligibility criteria referred to in paragraph 2.2.2, the ACS Manager may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in the ACS incurring any liability to taxation which the ACS is not able to recoup itself or suffering any other adverse consequence. In this connection, the ACS Manager may, inter alia, reject in its discretion any application for the purchase, redemption, Conversion or Switch of Units.

If it comes to the notice of the ACS Manager that any Units ("**Affected Units**"):

- 3.10.1 are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or

- 3.10.2 would result in the ACS incurring any liability to taxation which the ACS would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- 3.10.3 (in addition to the Certificate of Eligibility or any other necessary documentation referred to in paragraph 2.2.2 and any other Class specific criteria) are held in any manner by virtue of which the Unitholder or Unitholders in question is/are not qualified to hold such Units or if it reasonably believes this to be the case; or
- 3.10.4 are owned by a Unitholder who is registered in a jurisdiction (where the Sub-fund is not registered or recognised by the relevant competent authority) whereby communication with that Unitholder by the ACS Manager, on behalf of the Sub-fund, might constitute a breach of the regulations in that jurisdiction (unless specific action is taken by the ACS Manager to prevent such a communication constituting a breach); or
- 3.10.5 are held in a manner which constitutes a breach of the ACS Deed or this Prospectus as to eligibility or entitlement to hold any Units,

the ACS Manager may give notice to the Unitholder(s) of the Affected Units requiring that a request in writing be given for the redemption of such Units in accordance with the COLL Sourcebook. If any Unitholder upon whom such a notice is served does not within 10 Business Days after the date of such notice submit a written request for their redemption to the ACS Manager or establish to the satisfaction of the ACS Manager (whose judgement is final and binding) that they or the beneficial owner is qualified and entitled to own the Affected Units, they shall be deemed upon the expiry of that 10 Business Day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACS Manager) of all the Affected Units to be effected on the next Dealing Day for Redemption.

A Unitholder who becomes aware that they are holding or own Affected Units shall immediately, unless they have already received a notice as set out above, submit a request in writing to the ACS Manager for the redemption of all their Affected Units.

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

3.11 **The ACS Manager's powers to deal with defaulting Unitholders**

Should any Unitholder default on its obligations under this Prospectus or the application form, the ACS Manager may take any or all of the following steps (in its discretion) to protect the interests of the other Unitholders:

- 3.11.1 cancel, or require a mandatory redemption of, some or all of that Unitholder's units;
- 3.11.2 defer any and all redemption requests of that Unitholder until such time as the default is remedied;
- 3.11.3 retain the redemption proceeds of cancelled or redeemed Units and apply them in satisfaction of the default and any consequential costs (such as the costs of using a banking facility).

3.12 **Suspension of dealings in all or one or more of the Sub-funds**

The ACS Manager may, with the prior agreement of the Depositary, and must without delay if the Depositary so requires, temporarily suspend the issue, cancellation, sale and redemption of Units in any or all of the Sub-funds or any Class where the ACS Manager has determined on reasonable grounds that there is good and sufficient reason to do so in

the interests of Unitholders or potential unitholders and having regard to the interests of all Unitholders in the relevant Sub-funds or Class.

The ACS Manager and the Depositary must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of Unitholders.

The ACS Manager will immediately inform the FCA of the suspension and the reasons for it.

The ACS Manager will notify Unitholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Unitholders details of how to find further information about the suspension.

The ACS Manager and the Depositary will formally review the suspension at least every 28 days and will inform the FCA of the results of the review and any change to the information previously given to the FCA. The ACS Manager will immediately inform the FCA of the resumption of dealings and will also notify Unitholders as soon as is practicable after any decision to resume dealing.

The ACS Manager may agree during the suspension to accept orders in relation to Units in which case all deals accepted during and outstanding prior to the suspension will be undertaken at a price calculated at the first Valuation Point after the restart of dealings in Units.

3.13 **Market Timing**

The repeated purchasing and selling of Units in response to short-term market fluctuations is known as market timing. The ACS Manager has a policy to prevent market timing and late trading. As part of its policy, the ACS Manager may refuse to accept an application for Units if it reasonably suspects market timing.

3.14 **Liquidity Risk Management**

The ACS Manager monitors the liquidity risk of the Sub-funds, which includes, among other tools and methods of measurement, the use of stress tests under both normal and exceptional liquidity conditions to ensure that each Sub-fund is able to manage dealing requests.

In normal circumstances, redemption requests will be processed as set out in paragraph 3.3 headed "Redeeming Units". In exceptional circumstances, it may be necessary to suspend dealings in all or one or more of the Sub-funds (see paragraph 3.12 "Suspension of dealings in all or one or more of the Sub-funds").

If the ACS Manager's policy for managing liquidity should change, this will be set out in the annual report of the ACS.

3.15 **Governing law**

All deals in Units are governed by English law. The English courts shall have exclusive jurisdiction to settle any disputes or claims which may arise out of, or in connection with, a Unitholder's participation in the ACS.

4. **VALUATION OF THE ACS**

4.1 **General**

The Sub-funds are single-priced. Valuations of the Net Asset Value of a Sub-fund for the purpose of the calculation of the Unit price will be carried out in accordance with the rules for single-priced funds in the COLL Sourcebook.

The Net Asset Value per Unit of a Sub-fund is currently calculated on each Dealing Day at the Valuation Point of the Sub-fund. For details of the Valuation Point of a Sub-fund, please see Appendix I.

The ACS Manager may at any time during a Business Day carry out an additional valuation if it considers it desirable to do so or if required by the COLL Sourcebook. The ACS Manager may use the price obtained at such additional Valuation Point.

The ACS Manager shall inform the Depositary of any decision to carry out any such additional valuation. Valuations may be carried out for effecting a scheme of amalgamation or reconstruction, which do not create a Valuation Point for the purposes of dealings.

Where permitted and subject to the Regulations, the ACS Manager may, in certain circumstances (for example where a significant event has occurred since the closure of a market) substitute a price with a more appropriate price which in its opinion reflects a fair and reasonable price for that investment and the amount of any dilution levy made in respect of any purchase or redemption of Units.

The ACS Manager will, upon completion of each valuation, notify the Depositary of the price of Units of each Class of each Sub-fund.

Requests for subscriptions must be received by the Subscription Cut-Off Point in order to be processed at the next Dealing Day for Subscriptions. Requests for redemptions must be received by the Redemption Cut-Off Point in order to be processed at the next Dealing Day for Redemptions.

Dealing requests received after these cut-off points will be held over and processed on the next Dealing Day for Subscription/Redemption, using the Net Asset Value per Unit calculated as at the Valuation Point on that next Dealing Day for Subscription/Redemption.

4.2 **Valuation of Immovable Property**

The ACS Manager has appointed Savills UK Limited as an external valuer to carry out valuations of real property as set out above.

The Standing Independent Valuer is responsible for valuing the immovables on the basis of a full valuation with physical inspection (including where the immovable is or includes a building, internal inspection) at least once a year. The Standing Independent Valuer also values each immovable on the basis of a review of the last full valuation at least once a month (or over such longer period as is permitted). The figure arrived at under that valuation is used as part of the valuation of the Scheme Property calculated at each Valuation Point. The Standing Independent Valuer will conduct its valuations on the basis of "market value" as defined in the Valuation Standard of the prevailing edition of the RICS Valuation – Global Standards as updated or superseded from time to time.

Where the appointed Standing Independent Valuer is acting as a connected party to a purchase transaction being carried out by the ACS Manager, the ACS Manager will, as required, appoint an alternative standing independent valuer to act on its behalf in relation to that particular transaction only.

4.3 Calculation of the Net Asset Value

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

4.3.1 All the Scheme Property or that of the relevant Sub-fund, as applicable, (including receivables) is to be included, subject to the following provisions.

4.3.2 Property which is not cash (or other assets dealt with in this paragraph) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

4.3.2.1 immovable property:

- (a) by a standing independent valuer (as defined in the glossary to the FCA Rules) appointed by the ACS Manager with the approval of the Depositary and undertaken in accordance with "Market Value" as defined in the prevailing edition of the Valuation Standard of the RICS Valuation – Global Standards as updated or superseded from time to time;
- (b) on the basis of a full valuation with physical inspection (including, where the immovable is or includes a building, internal inspection), at least once a year; and
- (c) on the basis of the last full valuation, at least once a month (or over such longer period as is permitted);

4.3.2.2 units or shares in a collective investment scheme:

- (a) if a single price for buying and redeeming units or shares is quoted, at that price; or
- (b) if separate buying and redemption prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the redemption price has been increased by any exit or redemption charge attributable thereto; or
- (c) if, in the opinion of the ACS Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, or, if the most recent price available does not reflect the ACS Manager's best estimate of the value of the units or shares, at a value which, in the opinion of the ACS Manager, is fair and reasonable;

4.3.2.3 any other investment:

- (a) if a single price for buying and redeeming the security is quoted, at that price; or
- (b) if separate buying and redemption prices are quoted, at the average of the two prices; or
- (c) if, in the opinion of the ACS Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, or, if the most recent price available does not reflect the ACS Manager's best estimate of the value of the security, at a value which in the opinion of the ACS Manager, is fair and reasonable;

- 4.3.2.4 Scheme Property other than that described in 4.3.2.1 to 4.3.2.3 above at a value which, in the opinion of the ACS Manager, is fair and reasonable.
- 4.3.3 Cash and amounts held in current and deposit accounts (excluding cash held for distribution on the next Distribution Allocation Day) and in other time related deposits shall be valued at their nominal values.
- 4.3.4 In determining the value of the Scheme Property or that of the relevant Sub-fund, as applicable, all instructions given to issue or cancel Units shall be assumed (unless the contrary is shown) to have been carried out (and any cash paid or received) and all consequential action required by the Regulations or the ACS Deed shall be assumed (unless the contrary has been shown) to have been taken.
- 4.3.5 Subject to paragraphs 4.3.6 and 4.3.7 below, agreements for the unconditional sale or purchase of Scheme Property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and if, in the opinion of the ACS Manager, their omission will not materially affect the final net asset amount.
- 4.3.6 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 4.3.5.
- 4.3.7 Exchange traded derivative contracts shall be treated as follows:
- 4.3.7.1 if a single price for buying and selling the exchange traded derivative contract is quoted, at that price; or
- 4.3.7.2 if separate buying and selling prices are quoted, at the average of the two prices.
- 4.3.8 Over-the-counter derivative contracts shall be valued on the basis of an up-to-date market valuation which the ACS Manager and the Depositary have agreed is reliable or if this is not available, on the basis of a pricing model which the ACS Manager and the Depositary have agreed.
- 4.3.9 All agreements are to be included under paragraph 4.3.5 which are, or ought reasonably to have been, known to the person valuing the Scheme Property assuming that all other persons in the ACS Manager's employment or to whom the ACS Manager has delegated such responsibility take all reasonable steps to inform it immediately of the making of any agreement.
- 4.3.10 There shall be deducted an estimated amount for any anticipated tax liabilities at that time including (as applicable and without limitation) any UK or foreign stamp, transfer or transaction taxes, any value added tax and any tax on income or gains.
- 4.3.11 There shall be deducted the principal amount of any outstanding borrowings of the Scheme or relevant Sub-fund, as applicable, whenever repayable and any accrued but unpaid interest on borrowings.
- 4.3.12 There shall be added an estimated amount for accrued claims for tax of whatever nature which may be recoverable by the Scheme or relevant Sub-fund, as applicable.
- 4.3.13 There shall be added any other credits or amounts due to be paid into the Scheme Property of the Sub-fund.

- 4.3.14 There shall be added a sum representing any interest or any income accrued due or deemed to have accrued but not received by the Sub-fund.
- 4.3.15 Currencies or values in currencies other than sterling shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of Unitholders or potential Unitholders.

4.4 **Price per Class of Unit in each Sub-fund**

The price per Unit at which Units are bought or are redeemed is the Net Asset Value per Unit. There will be a single price per Unit. Any initial, redemption, Switching or Conversion charge is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

Each allocation of income made in respect of any Sub-fund at a time when more than one Class is in issue in respect of that Sub-fund shall be done by reference to the relevant Unitholder's proportionate interest in the income property of the Sub-fund in question calculated in accordance with the ACS Deed.

4.5 **Fair Value Pricing**

- 4.5.1 Where the ACS Manager has reasonable grounds to believe that:
 - 4.5.1.1 no reliable price for an asset exists at a Valuation Point; or
 - 4.5.1.2 such price, if it does exist, does not reflect the ACS Manager's best estimate of the value of such asset at a Valuation Point,it should value that asset at a price which, in its opinion, reflects a fair and reasonable price for that asset (the "**Fair Value Price**").
- 4.5.2 The circumstances which may give rise to a Fair Value Price being used include:
 - 4.5.2.1 no recent trade in the asset concerned;
 - 4.5.2.2 suspension of dealings in an underlying collective investment scheme; or
 - 4.5.2.3 the occurrence of a significant event affecting the relevant asset is taken.
- 4.5.3 In determining whether to use a Fair Value Price, the ACS Manager will include in its consideration but need not be limited to:
 - 4.5.3.1 the type of authorised fund concerned;
 - 4.5.3.2 the assets involved;
 - 4.5.3.3 whether any underlying collective investment schemes may already have applied Fair Value Pricing;
 - 4.5.3.4 the basis and reliability of the alternative price used; and
 - 4.5.3.5 the ACS Manager's policy on the valuation of Scheme Property as disclosed in this Prospectus.

4.6 **Pricing Basis**

The ACS Manager deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the purchase or redemption is deemed to be accepted by the ACS Manager.

4.7 **Publication of Prices**

The prices of Units are available on the ACS Manager's website at www.localpensionspartnership.org.uk.

As the ACS Manager deals on a forward pricing basis, the price that appears in these sources will not necessarily be the same as the one at which investors can currently deal. The ACS Manager may also, at its sole discretion, decide to publish certain Unit prices in third party websites or publications but the ACS Manager does not accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources for reasons beyond the control of the ACS Manager.

5. **RISK FACTORS**

Potential investors should consider the following risk factors before investing in the ACS (or in the case of specific risks applying to specific Sub-fund(s), in those Sub-fund(s)).

5.1 **General**

The investments of the ACS are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest in the ACS. There is no certainty that the investment objective of the Sub-funds will actually be achieved and no warranty or representation is given to this effect. The level of any yield for a Sub-fund may be subject to fluctuations and is not guaranteed.

The entire market of a particular asset class or geographical sector may fall, having a more pronounced effect on Sub-funds heavily invested in that asset class or region. There will be a variation in performance between Sub-funds with similar objectives due to the different assets selected.

5.2 **Liabilities of the ACS and the Sub-funds**

As explained in paragraph 2.2.1, and further detailed under section 261P of FSMA, each Sub-fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Sub-fund. Whilst the provisions of section 261P of FSMA provide for segregated liability between the Sub-funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in section 261P of FSMA. Therefore, it is not possible to be certain that the assets of a Sub-fund will always be completely insulated from the liabilities of another Sub-fund of the ACS in every circumstance.

Notwithstanding the above, however, Unitholders are not liable for the debts of the ACS. A Unitholder is not liable to make any further payment to the ACS after they have paid the price on purchase of the Units (please also refer to paragraph 5.3 below).

