



HBOS plc

**Insight Foundation Property Trust Limited  
Placing and Offer for Subscription of C Shares**

**Investment Manager: Insight Investment Management (Global) Limited**

**Sponsor: JPMorgan Cazenove Limited**

**A copy of this document, which comprises a prospectus relating to Insight Foundation Property Trust Limited (the “Company”) prepared in accordance with the Listing Rules and Prospectus Rules of the Financial Services Authority made under Section 85(1) of the Financial Services and Markets Act 2000, has been delivered to the FSA in accordance with Rule 3.2 of the Prospectus Rules.**

This document includes particulars given in compliance with the Listing Rules and Prospectus Rules of the Financial Services Authority and the Channel Islands Stock Exchange for the purposes of giving information with regard to the Company. The Directors of the Company, whose names appear on page 9, and the Company itself declare that, having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of their and its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Neither the admission of C Shares to the Official List of the Channel Islands Stock Exchange nor the approval of this document pursuant to the listing requirements of the Channel Islands Stock Exchange shall constitute a warranty or representation by the Channel Islands Stock Exchange as to the competence of the service providers to, or any other party connected with, the Company, the adequacy and accuracy of the information contained in this document or the suitability of the Company for investment or for any other purpose.

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## **INSIGHT FOUNDATION PROPERTY TRUST LIMITED**

*(a closed-ended company incorporated with limited liability under the laws of Guernsey with registered number 41959)*

### **Placing and Offer for Subscription of up to 100 million C Shares at 100p per share**

#### **Investment Manager Insight Investment Management (Global) Limited**

#### **Sponsored by JPMorgan Cazenove Limited**

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Application has been made to the UK Listing Authority and the Channel Islands Stock Exchange for all of the C Shares in the Company (issued and to be issued) to be admitted to their respective Official Lists. An application has also been made for the C Shares to be admitted to trading on the London Stock Exchange and the Channel Islands Stock Exchange. It is expected that the admission will become effective and that dealings in the C Shares will commence on 27 July 2005.

Application has been made for consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinances, 1959 to 1989, for the circulation of this document insofar as it relates to the issue of the C Shares and to the raising of money by the issue of such shares. Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council accept any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard thereto.

This document includes particulars given in compliance with the listing rules of the Channel Islands Stock Exchange for the purpose of giving information with regard to the Company. The directors, whose names appear on page 9, accept full responsibility for the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

JPMorgan Cazenove Limited, which is regulated by the Financial Services Authority, is acting for the Company in relation to the Issue and is not advising any person or treating any person as its customer in relation to the Issue and is not advising any person or treating any person as its customer in relation to the matters referred to in this document and will not be responsible to anyone other than the Company for providing the protections afforded to customers of JPMorgan Cazenove Limited or for affording advice in relation to the Issue.

**The attention of potential investors is drawn to the Risk Factors set out on pages 6 and 7 of this document.** The latest time and date for applications under the Offer is 11.00 a.m. on 21 July 2005 and under the Placing is 11.00 a.m. on 25 July 2005. **The Directors may, with the prior approval of the Sponsor, bring forward such dates and thereby shorten the offer period, to a date no earlier than 14 July 2005. The Directors may, at their discretion, close the Placing and Offer at any level below £100 million.**

Further details of the Issue are set out in Part 5 of this document.

# Important Information

No broker, dealer or other person has been authorised by the Company to issue any advertisement or to give any information or to make any representations in connection with the offering or sale of C Shares other than those contained in this prospectus and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company.

This prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation to 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 distribution of the prospectus and the offering of C Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions.

## **For the attention of United States residents**

The C Shares have not been and will not be registered under the US Securities Act of 1933, as amended, (the **"Securities Act"**) or with any securities regulatory authority of any State or any other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the Securities Act (**"Regulation S"**)). In addition, the Company has not been and will not be registered under the US Investment Company Act of 1940, as amended, (the **"Investment Company Act"**), and investors will not be entitled to the benefits of that Act. The C Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of C Shares or the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offence in the United States and re-offer or resale of any of the C Shares in the United States or to US Persons may constitute a violation of US law or regulation. Applicants for C Shares will be required to certify that they are not US Persons and are not subscribing for C Shares on behalf of US Persons.

## **General**

Prospective investors should not treat the contents of this prospectus as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of C Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of C Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of C Shares. Prospective investors must rely upon their own legal advisers, accountants and other financial advisers as to legal, tax, investment or any other related matters concerning the Company and any investment therein. Statements made in this prospectus are based on the law and practice currently in force in Guernsey and England and Wales and are subject to changes therein.

This prospectus should be read in its entirety before making any application for C Shares. All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the memorandum and articles of association of the Company.

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# Summary

**The C Shares are only suitable for investors who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in the C Shares constitutes part of a diversified investment portfolio and who fully understand and are willing to assume the risks involved in investing in the Company.**

**This information should be read as an introduction to the full text of this document and any decision to invest in the C Shares should be based on consideration of the full text of this document as a whole. Where a claim relating to the information contained in this document is brought before a court, a plaintiff investor may, under the national legislation of an EEA state, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches to the Company and its Directors who are responsible for this summary, including any translation of this summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document.**

## Introduction

Insight Foundation Property Trust Limited was launched in July 2004 with the objective of providing Shareholders with an attractive level of income together with the potential for income and capital growth from investing in UK commercial property. Since the Company's launch, the net asset total return of the Company's Ordinary Shares has been almost 11 per cent. (measured from 16 July 2004 to 31 March 2005). In addition, the Ordinary Shares have traded consistently at a premium to Net Asset Value during this period.

After due consideration of the Company's strategy, your Board has concluded that it is now an appropriate time to seek to raise additional capital for the Company in order to expand and diversify the Company's asset base.

The primary rationale for the raising of additional capital is to grow the Company and improve anticipated long term returns for Shareholders. The proceeds of the Issue will be used primarily to acquire or refinance the acquisition of office properties in Central London and the South East of England which the Investment Manager believes will improve anticipated returns by way of rental growth and potential NAV growth for Shareholders.

Your Board has, today, despatched a circular to Shareholders seeking the necessary consents required in order to effect the fundraising.

## C Shares

The Board is proposing to effect the capital raising exercise by way of an issue of C Shares pursuant to the Placing and Offer. The net proceeds of the Issue will be accounted for as a separate pool until they have been at least 50 per cent. invested in accordance with the Company's investment policy at which point the C Shares will convert into Ordinary Shares. The C Shares will convert into Ordinary Shares on the basis of the Conversion Ratio, which will reflect the proportion which the Company's net assets attributable to each C Share bears to the net assets attributable to each existing Ordinary Share at the Calculation Time. The C Share net assets will be calculated having deducted the full costs of the Placing and Offer, and a proportion of the acquisition costs attributable to the Additional Property and any new properties acquired within the C Share pool. Pending investment in accordance with the Company's investment policy, the net proceeds of the Issue will be held in cash, cash-equivalents, gilts or other short term money market instruments.

## Investment Objective, Policy and Strategy

It is intended that the Group will continue to hold a diversified portfolio of UK commercial properties. The Group invests in three commercial property sectors: office, retail and industrial. The Group does not invest in other listed investment companies. Any material change to the investment objective or policy described above will only be made with Shareholder approval.

In pursuing the investment objective, the Investment Manager targets assets with good fundamental characteristics, a diverse spread of occupational tenants and, at least initially, with above average income yields for the property sector with opportunities to enhance value through active management.

## Acquisition of Additional Property

IFP2L, a wholly owned subsidiary of the Company, has entered into an agreement with PWCR Minerva House Limited to acquire all of the issued share capital of PWCR Minerva House 2 Limited and thereby acquire indirect ownership of the Minerva Property. PWCR Minerva House 2 Limited has the benefit of a contract pursuant to which it will acquire the Minerva Property from PWCR Minerva House Limited following the transfer of shares in PWCR Minerva House 2 Limited to IFP2L. The consideration for the property is £42.13 million.

The proceeds of the Issue will be utilised, in part, to repay the borrowings utilised in acquiring the Additional Property. Any balance will continue to be held in cash, cash-equivalents, gilts or other short term money market instruments pending investment in properties.

For the purposes of the C Share calculation mechanics, any properties acquired after the date of this document (including the Additional Property) shall be deemed to have been acquired for the benefit of the C Share pool upon Admission at the acquisition value at which it is acquired by the Company.

In the event that, for whatever reason, the Issue does not proceed, the acquisition will nevertheless be completed by the Company utilising its existing cash resources and additional committed external borrowings.

### **Financial Impact of Proposals**

#### *C Shareholders*

By way of illustration only, had the proposals become effective on 6 July 2005, the net asset value of a C Share for the purposes of Conversion would have been 97.8 pence. A holder of 1,000 C Shares would have received 938 Ordinary Shares on Conversion. This is based on the Assumptions, and does not constitute a profit forecast.

#### *Ordinary Shareholders*

It is estimated that the rental value and capital value of the New Property Portfolio will need to increase by an average rate of approximately 1 per cent. per annum (on the basis of the Assumptions) ("**Hurdle Rate**") for the Net Asset Value of an Ordinary Share at 15 July 2014 to equal the share price of an Ordinary Share of 115.25 pence as at 6 July 2005.

## The Issue

***A maximum of 100 million C Shares are available under the Placing and Offer for Subscription.***

# Risk Factors

**Investment in the Company carries a degree of risk including the risks in relation to the Company, the C Shares and the Ordinary Shares referred to below. Potential investors should review this document carefully and in its entirety and consult with their professional advisers before making an application for C Shares.**

## General

The market value of the C Shares or (on Conversion) the market value and the income derived from the Ordinary Shares can fluctuate. Investors may not get back the full value of their investment.

The Company does not have a fixed winding up date and, therefore, unless Shareholders vote to wind up the Company, Shareholders will only be able to realise their investment through the market.

There can be no guarantee that the investment objectives of the Group will be met.

The assets attributable to the C Shares will initially be held in cash. Therefore, although it is anticipated that this cash will be capable of being invested in property within a reasonable period, there is a risk that the performance of the C Shares and the assets attributable to them, will diverge from the performance of the existing assets of the Company and of the existing Ordinary Shares.

There is no guarantee that the Company will be able to invest any excess funds raised in properties with similar characteristics to the Property Portfolio or at all. Having excess uninvested cash and a larger number of C Shares in issue may affect the Company's ability to pay dividends at the expected rate and restrict dividend growth, if any.

Dividend growth on the Ordinary Shares will depend principally on growth in income received from the underlying assets.

There is no guarantee that the expected dividends on the Ordinary Shares will be paid. An uncovered dividend will arise over the life of the Company in the absence of capital growth in excess of the Hurdle Rate and might lead to erosion of capital.

The Assumptions are assumptions only and may or may not be realised.

Any change in the rates or application of UK tax in respect of property income and/or disposal of property could adversely affect the Company's ability to pay dividends, dividend growth and/or the market value of Ordinary Shares.

UK tax legislation contains transfer pricing provisions which can have the effect of reducing the amount of interest which is treated as deductible in computing the tax on rental and other income received by the Company, IFPL and IFP2L. It is possible that the Inland Revenue could challenge the deductibility of some of the interest which is being paid and in the event of a challenge being successful, more of IFPL's and IFP2L's rental income may be taxable.

The Group is currently operated and managed so as not to be subject to UK capital gains tax in respect of dealings in UK property. If the present UK tax treatment of non-resident investors in the property were to change, the Group could become subject to UK tax on capital gains.

The market value of the Ordinary Shares, as well as being affected by their Net Asset Value, also takes into account their dividend yield and prevailing interest rates. As such, the market value of an Ordinary Share may vary considerably from its underlying Net Asset Value.

If under Guernsey law there were to be a change to the basis on which dividends could be paid by Guernsey companies, this could have a negative effect on the Company's ability to pay dividends.

It is expected that the proceeds of the Issue will, subject to prevailing market conditions, be invested within 12 months of Admission in accordance with the Company's investment objectives and policy. More particularly, the Assumptions provide that the Additional Property is acquired immediately following Admission. If this is not achieved within this period then the potential returns available for Shareholders may be less than the illustrative returns set out in this document, due to an inability to achieve the target portfolio yield.

If property values rise significantly between the publication of this document and the time when the funds available to the Company following the Issue (including borrowings) are invested, the potential returns available for Shareholders may be less than those set out in this document.

