

IPSX Wholesale

The International Property Securities Exchange



Reimagining real estate investment

IPSX is the world's first regulated stock exchange dedicated to the initial public offering and secondary market trading of companies owning single institutional grade real estate assets and multiple assets with commonality. It represents a major evolution in the real estate market.

For investors, IPSX transforms real estate investment, for the first time enabling direct investment into some of the world's most prized institutional grade real estate assets via a public market.

For real estate owners, IPSX provides an alternative capital markets product on a fully regulated basis, expanding the universe of potential investors.

IPSX delivers new and attractive opportunities for both real estate owners and investors providing flexibility, liquidity and transparency along with speed of execution and real time valuation.

IPSX has been recognised by the Financial Conduct Authority as a Recognised Investment Exchange, providing both real estate owners and investors with the protections of a regulated market.

At its most simple, IPSX reimagines the connection between real estate owners and real estate investors.



IPSX Wholesale Key Benefits

For Issuers

1. Access to new investors

- ◆ Traditional IPOs on existing generalist stock exchanges are mainly targeted at professional institutional investors such as pension funds, insurance companies and hedge funds
- ◆ IPSX allows investors to buy shares in IPSX issuers through brokers, meaning that they can now acquire fractional ownership of much larger assets which historically may have been more narrowly held or inaccessible to institutional investors via a public market

2. Flexibility

- ◆ Owners of real estate are usually faced with a limited set of choices – keep the asset, sell the asset entirely or enter into a potentially complex Joint Venture agreement with a new partner
- ◆ IPSX provides issuers with significantly more choice and flexibility. IPSX Wholesale will not prescribe a minimum free float. The loan-to-value measurement has an upper limit of 80% (compared to 40% on IPSX Prime)
- ◆ IPSX Wholesale also offers an alternative route to capital for large scale development

3. Speed of execution

- ◆ Average time to complete a private market asset sale in the UK is in the region of 6 months
- ◆ The process of selling the shares to investors by way of an initial public offering on IPSX can be completed in as little as 8 weeks

4. Market approach to valuation

- ◆ Publicly quoted real estate in the UK has traditionally been valued by stock market investors against a reported Net Asset Value of the shares
- ◆ This approach does not always accurately reflect the company's ability to generate cashflow to be paid to investors in the form of dividends and neither is it fully transparent
- ◆ Valuations focusing more on multiples of cashflow rather than a view on the prospects for asset values brings real estate more into line with other sectors of the stock market

5. Structural efficiency

- ◆ Issuers can choose to bring the company admitted to trading on IPSX within the scope of the UK Real Estate Investment Trust ("REIT") regime

For Investors

1. Access to a new product

- ◆ IPSX allows direct exposure to underlying commercial real estate assets which have previously not been available in public markets
- ◆ Investors therefore can now enjoy access to a diversified public market proxy for direct investment in institutional grade real estate

2. Transparency

- ◆ An IPO on IPSX will necessitate the publication of detailed information at the single asset level that is not ordinarily available to investors in REIT shares
- ◆ This will encourage far greater transparency enabling investors to make better informed decisions
- ◆ If the issuer is a REIT, the dividend distribution level will be driven by the requirements of REIT legislation

3. Liquidity

- ◆ Cornerstone investors in companies admitted to trading on IPSX Wholesale will be required to appoint a Wholesale Broker to represent trading interest in the shares admitted to trading on the market
- ◆ This means that investors will always know how to access the market for an issuer's shares

4. Regulation and Protection

- ◆ IPSX is regulated as a Recognised Investment Exchange by the FCA in line with the other leading UK exchanges
- ◆ IPSX Wholesale is an exchange-regulated market which ensures that all investors benefit from high levels of investor protection and regulatory oversight

5. Higher Returns

- ◆ IPSX Wholesale has been designed for holding structures which may be more complex, and deliver returns comprising more capital return relative to income, than those traded on IPSX Prime, including Joint Venture ("JV") REITs, development and regeneration projects
- ◆ There is also the potential for an illiquidity premium to attach to IPSX Wholesale issuers which may be more narrowly held than IPSX Prime issuers. It is therefore more suited for institutional investors

How IPSX works

IPSX operates two markets **IPSX Prime** admits to trading issuers owning underlying single commercial real estate assets or multiple assets with a sufficient degree of commonality which are, or are proposed to be, securitised and traded on the Exchange.

Our second market, **IPSX Wholesale**, is exclusively for institutional investors. Accordingly, whilst IPSX Wholesale issuers share the same broad features of IPSX Prime issuers, the types of issuers eligible for admission could include more complex ownership structures, more complex legal arrangements, or more unusual tenancy arrangements. This could include trading JV REITs.

In order to be admitted to IPSX Wholesale, an issuer needs to meet the Exchange's Admission Standards. These include: the appointment of an IPSX Lead Adviser and Approved Valuer; the appointment of Wholesale Brokers representing the interests of Cornerstone Investors; the sale of shares in the company at the point of admission (there is no prescribed minimum free float); limiting the debt loan to value in the entity to a maximum of 80%; and issuing an Admission Document for approval by IPSX.

Next steps

IPSX Wholesale is now open to applications for admission to trading. **Speak to one of our team, contact details overleaf.**



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