5.3 **Unitholder Indemnity**

Each Unitholder will be required to provide an indemnity in the form set out in the Certificate of Eligibility as set out at Appendix V, which will be triggered in the event that the Depositary, the ACS Manager, the Investment Advisor, the Investment Manager, the Administrator, any other provider of services to or in relation to the ACS, any Sub-fund, any underlying investment, any Unitholder or former Unitholder and any of their respective delegates or agents is liable to pay any Taxation because of the indemnifying Unitholder's ownership (including its previous ownership) in the relevant Sub-fund unless the payment arises because of the negligence, fraud or default of the party being indemnified. Unitholders may therefore be liable to pay the amount of any such Taxation to the relevant Sub-fund or as the ACS Manager may direct.

5.4 **Effect of Initial, Redemption, Conversion or Switching Charge**

Where an initial, redemption, Conversion or Switching charge is imposed, an investor who realises their Units may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested.

In particular, where a redemption charge is payable, investors should note that the percentage rate at which the redemption charge is calculated is based on the market value rather than the initial value of the Units. If the market value of the Units has increased, the redemption charge will show a corresponding increase. Currently there is no redemption charge levied on Units.

The Units therefore should be viewed as medium to long-term investments.

5.5 **Clearing**

While the clearing of over-the-counter derivative contracts is intended to reduce risk in the financial system, it does not eliminate the risk on such trades entirely and may introduce additional risk. There is a risk that a clearing member or other person through whom trades are cleared may default or become insolvent. There is also a risk that the exchange, clearing house or central counterparty clearing house ("**CCP**") itself may default or become insolvent.

While on a clearing member default, positions and the associated collateral value may be capable of being transferred to, or replaced by new trades with, a substitute clearing member, there can be no guarantee that this will occur. The associated collateral value transferred to a substitute clearing member may not be of the same type as the Sub-fund has transferred in respect of its positions and may not reflect the full amount of the Sub-fund's exposure to the clearing member.

Where a substitute clearing member does not accept the positions, the positions may be closed out and the resulting collateral balance paid to the ACS. The collateral returned may not be of the same type as the collateral originally transferred to the clearing member. The collateral balance ultimately received may not reflect the full amount of the Sub-fund's exposure to the clearing member. The closing out of positions may also cause a breach of the Sub-fund's investment objectives and may result in a reduction in hedging and/or an increase in exposures.

Where a CCP itself defaults or becomes insolvent, the consequences are hard to predict and will depend in part on the jurisdiction and rules of the relevant CCP, but can be expected to be significant. Loss of positions and associated collateral is likely and there may be significant delays in any assets being returned.

5.6 **Counterparty Risk**

Sub-fund(s) will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. The Sub-fund(s) may pass cash or other assets to its counterparties as margin or collateral to an unlimited extent. Subject to the Regulations, at any one time, the Sub-fund(s) may be exposed to the creditworthiness of its counterparties in respect of all or part of such margin or collateral. In the event of the insolvency of a counterparty, the Sub-fund(s) might not be able to recover cash or assets of equivalent value in full.

5.7 **Depositary Insolvency**

The ACS is subject to a number of risks relating to the insolvency, administration, liquidation or other formal protection from creditors, referred to in this paragraph as insolvency of the Depositary. These risks include without limitation: the loss of all cash held with the Depositary which is not being treated as client money or protected by the rules of a regulatory authority the loss of all cash which the Depositary has failed to treat as client money in accordance with procedures (if any) agreed with the ACS; the loss of any securities or client money held by or with the Depositary in connection with a reduction to pay for administrative costs of the insolvency and/or the process of identifying and transferring the relevant assets and/or client money or for other reasons according to the particular circumstances of the insolvency; losses of some or all assets due to the incorrect operation of the accounts by the Depositary; and losses caused by prolonged delays in receiving transfers of balances and regaining control over the relevant assets. The ACS is subject to similar risks in the event of insolvency of any Custodian with which any relevant securities are held or of any third party bank with which client money is held. There may be circumstances where the Depositary is relieved from liability for the acts or defaults of Custodians provided that the Depositary has complied with its duties. Any of the above risks could cause severe disruption to the trading of the ACS.

5.8 **Suspension of Dealings in Units**

Unitholders are reminded that in certain circumstances their right to redeem Units (including a redemption by way of Switching) may be suspended.

5.9 **Settlement Risk**

There is a risk that a settlement in a trading system does not take place as expected because a counterparty does not pay monies or deliver assets on time or as expected. This could have an adverse impact on the value of a Sub-fund.

5.10 **Redemption Risk**

Large redemptions of Units in a Sub-fund might result in a Sub-fund being forced to sell assets at a time and price at which it would normally prefer not to dispose of such assets. This could adversely affect the value of Units and the price at which Unitholders are able to redeem.

5.11 **Dilution levy**

Investors should note that in certain circumstances a dilution levy may be charged in addition to the price for the purchase of Units or taken from the redemption proceeds of Units (see "Dilution Levy" at paragraph 3.7.4). Where dilution levy is not applied, the Sub-fund in question may incur dilution which may constrain capital growth.

5.12 **Taxation Risk**

The tax information provided in paragraph 9, the "Taxation" section, is based, to the best knowledge of the ACS Manager, upon tax law and practice as at the date of this Prospectus. Tax legislation, the tax status of the ACS Manager and the Sub-fund(s), the taxation of Unitholders and any tax reliefs, and the consequences of such tax status and tax reliefs, may change from time to time. Any change in the taxation legislation or practice in the UK or in any jurisdiction where a Sub-fund is registered, marketed or invested could affect the tax status of the Sub-fund, affect the value of the relevant Sub-fund's investments in the affected jurisdiction, affect the relevant Sub-fund's ability to achieve its investment objective, and/or alter the post-tax returns to Unitholders. If a Sub-fund invests in derivatives, the preceding sentence may also extend to the jurisdiction of the governing law of the derivative contract and/or the derivative counterparty and/or to the market(s) comprising the underlying exposure(s) of the derivative.

The availability and value of any tax reliefs depend on the individual circumstances of Unitholders. The information in the "Taxation" section is not exhaustive and does not constitute legal or tax advice. Prospective investors are urged to consult their tax advisors with respect to their particular tax situations and the tax effects of an investment in the Sub-funds.

5.13 **Tax Status of the Scheme**

The ACS is a relatively new type of UK fund structure developed to be tax transparent in the UK and elsewhere. While it is expected that non-UK tax authorities will also recognise it as being tax transparent, this may not prove to be the case in all jurisdictions. If so, depending on the particular circumstances of the investor and/or the investments, this could have adverse tax consequences for the investor. A relevant change in the tax status of the ACS either in the UK or in the country of residence or domicile of the Unitholder or of any of the underlying investments could lead to Taxation being due. Investors should seek professional advice in relation to such matters and the ACS Manager shall not be liable for any unexpected Taxation being due.

5.14 **Liquidity Risk Management**

The ACS Manager is responsible for managing the liquidity risk of the ACS and each Sub-fund. To manage and monitor liquidity risk, the ACS Manager maintains liquidity risk management policies and procedures.

The liquidity risk management policies and procedures include the management, implementation and maintaining of appropriate liquidity limits for the ACS and monitoring and assessing the policies and procedures of the Investment Manager for each Sub-fund in managing each Sub-fund's liquidity limits.

Liquidity risk management policies also include the periodic stress testing of the ACS and the procedures of each Investment Manager for each Sub-fund under both normal and exceptional liquidity conditions to ensure that anticipated redemption requests can be met.

In determining its risk management policies, the ACS Manager has taken into account the nature, scale and complexity of its activities including those of the delegated Investment Managers, and has liquidity risk profiles that are consistent with those required for a well-functioning and robust system including the requirement to meet redemption requests from Unitholders on each Dealing Day for Redemption.

In normal circumstances, redemption requests will be processed as set out in paragraph 3.3.1. However, in exceptional circumstances, if there is insufficient liquidity in the Sub-fund to meet redemption requests, the ACS Manager may ultimately need to temporarily suspend dealing in the ACS (see "Suspension of dealings in all or one or more of the Sub-funds" at paragraph 3.11).

5.15 **Risk Factors Not Exhaustive**

The risks set out in this Prospectus do not purport to be exhaustive and potential investors should be aware that an investment in the ACS or any Sub-fund may be exposed to risks of an exceptional nature from time to time.

The following specific risks may also apply to the relevant Sub-fund(s) as listed in Appendix I:

5.16 **Charges to Capital**

Where the investment objective of a Sub-fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the Annual Management Charge may be offset against capital instead of against income. The treatment of such fees may increase the amount of income (which may be taxable) available for distribution to Unitholders in the Sub-fund concerned but may constrain capital growth.

5.17 **Currencies**

Currency fluctuations may adversely affect the value of a Sub-fund's investments and the income thereon and, depending on an investor's currency of reference, currency fluctuations may adversely affect the value of their investment in Units.

5.18 **Fixed Interest Securities**

Fixed interest securities are particularly affected by trends in interest rates, inflation and market risk premium. If interest rates increase, capital values may fall and the amount of income paid may decrease and vice versa; such falls may be more pronounced in a low nominal interest rate environment. Inflation will erode the real value of capital. In addition, companies may not be able to honour repayment on bonds they issue resulting in default. If perceived default risk or market risk increases, this may result in a larger risk premium.

Unlike the income from a single fixed interest security, the level of income of a Sub-fund is not fixed and may go up and down.

The value of a fixed interest security may fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the yield relative to a reference government security (credit spread), the higher the perceived credit risk of the issuer.

Sub-investment grade or high yield bonds are potentially more risky (higher credit risk) than investment grade bonds. A sub-investment grade bond has a Standard & Poor's credit rating of BB+ and below or equivalent. With sub-investment grade bonds there is an increased risk of capital erosion through default and generally a higher sensitivity to economic conditions.

Sub-investment grade bonds generally yield more than investment grade bonds which tend to boost income. The companies issuing these bonds carry a greater risk of loss which may adversely affect the capital value of the Sub-fund.

5.19 Derivatives and other techniques for Efficient Portfolio Management

Exchange traded derivatives (e.g. futures) and OTC derivatives (e.g. interest rate swaps and credit default swaps) and other techniques may be used in connection with the Sub-fund(s) for the purposes of Efficient Portfolio Management, which includes the reduction of risk or the generation of additional capital or income for a Sub-fund. As a result there is a risk that in a rising market, potential gains may be restricted.

The use of derivatives and other techniques for Efficient Portfolio Management by the Sub-fund(s) has the overall intention of reducing risk, reducing costs or generating additional capital or income for the Sub-fund(s). As these techniques will not be used for investment purposes, they are not intended to increase the risk profile of the Sub-fund(s). However, the risks explained at paragraph 5.20 in relation to counterparty exposure are also relevant to derivatives and other transactions entered into for Efficient Portfolio Management.

The counterparties to derivatives and other techniques for Efficient Portfolio Management may be Associates of the ACS Manager and this may give rise to a conflict of interest. For further details on the ACS Manager's conflict of interest policy, please see paragraph 6.10.

5.20 Derivatives for Investment Purposes

Derivatives may be used by certain Sub-funds for investment purposes as well as for Efficient Portfolio Management. Please see Appendix I for details of those Sub-fund(s) that may use derivatives for investment purposes.

The Sub-fund(s) may use both exchange traded and OTC derivatives. Investment in these instruments involves some cost, may create some volatility and may also involve a small investment relative to the risk assumed. Their successful use may depend on the Investment Manager's ability to predict market movements. Risks include failure or default by the trading counterparty or the inability to close out a position because the trading market becomes illiquid.

OTC derivative instruments may involve a higher degree of risk as there is no exchange market on which to close out an open position and there may be uncertainty as to the fair value of such instruments owing to the limited liquidity. The Sub-fund may be exposed to higher credit risk on counterparties with whom the OTC transactions are made and will bear the risk of settlement default with those counterparties. The Sub-fund may use collateral to reduce overall exposure to a counterparty of an OTC derivative, collateral received can be used to net off against the exposure to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits.

5.21 **Concentration of Investments**

The Sub-funds(s) may at certain times hold relatively few investments. Such a Sub-fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

5.22 **Interest Rates**

The Sub-fund(s) may at certain times invest cash on deposit. In times of low nominal interest rate, there may be no, negative or low interest paid on these holdings. In such circumstances, a Sub-fund could be subject to losses especially after charges are deducted.

5.23 **Property Valuation**

The value of a property is generally a matter of a valuer's opinion rather than fact and may go down as well as up. There is also a risk that the price at which an asset is valued may not be realisable in the event of sale. This could be due to a mis-estimation of the asset's value or due to lack of liquidity in the relevant market.

The simplest yardstick of property valuation is initial yield, which is current annual rent divided by the value of the property, including purchase costs. Property yields will fluctuate through time and may reflect the general economic cycle. Past performance is no indicator of future performance.

At any time, the market value of a property will, broadly, reflect market expectations for rental growth. If an investment is made in the expectation that a certain level of rental growth will be achieved and that growth fails to materialise, then the returns from holding that property are likely to be lower than anticipated. Rental growth is affected by many things: general economic conditions, local trading conditions, relative scarcity of alternative space and so on.

If, in exceptional circumstances, significant redemptions are requested, the ACS Manager may be forced to sell properties which could result in properties being sold for less than expected which would reduce the value of Units.

5.24 **Illiquidity of property investment**

All property investments are relatively illiquid compared to transferable securities. Liquidity is a function both of the time to effect a sale and the extent to which it is possible to trade at the market price. Property is slow to transact in normal market conditions and hence is illiquid. In poor market conditions it may take even longer to find a buyer to pay an acceptable price.

5.25 **Insurance**

All immovable property forming part of the property of the Sub-fund will be insured against the risk of physical loss or damage and other perils considered appropriate by the Investment Manager. However, there is no guarantee that any or all claims on the insurance will be payable in any given circumstance. Where insurance policies do not meet any liability, in whole or in part, any outstanding liability will be met out of the assets of the Sub-fund.

5.26 **Changes in laws and regulation**

The performance of a Sub-fund and the returns to investors may be adversely affected by changes in laws and regulations in the jurisdiction where the Sub-fund is invested, including (but not limited to) in relation to rent controls (in particular in respect of residential rent increases), restrictions on or expropriate of foreign investments, land use, planning restrictions and environmental safety and protections.

5.27 **SDLT savings schemes**

A Sub-fund may acquire underlying property where stamp duty or stamp duty land tax saving schemes have previously been adopted or the Sub-fund itself has adopted such savings schemes. There can be no certainty that stamp duty or stamp duty land tax will not subsequently become payable, which could result in the imposition of penalties.

5.28 **Economic and political**

The performance of the Sub-fund may be adversely affected by the impact of general economic conditions, by conditions in the property market, changes in occupancy practices or by the particular financial condition of parties doing business with the Sub-fund.

The returns that are likely to be achieved on an investment in the Sub-fund, which has its assets predominantly based in the UK, are likely to be materially affected by the political and economic climate in the UK. In particular, changes in rates of inflation may affect the Sub-fund's income and capital value or the value of an investment. Changes in landlord/tenant, planning, trust or other law in the UK could also materially affect the investment returns.

5.29 **Property development**

At times, the Sub-fund may develop properties in order to enhance the capital or income return from those properties.

This can lead to increased risks including, without limitation, the following:

- risks relating to the availability and timely receipt of planning and other regulatory approval and the timely completion of construction (including risks beyond the control of the Sub-fund, such as weather or labour conditions or material shortages);
- the risk that the costs of completing any work exceed that set out in the original budget or business plan;
- the risk that contractors retained to conduct the works fail to perform their obligations;
- the risk that completion of the development does not achieve the desired aim of increasing the property's capital value or rental income; and
- the fact that during development works, properties are harder to value given the greater number of unknown factors that will feed into the value of a property.