## Gearing

Prospective investors should be aware that, whilst the use of borrowings should enhance Net Asset Value where the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling.

In addition, in the event that the rental income of the New Property Portfolio falls for whatever reason, including tenant defaults, the use of borrowings will increase the impact of such a fall on the net revenue of the Company and accordingly will have an adverse effect on the Company's ability to pay dividends to Shareholders.

The interest payable on any additional borrowings will not be fixed until after Admission. If long term interest rates increase between the date of this document and the date that the interest rate is fixed, this may have an effect on the Company.

## Property

Property and property-related assets are inherently subjective as regards value due to the individual nature of each property. As a result, valuations are subject to uncertainty. The valuation report in Part 7 is made on the basis of certain assumptions which may not prove to reflect the true position. There is no assurance that the valuation of the properties will reflect actual sale prices even where any such sales occur shortly after the relevant valuation date.

The performance of the Company would be adversely affected by a downturn in the property market in terms of capital value or a weakening of rental yields. In the event of a default by a tenant or during any other void period, the Company will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and surveyor's costs in re-letting, maintenance costs, insurances, rates and marketing costs.

Any future property market recession could materially adversely affect the value of properties. Returns from an investment in property depend largely upon the amount of rental income generated from the property and the costs and expenses incurred in the maintenance and management of the property, as well as upon changes in its market value.

Rental income and the market value for properties are generally affected by overall conditions in the economy, such as growth in gross domestic product, employment trends, inflation and changes in interest rates.

Rent reviews may not be agreed at the then Estimated Rental Values.

Both rental income and property values may also be affected by other factors specific to the real estate market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of the bankruptcy or insolvency of tenants or otherwise, the periodic need to renovate, repair and re-lease space and the costs thereof, the costs of maintenance and insurance, and increased operating costs. In addition, certain significant expenditures, including operating expenses, must be met by the owner even when the property is vacant.

Any change to the laws and regulations relating to the UK commercial property market may have an adverse effect on the capital value of the New Property Portfolio and/or the rental income of the New Property Portfolio.

Investments in property are relatively illiquid and more difficult to realise than equities or bonds.

The Company may face significant competition from UK or other foreign property companies. Competition in the property market may lead either to an over-supply of commercial premises through over-development or to prices for existing properties or land for development being driven up through competing bids by potential purchasers. Accordingly, the existence of such competition may have a material adverse impact on the Company's ability to secure tenants for its properties at satisfactory rental rates and on a timely basis and to acquire properties or develop land at satisfactory prices.

## Expected Timetable

Offer for Subscription opens	8 July 2005
Latest time and date for applications under the Offer*	11.00 a.m. on 21 July 2005
Latest time and date for commitments under the Placing*	11.00 a.m. on 25 July 2005
Admission of the C Shares to the Official List	27 July 2005
Dealings in C Shares commence	8.00 a.m. on 27 July 2005
Crediting of CREST stock accounts in respect of the C Shares	8.00 a.m. on 27 July 2005
Share certificates in respect of the C Shares despatched	Week commencing 8 August 2005

**\* The Directors may, with the prior approval of the Sponsor, bring forward such date and thereby shorten the offer period, to a date no earlier than 14 July 2005. In the event that the offer period is shortened, the Company will notify investors of such change through the publication of a notice through a regulatory information service provider to the London Stock Exchange and the Channel Islands Stock Exchange.**

# Directors, Investment Manager and Advisers

## **Directors**

Andrew Francis Sykes (Chairman)  
John René Frederiksen  
Keith Michael Goulborn  
Graham Anthony Hall  
Paul Donald Smith

## **Investment Manager**

Insight Investment Management (Global) Limited  
33 Old Broad Street  
London EC2N 1HZ  
Telephone Number: 020 7930 5474

## **Registered Office**

St. Andrew's House  
Le Bordage  
St. Peter Port  
Guernsey GY1 1BR  
Telephone Number: 01481 740 820

## **Sponsor and Broker**

JPMorgan Cazenove Limited  
20 Moorgate  
London EC2R 6DA  
Telephone Number: 020 7588 2828

## **Solicitors**

*as to English Law*

Herbert Smith LLP  
Exchange House  
Primrose Street  
London EC2A 2HS

## **Advisers**

*as to Guernsey Law*

Ozannes  
1 Le Marchant Street  
St. Peter Port  
Guernsey GY1 4HP

## **Channel Island Sponsor**

Ozannes Securities Limited  
1 Le Marchant Street  
St. Peter Port  
Guernsey GY1 4HP

## **Auditors**

KPMG Channel Islands Limited  
2 Grange Place  
The Grange  
St. Peter Port  
Guernsey GY1 4LD

## **Administrator, Registrar, Custodian and Secretary**

RBSI Fund Services (Guernsey) Limited  
St. Andrew's House  
Le Bordage  
St. Peter Port  
Guernsey GY1 1BR

## **Tax advisers**

Deloitte & Touche LLP  
180 Strand  
London WC2R 1BL

**Property Valuers**

Knight Frank LLP  
20 Hanover Square  
London W1S 1HZ  
Telephone Number: 020 7629 8171

**Principal Bankers**

NM Rothschild & Sons Limited  
New Court  
St. Swithins Lane  
London EC4P 4DV

**Receiving Agent and UK  
Transfer/Payment Agent**

Computershare Investor Services PLC  
PO Box 859  
The Pavilions  
Bridgwater Road  
Bristol BS99 1XZ

# Definitions

The following definitions apply throughout this document unless the context requires otherwise:

<b>“Acquisition Costs”</b>	the costs associated with the acquisition of the Previously Acquired Properties including, stamp duty, legal and valuation fees and any other applicable expenses;
<b>“Additional Property”</b>	the property to be acquired by the Company as more fully described in Part 1 of this document;
<b>“Administrator” or “Registrar”</b>	RBSI Fund Services (Guernsey) Limited;
<b>“Admission”</b>	the admission of the C Shares to the Official Lists of the UKLA and the Channel Islands Stock Exchange and to trading on the London Stock Exchange and the Channel Islands Stock Exchange becoming effective;
<b>“Articles”</b>	the articles of association of the Company;
<b>“Asset Management Agreement”</b>	the asset management agreement between IFPL and the Investment Manager dated 23 July 2004, a summary of which is set out in paragraph 6.3 of Part 10 of this document;
<b>“Assumptions”</b>	the principal bases and assumptions set out in Part 8 of this document;
<b>“Bank”</b>	NM Rothschild & Sons Limited;
<b>“Business Day”</b>	a day on which banks are open for business in London and Guernsey;
<b>“Calculation Time”</b>	shall have the meaning set out in Part 3;
<b>“Channel Islands Stock Exchange”</b>	the Channel Islands Stock Exchange, LBG;
<b>“Clerical Medical”</b>	Clerical Medical Investment Group Limited, and/or Clerical Medical (Retail) LP, Clerical Medical (Offices) LP and Clerical Medical (Industrial) LP;
<b>“Companies Laws”</b>	the Companies (Guernsey) Laws 1994 to 1996, as amended, and the Companies (Enabling Provisions) (Guernsey) Law 1996;
<b>“Company”</b>	Insight Foundation Property Trust Limited;
<b>“Conversion”</b>	shall have the meaning set out in Part 3;
<b>“Conversion Ratio”</b>	shall have the meaning set out in Part 3;
<b>“Credit Agreement”</b>	the credit agreement between IFHCL and Real Estate Capital (Foundation) Limited dated 23 March 2005, a summary of which is set out in paragraph 6.15 of Part 10 of this document;
<b>“CREST”</b>	the computerised settlement system to facilitate the transfer of title to shares in uncertificated form operated by CRESTCo Limited;
<b>“CREST Guernsey Requirements”</b>	Rule 8 and such other rules and requirements of CRESTCo Limited as may be applicable to issuers as from time to time specified in the CREST Manual;
<b>“C Shareholders”</b>	registered holders of C Shares;
<b>“C Shares”</b>	C shares of no par value in the Company;
<b>“Directors” or “Board”</b>	the directors of the Company including any duly appointed committee thereof;

<b>“Estimated Rental Value”</b>	the rent a valuer estimates could be charged if a property was let in the open market on the relevant valuation date and, in the case of a property which is already subject to a lease, on the basis that the terms of the existing lease are taken into account;
<b>“Extraordinary General Meeting”</b>	the extraordinary general meeting of the Company to be held at 10.30 a.m. on 26 July 2005;
<b>“Financial Services Authority” or “FSA”</b>	the Financial Services Authority of the UK;
<b>“Group”</b>	the Company, IFHCL, IFP2L, IFPL, Lunar Partnership Limited, Lunar Partnership (Brentford) Limited, Lunar Partnership (Tudor Street) Limited, LP (Brentford) Limited, LP (Tudor Street) Limited, Clerical Medical (Retail) Nominees Limited, Clerical Medical (Offices) Nominees Limited and Clerical Medical (Industrial) Nominees Limited and any other subsidiary undertakings of the Company or the Subsidiaries from time to time;
<b>“Hurdle Rate”</b>	shall have the meaning set out on page 5 of this document;
<b>“IFHCL”</b>	Insight Foundation Holding Company Limited;
<b>“IFPL”</b>	Insight Foundation Property Limited;
<b>“IFP2L”</b>	Insight Foundation Property (No.2) Limited;
<b>“IPD”</b>	Investment Property Databank Limited;
<b>“IPD TICCS”</b>	the IPD Tenant Income Credit Rating and Covenant Strength Survey;
<b>“IPF”</b>	Investment Property Forum;
<b>“Insight Investment”</b>	Insight Investment Management Limited;
<b>“Investment Management Agreement”</b>	the investment management agreement between the Company and the Investment Manager dated 24 June 2004, as amended on 18 January 2005, a summary of which is set out in paragraph 6.2 of Part 10 of this document;
<b>“Investment Manager”</b>	Insight Investment Management (Global) Limited;
<b>“Issue”</b>	the issue of C Shares pursuant to the Placing and Offer;
<b>“Issue Price”</b>	100 pence per C Share;
<b>“Listing Rules”</b>	the listing rules made by the Financial Services Authority under section 85 of the Financial Services and Markets Act 2000 and the listing rules of the Channel Islands Stock Exchange, where applicable;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“Minerva Property”</b>	the property located at Minerva House, 5 and 6 Montague Close, London SE1;
<b>“NAV” or “Net Asset Value”</b>	the value of the assets of the Group less its liabilities, determined in accordance with the accounting principles adopted by the Group from time to time or, as the context requires, the net asset value per share calculated in accordance with the Company’s accounting policies;
<b>“New Placing and Offer Agreement”</b>	the placing and offer agreement between the Company, the Investment Manager and the Sponsor dated 7 July 2005, a summary of which is set out in paragraph 6.20 of Part 10 of this document;

<b>“New Property Portfolio”</b>	the Property Portfolio and the Additional Property together, where the context requires, with any other properties acquired by the Group from time to time;
<b>“Offer” or “Offer for Subscription”</b>	the offer for subscription of C Shares at the Issue Price, as described in this document;
<b>“Official List”</b>	the official list of the UKLA and, where the context requires, the Channel Islands Stock Exchange;
<b>“Ordinary Shareholders”</b>	registered holders of Ordinary Shares;
<b>“Ordinary Shares”</b>	ordinary shares of no par value in the Company;
<b>“Placing”</b>	the proposed placing of up to 100 million C Shares at the Issue Price as described in this document;
<b>“Previously Acquired Properties”</b>	shall have the meaning set out in Part 3 of this document;
<b>“Property Portfolio”</b>	the properties held by the Company as at 30 June 2005, as more fully described in Part 7 of this document;
<b>“Receiving Agent”</b>	Computershare Investor Services PLC;
<b>“Shareholders”</b>	registered holders of C Shares and Ordinary Shares, or either, as the context may require;
<b>“Subsidiaries”</b>	each of IFHCL, IFP2L, Lunar Partnership Limited, Clerical Medical (Retail) Nominees Limited, Clerical Medical (Offices) Nominees Limited and Clerical Medical (Industrial) Nominees Limited;
<b>“Taxes Act”</b>	the Income and Corporation Taxes Act 1988 of the UK, as amended;
<b>“Total Assets”</b>	the aggregate value of the assets of the Group less the current liabilities of the Group (which shall exclude any proportion of the principal amounts borrowed for investment treated as current liabilities and any liability of an intra-group nature);
<b>“UKLA” or “UK Listing Authority”</b>	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000; and
<b>“Valuer”</b>	Knight Frank LLP.

