

Real Estate Investment Trust

New Frontier Properties Ltd converted to a UK REIT on 21 October 2015.

Introduction

A UK REIT is a UK company or group that owns and manages property on behalf of shareholders. A REIT can contain commercial and/or residential property but excludes the letting of owner-occupied buildings.

REITs provide a way for investors to access the risks and rewards of holding property assets without having to buy property directly.

Distributions

As a UK REIT, New Frontier Properties does not pay UK direct taxes on the income and capital gains from its qualifying UK property rental business (the "Tax Exempt Business"). However, UK REITs are required to distribute at least 90% of its taxable profits from its Taxable Exempt Business, for each accounting period, in the form of a property income distribution ("PID") rather than as a dividend. In this way, taxation of income from property is moved from the corporate level to the investor level.

A UK REIT may elect to designate any additional dividend above the 90% minimum PID, as either a PID or an ordinary dividend ("Non-PID").

Distribution payments may therefore comprise a mixture of both PID and Non-PID or solely a PID. The amount of PID and any Non-PID elements of each New Frontier Properties dividend will be shown on the associated tax vouchers that will be provided to shareholders within 14 days from the dividend payment date.

Tax treatment

Shareholders should note that the tax treatment of PID and Non-PID dividends differs.

Any Non-PID dividends will be treated in the same way as dividends paid by non-UK REIT companies.

PID dividends have not been taxed in the Company and therefore for most shareholders, PIDs will be paid after deducting withholding tax at the current basic rate of 20%.

However, certain categories of shareholder are entitled to receive PIDs without withholding tax:

- UK resident companies
- UK charities
- UK public bodies
- UK pension schemes
- Managers of ISAs, PEPs and Child Trust Funds

A summary of the tax treatment for the various categories of shareholders is included in the [REIT \(Real Estate Investment Trust\) document](#).