These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken. Any of these risks could have an adverse effect on the Sub-fund and on the amount of income available for distribution to the Unitholders in the Sub-fund.

5.30 **Investment in infrastructure**

The prices of property-related infrastructure assets and the returns from investing in infrastructure markets are sensitive to various factors including, but not limited to, expectations of future cashflows, exchange rates, interest rates, inflation and political stability. Additionally, infrastructure assets are often financed by significant amounts of debt capital and the availability of such capital and the cost of servicing it are therefore relevant factors. Where the ACS invests indirectly in infrastructure through another collective investment vehicle there may be an increased risk of volatility in the price of that vehicle depending on its structure and investment policy.

5.31 **Environmental risks – contamination**

If a Sub-fund invests in property that is subsequently found to have an environmental contamination issue, there is a risk that the value and saleability of the property may be impaired. The Sub-fund will ensure that a contamination report from a properly insured provider is obtained prior to investment.

5.32 **Environmental risks - flooding**

Where a Sub-fund invests in property that is subsequently found to be at significant risk of flooding, there is a risk that the value and saleability of the property may be impaired. The Sub-fund will ensure that a report on potential flood risk will be obtained from a properly insured provider prior to investment and where an unacceptable risk exists investment will be avoided.

5.33 **Residential properties**

At times, a Sub-fund may hold residential properties as part of its portfolio.

Residential properties will perform in a different way to the commercial properties that will make up the majority of the Sub-fund's assets. The reasons for this include the quality of the residential property, the level of tenant demand, the level of buyer demand and the statutory obligations on landlords of residential properties.

- Properties that fall under the definition of Houses in Multiple Occupation given in the Housing Act 2004 may become subject to licensing and regulation by their local authorities. This could give rise to additional management costs and control issues for the Sub-fund.
- Where the Sub-fund invests in or holds let residential property on a furnished basis there will be additional regulatory requirements in respect of furniture provided within the property. If these are not met then additional liabilities may attach to the ACS, which may not be adequately covered by insurance policies in place.
- For certain residential properties the Sub-fund will have statutory responsibility for domestic safety and compliance checks. This will be addressed by professional property management from properly insured providers.

5.34 **Agricultural and timberland**

At times a Sub-fund may hold agricultural or timberland as part of its portfolio. Agricultural land and timberland will perform in a different way to commercial properties that will make up the majority of the Sub-fund's assets. The reasons for this include the quality of the property, the level of tenant and buyer demand, the level of agricultural and timber commodity prices and operational returns and the impact of state support and subsidies (both prevailing and changes thereto).

Whilst the Sub-fund will insure the portfolio against insurable risks, there could be losses attributable to the Sub-fund caused by adverse weather, pests, disease, fire or other uninsured events.

5.35 **Disposal of properties**

It may be difficult to dispose of properties in the Sub-fund at their stated portfolio values on account of:

- market conditions;
- the size or value of the overall portfolio; or
- the specialised nature of the properties in question.

It may prove necessary to dispose of properties at values which the Investment Manager considers are reasonable in the circumstances, but which represent discounts to the value attributed by the Standing Independent Valuer, in order to satisfy redemptions and manage an orderly winding up of the Sub-fund.

6. MANAGEMENT AND ADMINISTRATION

6.1 Regulatory Status

The ACS Manager is authorised and regulated by the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN.

6.2 ACS Manager

The ACS Manager is Local Pensions Partnership Investments Ltd, which is a private company limited by shares incorporated in England and Wales on 21 October 2015. The ACS Manager is the alternative investment fund manager.

Registered Office: 1 Finsbury Avenue, London EC2M 2PF

Head Office: 1 Finsbury Avenue, London EC2M 2PF

Principal Place of Business: 1 Finsbury Avenue, London EC2M 2PF

Share Capital (issued and fully paid up): £3,000,001

The ACS Manager is responsible for managing and administering the ACS's affairs in compliance with the COLL Sourcebook. The ACS Manager may delegate its management and administration functions, but not responsibility, to third parties subject to the rules in the COLL Sourcebook.

The ACS Manager has authority to enter into contracts on behalf of the Unitholders for the purposes of, or in connection with, the acquisition, management and/or disposal of Scheme Property. The ACS Manager may on behalf of Unitholders exercise rights under an Authorised Contract, bring and defend proceedings for the resolution of any matter relating to an Authorised Contract, and take action in relation to the enforcement of any judgment given in such proceedings.

Whilst the ACS Manager has no intention of doing so, if in the future, the ACS Manager transfers its business to another authorised contractual scheme manager or third party it may transfer any client money it holds at that time to that other authorised contractual scheme manager or third party without obtaining Unitholders' specific consent at that time provided the ACS Manager complies with its duties under the client money rules which are set out in the FCA Handbook at the time of the transfer.

The ACS Manager is a wholly owned subsidiary of Local Pensions Partnership Ltd, a private company limited by shares incorporated in England on 19 October 2015.

The ACS Manager may appoint Investment Advisors or Investment Managers to each Sub-fund from time to time to assist in advising on or managing a portion of the assets of that Sub-fund in accordance with the investment objective and investment policy of that Sub-fund, as set out in paragraph 6.8.

6.3 The Depositary

6.3.1 General

The Depositary of the ACS is NatWest Trustee and Depositary Services Limited, which is a private company limited by shares incorporated in England and Wales on 8 February 2018

with company number 11194605, whose registered and head office is at 250 Bishopsgate, London, United Kingdom, EC2M 4AA. The principal business activity of the Depositary is the provision of trustee and depositary services. The Depositary is authorised and regulated by the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN.

The Depositary is responsible for the safekeeping of all the Scheme Property (other than tangible moveable property) of the ACS and has a duty to take reasonable care to ensure that the ACS is managed in accordance with the ACS Deed and the provisions of the COLL Sourcebook relating to the pricing of, and dealing in, Units and relating to the income and the investment and borrowing powers of the Sub-funds.

6.3.2 **Terms of Appointment**

The appointment of the Depositary has been made under the Depositary Agreement.

Subject to the Regulations, the Depositary has full power under the Depositary Agreement to delegate (and authorise its delegate to sub-delegate) any part of its safekeeping duties as Depositary. The Depositary has delegated safekeeping of the assets of the ACS to The Bank of New York Mellon SA/NV and it may sub-delegate safekeeping of assets in certain markets in which the ACS may invest to various sub-delegates.

The Depositary will be responsible for the actions of its delegates unless the Depositary has discharged its liability, as is permitted under the Regulations and envisaged in the Depositary Agreement. At the date of this Prospectus, the Depositary has not discharged its liability and investors will be notified if this position changes in the future.

Under the Depositary Agreement the Depositary has agreed that it, and any person to whom it delegates safekeeping of the property of the ACS, may not reuse any of the Scheme Property with which it has been entrusted unless the Scheme Property in question is held in an omnibus account where it may be used to facilitate the timely settlement of trades.

The Depositary Agreement may be terminated by not less than 6 months' written notice provided that no such notice will take effect until the appointment of a successor to the Depositary.

The Depositary is entitled to receive remuneration out of the Scheme Property of the Sub-funds for its services, as explained in paragraph 7.4 below. The Depositary (or its associates or any affected person) is under no obligation to account to the ACS Manager, the ACS or the Unitholders for any profits or benefits it makes or receives that are made or derived from or in connection with the dealings in Units of the ACS, any transaction in Scheme Property or the supply of services to the ACS.

6.4 **The Administrator**

On behalf of the ACS, the ACS Manager has appointed Langham Hall UK LLP (company number OC319723) as Administrator of the ACS, to provide certain administration services. The Administrator's registered office is 1 Fleet Place, 8th Floor, London, England, EC4M 7RA.

6.5 **The Registrar and Transfer Agent**

6.5.1 On behalf of the ACS, the ACS Manager has appointed Langham Hall UK LLP to act as Registrar and Transfer Agent to the ACS. The registered office of the Registrar and Transfer Agent is 1 Fleet Place, 8th Floor, London, England, EC4M 7RA.

6.5.2 The Register of Unitholders will be kept by the Registrar and Transfer Agent at the address of its registered office as noted above and electronic copies of Register entries may be made available to any Unitholder or any Unitholder's duly authorised agent upon request from the Registrar and Transfer Agent.

6.5.3 The Register of Unitholders shall be conclusive evidence as to the persons entitled to the Units entered in the Register. No notice of any trust, express, implied or constructive, shall be entered on the Register of Unitholders in respect of any Unit and the ACS Manager and the Depositary shall not be bound by any such notice.

6.6 **The Auditors**

The Auditors of the ACS are Grant Thornton UK LLP, whose registered office is 30 Finsbury Square, London, EC2A 1AG. The Auditors must make a report to the Unitholders in respect of accounts contained in the annual report.

6.7 **Legal Advisors**

The ACS is advised by Eversheds Sutherland (International) LLP of One Wood Street, London EC2V 7WS.

6.8 **Investment Managers or Investment Advisors**

Details of any Investment Managers or Investment Advisors appointed by the ACS Manager for each Sub-fund are set out at Appendix I.

6.9 **Property Managers**

Details of the Property Manager appointed for each Sub-fund are set out at Appendix I.

6.10 **Conflicts of Interest**

6.10.1 The ACS Manager may, from time to time, act as manager to other funds or sub-funds which follow similar investment objectives to those of the Sub-funds. The Sub-funds may also, where available invest in other funds managed by the ACS Manager.

6.10.2 It is therefore possible that the ACS Manager may in the course of its business have potential conflicts of interest with the ACS or a particular Sub-fund and/or other funds managed by the ACS Manager. The ACS Manager will, however, have regard in such event to its obligations under the ACS Deed and the Regulations and, in particular, to its obligation to act in the best interests of the Unitholders collectively so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. The ACS Manager will take all appropriate steps to identify and to prevent or manage such conflicts. Where a conflict of interest cannot be avoided, the ACS Manager will seek to ensure that the Unitholders and the other funds it manages are fairly treated.

6.10.3 The ACS Manager and the Investment Managers maintain written conflict of interest policies. Details of the ACS Manager's conflict of interest policy are available on request from the ACS Manager.

6.10.4 The ACS Manager acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Unitholders will be prevented. Should any such situations arise the ACS Manager will, as a last resort if the conflict cannot be avoided, disclose these to Unitholders in an appropriate format.

6.10.5 For the purposes of sections 6.10.6 to 6.10.7, the following definitions shall apply:

6.10.5.1 "Link" means a situation in which two or more natural or legal persons are either linked by a direct or indirect holding in an undertaking which represents 10% or more of the capital or of

the voting rights or which makes it possible to exercise a significant influence over the management of the undertaking in which that holding subsists.

6.10.5.2 "Group Link" means a situation in which two or more undertakings or entities belong to the same group within the meaning of the AIFMD Regime (this originates from an EU law definition under Article 2(11) of Directive 2013/34/EU or international accounting standards adopted in accordance with Regulation (EC) No. 1606/2002).

6.10.6 Without limitation to the generality of sections 6.10.1 to 6.10.4 inclusive, it is hereby acknowledged and agreed that a conflict of interest may arise in the following circumstances:

6.10.6.1 as a result of the appointment by the ACS Manager of the Depositary as Administrator, Registrar or Transfer Agreement pursuant to sections 6.4 and 6.5.1 respectively (thus creating a Link and/or Group Link) and/or;

6.10.6.2 where the Depositary has delegated, or where any Custodian has sub-delegated, the safekeeping of the Scheme Property to an entity resulting in a Link and/or Group Link,

in each case, the Depositary shall ensure that policies and procedures are in place to identify all conflicts of interests arising from such Group Links and shall take all reasonable steps to avoid such conflicts of interests. Where such conflicts of interests cannot be avoided under (i) Section 6.10.6.1, the Depositary and the ACS Manager will ensure that such conflicts of interests are managed, monitored and disclosed in order to prevent adverse effects on the interests of the ACS and its Unitholders and/or (ii) Section 6.10.6.2 the Depositary will ensure that such conflicts of interests are managed, monitored and disclosed in order to prevent adverse effects on the interests of the ACS and its shareholders.

6.10.7 The Depositary may act as the depositary of other open-ended investment companies and as trustee or custodian of other collective investment schemes.

6.11 **Exercise of Voting Rights**

The ACS Manager has a strategy for determining how voting rights attached to ownership of Scheme Property are to be exercised for the benefit of each Sub-fund. A summary of this strategy is available from the ACS Manager on request. Details of action taken in respect of the exercise of voting rights are available from the ACS Manager upon request.

6.12 **Best Execution**

The ACS Manager's order execution policy sets out the basis upon which the ACS Manager will effect transactions and place orders in relation to the ACS whilst complying with its obligations under the FCA Handbook to obtain the best possible result for the Sub-funds. Details of the order execution policy are available from the ACS Manager on request.

7. FEES AND EXPENSES

7.1 General

- 7.1.1 Each Sub-fund formed after the initial Prospectus is superseded may bear its own direct establishment costs. The ACS Manager may pay out of the Scheme Property any liabilities arising on the unitisation, amalgamation or reconstruction of the ACS or of any Sub-fund.
- 7.1.2 The fees, costs and expenses relating to the offer of Units, the preparation and printing of this Prospectus and the fees of the professional advisors to the ACS in connection with the offer may be borne by the ACS Manager or the ACS.
- 7.1.3 In accordance with the Regulations, the following may lawfully be made out of the Scheme Property of the ACS:
- 7.1.3.1 the charges and expenses payable to the ACS Manager, including the ACS Manager's Annual Management Charge and any performance fee;
 - 7.1.3.2 fees and expenses of any Investment Advisor or Investment Manager appointed by the ACS Manager including any performance fees, as set out in Appendix I. The ACS Manager may appoint additional Investment Advisors or Investment Managers to current Sub-funds. Their fees are set out in the details of the individual Sub-funds in Appendix I;
 - 7.1.3.3 fees and expenses of the Depositary and any Custodian;
 - 7.1.3.4 fees of any administrator of the ACS, which includes, but is not limited to, the provision of fund management accounting services and the valuation and calculation of the Net Asset Value of each Sub-fund;
 - 7.1.3.5 fees and expenses of the Registrar and Transfer Agent, which includes, but is not limited to, the issue and redemption of Units of each Sub-fund;
 - 7.1.3.6 fees of any paying, representative or other agents of the ACS or the ACS Manager;
 - 7.1.3.7 fees and expenses of any auditors and any tax, legal and other professional advisors of the ACS or those engaged to audit aspects of property management;
 - 7.1.3.8 fees of the FCA under FSMA and the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Units are or may lawfully be marketed;
 - 7.1.3.9 costs incurred in taking out and maintaining any insurance policy in relation to the ACS;
 - 7.1.3.10 expenses incurred in company secretarial duties, including the cost of minute books and other documentation required to be maintained by the ACS Manager;
 - 7.1.3.11 fees and expenses in respect of establishing and maintaining the Register and related functions;
 - 7.1.3.12 the costs of convening and holding Unitholder meetings (including meetings of Unitholders in any particular Sub-fund, or any particular Class within a Sub-fund);

- 7.1.3.13 expenses incurred in producing, distributing and dispatching income and other payments to Unitholders;
- 7.1.3.14 fees in respect of the publication and circulation of details of the Net Asset Value and prices;
- 7.1.3.15 costs in respect of communications with actual or potential investors, including the costs and expenses of any key investor information document;
- 7.1.3.16 any costs in modifying the agreement with the ACS Manager and any other relevant document required under the Regulations;
- 7.1.3.17 the costs of preparing, updating, printing or translating this Prospectus, any key investor information document, the ACS Deed and contract notes and the costs of distributing this Prospectus and the ACS Deed and the costs of printing and distributing reports and accounts and any other administrative expenses related to this paragraph;
- 7.1.3.18 tax and duties payable by the ACS;
- 7.1.3.19 interest on and charges incurred in borrowings;
- 7.1.3.20 any amount payable by the ACS under any indemnity provisions contained in the ACS Deed or any agreement with any functionary of the ACS;
- 7.1.3.21 any payments otherwise due by virtue of changes to the Regulations;
- 7.1.3.22 the costs related to the listing of Units on any stock exchange;
- 7.1.3.23 the costs and expenses incurred in relation to effecting stock lending transactions in accordance with the provisions of COLL, including the fees of any stock lending agent and the fees of the ACS Manager for arranging any stock lending;
- 7.1.3.24 expenses incurred in acquiring, registering and disposing of investments (including the costs associated with entering into hedging transactions in any hedged Unit Classes which will be applied only to the relevant hedged Unit Class); and
- 7.1.3.25 fees and expenses relating to the sourcing of market data or tools for the purposes of analysing, benchmarking, monitoring, or reporting the financial or non-financial performance of a Sub-fund, or underlying assets (including benchmark/data licences, performance data, and index constituent data).