In this document, unless otherwise specified, all references to “pounds” or “£” are to United Kingdom pounds sterling.

# Part 1 The Company

## Introduction

The Company was launched in July 2004 with the objective of providing Shareholders with an attractive level of income together with the potential for income and capital growth from investing in UK commercial property.

Since the Company's launch, the net asset total return of the Company's Ordinary Shares has been almost 11 per cent. (measured from 16 July 2004 to 31 March 2005). In addition, the Ordinary Shares have traded consistently at a premium to Net Asset Value during this period.

After due consideration of the Company's strategy, your Board has concluded that it is now an appropriate time to seek to raise additional capital for the Company in order to expand and diversify the Company's asset base and to reweight the Property Portfolio towards areas of the property market which the Investment Manager believes will improve anticipated returns for investors.

The primary rationale for the raising of additional capital is to grow the Company and improve anticipated long term returns for Shareholders. The proceeds of the Issue will be used primarily to acquire or refinance the acquisitions of office properties in Central London and the South East of England which the Investment Manager believes will improve anticipated returns by way of rental growth and potential NAV growth for Shareholders. In particular:

- The Issue will be structured so as to avoid dilution for existing Ordinary Shareholders in as much as existing Ordinary Shareholders will not be disadvantaged by the costs of the fundraising.
- By Ordinary Shareholders sharing the Acquisition Costs with the C Shareholders, all Shareholders will benefit from economies of scale. Further details of the Acquisition Costs are set out in Part 4 of this document.
- Enlarging the Company will mean the fixed costs of operating the business are spread across a greater number of assets.
- Broadening the spread of investors within the Company should add further diversification to the Shareholder list and create a larger free float.

Your Board has, today, despatched a circular to Shareholders seeking the necessary consents required in order to effect the fund raising.

## C Shares

The Board is proposing to effect the capital raising exercise by way of an issue of C Shares pursuant to the Placing and Offer. The net proceeds of the Issue are expected to be £98.3 million, on the assumption that the Issue is fully subscribed. Once the proceeds of the Issue have been at least 50 per cent. invested, the C Shares will convert into Ordinary Shares on the basis of the Conversion Ratio, which will reflect the proportion which the Company's net assets attributable to each C Share bears to the net assets attributable to each existing Ordinary Share at the Calculation Time. The C Share net assets will be calculated having deducted the full costs of the Placing and Offer and a proportion of the acquisition costs attributable to the Additional Property and any new properties acquired with the proceeds of the Issue.

In calculating the Ordinary Share net asset value, a full accrual for dividends declared but not paid shall be made. In calculating the C Share net asset value, no account shall be taken of any income accruing on the C Share pool in the period prior to Conversion. **Further details on the C Share conversion mechanics are set out in Part 1 and Part 3 of this document.**

The net proceeds of the Issue will be accounted for as a separate pool until they have been at least 50 per cent. invested in accordance with the Company's investment policy, at which point the C Shares will convert into Ordinary Shares on the basis referred to above. The Additional Property, which the Company has entered into a contract to acquire will, upon Admission, be deemed to have been acquired for the benefit of the C Share pool at the original acquisition value at which it was acquired by the Company.

As a result of this, and on the assumption that there will be no failure to complete on the acquisition of the Additional Property, the Directors expect that Conversion of the C Shares will take place within 10 Business Days of completion of the Issue.

Pending investment in accordance with the Company's investment policy, the net proceeds of the Issue will be held in cash, cash-equivalents, gilts or other short term money market instruments.

Fractions of Ordinary Shares arising on Conversion will not be allocated to C Shareholders but will be aggregated and sold for the benefit of the Company. Further details concerning Conversion, together with an example, are set out below under the heading "Conversion of C Shares".

The C Shares will not carry any rights to dividends, nor will they carry voting rights. However, the consent of C Shareholders as a class will be required in connection with the matters specified in paragraph 6 of Part 3 of this document. C Shareholders will be entitled to participate in a winding-up of the Company or on a return of capital as specified in paragraph 3 of Part 3 of this document.

The issue of further equity in the form of C Shares is designed to overcome the potential disadvantages for both existing and new investors which would arise out of a conventional fixed price issue of further shares for cash. In particular:

- the assets from time to time representing the proceeds of the Issue will be accounted for as a distinct pool of assets until the Calculation Time, by which time it is expected they will have been at least 50 per cent. invested in accordance with the Company's investment policy. As a result, holders of existing Ordinary Shares will not be exposed to a portfolio containing substantial uninvested cash;
- the Net Asset Value of the existing Ordinary Shares will not be diluted by the expenses associated with the Issue which will be borne by the assets attributable to the C Shares; and
- the basis upon which the C Shares will convert into Ordinary Shares is such that the number of Ordinary Shares to which holders of C Shares will become entitled will reflect the value of the pool of additional capital raised by the Issue as compared to the value of the remainder of the Company's assets. As a result, neither the Net Asset Value attributable to the existing Ordinary Shares nor the Net Asset Value attributable to the C Shares will be adversely affected by Conversion.

Full terms of the C Shares and the Conversion Ratio are set out in Part 3 of this document.

## Investment Objective and Policy

It is intended that the Group will continue to hold a diversified portfolio of UK commercial properties. The Group will invest in three commercial property sectors: office, retail and industrial. The Group does not invest in other listed investment companies.

Any material change to the investment objective or policy described above will only be made with Shareholder approval.

The investment objective and policy of the Group is intended to be attractive to any investors seeking a diversified exposure to the UK commercial property market.

## Investment strategy

In pursuing the investment objective, the Investment Manager targets assets with good fundamental characteristics, a diverse spread of occupational tenants and, at least initially, assets with above average income yields for the relevant property sector and with opportunities to enhance value through active management.

## Dividends

Dividends on the Ordinary Shares are expected to continue to be paid in respect of each financial year in quarterly instalments in February, May, August and November. All dividends will be paid as interim dividends. The total amount of dividends paid by the Company for the period from 27 May 2004 to 31 March 2005 was 3.3750 pence per Ordinary Share.

## Borrowings

In March 2005, the Company successfully put in place a £152.5 million debt securitisation facility. This financing structure is the first in the property investment trust sector and provides keenly priced debt finance for the Company while preserving operational flexibility. The Company refinanced the £98 million interim facility it had arranged at launch and, in addition, the securitisation provides additional 'reserve note' capacity, giving significant financial flexibility for acquiring further properties.

The securitised facility runs until the Company's continuation vote in 2014 and is fully hedged against interest rate movements. The total aggregate interest rate payable is 5.6 per cent. compared to the Company's original assumption of 6.3 per cent. when it was launched.

In order to be able to fully finance the acquisition of the Additional Property regardless of the outcome of the Issue, the Company has also arranged a short term loan facility with the Bank under which the Company will have the ability to draw down the lower of £35,700,000 or up to 85 per cent. of the initial market value of the Company's interest in the Additional Property. It is intended that this loan will be repaid completely from the proceeds of the Issue. In the event that the Issue does not proceed, this facility will be refinanced by drawing down further amounts under the debt securitisation facility.

## Clerical Medical

In February 2005, the Company announced that 50 million Ordinary Shares held by Clerical Medical, equating to 19 per cent. of the issued share capital of the Company, had been placed at a price of 108 pence per share. As a result, Clerical Medical's shareholding was reduced from approximately 61 per cent. to 42 per cent. of the issued share capital of the Company. Clerical Medical has informed the Board that it does not intend to acquire any C Shares under the Placing and Offer.

## Acquisition of Additional Property

IFP2L, a wholly owned subsidiary of the Company, has entered into an agreement with PWCR Minerva House Limited to acquire all of the issued share capital of PWCR Minerva House 2 Limited and thereby acquire indirect ownership of the Minerva Property. PWCR Minerva House 2 Limited has the benefit of a contract pursuant to which it will acquire the Minerva Property from PWCR Minerva House Limited following the transfer of shares in PWCR Minerva House 2 Limited to IFP2L. The consideration for the property is £42.13 million. Further details of this agreement are set out in paragraph 6.18 of Part 10 of this document.

The proceeds of the Issue will be utilised, in part, to repay the borrowings utilised in acquiring the Additional Property. Any balance will continue to be held in cash, cash-equivalents, gilts or other short term money market instruments pending investment in properties.

For the purposes of the C Share calculation mechanics, any properties acquired after the date of this document (including the Additional Property) shall be deemed to have been acquired for the benefit of the C Share pool upon Admission at the acquisition value at which it is acquired by the Company.

In the event that, for whatever reason, the Issue does not proceed, the acquisition of the Additional Property will nevertheless be completed by the Company utilising its existing cash resources and additional committed external borrowings.

## Conversion of C Shares

### *Methodology*

At the Calculation Time, the net assets attributable to each Ordinary Share then in issue and the net assets attributable to each C Share will be calculated. The Conversion Ratio will be the net assets attributable to each C Share divided by the net assets attributable to each Ordinary Share. C Shareholders will receive such number of Ordinary Shares as results from applying the Conversion Ratio to their holdings of C Shares. Fractions of Ordinary Shares arising on Conversion will be aggregated and sold for the benefit of the Company.

Full details of the method of Conversion are contained in Part 3 of this document and an example of how the Conversion mechanism would operate is set out below.

### Example of Conversion

The following example is provided for the purpose of illustrating the basis on which the number of new Ordinary Shares arising on Conversion will be calculated. The example is not, and is not intended to be, a profit forecast or a forecast of the number of Ordinary Shares which will arise on Conversion.

The costs of the Issue payable by the C Shareholders are expected to be approximately £1.7 million (including VAT). These costs will be deducted from the assets of the C Shares when calculating the Conversion Ratio. The Acquisition Costs will be shared among C Shareholders and Ordinary Shareholders on a pro rata basis according to number of issued shares of each class in issue at the time of Conversion.

By way of illustration only, had the proposals become effective on 6 July 2005, based on the Company's estimated net asset value per Ordinary Share of 106.3 pence\* as at 30 June 2005 and the methodology set out in Part 3, the net asset value of a C Share and an Ordinary Share for the purposes of Conversion would have been 97.8 pence and 104.2 pence respectively. A holder of 1,000 C Shares would therefore have received 938 Ordinary Shares. This calculation is illustrated below:

	<b>Example</b>
Value of assets attributable to each C Share	100p
Less: Issue costs per C Share	(1.7p)
Less: Share of Acquisition Costs and other attributable liabilities per C Share	(0.5p)
<b>Net assets attributable to a C Share for Conversion Ratio</b>	<b>97.8p</b>
Estimated Net Asset Value of investments attributable to an existing Ordinary Share*	106.3p
Less: estimated quarterly dividend per Ordinary Share**	(1.6875p)
Less: other adjustments including share of Acquisition Costs and other attributable liabilities per Ordinary Share	(0.4p)
<b>Net assets attributable to an Ordinary Share for Conversion Ratio</b>	<b>104.2p</b>
<b>Conversion Ratio</b>	<b>0.938</b>
<b>Number of Ordinary Shares for a holder of 1,000 C Shares arising on Conversion</b>	<b>938</b>
Estimated see through yield of C Shares based on issue price of C Shares***	6.3%

*The detailed calculation methodology for the Conversion Ratio is set out in Part 3.*

\* This NAV is an estimate for the purposes of illustration in this Prospectus. This NAV values the swap breakage costs on a mark to market basis at £6.7 million. The Company expects to confirm the 30 June 2005 NAV during the week ending 22 July 2005.

\*\* Assuming a declared but unpaid dividend of 1.6875 pence per share.

\*\*\* This is not a profit forecast, and is based on assumption (xiv) set out in Part 8.

On the assumption that all of the C Shares are fully subscribed under the Placing and Offer and on the basis of the Assumptions set out in Part 8, it is expected that on conversion of the C Shares, the new Ordinary Shares issued on conversion will represent 27 per cent. of the Ordinary Shares in issue immediately following Conversion.

### Illustrative financial effects for Ordinary Shareholders

It is estimated that the rental value and capital value of the New Property Portfolio will need to increase by the Hurdle Rate (on the basis of the Assumptions) for the Net Asset Value of an Ordinary Share at 15 July 2014 (the tenth anniversary of admission of the Ordinary Shares) to equal the share price of an Ordinary Share of 115.25 pence as at 6 July 2005 (the latest practicable date prior to publication of this document). This compares with an average 3.4 per cent. per annum rental value growth across all sectors over the last 10 years (2 per cent. per annum rental value growth across all sectors over the last 5 years) (Source: IPD). The effect of changes in the rental value growth of the New Property Portfolio (on the basis of Assumptions) on the Net Asset Value on 15 July 2014 are summarised as follows:

Average rental value growth rates per annum for all property*	Net Asset Value per Ordinary Share on 15 July 2014 (p)
4%	185
3%	158
2.87%**	155
2%	133
1%	110
0%	89

\* Based on the Assumptions, capital value growth moves in line with rental value growth. It should be noted that active management and careful property selection can significantly enhance both rental and capital values in excess of market movements.

\*\* See Assumption (x) in Part 8.

An uncovered dividend will arise over the life of the Company in the absence of capital value growth in excess of the Hurdle Rate and might lead to capital erosion over the period. In the event that any of the Assumptions are not met then this may affect the Net Asset Value figures set out above.

## Prospects for the Company

The UK property market produced a total return of 19.0 per cent. during 2004, as measured by the IPD Monthly Index (compared to 11.2 per cent. in 2003) (source: IPD). This return has been driven largely by the recent decline in property income yields, with a fall in the income yield on the IPD Index from 7.4 per cent. to 6.5 per cent. in the 12 month period to end March 2005 (source: IPD). Looking ahead, returns from property are likely to be more dependent on good levels of rental growth, rather than further falls in yields.

For the calendar year ending 31 December 2005, the Investment Manager anticipates that the UK property market will produce a full year total return in the region of 10 per cent. to 12 per cent. This return, after adjustment for inflation, will compare very favourably with long run averages from the market. The property market continues to attract substantial cash inflows from a broad range of investors, and the challenge for many property investors will be to secure attractive assets at reasonable prices. In this regard, the Board continues to be confident that the Investment Manager's highly active approach to asset management will position the Company's portfolio for good performance on both an absolute basis and in comparison with recognised property indices.

## Part 2 Directors, Management & Administration

### Directors of the Company

The Directors are responsible for the determination of the Company's investment objective and policy and have overall responsibility for the Group's activities including the review of investment activity and performance.

### The Directors are as follows:

*Andrew Sykes (Chairman), age 47* was a director of Schroders plc from 1998 to 2004, having joined Schroders in 1978. He was responsible for the group's private banking and alternative investments businesses, including property, private equity, structured products and hedge funds. He is Chairman of Absolute Return Trust Limited and a non-executive director of Schroder Exempt Property Unit Trust, JPMorgan Fleming Asian Investment Trust plc and Smith & Williamson Holdings Limited.

*John Frederiksen, age 57* is chairman of the Danish Property Federation and of several major Danish property companies. He established and was managing director of Bastionen A/S, one of the largest Danish property investment companies from 1986 to 2001, and was Chairman of ASC, the largest property management company in Denmark, from 1990 to 1998.

*Keith Goulborn, age 60* was head of Unilever's UK Property Department for 17 years, in which capacity he was responsible for the property investment activities of the Unilever Pension Fund in the UK and for operational property advice to the UK group and its implementation. Prior to that he was a partner in Debenham, Nightingale Chancellors. He is a fellow of the Royal Institution of Chartered Surveyors and a member of the Investment Property Forum.

*Graham Hall, age 42* is a partner of Carey Olsen, where he is the managing partner of its Guernsey office, and where he is Joint Head of the Investment Funds Team within the Corporate Group, and a member of the Group Management Board. He joined Carey Olsen in 1990 having previously worked at Field Fisher Waterhouse in London. He is an Advocate of the Royal Court of Guernsey and a Solicitor of the Supreme Court of England and Wales.

*Paul Smith, age 46* Managing Director of RBSI Fund Services (Guernsey) Limited, which he joined in 2004 and where he is responsible for all aspects of day to day operations as well as business development. Prior to that he was Managing Director of International Fund Services (Guernsey) Limited which he joined in 2001 having previously held senior management positions at HSBC Fund Administration (Guernsey) Limited (1996-2001) and Generali Worldwide Insurance Limited (1992-1996). He is a former Company Secretary of Management International (Guernsey) Limited (1988-1992).

### Investment Manager

The Company and the Investment Manager have entered into an Investment Management Agreement under which the Investment Manager has been given responsibility for management of the Property Portfolio including the day-to-day acquisition and disposal of properties in accordance with the Company's investment objective and policy, subject to the overall supervision of the Directors. The Directors have noted that the Investment Manager has a number of other clients and have satisfied themselves that the Investment Manager has procedures in place to address potential conflicts of interest.

The Investment Manager is a subsidiary of Halifax and Bank of Scotland Group (HBOS) which is one of the UK's largest investment managers with over £78 billion in assets under management as at 31 March 2005. HBOS is one of the largest property managers in the UK with property funds under management of approximately £6 billion as at that date. HBOS manages property investments on behalf of a wide range of clients.

The property management team at Insight Investment Management (Global) Limited comprises approximately 53 members of whom half are property investment professionals with an average of over 12 years experience each.

The investment committee within the Investment Manager, which is responsible for all fund management and property matters in relation to the Property Portfolio, (the "**Investment Committee**") consists of:

*Duncan Owen, age 37* is a main Board Director of Insight Investment Management (Global) Limited and the Managing Director of the Property Division with overall responsibility for Insight Investment's £6 billion under property management. He is the lead Fund Manager for Insight Foundation Property Trust Limited, having been instrumental in its establishment and launch. Duncan is manager for a number of client portfolios including the

St. James's Place Capital property fund whose investment management mandate was awarded to Insight Investment in 2004. Prior to joining Insight Investment in October 2003, he was a founding partner of the specialist boutique, Gatehouse Investment Management, helping to establish a number of property funds and companies and then acting as investment manager. Before this he spent two and a half years as a director at LaSalle Investment Management following its merger with Jones Lang Wootton. His work included managing a number of significant UK pension funds and pan-European portfolios for major institutional investors. He started his career at Jones Lang Wootton, becoming an equity partner in 1997. Duncan holds a degree from Sheffield Hallam University and has a Diploma from INSEAD Business School. He is a member of the Royal Institution of Chartered Surveyors, is an FSA approved person and a member of the Investment Property Forum. Duncan is chairman of the Investment Committee.

*Philip Gadsden, age 43* is Head of External Funds. He joined Insight Investment's property team as Head of External Funds in October 2003 with responsibility for developing and managing new external fund opportunities. Since jointly establishing Insight Foundation Property Trust Limited (and sitting on the Investment Committee with specific responsibility for the company's financial management), he has subsequently launched and become the Investment Manager for the Insight Property Portfolio Fund, a unique property fund of funds proposition. He is the Investment Manager for a Life Fund's property portfolio and has been a member of the Investment Committee for another listed Investment Trust since its launch in 2002. He sits on Insight's Property Management Board and is a member of the Property Executive Committee. He has more than 20 years' industry experience including the establishment of the specialist boutique Gatehouse Investment Management which he co-founded in 2001. Philip started his career at Jones Lang Wootton and spent a number of years in JLW Finance where he was extensively involved in arranging debt and equity structured finance. Thereafter he took on responsibility for management of the UK Fund Management business where he also managed various UK pension and saving schemes. Following the Jones Lang Wootton/LaSalle merger, he became an International Director at LaSalle Investment Management. Philip holds a degree from Reading University, is an FSA approved person, a member of the Investment Property Forum and a Fellow of the Royal Institution of Chartered Surveyors.

*Nick Montgomery, age 31* is the Asset Manager. He joined Insight Investment in October 2003 as a Director within the property investment division working together with Duncan on a number of mandates including the Lunar Partnership Limited. Prior to this, Nick worked at Gatehouse Investment Management, having started his investment management career as an associate director at LaSalle Investment Management. Nick holds a degree from Nottingham Trent University. He is a member of the Royal Institution of Chartered Surveyors and is an FSA approved person.

*Mark Long, age 37* is Head of Strategy. He joined Insight Investment in October 2003 and has extensive experience in developing investment processes and formulating portfolio strategy, having held similar positions at Gatehouse Investment Management, Aberdeen Property Investors and Celexa REIM. The main focus of Mark's work is formulating top-down investment strategy and controlling portfolio risk. He is an economist by training, having gained his first degree at UC Swansea before completing a second degree in Property Investment at City University. He is a member of the Investment Property Forum and is an FSA approved person.

## Investment Management Agreement

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a base fee and a performance fee together with reasonable expenses incurred by it in the performance of its duties.

The base fee is equal to one quarter of 95 basis points of the gross assets of the Company per quarter. For these purposes gross assets shall be calculated as at the last Business Day of the previous month, using the valuation of the assets calculated as at the last Business Day of the previous quarter. The quarterly base fee shall be payable monthly in arrears.

In addition, and subject to the conditions set out below, the Investment Manager is entitled to an annual performance fee where the total return per Ordinary Share during the relevant financial period, exceeds an annual rate of 10 per cent. (the "**Performance Hurdle**").

Where the Performance Hurdle is met, a performance fee will be payable in an amount equal to 15 per cent. of any aggregate total return over and above the Performance Hurdle.

A performance fee will only be payable where:

- (i) in respect of the relevant financial period, the total return of the underlying assets meets or exceeds the IPD Monthly Index balanced funds benchmark on a like for like basis. For the avoidance of doubt this is to be

measured on a comparable basis excluding the effect of borrowings, portfolio valuation fees, taxation, portfolio management and performance related fees; and

- (ii) the annualised total return over the period from Admission to the end of the relevant financial period is equal to or greater than 10 per cent. per annum.

Subject to the above conditions, the performance fee shall be paid by the Company to the Investment Manager within 14 days of receipt of such calculation.

The Investment Management Agreement may not be terminated by either the Company or the Investment Manager prior to the second anniversary of the agreement but, thereafter, any party may terminate the agreement on not less than twelve months' notice in writing.

Further details of the Investment Management Agreement are set out in paragraph 6.2 of Part 10 of this document.

## Administration and secretarial arrangements

RBSI Fund Services (Guernsey) Limited has been appointed as Administrator, Registrar, Custodian and Secretary pursuant to the Administration, Registrar, Custodian and Secretarial Agreement. In such capacity, the Administrator is responsible for general secretarial functions required by the Companies Laws and for ensuring that the Company complies with its continuing obligations as a company listed on the Official List of the UKLA. The Administrator is also responsible for the Company's general administrative functions such as the calculation and publication of the Net Asset Value and the maintenance of accounting records and the Company's statutory records.

Further details of the Administration, Registrar, Custodian and Secretarial Agreement are set out in paragraph 6.4 of Part 10 of this document.

The Company will utilise the services of Computershare Investor Services PLC as receiving agent in relation to the transfer and settlement of shares held in uncertificated form and as UK transfer agent.

# Part 3 Terms of the C Shares and the Conversion Ratio

The rights and restrictions attaching to the C Shares are to be set out in the new Articles as proposed to be adopted at the Extraordinary General Meeting. The relevant provisions are as set out below:

## 1. Definitions

The following definitions apply (for the purposes of this Part 3 of this document only) in addition to, or (where applicable) in substitution for, the definitions applicable elsewhere in this document:

**“Articles of Association”** means the new articles of association of the Company as adopted by the special resolution proposed to be put to the Extraordinary General Meeting;

**“Business Day”** means any day other than a Saturday or Sunday or a day on which the major clearing banks are not open for business in London and Guernsey;

**“C Share Surplus”** means the net assets of the Company attributable to the C Shares, being the assets attributable to the C Shares (including, for the avoidance of doubt, any income and/or revenue (net of expenses) arising from or relating to such assets) less such proportion of the Company’s liabilities as shall reasonably be allocated to the assets of the Company attributable to the C Shares;

**“C Shares”** means C shares of no par value in the capital of the Company;

**“Calculation Time”** means the earliest of:

- (i) the close of business on the date to be determined by the Directors occurring on or after the day on which the Investment Manager shall have given notice to the Directors that at least 50 per cent. of the assets attributable to the C Shares have been invested (as defined below) in real property assets in accordance with the investment policy of the Company;
- (ii) the close of business on the last Business Day prior to the day on which Force Majeure Circumstances have arisen or the Directors resolve that they are in contemplation;
- (iii) the close of business on such date as the Directors may decide is necessary to enable the Company to comply with its obligations in respect of Conversion; and
- (iv) the close of business on the date falling six months after Admission.