VAT may be payable on these charges.

Expenses are allocated between capital and income in accordance with the COLL Sourcebook.

The charging structure in respect of each Sub-fund is detailed in Appendix I.

7.2 **Costs in relation to immovable property**

Any costs and disbursements incurred in the management, development, asset management and administration of immovable property held by the ACS, including the following (without limitation) may be paid out of the Scheme Property of the ACS:

- 7.2.1 all legal and conveyancing costs;
- 7.2.2 valuation of the scheme property;
- 7.2.3 any fees payable to HM Land Registry in connection with registration of title to immovable property, first registration of title (whether or not compulsory) or otherwise;
- 7.2.4 the cost of searches at the HM Land Registry;
- 7.2.5 the cost of any local authority and local land charges searches and any other searches, including the cost of unofficial searches carried out by agents at the ACS Manager's request;
- 7.2.6 the cost of any obligations to superior landlords under head leases (including payment of rent);
- 7.2.7 the costs and disbursements of legal advisers, other property experts and introductory agents instructed by the ACS Manager or Investment Manager in connection with immovable property transactions to which the ACS Manager in the name of the ACS is party;
- 7.2.8 insurance premiums payable in respect of all immovable property investments held by the ACS (to the extent that these are not the responsibility of, or cannot be recovered from, any or all of the tenants for the time being of such Investments);
- 7.2.9 the fees and expenses of legal advisers, property managers, other professional advisers and other agents and expenses generally incurred in connection with:
 - 7.2.9.1 proceedings of any sort brought to prove or protect the ACS's title to and/or right over any immovable property;
 - 7.2.9.2 carrying out repairs to any immovable property that is not occupied for the time being, or where the tenants for the time being refuse or are not for any reason obliged to carry out such repairs;
 - 7.2.9.3 service on any tenant of a notice under section 146 Law of Property Act 1925, including preparation where appropriate of a schedule of dilapidations and court proceedings against such tenant for forfeiture of their lease and/or possession of the premises;
 - 7.2.9.4 the cost of preparation of licences to under-let (as well as to assign);
 - 7.2.9.5 proceedings for arrears of rent, service charge, insurance or any other sums due from tenants;
 - 7.2.9.6 service of notices under the Landlord and Tenant Act 1954 terminating business tenancies, subsequent court proceedings, and any compensation payable to tenants for disturbance as a result of successful termination of business tenancies;
 - 7.2.9.7 service of rent review notices, negotiation of rent reviews (including, without limitation the remuneration of agents appointed to carry out any such negotiation), and any related court proceedings;
 - 7.2.9.8 the fees and expenses of any arbitrator or expert appointed to settle any dispute to which the ACS Manager is party in the name

of the ACS, wherever the relevant tenant is not obliged to pay these under their lease;

- 7.2.9.9 the cost of negotiating and preparing licences to assign the lease of, or carry out alterations to, part or all of any immovable property held by the ACS, where this is not payable by the relevant tenant;
- 7.2.9.10 any costs or expenses properly payable by a tenant of part or all of any immovable property held by the ACS where they have defaulted, or where the ACS Manager or Investment Manager consider that it is in the interests of Unitholders to meet such costs or expenses (whether or not the ACS Manager sues for reimbursement);
- 7.2.9.11 costs associated with the inspection of vacant properties;
- 7.2.9.12 property maintenance (including lifts and mechanical and electrical (M&E) maintenance);
- 7.2.9.13 cleaning and waste removal;
- 7.2.9.14 reception and security;
- 7.2.9.15 landscaping and grounds maintenance;
- 7.2.9.16 health and safety provision;
- 7.2.9.17 help desk provision;
- 7.2.9.18 energy, waste and water management;
- 7.2.9.19 supply of utilities;
- 7.2.9.20 refurbishment and capital projects; and
- 7.2.9.21 any other items whatsoever properly incurred in the day to day operation of a property portfolio of the type envisaged in this Prospectus including analogous items in any country in which immovable property may be held in terms of this Prospectus.

VAT may be payable on these charges.

Expenses are allocated between capital and income in accordance with the COLL Sourcebook.

7.3 **Annual Management Charge**

- 7.3.1 In payment for carrying out its duties and responsibilities the ACS Manager is entitled to take an Annual Management Charge out of each Sub-fund. The Annual Management Charge is calculated and accrued on a quarterly basis by reference to the Net Asset Value of the Sub-fund on the previous Valuation Point for Subscription and the amount due for each quarter is payable the following month. The current Annual Management Charge for each Sub-fund (expressed as a percentage per annum of the Net Asset Value of each Sub-fund) is set out in Appendix I.

The ACS Manager is also entitled to all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties.

7.3.2 **Increase in the Annual Management Charge**

Any increase of the Annual Management Charge by the ACS Manager will be carried out in accordance with the Regulations.

7.3.3 **Charging of fees to capital or income**

Where the investment objective of a Sub-fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the Annual Management Charge may be offset against capital instead of against income as set out in Appendix I. This will only be done with the approval of the Depositary. This treatment of the Annual Management Charge will increase the amount of income (which may be taxable) available for distribution to Unitholders in the Sub-fund concerned, but may constrain capital growth. If a Class's expenses in any period exceed its income the ACS Manager may take that excess from the capital property attributable to that Class.

7.4 **Depositary's Remuneration and Expenses**

Periodic Charge

7.4.1 The remuneration of the Depositary will be paid out of the Scheme Property quarterly, one month in arrears and will consist of a periodic charge, calculated and accrued quarterly, based on the value of the property of the ACS on the preceding Business Day. The periodic charge will be at such annual percentage rate (before VAT) of the value of the property of the ACS as the ACS Manager and Depositary may from time to time agree. The current periodic charges per Sub-Fund are as follows:

First £500 million	0.009% per annum subject to a minimum fee of £50,000 per annum
Next £500 million	0.0075% per annum
Next £500 million	0.005% per annum
Remainder	0.003% per annum

7.4.2 All charges are subject to an addition for VAT (where applicable).

7.4.3 The Depositary is also entitled to receive out of the Scheme Property of the ACS remuneration for performing or arranging for the performance of the functions conferred on the Depositary by the ACS Deed or the FCA Rules. The Depositary's remuneration shall accrue when the relevant transaction or other dealing is effected and shall be paid in arrears on the next following date on which payment of the Depositary's periodic charge is to be made or as soon as practicable thereafter.

Depositary's Expenses

7.4.4 The Depositary will be reimbursed from the Scheme Property for expenses properly incurred in performing or arranging for the performance of functions conferred on it by the AIFMD Regime, the ACS Deed, the Prospectus, the FCA Rules, the Depositary Agreement or by general law. These functions may (without limitation of the foregoing) include custody, insurance, acquisition and dealing with assets of the ACS; making deposits or loans, dealing with borrowings, effecting foreign currency dealings and effecting efficient portfolio management transactions, as permitted by the FCA Rules; collection of income or capital; submissions of tax returns and handling tax claims; preparation of

the Depositary's annual report; calling Unitholder meetings and communicating with Unitholders; preparing, clearing and despatching distribution warrants; obtaining professional advice; conducting legal proceedings; carrying out administration relating to the ACS; supervision of certain of the activities of the ACS Manager and such other duties as the Depositary is permitted or required by law to perform.

7.4.5 On the winding up of the ACS or the termination of a Sub-fund or the redemption and cancellation of a Class of Unit, the Depositary will be paid all accrued and owing fees, charges and reimbursement of expenses due to the date of commencement of the winding up or the termination or due in relation to the redemption and cancellation of the relevant Class of Unit (as appropriate) and any additional expenses necessarily arising out of or in connection with its obligations under the Depositary Agreement.

7.4.6 The current rate of the Depositary's annual remuneration, or transaction charges or charges for custody services may only be increased in accordance with the FCA Rules and after the ACS Manager has revised and made available the revised Prospectus to reflect the new rate and the date of its commencement. The following further expenses may also be paid out of the property of the ACS:

7.4.6.1 all charges imposed by, and expenses of, any agents appointed by the Depositary to assist in the discharge of its duties;

7.4.6.2 all charges and expenses incurred in connection with the collection and distribution of income;

7.4.6.3 all charges and expenses incurred in relation to the preparation of the Depositary's annual report to Unitholders.

7.4.7 Subject to current law, VAT at the prevailing rate may be payable in addition to the Depositary's remuneration and the above expenses.

7.5 **Custodian**

The Custodian is entitled to receive reimbursement as an expense of the ACS for custody services in relation to Scheme Property entrusted to it for safekeeping. The Custodian's remuneration for acting as custodian is calculated at an ad valorem rate determined by the territory or country in which the ACS's assets are held by it or its delegates. The current remuneration ranges from between 0.075 bps per annum to 37.50 bps per annum of the value of the Scheme Property, plus VAT (if any) calculated at an ad valorem rate determined by the territory or country in which the assets of the ACS are held. The current range of transaction charges is between £2 and £65 per transaction plus VAT (if any). Charges for certain principal investment markets are:

	Transaction charge per trade	Custody charge % per annum
UK	£2.50	0.10bps
United States	£2.00	0.075bps
Germany	£6.50	0.50bps
Japan	£6.50	0.50bps

7.6 **Administrator's and Registrar's Fees**

7.6.1 The fixed ongoing charge for the first year is £150,000 per Sub-fund per annum (plus VAT, where applicable) paid quarterly in advance. This fee rises by fixed increments in future years approximately in line with expected inflation.

7.6.2 Variable operating costs arise on an ad-hoc basis and range between £400-£2,000 paid in arrears for each instance of a relevant service (with certain services provided on an ad-hoc, time-spent basis).

7.6.3 If the Administrator's appointment is terminated, there will be a time-spent fee for arranging the handover to the successor. This is subject to a minimum of £5,000 paid in arrears.

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

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

7.8 **Research**

7.8.1 Any third party research received by the ACS Manager in connection with the investment management of the Sub-funds will be paid for by the ACS Manager.

7.8.2 Where the ACS Manager delegates the investment management of a Sub-fund, the Investment Manager will generally pay for its own research. However, where the Investment Manager is based outside the UK/EU, that Investment Manager is subject to a regulatory regime which is different to that in the EU or UK, and so in such cases the Investment Manager will ensure that they conduct their business in a manner designed to reach equivalent outcomes, and achieve an equivalent level of protection, for Eligible Investors in relation to investment research.

8. UNITHOLDER MEETINGS AND VOTING RIGHTS

8.1 ACS, Class and Sub-fund Meetings

The provisions below, unless the context otherwise requires, apply to Class meetings and meetings of Sub-funds as they apply to general meetings of the ACS, but by reference to Units of the Class or Sub-fund concerned and the Unitholders and value and price of such Units.

8.2 Requisitions of Meetings

The ACS Manager may requisition a general meeting at any time.

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

8.3 Notice and Quorum

Unitholders will receive at least 14 days' notice of a general meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two Unitholders, present in person or by proxy. The quorum for an adjourned meeting is one person entitled to be counted in a quorum. Notices of meetings and adjourned meetings will be sent to Unitholders at their registered addresses.

8.4 Voting Rights

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

On a poll vote, a Unitholder may vote either in person or by proxy. The voting rights attaching to each Unit are such proportion of the voting rights attached to all the Units in issue that the price of the Units bears to the aggregate price of all the Units in issue at the date seven days before the notice of meeting is sent out.

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

In the case of joint Unitholders, the vote of the senior who votes, whether in person or by proxy, must be accepted to the exclusion of the votes of the other joint Unitholders. For this purpose, seniority must be determined by the order in which the names stand in the Register.

Except where the COLL Sourcebook or the ACS Deed require an extraordinary resolution (which needs at least 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution required by the COLL Sourcebook will be passed at the meeting by a simple majority (meaning here more than 50%) of the votes validly cast for and against the resolution.

The ACS Manager may not be counted in the quorum for a meeting and the ACS Manager is not entitled to vote at any meeting of the ACS (including any Sub-fund meetings) except in respect of Units which the ACS Manager holds on behalf of or jointly with a person who, if the registered Unitholder, would be entitled to vote and from whom the ACS Manager has received voting instructions.

Associates of the ACS Manager are entitled to be counted in the quorum for a meeting (and are entitled to vote at a meeting of the ACS including any Sub-fund meetings) subject to the ACS Manager ensuring that any conflict of interest will be managed in accordance with

the conflict of interest policy set out at paragraph 6.10 above and paragraph 11.15 is also complied with.

Where all the Units in a Sub-fund are registered to, or held by, the ACS Manager and it is therefore prohibited from voting and a resolution (including an extraordinary resolution) is required to conduct business at a meeting, it shall not be necessary to convene such a meeting and a resolution may, with the prior written agreement of the Depositary, instead be passed with the written consent of Unitholders representing 50% or more, or for an extraordinary resolution 75% or more, of the Units in issue.

Where a resolution (including an extraordinary resolution) is required to conduct business at a meeting, it shall not be necessary to convene such a meeting and a resolution may, with the prior written agreement of the Depositary, instead be passed with the written consent of Unitholders representing 50% or more, or for an extraordinary resolution 75% or more, of the Units in issue.

“Unitholders” in this context means Unitholders entered on the Register at a time to be determined by the ACS Manager and stated in the notice of the meeting which must not be more than 48 hours before the time fixed for the meeting.

9. **TAXATION**

9.1 **General**

The information below is a general guide based on current UK law and HMRC practice, which are subject to change. It summarises the tax position of the Sub-fund and of UK resident investors who hold Units as investments. The tax position of investors will depend on their precise status and circumstances and may be subject to change in the future. Prospective investors who are concerned about their tax position, and in particular who may be subject to tax in a jurisdiction other than the UK, are recommended to take professional advice.

9.2 **The Sub-funds**

Each Sub-fund is treated as a collective investment scheme for UK tax purposes and as a separate collective investment scheme from any other Sub-fund for such purposes. The ACS itself is not regarded as a collective investment scheme.