**“Companies Laws”** means the Companies (Guernsey) Laws, 1994 to 1996 and every statutory modification or re-enactment thereof for the time being in force and any other legislation from time to time relating to companies and affecting the Company;

**“Conversion”** means conversion of the C Shares in accordance with paragraph 8 below;

**“Conversion Ratio”** is A divided by B calculated to four decimal places (with 0.00005 being rounded upwards) where:

$$A = \frac{C - D}{E}$$

and

$$B = \frac{F - G}{H}$$

and where “C” is the aggregate of:

- (i) the value of the real property assets (including any Previously Acquired Property) (the “C Share Properties”) of the Company attributable to the C Shares calculated by reference to the “market value” as determined by a valuation carried out by the Valuer in accordance with the RICS Appraisal and Valuation Standards Fifth Edition but excluding any rental income accrued in respect of the C Share Properties from the date on which

such properties are acquired for the benefit of the C Shares up to and including the Calculation Time PROVIDED THAT the value of any Previously Acquired Property shall be the Original Acquisition Price.

- (ii) the value of all other investments of the Company attributable to the C Shares at their respective acquisition costs, subject to such adjustments as the Directors may deem appropriate to be made for any variations in the value of such investments between the date of acquisition and the Calculation Time; and
- (iii) the amount which, in the Directors' opinion, fairly reflects, at the Calculation Time, the value of the current assets of the Company attributable to the C Shares (including cash and deposits with or balances at bank but excluding any accrued income and other items of a revenue nature);

"D" is the amount (to the extent not otherwise deducted in the calculation of "C") which, in the Directors' opinion, fairly reflects the amount of the liabilities attributable to the C Shares at the Calculation Time (including, for the avoidance of doubt, the costs of issue of the C Shares but excluding any amounts representing any accrued performance fee of the Investment Manager in the current financial year attributable to the C Shares) and including an amount equal to the acquisition costs attributable to the C Share Properties multiplied by a fraction of which the numerator is the number of C Shares in issue and the denominator is the number of Ordinary Shares in issue all as at the Calculation Time;

"E" is the number of C Shares in issue at the Calculation Time;

"F" is the aggregate of:

- (i) the value of all the real property investments of the Company (other than investments, including Previously Acquired Properties, attributable to the C Shares) calculated by reference to the most recently published net asset value prior to the Conversion Time;
- (ii) the value of all other investments of the Company, other than investments attributable to the C Shares, subject to such adjustments as the Directors may deem appropriate to be made for any variations in the value of such investments between the date of acquisition and the Calculation Time; and
- (iii) the amount which, in the Directors' opinion, fairly reflects, at the Calculation Time, the value of the current assets of the Company (including cash and deposits with or balances at bank and including any accrued income or other items of a revenue nature less accrued expenses), other than such assets attributable to the C Shares;

"G" is the amount (to the extent not otherwise deducted in the calculation of "F") which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company (including, for the avoidance of doubt, any amounts representing any accrued performance fee of the Investment Manager in the current financial year other than any portion thereof as may be attributable to the C Shares, swap breakage costs on a mark to market basis calculated by reference to the date of the latest published net asset value and the full amount of all dividends declared but not paid) at the Calculation Time less the amount of "D"; and

"H" is the number of Ordinary Shares in issue at the Calculation Time;

**"Conversion Time"** means a time which falls after the Calculation Time being the time at which the admission of the Ordinary Shares to the Official List of the UK Listing Authority and the Channel Islands Stock Exchange becomes effective and which is the earlier of:

- (i) the opening of business on the date falling nine months after Admission; and
- (ii) the opening of business on such Business Day as is selected by the Directors provided that such day shall not be more than twenty business days after the Calculation Time;

**"Force Majeure Circumstances"** means any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable notwithstanding that less than 50 per cent. of the assets attributable to the C Shares are invested (as defined below) in accordance with the Company's investment policy;

**"Independent Accountants"** means KPMG Channel Islands Limited or such other firm of chartered accountants as the Directors may appoint for the purpose;

**"Investment Manager"** means the manager from time to time of the Company's investments;

**“Issue Date”** means the date on which the admission of the C Shares to the Official Lists of the UK Listing Authority and the Channel Islands Stock Exchange becomes effective or, if later, the day on which the Company receives the net proceeds of the issue of the C Shares;

**“Ordinary Share Surplus”** means the net assets of the Company less the C Share Surplus;

**“Ordinary Share”** means an ordinary share of no par value in the Company arising on Conversion;

**“Original Acquisition Price”** shall have the meaning set out in paragraph 9.2 hereof;

**“Previously Acquired Properties”** means any real property owned prior to the Conversion Time by the Company but attributable to the C Shares by virtue of a notional acquisition of such property by the C Share pool pursuant to paragraph 9 hereof.

References to “Ordinary Shareholders” and “C Shareholders” shall be construed as references to holders for the time being of Ordinary Shares and C Shares.

References to the Independent Accountants certifying any matter shall be construed to mean certification of their opinion as to such matter, whether qualified or not.

For the purposes of this Part 3, other than in paragraph 3 below, assets or investments attributable to the C Shares or the C Shareholders shall mean the net cash proceeds (after all expenses relating thereto) of the issue of the C Shares as invested in or represented by investments or cash or other assets from time to time.

For the purposes of paragraph (i) of the definition of Calculation Time and the definition of Force Majeure Circumstances the assets attributable to the C Shares shall be treated as having been “invested” if they have been expended by or on behalf of the Company in the acquisition or making of an investment (whether by subscription or purchase) or if an obligation to make such payment has arisen or crystallised (in each case unconditionally or subject only to the satisfaction of normal pre-issue conditions,) in relation to which the consideration amount has been determined or is capable of being determined by operation of an agreed contractual mechanic.

## 2. Dividends and pari passu ranking of C Shares and new Ordinary Shares

2.1 The C Shareholders shall not be entitled to receive, in that capacity, and shall not be paid, any dividend.

2.2 The new Ordinary Shares shall rank in full for all dividends and other distributions declared, made or paid after the Conversion Time and otherwise pari passu with the Ordinary Shares in issue at the Conversion Time.

## 3. Rights as to capital

The capital and assets of the Company shall, on a winding-up or on a return of capital prior, in each case, to Conversion be applied as follows:

- (a) the Ordinary Share Surplus shall be divided amongst the Ordinary Shareholders according to the rights attaching thereto as if the Ordinary Share Surplus comprised the assets of the Company available for distribution; and
- (b) the C Share Surplus shall be divided amongst the C Shareholders pro rata according to their holdings of C Shares.

## 4. Voting and transfer

Except as provided in paragraph 6 below, the C Shares shall not carry any right to receive notice of, or attend or vote at, any general meeting of the Company. The C Shares shall be transferable in the same manner as the Ordinary Shares.

## 5. Redemption

5.1 The C Shares are issued on terms that they shall be redeemable by the Company in accordance with this paragraph 5 and the terms set out in the New Articles.

5.2 At any time prior to Conversion, the Company may, at its discretion, redeem all or any of the C Shares then in issue by agreement with any holder(s) thereof in accordance with such procedures as the Directors may

determine (subject to the facilities and procedures of CREST) and in consideration of the payment of such redemption price as may be agreed between the Company and the relevant Shareholder(s).

## 6. Class consents and variation of rights

Without prejudice to the generality of the Articles of Association, until Conversion the consent of the holders of the C Shares as a class shall be required for, and accordingly, the special rights attached to the C Shares shall be deemed to be varied, inter alia, by:

- (a) any alteration to the memorandum of association of the Company or the Articles of Association; or
- (b) any alteration, increase, consolidation, division, sub-division, cancellation, reduction or purchase by the Company of any issued or authorised share capital of the Company (other than on Conversion); or
- (c) any allotment or issue of any security convertible into or carrying a right to subscribe for any share capital of the Company or any other right to subscribe or acquire share capital of the Company; or
- (d) the passing of any resolution to wind up the Company; or
- (e) the selection of any accounting reference date other than 31 March.

## 7. Undertakings

Until Conversion, and without prejudice to its obligations under the Companies Law, the Company shall:

- (a) procure that the Company's records and bank accounts shall be operated so that the assets attributable to the C Shares can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall procure that separate cash accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares; and
- (b) allocate to the assets attributable to the C Shares such proportion of the expenses or liabilities of the Company incurred or accrued between the Issue Date and the Calculation Time (both dates inclusive) as the Directors fairly consider to be attributable to the C Shares including, without prejudice to the generality of the foregoing, those liabilities specifically identified in the definition of "Conversion Ratio" above; and
- (c) give appropriate instructions to the Investment Manager to manage the Company's assets so that such undertakings can be complied with by the Company.

## 8. Conversion

8.1 The Directors shall procure that:

- (i) the Administrator shall be requested to calculate, within two Business Days after the Calculation Time, the Conversion Ratio as at the Calculation Time and the number of Ordinary Shares to which each C Shareholder shall be entitled on Conversion; and
- (ii) the Independent Accountants shall be requested to certify, within three Business Days after the Calculation Time, that such calculations:
  - (A) have been performed in accordance with the Articles of Association; and
  - (B) are arithmetically accurate,whereupon such calculations shall become final and binding on the Company and all Shareholders.

8.2 The Directors shall procure that, as soon as practicable following such certification, an announcement is made advising C Shareholders of the Conversion Time, the Conversion Ratio and the aggregate number of new Ordinary Shares to which C Shareholders are entitled on Conversion.

8.3 Conversion shall take place at the Conversion Time. On Conversion, each issued C Share shall automatically be sub-divided into ten sub-divided C Shares and every ten sub-divided C Shares shall automatically convert into such number of Ordinary Shares (such sub-division and conversion being deemed to be authorised by

the special resolution creating the C Shares) as shall be necessary to ensure that, upon Conversion being completed, the aggregate number of Ordinary Shares created equals the aggregate number of C Shares in issue at the Calculation Time multiplied by the Conversion Ratio (rounded down to the nearest whole Ordinary Share).

- 8.4 The Ordinary Shares arising upon Conversion shall be divided amongst the former C Shareholders pro rata according to their respective former holdings of C Shares (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to Ordinary Shares, including, without prejudice to the generality of the foregoing, selling any such shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company) and for such purposes any Director is hereby authorised as agent on behalf of the former C Shareholders, in the case of a share in certificated form, to execute any stock transfer form and to do any other act or thing as may be required to give effect to the same including, in the case of a share in uncertificated form, the giving of directions to or on behalf of the former C Shareholder who shall be bound by them.
- 8.5 Forthwith upon Conversion, any certificates relating to the C Shares shall be cancelled and the Company shall issue to each such former C Shareholder new certificates in respect of the Ordinary Shares which have arisen upon Conversion unless such former C Shareholder elects to hold their Ordinary Shares in uncertificated form.
- 8.6 Forthwith upon Conversion the rights attaching to the C Shares under the New Articles shall lapse and be of no further effect.
- 8.7 The Company will use its reasonable endeavours to procure that, upon Conversion, the Ordinary Shares are admitted to the Official Lists of the UK Listing Authority and the Channel Islands Stock Exchange.

## 9. Previously Acquired Properties

- 9.1 The Directors may, in their absolute discretion, determine that a property, the acquisition of which is completed by the Company at any time after 8 July 2005 but before the Conversion Time, be designated a "Previously Acquired Property".
- 9.2 Any Previously Acquired Property shall be deemed to have been notionally acquired, at a price equal to the acquisition price originally paid by the Company (the "Original Acquisition Price"), with the proceeds of the Issue and consequently shall be a property asset attributable to the C Shares.
- 9.3 The provisions of paragraph (i) of the definition "C" with the definition of "Conversion Ratio" shall apply to the valuation of any Previously Acquired Property.

## Part 4 Other Information

### Annual expenses

#### **Costs of the Issue**

The Directors anticipate that the costs of the Issue will be approximately £1.7 million. The expenses of the Issue and Conversion will be paid out of the pool of assets attributable to the C Shares and, therefore, will be borne by the C Shareholders and not by the existing Ordinary Shareholders. Such expenses will include fees payable under the New Placing and Offer Agreement, Receiving Agent's Fees, Registrar's Fees, listing and admission fees, printing, advertising and distribution costs and legal and accounting fees and any other applicable expenses.