Each Sub-fund is transparent and is not a taxable entity for UK tax purposes. As such, each Sub-fund is not subject to tax in the UK on income or gains arising on underlying investments. Furthermore, it is intended that each Sub-fund does not have access in its own right to the UK's double taxation agreements with other jurisdictions. In some markets, domestic withholding tax exemptions may apply to the ACS and its Sub-funds. Distributions by a Sub-fund to Unitholders will not be subject to UK withholding tax.

9.3 **UK Tax Resident Unitholders**

The following applies to Unitholders which are resident in the UK. It does not apply to Unitholders holding Units as trading assets, or subject to particular tax regimes.

9.3.1 **Income**

The contractual relationships resulting from the ACS's establishment as a Co-Ownership Scheme give each Unitholder an interest in the underlying assets of the relevant Sub-fund, with the interest in the Sub-fund not prima facie constituting an asset in its own right (however see paragraph 9.3.2, "Chargeable Gains").

For both UK income tax and corporation tax purposes, the ACS and its Sub-funds will be treated as transparent with regard to income. Consequently, the income and expenses (i.e. net income) of a Sub-fund are treated for UK tax purposes as arising or, as the case may be, accruing to each Unitholder in that Sub-fund in proportion to the value of the Units beneficially owned by that Unitholder as if the net income had arisen or, as the case may be, accrued to that Unitholder directly.

Unitholders who are exempt from tax on income will be treated as receiving their proportionate share of the net income of each Sub-fund in which they invest, regardless of whether the net income is distributed to them. As the income will retain its original character in the hands of Unitholders, Unitholders exempt from tax on income should be able to benefit from their proportionate share of any attached tax credits for UK tax withheld at source and to reclaim such amounts from HMRC, and they may benefit from reduced rates of foreign withholding tax or foreign tax reclaimed, in particular as a result of relief under a double tax agreement (see paragraph 9.4 below).

Any Unitholders liable to tax on income will be liable on their proportionate share of the net income of each Sub-fund in which they invest, regardless of whether the net income is distributed to them. Such income will retain its original character in the hands of Unitholders, and its nature will determine whether any dividend tax credits are available for Unitholders subject to income tax, whether other UK or foreign tax credits are available to Unitholders generally and

whether any dividend exemptions apply for Unitholders that are subject to corporation tax (see also paragraph 9.4 below).

Any tax-paying Unitholders should be able to benefit from their proportionate share of the attached tax credits for any UK and foreign tax withheld at source or paid by or on behalf of the relevant Sub-fund. Unitholders will require detailed information about the income they receive from each Sub-fund in which they invest, and the ACS Manager intends to supply the necessary information to them in an appropriate form and a timely manner.

9.3.2 Chargeable Gains

For the purposes of UK tax on chargeable gains only, the Units in each Sub-fund will be deemed to be chargeable securities and the underlying assets not to be chargeable assets with the result that Unitholders will not be liable to tax on chargeable gains realised by each Sub-fund. Any Unitholders liable to UK tax on chargeable gains will be liable on their proportionate share of such gains arising from the redemption of Units depending on their own UK tax status.

An exchange of Units in one Sub-fund of the ACS for Units in another Sub-fund will generally be treated as a disposal for this purpose, but exchanges of Units between Classes within a Sub-fund will not.

9.4 Double Tax Agreements

Depending on the nature of the underlying asset, Income from a Sub-fund's investments may be subject to withholding taxes when paid or credited to the Sub-fund from the jurisdiction in which it arises. The ACS and its Sub-funds are considered to be tax-transparent by HMRC. The ACS and its Sub-funds have generally been constituted by the ACS Manager with the objective that they would be viewed as tax-transparent in most other jurisdictions. Providing such tax-transparency is respected where double taxation treaties apply, those treaties between the countries where the Unitholders and the investments are located will be applicable. However, this may not be the case for all Unitholders in every country of investment and the ACS Manager makes no representations or warranties as to the tax-transparency of the ACS or its Sub-funds in any jurisdictions.

The ACS Manager reserves the right not to apply relevant double taxation treaties in practice, for example in a scenario where the cost of filing treaty claims would outweigh the tax benefit for Unitholders

It will be the responsibility of the Depositary to procure that the necessary filings for reclaims of any tax withheld in cases where such reclaims are available, or, where appropriate, to protect against amounts being withheld in those jurisdictions where relief at source is available in the first place, as the case may be. It is intended that, where practical and appropriate, reduced rates of withholding tax on foreign source income will be claimed at source. Any economic benefit from such claims will be attributed to the appropriate Class of Units in the relevant Sub-fund, in order that only the Unitholders entitled to relevant treaty benefits should benefit from the amounts reclaimed. To this end, Unitholders will be required to provide the ACS Manager with evidence of their tax residence and of their particular tax status for treaty benefit purposes. It will be the responsibility of the Unitholder to notify the ACS Manager promptly should there be a change in such status.

It is the intention of the ACS Manager that all Unitholders in a given Class of Units will possess the same tax attributes for the purposes of making appropriate treaty claims. If a Unitholder's tax status changes (for example, where its withholding tax rate or tax reclaim rate diverges from that of the other Unitholders in a Class of Units due to changes in taxation treaties or domestic exemptions affecting the Unitholder), or where the Unitholder has failed to provide in a timely fashion such documentation as the ACS Manager may require in order to establish such Unitholder's tax status, the ACS Manager may in its sole discretion exchange that Unitholder's Units for Units of a separate Class of Units in the same Sub-fund, or compulsorily redeem such Unitholder's Units.

Unitholders may not be able to benefit from a reduction in the rate of withholding taxes and may not therefore be able to prevent withholding taxes being deducted or be able to reclaim withholding taxes suffered in particular countries. If this position changes in the future and the application of a higher or lower rate results in an additional payment of tax or a repayment to the relevant Sub-fund respectively, the NAV of the relevant Sub-fund will not be restated and the benefit or the cost will be allocated to the existing Unitholders of the relevant Sub-fund rateably at the time of the adjustment.

9.5 **Stamp Taxes**

No UK stamp tax will be due on initial subscriptions for Units in a Sub-fund. Surrenders (i.e. the redemption or Switching) of Units in a Sub-fund are not subject to UK stamp tax either provided the surrender does not form part of arrangements of which the main purpose, or one of the main purposes, is the avoidance of stamp tax.

Stamp duty land tax ("**SDLT**") or stamp duty reserve tax will be payable on the purchase in the market by a Sub-fund of property in England and Northern Ireland or UK equities respectively. Similarly, Welsh Land Transaction Tax ("**LTT**") will be payable on the purchase by the ACS of any Welsh property. Scottish land and buildings transaction tax ("**LBTT**") will be payable on the purchase of property in Scotland. These will be accounted for from the Sub-fund on behalf of Unitholders.

For the first contribution of property to a Sub-fund there is a 100% 'seeding relief' from SDLT. However should any seeding investor reduce its interest in the Sub-fund below the value for which relief was obtained at any time during a three year period following completion of the initial property contribution into the ACS, then the ACS will be subject to a proportionate withdrawal of the seeding relief. In this event the seeding investor will be required to compensate the Sub-fund for this cost (see paragraph 3.9 above "SDLT clawback").

9.6 **VAT**

The ACS is registered for VAT in order to maximise its VAT efficiency.

9.7 **Disclosure of Information**

Where required by law, or where it is believed in good faith to be in the interests of a Sub-fund as a whole, and each time in compliance with UK law, the ACS Manager, acting with due diligence, reserves the right to disclose the names of the Unitholders in that Sub-fund identified on the register of Unitholders of the relevant Sub-fund and the chain of ownership of such Unitholder to any tax authority.

Each Unitholder should note that if a request for disclosure from a regulatory, taxation or other government authority is demanded of the ACS Manager, the consequences of non-compliance with which would place in jeopardy the ACS or the relevant Sub-fund as a going-concern, give rise to tax liability or otherwise cause prejudice, the ACS Manager retains the right to disclose such information in respect of each relevant investor as the ACS Manager deems necessary. Accordingly, each Unitholder will be required to provide, as is necessary, such information to the ACS Manager for the purpose of establishing to what extent any jurisdiction's taxation laws, rules and regulations apply to him, her or it.

9.8 **Taxation Liability and Indemnity**

The ACS Deed provides that to the extent the ACS Manager, the Investment Advisor(s) or the Investment Manager(s), the Administrator, the Depositary, any other of the service providers to the ACS, any Sub-fund, or any of their respective delegates or agents and any Unitholder or former Unitholder is liable to pay any Taxation because of the ownership or previous ownership, directly or indirectly, by any holder of Units, and such Taxation is not paid by the relevant Unitholder on its own account, the Unitholder will pay the amount of the Taxation to the relevant Sub-fund or as the ACS Manager may direct, before the time it becomes payable by the relevant affected person. To the extent not so paid, the Unitholder will indemnify the ACS Manager, the relevant Sub-fund or any of the other

persons mentioned affected by such Taxation in relation to all such amounts of Taxation and the ACS Manager in relation to the relevant Sub-fund or any of their respective delegates or agents and any Unitholder or former Unitholder in which the Unitholder holds Units will have the right to deduct and set off the amount of such Taxation from any amounts available to be distributed in respect of any Units owned by that Unitholder. Additionally, any amounts equal to such Taxation and not paid as described may be deducted from any proceeds payable where a redemption request is met. The ACS Manager may also, pursuant to the ACS Deed, compulsorily redeem any Units of a Unitholder who holds Units in the relevant Sub-fund and use the proceeds of such redemption to pay any relevant Taxation.

In the event that a Unitholder's tax status is unclear or not known and the ACS Manager applies the applicable statutory withholding tax rate which is subsequently found to be incorrect, the Unitholder may suffer incorrect Taxation which may not be recoverable. It is at the ACS Manager's discretion as to whether attempts would be made to recover such tax.

9.9 **International Tax Compliance**

If any UK legislation implementing UK obligations under intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including the United States provisions commonly known as FATCA) should apply in respect of the ACS, the ACS Manager will collect and report information about Unitholders for this purpose, including information to verify their identity and tax status.

When requested to do so by the ACS Manager or its agent, Unitholders must provide information required to be passed on to HMRC, and to any relevant overseas tax authorities.

10. **WINDING UP OF THE ACS OR TERMINATION OF A SUB-FUND**

10.1 **General**

The ACS may be wound up, or a Sub-fund terminated, under the rules in the COLL Sourcebook only when the ACS or the relevant Sub-fund is solvent. If the ACS is insolvent it may only be wound up under Part V of the Insolvency Act 1986 as an unregistered company.

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

10.2 **Winding up of the ACS and termination of a Sub-fund**

The ACS may be wound up, or a Sub-fund terminated, under the COLL Sourcebook:

- 10.2.1 if the FCA authorisation order of the ACS is revoked; or
- 10.2.2 if an extraordinary resolution of Unitholders winding up the ACS or terminating a Sub-fund is passed provided the FCA's prior consent to the resolution has been obtained;
- 10.2.3 if, in response to a request to the FCA by the ACS Manager or the Depositary for the revocation of the FCA authorisation order of the ACS, the FCA has agreed that, subject to there being no material change in any relevant factor, on the conclusion of the winding up of the ACS, the FCA will agree to the revocation;
- 10.2.4 the expiration of any period specified in the ACS Deed as the period at the end of which the ACS is to be wound up or a Sub-fund is to be terminated;
- 10.2.5 the effective date of a duly approved scheme of arrangement, which is to result in the ACS or a Sub-fund being left with no property;
- 10.2.6 the date on which all or the last of the Sub-funds fall within 10.2.5 above or have otherwise ceased to hold any Scheme Property, notwithstanding that the ACS may have assets and liabilities that are not attributable exclusively to any particular Sub-fund; or
- 10.2.7 if the ACS Manager and the Depositary are directed to do so by the FCA in the exercise of their powers under FSMA, as amended from time to time.

10.3 **Events on Termination**

On the occurrence of any of the above:

- 10.3.1 COLL 8.5.9 (Valuation, pricing and dealing), COLL 8.5.17 (Assessment of value) and COLL 8.4 (Investment and borrowing powers) will cease to apply to the ACS or the relevant Sub-fund;
- 10.3.2 the Depositary will cease to issue and cancel Units in the ACS or the relevant Sub-fund (except in respect of the final cancellation);
- 10.3.3 the ACS Manager shall cease to sell or redeem Units;
- 10.3.4 the ACS Manager shall cease to arrange the issue or cancellation of Units in the ACS or the relevant Sub-fund (except in respect of the final cancellation);

10.3.5 no change to the register of Unitholders may be made without the approval of the ACS Manager; and

10.3.6 the Depositary must proceed to wind up the ACS or terminate the Sub-fund in accordance with the COLL Sourcebook.

The ACS Manager shall, as soon as practicable after it is decided that the ACS is to be wound up or the Sub-fund terminated, realise the assets and meet the liabilities of the ACS or Sub-fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of the winding up or termination, arrange for the Depositary to make one or more interim distributions out of the proceeds to Unitholders proportionately to their rights to participate in the Scheme Property.

If the ACS Manager has not previously notified Unitholders of the proposal to wind up the ACS or terminate the Sub-fund, the ACS Manager shall, as soon as practicable after the commencement of winding up of the ACS or the termination of the Sub-fund, give written notice of the commencement to Unitholders.

When the ACS Manager has caused all of the Scheme Property to be realised and all of the liabilities of the ACS or the particular Sub-fund to be realised, the ACS Manager shall arrange for the Depositary to make a final distribution to Unitholders on or prior to the date on which the final account is sent to Unitholders of any balance remaining in proportion to their holdings in the ACS or the particular Sub-fund.

As soon as reasonably practicable after completion of the winding up of the ACS or the particular Sub-fund, the Depositary shall notify the FCA that the winding up has been completed.

On completion of a winding up of the ACS or the termination of a Sub-fund, any unclaimed net proceeds or other cash (including unclaimed distributions) held by the Depositary after one year from the date on which they become payable must be paid by the Depositary into court.

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

11. **GENERAL INFORMATION**

11.1 **Accounting Periods**

The annual accounting period of the ACS ends each year on 31 March (the accounting reference date) with an interim accounting period ending on 30 September. Accounting periods for the purpose of distribution allocations are the quarterly periods ending 30 June, 30 September, 31 December and 31 March.

11.2 **Income Allocations**

Distributions of income, which are made at least annually, for each Sub-fund are paid by electronic transfer directly into a Unitholder's bank account on or before the relevant income allocation dates in each year as set out in Appendix I. Income will normally be distributed within two months of the accounting date(s) but the ACS Manager reserves the right to pay at a later date but not later than four months after the accounting date(s) as permitted by the Regulations.

The income of each Sub-fund accrues throughout the quarter for each accounting period.

At the end of each accounting period, the income distributions are allocated to Unitholders in accordance with the number of Units held by them at the end of the immediately preceding accounting period.

If a distribution made in relation to any income Units remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Class (or, if that no longer exists, to the Sub-fund).

The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Class in respect of that period, and deducting the charges and expenses of the relevant Class paid or payable out of income in respect of that accounting period. The ACS Manager then makes such other adjustments as it considers appropriate in relation to Taxation, income equalisation (where applicable), income unlikely to be received, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters.

11.3 **Unclaimed Cash or Assets**

Any cash (other than unclaimed distributions) or assets due to Unitholders which are unclaimed for a period of six years (for cash) or twelve years (for assets) may be paid to a registered charity of the ACS Manager's choice. The ACS Manager will take reasonable steps to contact Unitholders regarding unclaimed cash or assets in accordance with the requirements set out in the FCA Handbook before it makes any such payment to charity. Payment of any unclaimed balance to charity will not prevent Unitholders from claiming the money or assets in the future.