In the event that the Issue does not proceed, the abort costs will be significantly less than the figure set out above and will be borne by the Company.

#### **Costs of the Acquisition**

The Directors anticipate that the Acquisition Costs will not exceed £1.6 million. On the basis of the Assumptions, the Acquisition Costs would be split between the existing Ordinary Shareholders as to £1.2 million and the C Shareholders as to £0.4 million. In the event that the Issue does not proceed, the Acquisition Costs will be borne entirely by the existing Ordinary Shareholders.

#### **Ongoing and Annual Expenses**

The Group incurs ongoing and annual expenses. These expenses include, among others, the fees payable to the Investment Manager, the Administrator, the Valuer and the Directors (each Director is currently paid a fee of £15,000 per annum (£25,000 for the Chairman) although this will be subject to review at the Company's Annual General Meeting to be held on 26 July 2005).

Other ongoing operational expenses of the Group (which are borne by the Group) include, among others, bank fees, regulatory fees, legal fees, rent review fees, letting fees, certain property management fees, insurance costs, audit fees and other expenses.

### Shareholder Information

Properties are valued quarterly by an external valuer and their valuation is reviewed quarterly by a committee of the Board. The NAV attributable to the Ordinary Shares is published quarterly based on the properties' most recent valuation and calculated under International Financial Reporting Standards ("IFRS"). The NAV is published through a regulatory information service provider to the London Stock Exchange and the Channel Islands Stock Exchange as soon as practicable after the end of the relevant quarter.

For the NAV calculation, under IFRS both revenue and capital items are included. In addition, under IFRS the Company is obliged to treat any interest rate swap transaction relating to the Credit Agreement as a net liability or asset. The value of such net liability or asset will equal the net cost or surplus of breaking the interest rate swap transaction (although the Directors do not expect to break such a transaction). In addition, under IFRS the Company is obliged to provide for deferred income tax on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, regardless of whether or not those temporary differences are expected to reverse.

### ISAs and PEPs

#### **Offer for Subscription**

C Shares allotted under the Offer for Subscription (and the Ordinary Shares into which they will convert) will be eligible for direct transfer into an ISA, subject to the applicable subscription limits, as set out below, being complied with.

#### **Placing**

C Shares allotted under the Placing are not eligible for direct transfer into an ISA. Subsequently, C Shares or Ordinary Shares acquired in the secondary market may be eligible for inclusion in an ISA. The C Shares or Ordinary Shares would need to be acquired by purchase in the market by an account manager, who will confirm ISA eligibility.

**General**

The affairs of the Company are managed so as to maintain the eligibility of the C Shares and Ordinary Shares for inclusion in an ISA, although this cannot be guaranteed. Eligibility for inclusion of the C Shares and Ordinary Shares in an ISA is subject to the usual subscription limits applicable (for the tax year 2005/06 an individual may invest £7,000 worth of stocks and shares in a maxi ISA or £3,000 in the stocks and shares component of a mini ISA). Investors are reminded that they cannot subscribe for both a maxi ISA and a mini ISA in the same tax year. Maxi ISAs may consist of a stocks and shares component, a cash component and an insurance component whereas mini ISAs may only be invested in one of these components (although one mini ISA of each component may be subscribed for in any one tax year).

**PEPs**

Although no new PEPs may be opened and no further subscription made to existing PEPs, the C Shares and Ordinary Shares may be qualifying investments for existing PEPs provided that the PEP manager has acquired such C Shares or Ordinary Shares by subscription under the Offer for Subscription or by purchase in the market and is satisfied on the subject of eligibility.

# Part 5 The Issue

## The Issue

Up to 100 million C Shares are available, in aggregate, under the Issue.

The Issue, which is not underwritten, is conditional inter alia upon:

1. Admission; and
2. the New Placing and Offer Agreement not being terminated in accordance with its terms at any time prior to Admission.

## The Placing

Under the New Placing and Offer Agreement between the Company, the Investment Manager and JPMorgan Cazenove, JPMorgan Cazenove has agreed to use its reasonable endeavours to procure placees under the Placing for up to 100 million C Shares. C Shares are being made available under the Placing at 100 pence per C Share. The New Placing and Offer Agreement is conditional, inter alia, on Admission having occurred no later than 27 July 2005. Commitments under the Placing must be received by JPMorgan Cazenove no later than 11.00 a.m. on 25 July 2005. Further details of the New Placing and Offer Agreement are set out in paragraph 6.20 of Part 10 of this document.

## The Offer for Subscription

JPMorgan Cazenove has also agreed to make an offer of up to 100 million C Shares to the public pursuant to the Offer for Subscription, at 100 pence per C Share. The Offer for Subscription will close at 11.00 a.m. on 21 July 2005. A commission of up to 3 per cent. will be paid to financial intermediaries in respect of all C Shares acquired under the Offer for Subscription through financial intermediaries.

Applications under the Offer for Subscription must be for C Shares with a minimum aggregate Issue Price of £1,000 and thereafter in multiples of £500.

Completed application forms accompanied by a cheque or banker's draft in relation to the Offer for Subscription must be posted or delivered by hand (during normal business hours) to Computershare Investor Services PLC, PO Box 859, The Pavilions, Bridgewater Road, Bristol BS99 1XZ so as to be received by 11.00 a.m. on 21 July 2005.

## General

The Issue is sponsored by JPMorgan Cazenove.

**A maximum of 100 million C Shares are available under the Issue. In the event that commitments under the Placing and valid applications under the Offer for Subscription exceed 100 million C Shares, the Directors will scale back applications at their absolute discretion with a view to achieving an appropriate mix of investors. The Directors may, with the prior approval of the Sponsor, bring forward the closing dates of the Placing and Offer and thereby shorten the offer period, to a date no earlier than 14 July 2005. The Directors may, at their discretion, close the Placing and Offer at any level below £100 million. There is no minimum level of subscriptions required in order for the Placing and Offer to proceed. The Company will notify investors of the number of C Shares in respect of which their application has been successful and the results of the Issue will be announced by the Company on or around 25 July 2005 through a regulatory information service provider.**

## Settlement and dealings

The C Shares will be issued at a price of 100 pence each. The Issue Price under the Placing is payable in full in cash upon the issue of the C Shares. Under the Offer the Issue Price is payable in full in cash upon application. To the extent that any application is rejected, in whole or in part, monies received will be returned without interest at the risk of the applicant.

The procedure for, and the terms and conditions of, application under the Offer for Subscription are set out in Part 11 of this document and an application form for use under the Offer for Subscription is attached.

C Shares issued pursuant to the Issue will be issued in registered form and may be held either in certificated or uncertificated form and settled through CREST. It is expected that CREST accounts will be credited on 27 July 2005 in respect of C Shares issued in uncertificated form and definitive certificates in respect of C Shares in certificated form will be despatched by post in the week commencing 8 August 2005. Temporary documents of title will not be issued. Dealings in the C Shares are expected to commence on 27 July 2005.

# Part 6 Financial Information

## 1. Nature of the Financial Information

The financial information contained in this Part 6 has been extracted without material adjustment from the statutory audited accounts of the Company for the financial period ended 31 March 2005.

The Company's auditors, KPMG Channel Islands Limited, who are a member of The Institute of Chartered Accountants in England and Wales have reported under Section 64 of the Companies Laws on the financial statements for the period to 31 March 2005 and their opinion was not qualified.

## 2. Statutory Accounts

### 2.1 Consolidated Income Statement

		<b>27/05/2004 to 31/03/2005</b>
	<b>Notes</b>	<b>£'000</b>
Rent receivable		16,693
Other income	3	318
Property operating expenses	4	(293)
<b>Net rental and related income</b>		<b>16,718</b>
<b>Profit on disposal of investment property</b>		<b>390</b>
Valuation gains on investment property		18,425
Valuation losses on investment property		(1,922)
<b>Net valuation gains on investment property</b>		<b>16,503</b>
<b>Expenses</b>		
Investment management fee		(2,418)
Valuers' and other professional fees		(473)
Administrative fee		(120)
Audit fee		(50)
Directors' fees		(72)
Other expenses	5	(187)
<b>Total Expenses</b>		<b>(3,320)</b>
<b>Net operating profit before net finance costs</b>		<b>30,291</b>
Interest receivable		430
Interest payable		(3,477)
Finance expenses		(133)
<b>Net finance costs</b>		<b>(3,180)</b>
<b>Profit before tax</b>		<b>27,111</b>
Taxation	6	(1,756)
<b>Profit for the period</b>		<b>25,355</b>
<b>Basic and diluted earnings per share</b>	7	<b>9.7p</b>

All items in the above statement are derived from continuing operations.

## 2.2 Consolidated Balance Sheet

		<b>31/03/2005</b>
	<b>Notes</b>	<b>£'000</b>
Investment properties	9	379,450
<b>Non-current assets</b>		<b>379,450</b>
Trade and other receivables	12	4,694
Cash and cash equivalents		55,222
<b>Current assets</b>		<b>59,916</b>
<b>Total assets</b>		<b>439,366</b>
Issued capital and reserves	13	272,822
<b>Equity</b>		<b>272,822</b>
Interest-bearing loans and borrowings	14	148,482
Interest rate swap		1,382
Provisions	15	2,000
<b>Non-current liabilities</b>		<b>151,864</b>
Trade and other payables	16	12,875
Taxation payable	6	1,805
<b>Current liabilities</b>		<b>14,680</b>
<b>Total liabilities</b>		<b>166,544</b>
<b>Total equity and liabilities</b>		<b>439,366</b>
<b>Net Asset Value per Ordinary Share</b>	17	<b>104.9p</b>

## 2.3 Company Balance Sheet

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		<b>31/03/2005</b>
	<b>Notes</b>	<b>£'000</b>
Investment in subsidiary companies	10	347,464
Loans to subsidiary companies	11	16,486
<b>Non-current assets</b>		<b>363,950</b>
Trade and other receivables	12	6,981
Cash and cash equivalents		9,352
<b>Current assets</b>		<b>16,333</b>
<b>Total assets</b>		<b>380,283</b>
Issued capital and reserves	13	275,527
<b>Equity</b>		<b>275,527</b>
Non interest-bearing loans and borrowings	14	103,994
<b>Non-current liabilities</b>		<b>103,994</b>
Trade and other payables	16	762
<b>Current liabilities</b>		<b>762</b>
<b>Total liabilities</b>		<b>104,756</b>
<b>Total equity and liabilities</b>		<b>380,283</b>

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## 2.4 Consolidated Statement of Changes in Equity

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		<b>27/05/2004 to 31/03/2005</b>
	<b>Notes</b>	<b>£'000</b>
Profit for the period		25,355
Dividends paid	8	(8,775)
Issue of Ordinary Shares	13	260,000
Issue costs	13	(2,376)
Hedge reserve	13	(1,382)
<b>Equity at 31 March 2005</b>		<b>272,822</b>

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## 2.5 Consolidated Statement of Cash Flows

	27/05/2004 to 31/03/2005
	£'000
<b>Operating activities</b>	
Profit for the period	25,355
Adjustments for:	
Profit on disposal of investment property	(390)
Net valuation gains on investment property	(16,503)
Net finance cost	3,180
Taxation	1,756
	<hr/>
<b>Operating profit before changes in working capital and provisions</b>	13,398
Increase in trade and other receivables	(4,682)
Increase in trade and other payables	10,860
	<hr/>
<b>Cash generated from operations</b>	19,576
Interest paid	(3,279)
Interest received	417
	<hr/>
<b>Cash flows from operating activities</b>	16,714
	<hr/>
<b>Investing Activities</b>	
Proceeds from sale of investment property	3,550
Acquisition of investment property	(364,107)
	<hr/>
<b>Cash flows from investing activities</b>	(360,557)
	<hr/>
<b>Financing Activities</b>	
Proceeds on issue of Ordinary Shares	260,000
Issue costs paid on issuance of Ordinary Shares	(2,376)
Draw down of short term bank loan	98,100
Repayment of short term bank loan	(98,100)
Draw down of long term loan	152,500
Finance costs paid to date on arrangement of long term loan	(2,284)
Dividends paid	(8,775)
	<hr/>
<b>Cash flows from financing activities</b>	399,065
	<hr/>
<b>Net increase in cash and cash equivalents at 31 March 2005</b>	55,222

# Notes to the Financial Statements

## 1. Significant accounting policies

The Insight Foundation Property Trust Limited is a closed-ended investment company incorporated in Guernsey. The consolidated financial statements of the Company for the period ended 31 March 2005 comprise the Company and its subsidiaries (together referred to as the "Group"). The financial statements were authorised for issue by the Directors on 8 June 2005.