If the client money or client assets are less than or equal to £100 the ACS Manager will not be under a duty to take steps to contact that Unitholder before paying the money or asset to charity.

11.4 **Annual Reports**

The annual report of the ACS will normally be published within six months from the end of each annual accounting period and the half yearly report will be published within two months or such reasonable period as the ACS Manager decides, and in each case such time frame for publication shall be in line with COLL and FUND. A full report will be made available to Unitholders and potential Unitholder on request by email.

11.5 Documents of the ACS

The following documents may be inspected by any Unitholder or potential Unitholder free of charge during normal business hours on any Business Day at the principal place of business of the ACS Manager, which is 1 Finsbury Avenue, London EC2M 2PF:

- 11.5.1 the Prospectus;
- 11.5.2 the most recent annual and half yearly reports of the ACS; and
- 11.5.3 the ACS Deed (and any amending documents).

Unitholders may obtain copies of the above documents from the ACS Manager. The ACS Manager may make a charge at its discretion for copies of documents (apart from the most recent annual and half yearly reports of the ACS and the Prospectus which are available free of charge to any Unitholder or potential Unitholder).

11.6 Telephone Recordings and Electronic Communications

Please note that the ACS Manager, its delegates and/or the Administrator may record or monitor telephone calls, and keep a copy of electronic communications, that relate to instructions to deal in the Sub-funds or the management of the Sub-funds. The ACS Manager may do this for the purposes of regulatory compliance, record keeping, security and/or training and monitoring purposes and to confirm investors' instructions. Any recordings will be kept for a period of up to seven years from the date of such recording, and are available on request.

11.7 Complaints

Complaints concerning the operation or marketing of the ACS may be referred to the Compliance Officer of the ACS Manager at Local Pensions Partnership Investments Ltd at 8th Floor, 1 Fleet Place, London, England, EC4M 7RA or, if eligible, if you subsequently wish to take your complaint further, direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR.

11.8 Risk Management

The ACS Manager will provide upon the request of a Unitholder further information relating to:

- 11.8.1 the quantitative limits applied in the risk management of any Sub-fund;
- 11.8.2 the methods used in relation to 11.8.1; and
- 11.8.3 any recent development of the risk and yields of the main categories of investment.

11.9 Notices

All notices or documents required to be served on Unitholders shall be served by post to the address of the Unitholder as evidenced on the Register. All documents and remittances are sent at the risk of the Unitholder.

11.10 Information available to Unitholders

- 11.10.1 The following information will be disclosed to Unitholders periodically:
 - 11.10.1.1 the percentage of each Sub-fund's assets which will be subject to special arrangements arising from their illiquid nature;

- 11.10.1.2 any new arrangements for managing the liquidity of each Sub-fund;
- 11.10.1.3 the current risk profile of each Sub-fund and the risk management systems employed by the ACS Manager to manage the applicable risks;
- 11.10.1.4 if the Sub-fund employs Leverage, the total amount of Leverage employed by each Sub-fund calculated in accordance with the gross and commitment methods; and
- 11.10.1.5 if the Sub-fund employs Leverage, any changes to:
 - (a) the maximum level of Leverage that the ACS Manager may employ on behalf of each Sub-fund; and
 - (b) the right of reuse of collateral or any guarantee granted under the leveraging arrangements.
- 11.10.2 It is intended that Unitholders will be notified within an appropriate timeframe of any material changes to the liquidity management systems and procedures such as the suspension of redemptions or similar special liquidity arrangements. It is intended that any changes to the maximum level of Leverage which a Sub-fund may employ will be provided to Unitholders without undue delay.

11.11 **Unitholders' Rights**

- 11.11.1 Unitholders are entitled to participate in the ACS on the basis set out in this Prospectus (as amended from time to time). Section 8 ("Unitholder Meetings and Voting Rights"), paragraph 11.4 ("Annual Reports"), paragraph 11.5 ("Documents of the ACS") and paragraph 11.7 ("Complaints") of this Prospectus set out important rights about Unitholders' participation in the ACS.
- 11.11.2 Unitholders may have no direct rights against the service providers to the ACS set out in Section 6 ("Management and Administration").
- 11.11.3 The ACS Manager must ensure that this Prospectus does not contain any untrue or misleading statement or omit any matter required to be disclosed in the Prospectus by the FUND Sourcebook or the COLL Sourcebook. To the extent that a Unitholder incurs loss as a consequence of an untrue or misleading statement or omission, the ACS Manager may be liable to compensate that Unitholder subject to the ACS Manager having failed to exercise reasonable care to determine that the statement was true and not misleading or that the omission was appropriate, in accordance with the FCA Handbook.
- 11.11.4 Unitholders have statutory and other legal rights which include the right to complain and may include the right to cancel an order or seek compensation.
- 11.11.5 Unitholders who are concerned about their rights in respect of the ACS (or any Sub-fund) should seek legal advice.

11.12 **Genuine diversity of ownership**

Units in the ACS (and any Sub-fund) shall be widely available to institutional investors and other categories of investors eligible to invest in the ACS as set out in the definition of "Eligible Investor". Units in the ACS (and any Sub-fund) shall be marketed and made available sufficiently widely in order to reach the intended categories of investors and in a manner appropriate to attract those categories of investors.

11.13 **Professional Liability Risks**

The ACS Manager covers potential professional liability risks arising from its activities as the ACS's manager through professional indemnity insurance.

11.14 **Notification of Changes to the ACS and/or a Sub-fund**

Where any changes are proposed to be made to the ACS or a Sub-fund the ACS Manager will assess, with input from the Depositary, whether the change is fundamental, significant or notifiable in accordance with COLL 4.3 (as applied in COLL 8.3.6 and COLL 8.3.7). Changes to a Sub-Fund's investment objective and investment policy will usually be significant or fundamental, unless those changes are only for clarification purposes and do not result in any change in how the Sub-fund is managed. Certain changes to the ACS or a Sub-fund may require approval by the FCA in advance.

11.15 **Fair Treatment of Unitholders**

Procedures, arrangements and policies have been put in place by the ACS Manager to ensure compliance with the principles of fair treatment of investors. The principles of treating investors fairly include, but are not limited to:

- 11.15.1 acting in the best interests of the Sub-funds and of the investors;
- 11.15.2 executing the investment decisions taken for the account of the Sub-funds in accordance with the objectives, the investment policy and the risk profile of the Sub-funds;
- 11.15.3 ensuring that the interests of any group of investors are not placed above the interests of any other group of investors;
- 11.15.4 ensuring that fair, correct and transparent pricing models and valuation systems are used for the Sub-funds managed;
- 11.15.5 preventing undue costs being charged to the Sub-funds and investors;
- 11.15.6 taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of Unitholders; and
- 11.15.7 recognising and dealing with complaints fairly.

11.16 **Treatment of Certain Unitholders**

From time to time the ACS Manager may afford preferential terms of investment to certain groups of investors. In assessing whether such terms are afforded to an investor, the ACS Manager will ensure that any such concession is not inconsistent with its obligation to act in the overall best interests of the relevant Sub-fund and its investors.

11.17 **Inducements**

The ACS Manager will not accept and retain any fees, commissions or monetary benefits, or accept any non-monetary benefits, where these are paid or provided by any third party or a person acting on behalf of that party. However, this does not apply to minor non-monetary benefits that are capable of enhancing the quality of the service provided to a Sub-fund, and are of a scale and nature such that they could not be judged to impair the ACS Manager's compliance with its duty to act honestly, fairly and professionally in the best interests of the relevant Sub-fund.

In the event that the ACS Manager receives any fees, commissions or monetary benefits from a third party in relation to any services provided to a Sub-fund, the ACS Manager will return these to the relevant Sub-fund as soon as reasonably possible and inform

Unitholders in the Sub-fund about such fees, commissions and/or monetary benefits, as applicable.

APPENDIX I

PART ONE: SUB-FUND DETAILS

1. LPPI REAL ESTATE FUND

Name:	LPPI Real Estate Fund
PRN:	913190
Launch date:	30 September 2019
Type of Sub-Fund:	QIS
First Dealing Day for Subscription:	1 October 2019
Investment objective:	<p>The Sub-fund seeks a total return (comprising income and capital growth) exceeding that of the Consumer Prices Index by 3% to 5% each year measured over a rolling 10 year period net of all fees and expenses at portfolio level.</p>
Investment policy:	<p>The Sub-fund invests in diversified portfolio of real estate assets in the UK and globally.</p> <p>As well as investing directly, the Sub-fund's investment in real estate may be indirect, through collective investment schemes (including those managed by the ACS Manager), REITs, other transferable securities and derivatives.</p> <p>The Sub-fund will have the ability to invest in other REITs, other collective investment schemes, interests in property, property-related equities and other transferable securities.</p> <p>The Sub-fund may invest in cash, money market instruments and collective investment schemes for cash management purposes and may also use derivatives for the purposes of Efficient Portfolio Management.</p> <p>The Sub-fund may borrow up to 35% of its NAV for such purposes which include, but are not limited to, funding acquisitions, and/or redemptions or the payment of other property related costs including, but not limited to, property development costs, property refurbishment costs and fees.</p>
About the target benchmark:	<p>The Consumer Prices Index (CPI) is a measure of inflation. If the Sub-fund's performance matched CPI, an investment in the Sub-fund would have the same purchasing power as it had the previous year. The Sub-fund aims to outperform CPI by 3% to 5% over a rolling 10 year period to provide growth in excess of inflation.</p>
Risk Management and Leverage:	<p>For the purposes of the AIFMD Regime, the maximum level of leverage for this Sub-fund:</p> <p>(a) under the gross method, is 135% of the Sub-fund's Net Asset Value; and</p> <p>(b) under the commitment method, is 135% of the Sub-fund's Net Asset Value.</p>

Final accounting date:	31 March (with the relevant accounting period deemed to close at 16:59 UK time on such date)	
Interim accounting date:	30 September (with the relevant accounting period deemed to close at 16:59 UK time on such date)	
Accounting periods for the purpose of distribution:	The quarterly periods ending 30 June, 30 September, 31 December and 31 March (with the relevant accounting period deemed to close at 16:59 UK time on such date)	
Income allocation dates:	31 August, 30 November, 28 February and 31 May	
Valuation Point:	17.00 UK time on each Dealing Day	
Dealing frequency:	For subscriptions: Quarterly (on Dealing Days for Subscription) For redemptions: Biannually (on Dealing Days for Redemptions)	
Dealing Day for Subscriptions:	30 June, 30 September, 31 March, 31 December (or the previous Business Day if any such date falls on a day which is not a Business Day)	
Dealing Day for Redemptions:	30 June, 31 December (or the previous Business Day if any such date falls on a day which is not a Business Day)	
Subscription Cut-Off Point:	In order for an application to be dealt with at the above Valuation Point on a given Dealing Day for Subscription, an order must have been received by 3.30 p.m. U.K. time on the three months prior to the relevant Dealing Day for Subscription (or, if that day is not a Business Day, on the previous Business Day) though the ACS Manager may, in its discretion, waive this requirement. Instructions received after this point will be dealt with on the following Dealing Day for Subscription	
Redemption Cut-Off Point:	In order for a redemption request to be dealt with at the above Valuation Point on a given Dealing Day for Redemption, an order must have been received by 3.30 p.m. U.K. time on the three months prior to the relevant Dealing Day for Redemption (or, if that day is not a Business Day, on the previous Business Day). Instructions received after this point will be dealt with on the following Dealing Day for Redemption	
Subscription Settlement Time:	T+1	
Redemption Settlement Time:	T+4	
Types of Unit available:	Income (with a reinvestment facility available)	
Charges:	Unit Class I (Restricted Issue)	Unit Class N (Restricted Issue) (this unit class is for those investors who are no longer able to hold Unit Class I or whom the ACS Manager

reasonably believes are no longer able to hold Unit Class I, as more fully described earlier in the Prospectus in paragraph 2.2.3)

Initial charge:	0%	0%
Redemption charge:	0%	0%
Switching charge:	0%	0%

Annual Management Charge:	0.25% of NAV per annum for direct investments (including where the investments are held through a joint venture or co-investment vehicle) less the Investment Manager’s ongoing management fee	0.25% of NAV per annum for direct investments (including where the investments are held through a joint venture or co-investment vehicle) less the Investment Manager’s ongoing management fee
	0.10% of NAV per annum for indirect investments	0.10% of NAV per annum for indirect investments

Please see Part Two for further details on the requirements for investment applicable to each Unit Class.

Investment Manager:

The current Investment Manager and its fees are detailed below:

Knight Frank Investment Management LLP (“Knight Frank”) is entitled to a maximum ongoing management fee each year of 0.15% of the Committed Capital Value plus a transaction fee of 0.10% of the amount by which asset turnover exceeds 10% of the Committed Capital Value.

The actual amount payable by the Sub-fund may be less due to discounts that apply based on the value of scheme property.

This fee is calculated and accrued on a quarterly basis and is payable quarterly in arrears.

Knight Frank is also entitled to an initial charge of 0.10% on new cash subscriptions by new investors. This fee is calculated at the point of subscription and is paid in four instalments in arrears. Payments are made quarterly.

The Investment Manager and, where relevant, the sub-investment managers use internal and external research to inform their decision making. The Investment Manager pays for the research it uses out of its own resources.

Property manager:

The current Property Manager and its fees are detailed below:

BNP Paribas Real Estate Advisory & Property Management UK Ltd (“BNP RE”) is entitled to a fee of £500 per tenancy per annum except where the tenant pays the property manager a fee directly. BNP RE may also receive remuneration from tenants for services provided.

This fee is calculated and accrued on a quarterly basis by reference to the number of tenancies in the Scheme Property of the Sub-fund. The property management fee is payable quarterly in arrears.

Charges taken from income or capital:	Charges are taken from income. Charges will be taken from capital if there is insufficient income.
Income Equalisation:	No
Dilution levy:	A Dilution Levy, commensurate with the amount of dilution at a given Valuation Point, may be applied. This is not expected to exceed 6.8% on cash purchases or 5% on cash redemptions.
Past performance:	Past performance information is set out in Appendix VI.
Initial offer period:	1 day
Base Currency:	Pound Sterling
Initial price:	£10,000.00 per Unit

PART TWO: UNIT CLASS DETAILS

	Unit Class I	Unit Class N (this unit class is for those investors who are no longer able to hold Unit Class I or whom the ACS Manager reasonably believes is no longer able to hold Unit Class I, as more fully described earlier in the Prospectus in paragraph 2.2.3)
Unit classes available		
Minimum initial investment*	£1,000,000	£1,000,000
Minimum subsequent investment*	£500,000	£500,000
Minimum holding*	£1,000,000	£1,000,000
Minimum redemption*	£500,000	£500,000
Type of Units in issue	Income (with a reinvestment facility available)	Income (with a reinvestment facility available)
Currency of Denomination	GBP	GBP
Additional Information for Class I	Investors in Unit Class I can elect to have their income re-invested. This election will form part of the application pack for Units.	
Unit Class I	Available for investment only by pension schemes which are registered with HMRC under Part 4 of Finance Act 2004 and which are established in the United Kingdom (registered pension schemes), for the purposes of the United Kingdom's relevant tax treaties, are treated as registered pension schemes including tax transparent contractual schemes where the unitholders of the investing unit class are restricted to registered pension schemes.	