### **Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by, or adopted by, the International Accounting Standards Board (the "IASB"), interpretations issued by the International Financial Reporting Standards committee, applicable legal and regulatory requirements of Guernsey Law and the Listing Rules of the UK Listing Authority.

### **Basis of preparation**

The financial statements are presented in sterling, rounded to the nearest thousand. They are prepared on the historical cost basis except that investment properties are stated at their fair value.

The accounting policies have been consistently applied to the results, assets, liabilities and cash flows of the entities included in the consolidated financial statements.

The preparation of financial statements in conformity with IFRS requires management to make judgement, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### **Basis of consolidation**

The consolidated financial statements comprise the accounts of the Company and all of its subsidiaries drawn up to 31 March each year. Subsidiaries are those entities, including special purpose entities, controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

### **Investment property**

Investment properties are initially recognised at cost, being the fair value of the consideration given, including transaction costs associated with the investment property.

After initial recognition, investment properties are measured at fair value, with unrealised gains and losses recognised in the Consolidated Income Statement. Realised gains and losses on the disposal of properties are recognised in the Consolidated Income Statement. Fair value is based on the open market valuations of the properties as provided by Knight Frank LLP a firm of independent chartered surveyors, at the balance sheet date. Market valuations are carried out on a quarterly basis.

### **Cash and cash equivalents**

Cash in banks and short-term deposits that are held to maturity are carried at cost. Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known

amounts of cash and subject to insignificant risk of changes in value. For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash in hand and short-term deposits in banks.

### **Derivative financial instruments**

The Group uses derivative financial instruments to hedge its exposure to interest rate fluctuations. It is not the Group's policy to trade in derivative financial instruments.

Derivative financial instruments are recognised initially at cost and are subsequently re-measured and stated at fair value. Fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The gain or loss on re-measurement to fair value of cash flow hedges in the form of derivative financial instruments are taken directly to the Statement of Changes in Equity. Such gains and losses are taken to a reserve created specifically for that purpose, described as the Other reserve.

On maturity or early redemption the realised gains or losses arising from cash flow hedges in the form of derivative instruments are taken to the Income Statement, with an associated transfer from the Statement of Changes in Equity in respect of unrealised gains or losses arising in the fair value of the same arrangement.

The Group considers the terms of its interest rate swap qualify for hedge accounting.

### **Share capital**

Incremental external costs directly attributable to the equity transaction and costs associated with the establishment of the Company that would otherwise have been avoided are written off against the share premium account. Dividends are recognised as a liability in the period in which they are declared.

### **Provisions**

A provision is recognised in the Balance Sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### **Income**

Rental income from investment properties is accounted for on a straight-line basis over the term of ongoing leases and is shown gross of any UK income tax. Any material premiums or rent-free periods are spread evenly over the lease term.

Interest receivable derives from cash monies held in current and deposit accounts throughout the period and is accounted for on an accruals basis.

### **Expenses**

All expenses are accounted for on an accruals basis. The Group's investment management and administration fees, finance costs (including interest on the long term borrowings) and all other expenses are charged through the Consolidated Income Statement. Expenses incurred in establishing the Group's credit facilities have been capitalised and are amortised over the lifetime of the facilities and charged through the Consolidated Income Statement.

### **Taxation**

The Company and its Guernsey registered subsidiaries have obtained exempt company status in Guernsey under the terms of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 so that they are exempt from Guernsey taxation on income arising outside Guernsey and on bank interest receivable in Guernsey. Each company is, therefore, only liable to a fixed fee of £600 per annum. The Directors intend to conduct the Group's affairs such that they continue to remain eligible for exemption.

The Company and its subsidiaries are subject to United Kingdom income tax on income arising on investment properties, after deduction of debt financing costs and allowable expenses.

Income tax on the profit or loss for the period comprises current tax. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Capital gains tax is provided for where properties held by UK subsidiaries have been sold at prices over and above their initial purchase prices.

Deferred income tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probably that future taxable profits will be available against which the asset can be utilised.

### **Segmental reporting**

The Directors are of the opinion that the Group is engaged in a single segment of business, being property investment business and in one geographical area, the United Kingdom.

### **Interest-bearing loans and borrowings**

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

## **2. Material Agreements**

- (i) Under the terms of an appointment made by the Board on 24 June 2004, Insight Investment Management (Global) Limited was appointed as Investment Manager to the Company. The Investment Manager is entitled to a base fee and a performance fee together with reasonable expenses incurred by it in the performance of its duties. The base fee is equal to one quarter of 95 basis points of the gross assets of the Company per quarter.

In addition, and subject to the conditions below, the Investment Manager is entitled to an annual performance fee where the total return per Ordinary Share during the relevant financial period exceeds an annual rate of 10 per cent (the "performance hurdle"). Where the performance hurdle is met, a performance fee will be payable in an amount equal to 15 per cent of any aggregate total return over and above the performance hurdle. A performance fee will only be payable where: (i) in respect of the relevant financial period, the total return of the underlying assets meets or exceeds the Investment Property Databank ("IPD") Monthly Index balanced funds benchmark on a like for basis; and (ii) the annualised total return over the period from admission of the Company's Ordinary Shares to the end of the relevant financial period is equal to or greater than 10 per cent per annum.

The Investment Management Agreement may not be terminated by either the Company or the Investment Manager prior to the second anniversary of the agreement but, thereafter, any party may terminate the agreement on not less than twelve months notice in writing.

- (ii) Under the terms of an Administration, Registrar, Custodian and Secretarial Agreement dated 24 June 2004, the Company appointed RBSI Fund Services (Guernsey) Limited to act as administrator, registrar, custodian and corporate secretary of the Company. The Administrator is entitled to a fee of £35,000 per annum together with an additional fee of 3.25 basis points of the gross assets of the Company, subject to an overall minimum of £150,000 per annum and an aggregate maximum fee payable by the Company, and its subsidiaries, to the Administrator, its affiliates and the CREST Service Provider of £250,000 per annum.

The Administration Agreement may be terminated by either party by six month's notice in writing.

### 3. Other income

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	<b>27/05/2004 to 31/03/2005</b>
	<b>£'000</b>
Insurance commissions	268
Miscellaneous income	50
	<hr/> 318

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The Group is obliged to arrange insurance on the majority of its property assets for which it receives a commission and is stated net of any fees payable to insurance brokers.

### 4. Property operating expenses

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	<b>27/05/2004 to 31/03/2005</b>
	<b>£'000</b>
Surveyor fees	122
Agents' fees	72
Repairs and maintenance	51
Advertising	29
Rates – Vacant	13
Other expenses	6
	<hr/> 293

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### 5. Other expenses

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	<b>27/05/2004 to 31/03/2005</b>
	<b>£'000</b>
Directors' and officers' insurance premium	60
Printing costs	36
Regulatory costs	23
Other expenses	68
	<hr/> 187

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## 6. Taxation

	27/05/2004 to 31/03/2005
	£'000
<b>Reconciliation of effective tax rate</b>	
Profit before tax	27,111
Effect of:	
Income tax using UK income tax rate of 22%	5,964
Capital gains on revaluation not taxable	(3,631)
Capital gains on revaluation taxable	1,121
Profit on disposal not taxable	(86)
Other net income not taxable	(1,612)
<b>Current tax expense</b>	1,756
Subsidiary companies' pre acquisition liabilities	49
<b>Taxation payable</b>	1,805

The Company and its Guernsey registered subsidiaries have obtained exempt company status in Guernsey under the terms of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 so that they are exempt from Guernsey taxation on income arising outside Guernsey and on bank interest receivable in Guernsey. Each company is, therefore, only liable to a fixed fee of £600 per annum. The Directors intend to conduct the Group's affairs such that they continue to remain eligible for exemption.

At launch, properties were acquired in a series of subsidiary companies which were liable either to UK Income Tax or UK Corporation tax on their taxable profits after deduction of debt financing costs and other allowable expenses. Subsequently, the Company's properties have been generally consolidated into a single subsidiary company which has enabled the company to benefit from the advantageous terms available from the securitised loan facility (see Note 14). At the time of consolidation, properties sold from the UK subsidiaries crystallised a liability to UK Capital Gains Tax on gains realised over and above their initial purchase prices. A provision of £1.121 million has been allowed in these accounts and is included within the tax expense figure.

## 7. Basic and diluted earnings per share

The basic and diluted earnings per share is based on the net profit for the period of £25,355,000 and the weighted average number of Ordinary Shares in issue during the period of 260,000,000.

## 8. Dividends paid

	No. of Ordinary Shares	Rate (pence)	27/05/2004 to 31/03/2005
			£'000
First interim dividend paid 12 November 2004	260 million	1.6875	4,387
Second interim dividend paid 11 February 2005	260 million	1.6875	4,388
		3.3750	8,775

## 9. Investment properties

	Leasehold	Freehold	31/03/2005 Total
			<b>£'000</b>
Acquisitions	48,307	315,800	364,107
Provision for further purchase consideration (note 15)	—	2,000	2,000
Disposals	—	(3,160)	(3,160)
At cost – 31 March 2005	48,307	314,640	362,947
Net valuations gains on investment property per consolidated income statement	1,888	14,615	16,503
At Valuation – 31 March 2005	50,195	329,255	379,450

The carrying amount of investment property is the fair value of the property as determined by Knight Frank LLP, a firm of independent chartered surveyors, who are an independent appraiser. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment property.

## 10. Investment in subsidiary companies

	31/03/2005
	<b>£'000</b>
Additions in the period and as at 31 March 2005	347,464

The Group's investment properties are held by its subsidiary companies. All of the Company's subsidiaries are wholly owned.

The principal subsidiaries which hold investment property are as follows:

Subsidiary	Domicile
<b>Insight Foundation Property Limited</b>	<b>Guernsey</b>
<b>LP (Brentford) Limited</b>	<b>Guernsey</b>
<b>LP (Tudor Street) Limited</b>	<b>Guernsey</b>
<b>Cotswold Properties Limited</b>	<b>Gibraltar</b>

The principal subsidiaries which have entered into lending facilities on behalf of the Company and its property holding subsidiaries are:

<b>Insight Foundation Holding Company Limited</b>	<b>Guernsey</b>
<b>Real Estate Capital (Foundation) Limited</b>	<b>Guernsey</b>

Real Estate Capital (Foundation) Limited is not a wholly owned subsidiary but the accounts of this special purpose vehicle have been included within these consolidated financial statements on the basis that the Company has the power, directly or indirectly, to govern the financial and operating policies of that entity so as to obtain benefits from its activities.

## 11. Loans to subsidiary companies

At 31 March 2005 the Company had outstanding loans of £16,486,000 to its subsidiary companies. The loans have no fixed repayment date and interest is charged on 60 per cent. of the outstanding balance at an annual rate of 3 per cent. above the UK base rate.

## 12. Trade and other receivables

	<b>31/03/2005</b>
	<b>£'000</b>
<b>Group</b>	
Rent receivable	2,834
Receivable on portfolio acquisition	921
Other debtors	939
	<hr/>
	4,694
	<hr/>
<b>Company</b>	
Amounts due from subsidiary companies	6,047
Receivable on portfolio acquisition	921
Other debtors	13
	<hr/>
	6,981
	<hr/>

## 13. Issued capital and reserves

### Authorised share capital

The authorised share capital of the Company is represented by an unlimited number of Ordinary Shares of no par value.

### Issued share capital

During the period the Company issued 260,000,000 Ordinary Shares of no par value. The amount paid in respect of each share on issue was £1. Deducted from these proceeds were costs directly attributable to the issue of £2,376,000.

On 1 October 2004, the Royal Court of Guernsey confirmed the reduction of share capital by way of a cancellation of an amount standing to the credit of the Company's share premium account. The amount so cancelled was credited as a distributable reserve and is available as distributable profits to be used for all purposes permitted under Guernsey company law, including the buyback of shares and the payment of dividends.