*Or otherwise at the ACS Manager's discretion.

PART THREE: INVESTMENT ADVISORS AND INVESTMENT MANAGERS

The ACS Manager may appoint Investment Advisors and Investment Managers to each Sub-fund from time to time to assist in managing a portion of the assets of that Sub-fund in accordance with its investment objective and policy. More than one Investment Advisor or Investment Manager may be appointed to a single Sub-fund. The proportion of a Sub-fund apportioned to an Investment Advisor or an Investment Manager to manage is determined by the ACS Manager at the outset of the appointment and is kept under review and may change during the appointment of the Investment Advisor or the Investment Manager. Details of the proportion of a Sub-fund managed by a particular Investment Advisor or Investment Manager is available on request from the ACS Manager and will be stated in the annual report and the accounts of each Sub-fund. The Investment Advisors and Investment Managers are paid from the assets of the relevant Sub-fund as stated in Part One of this Appendix. Any change in the proportion of the portfolio of a particular Sub-fund managed by an Investment Advisor or Investment Manager will therefore impact on the overall fees taken from a Sub-fund. This information will also be disclosed in the annual report and accounts of each Sub-fund.

Where the ACS Manager delegates the investment management of a Sub-fund, the Investment Manager will generally pay for its own research. However, where a both non-EU and non-UK Investment Manager manages a Sub-fund, that Investment Manager is subject to a regulatory regime which is different to that in the EU or UK, and so Investment Managers in respect of these Sub-funds will ensure that they conduct their business in a manner designed to reach equivalent outcomes, and achieve an equivalent level of protection, for Eligible Investors.

APPENDIX II

ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

All Sub-funds may deal through:

- (a) securities markets which are regulated markets (as defined in the glossary to the FCA Handbook);
- (b) markets established in the United Kingdom or in an EEA State which are regulated, operate regularly and are open to the public; and
- (c) any additional securities or derivatives markets that the ACS Manager and the Depositary agree may be treated as eligible for a Sub-fund subject to that Sub-fund's investment objective and policy and in accordance with the applicable provisions of the FCA Handbook.

A list of eligible securities and derivatives markets for each Sub-fund is available on request from the ACS Manager.

APPENDIX III

INVESTMENT AND BORROWING POWERS OF THE ACS

1. **General investment powers**

1.1 The property of the ACS will be invested with the aim of achieving the investment objective of each Sub-fund but subject to the limits on investment set out in Chapter 8 of the COLL Sourcebook (COLL 8.4) that are applicable to Qualified Investor Schemes. These limits apply to each of the Sub-funds as summarised below.

1.2 The ACS Manager's investment policy may mean that at times, where it is considered appropriate, the property of the Sub-fund will not be fully invested and that prudent levels of liquidity will be maintained.

2. **Prudent spread of risk**

The ACS Manager must ensure that, taking account of the investment objectives and policy of a Sub-fund, the Scheme Property of that Sub-fund aims to provide a prudent spread of risk by investing in accordance with principles of risk diversification.

3. **Qualified Investor Schemes: general**

The Scheme Property of a Sub-fund must, except where otherwise provided by COLL 8.4, consist only of one or more of the following to which it is dedicated:

3.1 any specified investment:

3.1.1 within article 74 (Deposits), article 74A (Electronic money), article 75 (Contract of insurance), article 76 (Shares etc.), article 77 (Instruments creating or acknowledging indebtedness), article 77A (Alternative finance investment bonds), article 78 (Government and public securities), article 79 (Instruments giving entitlement to investments), article 80 (Certificates representing certain securities), article 81 (Units in a collective investment scheme), article 82 (Rights under a stakeholder pension scheme), article 83 (Options), article 84 (Futures), article 85 (Contracts for differences etc.), and article 86 (Lloyd's syndicate capacity and syndicate membership) of the Regulated Activities Order; and

3.1.2 within article 89 (Rights to or interests in investments) of the Regulated Activities Order where the right or interest relates to a specified investment within 3.1.1;

3.2 to the extent not within 3.1.1 above, an interest in a loan, provided that the loan was not originated to:

3.2.1 a natural person;

3.2.2 the ACS Manager;

3.2.3 the Depositary;

3.2.4 an affiliated company to the ACS Manager or the Depositary; or

3.2.5 a person who intends to use, or uses, the credit for the purpose of investing in a derivative, cryptoasset derivative, an unregulated transferable cryptoasset, precious metals or a commodity contract within 3.5 below;

3.3 an interest in an immovable;

- 3.4 precious metals; or
- 3.5 a commodity contract traded on a recognised investment exchange or a recognised overseas investment exchange.

4. **Investment in Immovables**

The ACS may invest up to 100% in value of the Scheme Property of a Sub-fund in Immovables. The ACS may invest in Immovables both directly and indirectly, through transferable securities, collective investment schemes (including ETFs) and securities issued by intermediate property holding companies. All investments will be made in the manner described in the relevant Investment Policy.

4.1 **Eligible Immovables**

- 4.1.1 A Sub-fund may acquire interests in land or buildings.
- 4.1.2 The ACS Manager must take reasonable care to determine that the legal title to the underlying Immovable is a good marketable title.
- 4.1.3 The ACS Manager must have received a report from an appropriate valuer which contains a valuation of the underlying Immovable (with and without any relevant subsisting mortgage) and which states that in the appropriate valuer's opinion the Immovable would, if acquired by the ACS or the intermediate investment vehicle, be capable of being disposed of in a reasonable timeframe at that valuer's valuation; or the ACS Manager must have received a report from an appropriate valuer stating that the Immovable is adjacent to, or in the vicinity of another Immovable included in the ACS or is another legal interest in an Immovable which is already included in the Scheme Property, and that in the opinion of the appropriate valuer, the total value of both Immovables would at least equal the sum of the price payable for the Immovable and the existing value of the other Immovable.
- 4.1.4 An Immovable must be bought or be agreed by enforceable contract to be bought within six months after receipt of the report of the appropriate valuer. An Immovable must not be bought, if it is apparent to the ACS Manager that the report of the appropriate valuer could no longer reasonably be relied on. An Immovable must not be bought at more than 105% of the valuation for the relevant Immovable in the report of the appropriate valuer.
- 4.1.5 An appropriate valuer must be a person who has knowledge of and experience in the valuation of Immovables of the relevant kind in the relevant area. In addition, an appropriate valuer must be qualified to be a standing independent valuer of a QIS or be considered by the Standing Independent Valuer to hold an equivalent qualification. An appropriate valuer must also be independent of the ACS Manager and the Depositary and must not have engaged themselves or any of their associates in relation to the acquisition of the Immovable for the ACS. Additional information on the Standing Independent Valuer is provided in section 6 "Management and Administration".

4.2 **Investment limits for immovables**

- 4.2.1 The amount secured by mortgages over any immovable must not exceed 100% of the latest valuation by an appropriate valuer under the applicable rules.
- 4.2.2 No option may be granted to a person to buy or obtain an interest in any immovable comprised in the Scheme Property if this might unduly prejudice the ability to provide redemption of Units.
- 4.2.3 The total of all premiums paid for options to purchase immovables must not exceed 10% of the Net Asset Value in any 12 month period, calculated at the date of the granting of the option.

4.3 **Exposure limits**

- 4.3.1 Single Immovable exposure: The ACS Manager shall ensure the Sub-fund maintains a prudent spread of risk at all times and shall have a maximum exposure to any one single Immovable, as detailed in the Standing Independent Valuer's report, at the point of purchase of no more than 15% of the Sub-fund's Net Asset Value.
- 4.3.2 Development exposure: The ACS Manager shall ensure not more than 20% of the Sub-fund's Net Asset Value is to consist of Immovables which are in the course of substantial development or redevelopment. The ACS Manager will categorise an Immovable as being in the course of substantial development or redevelopment if expenditure over the course of the project will be more than 25% of the start value.

5. **Investment in collective investment schemes**

- 5.1 Subject to 5.2 and 5.3 below, each Sub-fund may invest in units in a collective investment scheme (a "**Second Scheme**") only if the Second Scheme is:
 - 5.1.1 a regulated collective investment scheme; or
 - 5.1.2 a scheme not within paragraph 5.1.1 where the ACS Manager has taken reasonable care to determine that:
 - 5.1.2.1 it is the subject of an independent annual audit conducted in accordance with international standards on auditing;
 - 5.1.2.2 the calculation of the net asset value of each of the second schemes and the maintenance of their accounting records is segregated from the investment management function;
 - 5.1.2.3 it (and any master scheme to whose units it is dedicated) is prohibited from investing in units of the relevant Sub-fund or, if there is no such prohibition, the ACS Manager is satisfied, on reasonable grounds and after making all reasonable enquires, that no such investment will be made by either the second scheme or any fund in which the second scheme invests; and
 - 5.1.2.4 it operates in accordance with the principle of risk spreading as described in paragraph 2;
- 5.2 A Sub-fund must not invest more than 20% in value of its Scheme Property in units or shares in Second Schemes which are unregulated schemes, Qualified Investor Schemes or long-term asset funds unless the ACS Manager has carried out appropriate due diligence on each of the Second Schemes and has taken reasonable care to determine that, after making all reasonable enquires and on reasonable grounds, the Second Scheme complies with relevant legal and regulatory requirements.
- 5.3 Where a Sub-fund invests more than 20% in value of the Scheme Property in one or more Second Schemes which are unregulated schemes, Qualified Investor Schemes or long-term asset funds, the ACS Manager must carry out appropriate due diligence on those Second schemes on an ongoing basis.
- 5.4 Where the Second Scheme is an umbrella, the provisions apply to each sub-fund of the Second Scheme as if it were a separate scheme.
- 5.5 The Scheme Property attributable to a Sub-fund may include units in another Sub-fund (as may be established from time to time) of the ACS (the "**Second Fund**") subject to the requirements of the FCA Rules.

5.6 In the event that a Sub-fund invests its Scheme Property in units or shares in Second Schemes and/or in a Second Fund which are managed by or operated by the ACS Manager or an Associate, no initial charge will be made on the purchase of such units or shares. In the event that the Second Scheme or Second Fund charges a management fee, or any other on-going fee which is payable to the ACS Manager or an Associate, the fees payable to the ACS Manager shall be rebated to Unitholders by the value of the management fee which would otherwise have been due on the proportion of the Sub-fund invested into the Second Scheme or Second Fund. Namely, the ACS Manager shall only receive a fee on this proportion of the Scheme Property indirectly, by virtue of the fees charged on the Second Scheme and there shall be no double charging on the same assets.

6. **Delivery of property under a transaction in derivatives or a commodities contract**

6.1 The ACS Manager must take reasonable care when entering into any transaction in derivatives or any commodity contract which may result in any asset becoming part of the Scheme Property to determine that:

6.1.1 if the asset is one in which the Scheme Property could be invested, that the transaction:

6.1.1.1 can be readily closed out; or

6.1.1.2 would, at the expected time of delivery, relate to an asset which could be included in the Scheme Property under the rules in COLL 8.4; or

6.1.2 in any other case that the transaction can be readily closed out.

6.2 The ACS Manager may acquire an asset within paragraph 6.1 above if its determination has proved incorrect and if it determines that acquisition is in the interests of the Unitholders, provided it has the consent of the Depositary.

6.3 An asset within paragraph 6.1 above acquired in accordance with paragraph 6.2 above may form part of the Scheme Property despite any other rule in COLL 8.4 until the position can be rectified.

7. **Cover for transactions in derivatives and forward transactions**

7.1 A transaction in derivatives or a forward transaction may be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which a Sub-fund is or may be committed by another person, is covered globally under paragraph 7.2 below.

7.2 Exposure is covered globally if adequate cover from within the Scheme Property is available to meet the Sub-fund's total exposure taking into account any reasonably foreseeable market movement.

7.3 The total exposure relating to derivatives held in the Sub-fund may not exceed the Net Asset Value of the Scheme Property.

7.4 No element of cover may be used more than once.

8. **Valuation of an OTC derivative**

8.1 A transaction in an OTC derivative must be capable of valuation which it will only be if the ACS Manager having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:

8.1.1 on the basis of the pricing model; or

8.1.2 on some other reliable basis reflecting an up-to-date market value,

which has been agreed between the ACS Manager and the Depositary.

9. Continuing nature of limits and requirements

- 9.1 The ACS Manager must, as frequently as necessary to ensure compliance with paragraphs 7.2 and 7.4 above, re-calculate the amount of cover required in respect of derivatives and forwards positions in existence under COLL 8.4.
- 9.2 Derivatives and forwards positions may be retained in the Scheme Property only so long as they remain covered globally under paragraph 7 above.
- 9.3 The ACS Manager must use a risk management process enabling it to monitor and measure as frequently as appropriate the risk of the Sub-funds' derivatives positions and their contribution to the overall risk profile of the Sub-funds.

10. Treatment of collateral

- 10.1 The Depositary must ensure that in the context of stock lending transactions by a Sub-fund, the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary.
- 10.2 The duty in the preceding paragraph may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired, where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 10.3 Collateral must be:
 - 10.3.1 transferred to the Depositary or its agent;
 - 10.3.2 at least equal in value, at the time of the transfer to the Depositary, to the value of the securities transferred by the Depositary;
 - 10.3.3 compliant with the requirements of the ESMA Guidelines 2012/832 (which require that all collateral used must comply with a number of factors including liquidity, valuation, issuer credit quality, correlation and diversification); and
 - 10.3.4 in the form of one or more of:
 - 10.3.4.1 cash; or
 - 10.3.4.2 a certificate of deposit; or
 - 10.3.4.3 a letter of credit; or
 - 10.3.4.4 a readily realisable security; or
 - 10.3.4.5 commercial paper with no embedded derivative content; or
 - 10.3.4.6 a qualifying money-market fund.
 - 10.3.5 When considering collateral the ACS Manager does not view maturity as a key determinant of suitability and risk. Instead it adopts a variety of portfolio diversification controls to establish a suitably robust pool of collateral which is not concentrated by issuer, issue or sector. Haircuts are applied to all collateral in order to provide excess cover should collateral values decline and all collateral is marked to market on a daily basis.
- 10.4 Collateral will be valued on a daily basis, using available market prices and taking into account appropriate discounts which will be determined by the ACS for each asset class based on its haircut policy. The policy takes into account, notably, the credit quality of the

issuer of the collateral, price volatility and the result of liquidity stress tests carried out by the ACS under normal and exceptional liquidity conditions.

- 10.5 Where there is a title transfer, collateral received will be held by the Depositary (or a sub-custodian thereof) on behalf of the relevant Sub-fund. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which should be unrelated to the provider of the collateral.
- 10.6 Non-cash collateral received should not be sold, re-invested or pledged.
- 10.7 Cash collateral received by the ACS may only be:
- 10.7.1 placed on deposit with an Approved Bank;
 - 10.7.2 invested in high quality government bonds;
 - 10.7.3 used for the purposes of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the ACS is able to recall at any time the full amount of cash on an accrued basis;
 - 10.7.4 invested in a qualifying money market funds (as defined in the glossary to the FCA Handbook).
- 10.8 Reinvested cash collateral must be diversified in accordance with the diversification requirements applicable to non-cash collateral (i.e. there should be a prudent spread of risk).
- 10.9 All revenues arising from stock lending arrangements will be returned to the Sub-fund, net of direct and indirect operational costs and fees. Currently, the direct and indirect operational costs of entering into stock lending amount to no more than 20% of the revenue deriving from such transactions, meaning that no less than 80% of the revenue resulting from such transactions is paid to the relevant Sub-fund.

11. **General power to borrow**

- 11.1 The ACS or Depositary (on instructions of the ACS Manager) may borrow money for the use of a Sub-fund on terms that the borrowing is to be repayable out of the Scheme Property.
- 11.2 The ACS Manager must ensure that a Sub-fund's borrowing does not, on any day, exceed 100% of its Net Asset Value and must take reasonable care to ensure that arrangements are in place that will enable borrowings to be closed out to ensure such compliance.
- 11.3 Borrowing also includes any arrangement (including a combination of derivatives) designed to achieve a temporary injection of money into the Scheme Property in the expectation that the sum will be repaid.
- 11.4 Where the limit in paragraph 10.2 above is breached, the ACS Manager must take action in accordance with the principles set out in COLL 8.5.3 R (3) to (5) (Duties of the authorised fund manager: investment and borrowing powers) to deal with that breach.
- 11.5 The ACS Manager, acting in its capacity as the authorised contractual scheme manager of the ACS, has entered into a facility agreement with the Royal Bank of Scotland International Limited to make available to the LPPI Real Estate Fund up to £60 million under a revolving loan facility.

12. **Leverage**

- 12.1 This section explains in what circumstances and how the ACS Manager may use Leverage in respect of a Sub-fund where the investment policy of that Sub-fund permits its use of Leverage, the different Leverage calculation methods and maximum level of Leverage permitted.

- 12.2 Leverage when used in this Prospectus means the following sources of Leverage can be used when managing a Sub-fund:
- 12.2.1 cash borrowing, subject to the restrictions set out in paragraph 10 above.
 - 12.2.2 financial derivative instruments and reinvestment of cash collateral in the context of stock lending.
- 12.3 The ACS Manager is required to calculate and monitor the level of Leverage of a Sub-fund, expressed as a ratio between the exposure of the Sub-fund and its Net Asset Value (exposure/NAV), under both the gross method and the commitment method.
- 12.4 Under the gross method, the exposure of a Sub-fund is calculated as follows:
- 12.4.1 include the sum of all assets purchased, plus the absolute value of all liabilities;
 - 12.4.2 exclude cash and cash equivalents which are highly liquid investments held in the Base Currency of the Sub-fund, that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond;
 - 12.4.3 derivative instruments are converted into the equivalent position in their underlying assets;
 - 12.4.4 exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
 - 12.4.5 include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed; and
 - 12.4.6 include positions within repurchase or reverse repurchase agreements and stock lending or borrowing or other similar arrangements.
- 12.5 Under the commitment method, the exposure of a Sub-fund is calculated in the same way as under the gross method; however, where hedging offsets risk and netting eliminates risk, these values are not included.
- 12.6 Further information regarding these different leverage calculation methods can be found in the AIFMD Regime and the supplementary information on risk management process which is available upon request.
- 12.7 The maximum level of Leverage which a Sub-fund may employ, calculated in accordance with the gross and commitment methods is set out in Appendix I as relevant to each Sub-fund.
- 12.8 In addition, the total amount of Leverage employed by a Sub-fund will be disclosed in the Sub-fund's annual report.

APPENDIX IV

CATEGORIES OF PROFESSIONAL CLIENTS AS SET OUT IN COBS 3.5

1. Entities which are required to be authorised or regulated to operate in the financial markets. The following list includes all authorised entities carrying out these characteristic activities, whether authorised in the UK or a third country:
 - (a) Credit institutions;
 - (b) Investment firms;
 - (c) Other authorised or regulated financial institutions;
 - (d) Insurance companies;
 - (e) Collective investment schemes and management companies of such schemes;
 - (f) Pension funds and management companies of such funds;
 - (g) Commodity and commodity derivatives dealers;
 - (h) Local authorities; and
 - (i) Other institutional investors.
2. Large undertakings meeting two of the following size requirements on a company basis:
 - (a) balance sheet total: EUR 20,000,000;
 - (b) net turnover: EUR 40,000,000; and
 - (c) own funds: EUR 2,000,000.
3. National and regional governments, public bodies that manage public debt, Central Banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations.
4. Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.
5. A person who the ACS Manager has been permitted to treat as an elective professional client.

APPENDIX V

CERTIFICATE OF ELIGIBILITY

Dated:

We hereby certify that:

(a) we are a person who falls within the definition of "professional ACS investor" in the glossary to the FCA Handbook,* or

(b) we are applying to invest a payment of, or contribute property with a value of, not less than £1,000,000; or

(c) we already hold Units in the ACS; or

(d) we are a nominee, and for US tax purposes, a non-qualified intermediary for a person falling within (a), (b) or (c) and that person is [please give details]

and a person to whom units in a Qualified Investor Scheme may be promoted under COBS 4.12B.7R (which, for the avoidance of doubt, shall include or a person who the ACS Manager has been permitted to treat as an elective professional client in accordance with COBS 3.5.3BR to COBS 3.5.3ER).

Signed:

Unitholder

If (d) applies:

We certify that the applicant is our nominee and that we fall within (a) to (c) above.

Signed:

Principal

* See Appendix IV for categories of professional clients as set out in COBS 3.5

Undertaking and indemnity

To be used where the beneficial owner is subscribing for Units directly with the ACS Manager (i.e., no nominee holdings) and the certificate is being signed by the beneficial owner

To the extent the Depositary, the Custodian, the ACS Manager, the relevant Investment Manager(s), the relevant Investment Advisor(s), the Administrator, any other provider of services to or in relation to Scheme, any Sub-fund, any underlying investment, any Unitholder or former Unitholder and any of their respective delegates or agents is liable to pay any Taxation** because of the ownership (whether current or previous) by us of Units in the relevant Sub-fund and such Taxation is not paid by us on our own account, we shall pay the amount of the Taxation to the relevant Sub-fund or as the ACS Manager may direct before the time it becomes payable by the affected person unless the payment arises because of the negligence, fraud or wilful default of the party being indemnified.

To the extent the amount of the Taxation referred to in the previous paragraph is not so paid, we hereby indemnify the ACS Manager, the relevant Sub-fund, the Unitholders and former Unitholders and any of the other persons mentioned affected by such Taxation in relation to all such amounts of Taxation.

Further, if we redeem Units and the redemption payment is computed on the basis that the Sub-fund in question will benefit from a tax reclaim in relation to its accrued income and any amount or amounts in relation to it are paid to us as the former Unitholder rather than to the Sub-fund, or are not received from the appropriate tax authority (otherwise than through the negligence, fraud or wilful default of the ACS Manager, the Depositary or any other service provider), we will pay a matching or equivalent amount or amounts to the relevant Sub-fund. In addition, where we receive such a tax reclaim, we will promptly notify and supply relevant details of the reclaim to the ACS Manager.

Finally, we acknowledge that the ACS Manager in relation to the Sub-fund in which we hold Units, shall have the right to deduct and set off the amount of such Taxation from any income distributed to us or reflected in the price of any Units owned by us. Any amounts equal to such Taxation and not paid as described may be deducted from any proceeds payable where a redemption request is met. The ACS Manager may also, pursuant to the provisions of the ACS Deed and the Prospectus, compulsorily redeem any of our Units and may use the proceeds of such redemption to pay any relevant Taxation.

** "Taxation" means all forms of taxation whenever created or imposed and whether in the UK or elsewhere and shall include any taxes, duties, levies and any other amount in the nature of taxation in any relevant jurisdiction, including all fines, interest, penalties and expenses incidental and relating to any such tax, duty, levy or charge and their negotiation, settlement or dispute and any actual or threatened claim in respect of them.

Signed:

Beneficial owner

Undertaking and indemnity

To be used where the beneficial owner is subscribing for Units through a nominee but the certificate is being signed by the beneficial owner

To the extent the Depositary, the Custodian, the ACS Manager, the relevant Investment Manager(s), the relevant Investment Advisor(s), the Administrator, any other provider of services to or in relation to Scheme, any Sub-fund, any underlying investment, any Unitholder or former Unitholder and any of their respective delegates or agents is liable to pay any Taxation** because of the beneficial ownership (whether current or previous) by us of Units in the relevant Sub-fund held through a nominee and such Taxation is not paid by us on our own account or by our nominee, we shall pay the amount of the Taxation to the relevant Sub-fund or as the ACS Manager may direct before the time it becomes payable by the affected person unless the payment arises because of the negligence, fraud or wilful default of the party being indemnified.

To the extent the amount of the Taxation referred to in the previous paragraph is not so paid, we hereby indemnify the ACS Manager, the relevant Sub-fund, the Unitholders and former Unitholders and any of the other persons mentioned affected by such Taxation in relation to all such amounts of Taxation.

Further, if we redeem Units and the redemption payment is computed on the basis that the Sub-fund in question will benefit from a tax reclaim in relation to its accrued income and any amount or amounts in relation to it are paid to us as the former Unitholder rather than to the Sub-fund, or are not received from the appropriate tax authority (otherwise than through the negligence, fraud or wilful default of the ACS Manager, the Depositary or any other service provider), we will pay a matching or equivalent amount or amounts to the relevant Sub-fund. In addition, where we receive such a tax reclaim, we will promptly notify and supply relevant details of the reclaim to the ACS Manager.

Finally, we acknowledge that the ACS Manager in relation to the Sub-fund in which we hold Units through our nominee, shall have the right to deduct and set off the amount of such Taxation from any income distributed to us through our nominee or reflected in the price of any Units owned by us through our nominee. Any amounts equal to such Taxation and not paid as described may be deducted from any proceeds payable where a redemption request is met. The ACS Manager may also, pursuant to the provisions of the ACS Deed and the Prospectus, compulsorily redeem any of our Units owned through a nominee and may use the proceeds of such redemption to pay any relevant Taxation.

** "Taxation" means all forms of taxation whenever created or imposed and whether in the UK or elsewhere and shall include any taxes, duties, levies and any other amount in the nature of taxation in any relevant jurisdiction, including all fines, interest, penalties and expenses incidental and relating to any such tax, duty, levy or charge and their negotiation, settlement or dispute and any actual or threatened claim in respect of them.

Signed:

Beneficial owner

Undertaking and indemnity

To be used where the beneficial owner is subscribing for Units through a nominee and the certificate is being signed by the nominee (with the nominee obtaining a back to back indemnity with the beneficial owner)

To the extent the Depositary, the Custodian, the ACS Manager, the relevant Investment Manager(s), the relevant Investment Advisor(s), the Administrator, any other provider of services to or in relation to the Scheme, any Sub-fund, any underlying investment, any Unitholder or former Unitholder and any of their respective delegates or agents is liable to pay any Taxation** because of the legal ownership by us (whether current or previous) on behalf of the beneficial owner (as set out in this certificate) of Units in the relevant Sub-fund and such Taxation is not paid by us on behalf of the beneficial owner, or by the beneficial owner on our account or their account, as applicable, we shall pay the amount of the Taxation to the relevant Sub-fund or as the ACS Manager may direct before the time it becomes payable by the affected person unless the payment arises because of the negligence, fraud or wilful default of the party being indemnified.

To the extent the amount of the Taxation referred to in the previous paragraph is not so paid, we hereby indemnify the ACS Manager, the relevant Sub-fund, the Unitholders and former Unitholders and any of the other persons mentioned affected by such Taxation in relation to all such amounts of Taxation.

Further, if we redeem Units and the redemption payment is computed on the basis that the Sub-fund in question will benefit from a tax reclaim in relation to its accrued income and any amount or amounts in relation to it are paid to us as the former Unitholder rather than to the Sub-fund, or are not received from the appropriate tax authority (otherwise than through the negligence, fraud or wilful default of the ACS Manager, the Depositary or any other service provider), we will pay a matching or equivalent amount or amounts to the relevant Sub-fund. In addition, where we receive such a tax reclaim, we will promptly notify and supply relevant details of the reclaim to the ACS Manager.

Finally, we acknowledge that the ACS Manager in relation to the Sub-fund in which we hold Units on behalf of the beneficial owner, shall have the right to deduct and set off the amount of such Taxation from any income distributed to us on behalf of the beneficial owner or reflected in the price of any Units which we hold on behalf of the beneficial owner. Any amounts equal to such Taxation and not paid as described may be deducted from any proceeds payable where a redemption request is met. The ACS Manager may also, pursuant to the provisions of the ACS Deed and the Prospectus, compulsorily redeem any of our Units owned on behalf of the beneficial owner and may use the proceeds of such redemption to pay any relevant Taxation.

** "Taxation" means all forms of taxation whenever created or imposed and whether in the UK or elsewhere and shall include any taxes, duties, levies and any other amount in the nature of taxation in any relevant jurisdiction, including all fines, interest, penalties and expenses incidental and relating to any such tax, duty, levy or charge and their negotiation, settlement or dispute and any actual or threatened claim in respect of them.

Signed:

Nominee

APPENDIX VI

PAST PERFORMANCE TABLES AND INVESTOR PROFILE

LPII Real Estate Fund

As the Sub-fund only launched on 30 September 2019 there are only four years' past performance information available.

Annualised Net Performance time weighted returns	12 months ended 31 March 2024	12 months ended 31 March 2023	12 months ended 31 March 2022	12 months ended 31 March 2021
LPII Real Estate Fund	-5.6%	-3.9%	16.8%	0.8%

Investor profiles

It is a regulatory requirement that a direct investor in an ACS must either:

(a) Invest at least £1m; or

(b) Be a professional institutional investor as detailed in Appendix III or a person who the ACS Manager has been permitted to treat as an elective professional client in accordance with COBS 3.5.3BR to COBS 3.5.3ER; or

(c) Be a person who already holds units in the ACS and

be a person to whom units in a QIS may be promoted under COBS 4.12B.7R.

Past performance is not a reliable guide to future performance. The performance of a Sub-fund may go down as well as up and the capital invested may be put at risk. Past performance should not be the sole factor of consideration when selecting a Sub-fund. All past performance data is presented net of fees and costs. The authorised fund aims to achieve a positive return over a ten-year time period. There is no guarantee this will be achieved over that time period.

APPENDIX VII

DIRECTORY

ACS Manager:

Local Pensions Partnership Investments Ltd

Registered Office:

Local Pensions Partnership Investments Ltd
1 Finsbury Avenue
London
EC2M 2PF

Principal Place of Business:

Local Pensions Partnership Investments Ltd
1 Finsbury Avenue
London
EC2M 2PF

Depository:

NatWest Trustee and Depository Services
Limited
250 Bishopsgate
London
EC2M 4AA

Administrator:

Langham Hall UK LLP
1 Fleet Place, 8th Floor
London
England
EC4M 7RA

Registrar and Transfer Agent:

Langham Hall UK LLP
1 Fleet Place, 8th Floor
London
England
EC4M 7RA

Investment manager:

Knight Frank Investment Management LLP
55 Baker Street
London
W1U 8AN

Standing independent valuer:

Savills UK Limited
33 Margaret Street
London
W1G 0JD

Property manager:

BNP Paribas Real Estate Advisory & Property
Management UK Limited
10 Harewood Avenue
London
NW1 6AA

Legal Advisors to the ACS:

Eversheds Sutherland (International) LLP
One Wood Street
London
EC2V 7WS

Auditors:

Grant Thornton UK LLP
30 Finsbury Square
London
EC2 1AG

LPP

Local Pensions Partnership
Investments

10 June 2025