	<b>31/03/2005</b>
	<b>£'000</b>
<b>Reserves</b>	
<b>Group</b>	
Transfer from share premium account on reduction of share capital	257,624
Profit for the period	25,355
Dividends paid	(8,775)
	<hr/>
<b>Income reserve</b>	274,204
Hedge reserve	(1,382)
	<hr/>
	272,822
	<hr/>
<b>Company</b>	
Transfer from share premium account on reduction of share capital	257,624
Profit for the period	26,678
Dividends paid	(8,775)
	<hr/>
	275,527
	<hr/>

## Dividends

On 21 April 2005 the Directors declared a dividend of 1.6875 pence per share, giving a total dividend payable of £4,387,500. The dividend has not been included as a liability.

## 14. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate risk, see note 18.

	<b>31/03/2005</b>
	<b>£'000</b>
<b>Group</b>	
<b>Non-current liabilities</b>	
Class A Secured Floating Rate Notes	139,000
Class B Secured Floating Rate Notes	13,500
	<hr/>
	152,500
Less: Finance costs incurred	(4,077)
Add: Amortised finance costs	59
	<hr/>
	148,482
	<hr/>
<b>Company</b>	
<b>Non-current liabilities</b>	
Loans from subsidiaries	103,994
	<hr/>
	103,994
	<hr/>

The Company (via its principal subsidiary, Insight Foundation Holding Company Limited) has entered into a long term £152.5m loan (repayable as a whole in July 2014) with Real Estate Capital (Foundation) Limited, a single purpose lender, which issued Secured Floating Rate Notes that have been admitted to the Official List of the Irish Stock Exchange. Full details of the Issue were published in an Offering Circular on 18 March 2005. Proceeds of the issue were used to re-finance previous short term borrowings (approximately £98m), and the balance to acquire further Investment Properties.

The Notes were issued at a blended margin of 20.8 basis points over LIBOR and simultaneously the Company entered into an equivalent maturity swap agreement at 5.1%. In aggregate therefore the Company's long term debt facilities have an effective interest rate of 5.31%. The Company has capitalised costs of £4m which it incurred in arranging this facility. These are being amortised over the life of the loan which has the effect of adding an additional 28bps per annum to the cost of the loan.

The Facility has first charge security over all the assets owned by the Company at 23 March (value at 31 March – £363m) together with £22m cash made available from the Facility (the "Security Pool"). Assets can be sold and bought within this Security Pool without any need to revert to the Issuer or the Rating Agents up to an annual turnover rate of 20%. Various covenants apply during the term of the loan although the Facility has been designed to provide significant operational flexibility. The principal covenants however are that the loan should not comprise more than 60% of the value of the assets in the Security Pool (39.6% at 31 March 2005) nor should estimated rental and other income arising from assets in the Security Pool for the next 12 month period comprise less than 150% of the interest payments anticipated to be due over that same period (interest cover at 31 March 2005 – 270%).

Arising from the Facility, a further sum of approximately £30m (known as Working Capital) can be used by the Company for any purpose and does not comprise part of the assets held in the Security Pool.

## 15. Provisions

	<b>31/03/2005</b> <b>£'000</b>
<b>Group</b>	
Provision made in the period	2,000
	<hr/>
Balance at 31 March 2005	2,000
	<hr/>

At launch the Group acquired two properties from Clerical Medical Investment Group Limited (Wembley and Hinckley) where certain specific asset management initiatives that had been started had not reached a conclusion. The Company therefore agreed to pay further purchase consideration to Clerical Medical dependent on the success of these initiatives and calculated as a percentage of the potential uplift after certain minimum growth thresholds have been met. These obligations both reach a conclusion by July 2006 (or earlier if the assets are sold) but the Directors consider that based on the current valuations of these two assets, it is prudent to provide for further purchase consideration of £2m.

## 16. Trade and other payables

	<b>31/03/2005</b> <b>£'000</b>
<b>Group</b>	
Rent received in advance	5,880
Rental deposits	2,658
VAT payable	995
Other trade payables and accruals	3,342
	<hr/>
	12,875
	<hr/>
<b>Company</b>	
Trading account with subsidiary company	100
Trade payables and accruals	662
	<hr/>
	762
	<hr/>

## 17. Net asset value per Ordinary Share

The net asset value per Ordinary share is based on the net assets of £272,822,000 and 260,000,000 Ordinary Shares in issue at the balance sheet date.

## 18. Financial instruments and properties

The Group holds cash and liquid resources as well as having debtors and creditors that arise directly from its operations. The Group has entered into an interest rate swap contract which is used to limit exposure to interest rate risks but does not have any other derivative instruments.

The main risks arising from the Group's financial instruments and properties are market price risk, credit risk, liquidity risk and interest rate risk. The Board regularly reviews and agree policies for managing each of these risks and these are summarised below.

### **Market price risk**

Rental income and the market value for properties are generally affected by overall conditions in the local economy, such as growth in gross domestic product, employment trends, inflation and changes in interest rates. Changes in gross domestic product may also impact employment levels, which in turn may impact the demand for premises. Furthermore, movements in interest rates may also affect the cost of financing for real estate companies.

Both rental income and property values may also be affected by other factors specific to the real estate market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of bankruptcy or the insolvency of

tenants or otherwise, the periodic need to renovate, repair and release space and the costs thereof, the costs of maintenance and insurance, and increased operating costs.

The Directors monitor the market value of investment properties by having independent valuations carried out quarterly by Knight Frank LLP.

### Credit risk

Credit risk is the risk that an issuer or counter party will be unable or unwilling to meet a commitment that it has entered into with the Group. In the event of default by an occupational tenant, the Group will suffer a rental income shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property. The Manager reviews reports prepared by Experion on the credit quality of the company's tenants and aims to ensure there are no excessive concentration of risk and that the impact of any default by a tenant is minimised.

In respect of credit risk arising from other financial assets of the Group, which comprise of cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments. In order to mitigate such risks the Group's cash is maintained with major international financial institutions. During the period and at the balance sheet date the Group maintained relationships with branches and subsidiaries of HSBC Bank plc, The Royal Bank of Scotland plc and ING Barings.

### Liquidity risk

Liquidity risk is the risk that the Group will encounter in realising assets or otherwise raising funds to meet financial commitments.

The Group's investments comprise UK commercial property. Property and property related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where such sales occur shortly after the valuation date. Investments in property are relatively illiquid, however the Group has tried to mitigate this risk by investing in desirable properties in prime locations.

In certain circumstances, the terms of the Group's debt facilities entitle the lender to require early repayment and in such circumstances the Group's ability to maintain dividend levels and the net asset value attributable to the Ordinary Shares could be adversely affected.

### Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations.

As described in note 14 the Group has entered into an interest rate swap contract whereby the rate of the Group's long term debt facilities have an effective fixed interest rate of 5.31% per annum until maturity of the debt.

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they re-price.

	<b>Effective Interest Rate</b>	<b>Total £'000</b>	<b>6 months or less £'000</b>	<b>More than 5 years £'000</b>
Cash and cash equivalents	4.5%	55,222	55,222	—
Interest-bearing loans and borrowings	5.3%	(148,482)	—	(148,482)
		<u>(93,260)</u>	<u>55,222</u>	<u>(148,482)</u>

### Fair values

The fair values of financial assets and liabilities is not materially different from their carrying value in the financial statements.

## 19. Operating leases

The group leases out its investment property under operating leases. At 31 March 2005 the future minimum annual lease payments under non-cancellable leases are as follows:

	<b>£'000</b>
Less than one year	981
Between one and five years	7,427
More than five years	16,464
	<hr/>
	24,872
	<hr/>

The Total above comprises the total contracted rent receivable as at March 2005 and does not equate to the Rent Receivable shown in the Consolidated Income Statement.

In addition, however, the Group is currently entitled to receive further short-term income of £788,000 per annum arising principally from rental guarantees and rent payable by tenants who still occupy properties where their lease may have expired.

## 20. Related parties

- (i) Insight Investment Management (Global) Limited is entitled to fees for its services as Investment Manager. The total charge to the income statement during the period was £2,418,000. Further details of the terms of the Investment Management Agreement are disclosed in note 2.
- (ii) As disclosed in the original prospectus the Group acquired a portfolio of properties from Clerical Medical Investment Group Limited for £195.25 million who, as a substantial shareholder, are considered to be a related party.

## 21. Capital commitments

At 31 March 2005 the Group had no significant capital commitments.

# Part 7 Valuation Report

The Directors  
Insight Foundation Property Trust Limited  
St. Andrew's House  
Le Bordage  
St. Peter Port  
Guernsey  
GY1 1BR

The Directors  
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www.knightfrank.com

7 July 2005

Dear Sirs,

## Valuation of Properties Insight Foundation Property Trust Limited

In accordance with instructions received from Insight Investment Management (Global) Limited, acting on behalf of the Directors of Insight Foundation Property Trust Limited (the "Company"), as confirmed by letter dated 6 July 2005, we have valued certain freehold and leasehold properties set out in the attached schedule. This "valuation report" has been prepared for the benefit of the addressees for the purposes of inclusion in the prospectus in connection with the placing and offer of up to 100 million C Shares by the Company to be dated on or around 6 July 2005.

We have inspected the properties, made all relevant enquiries and obtained such further information as considered necessary to provide you with our opinion of their current market values.

The properties have been valued individually on the basis of "Market Value" in accordance with the RICS Appraisal and Valuation Standards Fifth Edition and the valuation has been undertaken by us as qualified External Valuers. Market Value is defined in the Appraisal and Valuation Standards as:

*"the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."*

In accordance with market practice, we have deducted usual purchasers' costs in arriving at our opinions of Market Value, including full liability for UK Stamp Duty Land Tax as applicable at the valuation date. No allowances have been made for expenses of realisation or for any taxation which might arise and our valuations are expressed exclusive of any Value Added Tax that may become chargeable.

In undertaking our valuations we have relied upon Reports on Title in respect of all properties prepared by Solicitors Messrs Forsters, DWF and DLA.

Our valuations assume that the properties have good and marketable titles and are free of any undisclosed onerous burdens, outgoings or restrictions. We have not made formal searches in respect of the properties, but relied on verbal enquiries and any verbal information received from the Local Planning Authorities, supplemented by the Reports on Title. We have not seen planning consents and, except where advised to the contrary, have assumed that the properties have been erected and are being occupied and used in accordance with all requisite consents and that there are no outstanding statutory notices.

We have carried out floor area measurement of 22 properties and we have, as instructed, relied upon details relating to floor areas of all other properties supplied by the Company and its appointed advisers. We have relied upon all other relevant information supplied by the Company and its appointed advisers.

When considering the covenant strength of individual tenants we have not carried out credit enquiries but have reflected in our valuations our general understanding of purchasers' likely perceptions of tenants' financial status.

We were not instructed to carry out building or structural surveys of the properties, nor to test the services. However, we have been supplied with building survey reports and the contents have been reflected in our valuations. Our valuations assume the buildings contain no deleterious materials and that the sites are unaffected by adverse soil conditions except where we have been notified to the contrary.

We have not carried out any scientific investigations of the sites or any of the properties to establish the existence or otherwise of any environmental contamination. However, we have been provided with copies of Environmental Reviews undertaken by third party consultants and have had regard to these reviews when carrying out our valuations. Unless otherwise specified in the reviews, we have assumed that no contaminative or potentially contaminative uses have been carried out on the properties. Should it be established subsequently that contamination exists at any of the properties or on any neighbouring land or that the premises have been or are being put to a contaminative use this may reduce the values now reported.

Having regard to the foregoing **we are of the opinion** that the aggregate of the individual values as at 30<sup>th</sup> June 2005 of the respective freehold and leasehold interests, subject to and with the benefit of the various occupational leases described, as summarised in the schedules is in the sum of **£384,480,000 (Three Hundred and Eighty Four Million Four Hundred and Eighty Thousand Pounds)**.

The above figure is split between freehold, long leasehold and mixed freehold and long leasehold properties as follows:

Tenure	Number of Properties	£
Freehold	63	328,745,000
Long Leasehold	6	34,210,000
Mixed Freehold and Leasehold	3	21,525,000
<b>Total</b>	<b>72</b>	<b>£384,480,000</b>

The properties are, we understand, all held as investments and accordingly, no other categorisation is made.

Brief details of the individual properties including address, description, tenure, terms of existing tenancies, estimated current net annual rents receivable, estimated current net rental values and market values included are given in the schedule which follows. In providing our estimates of current net annual rents receivable, we have had regard to the definition of "Net Annual Rent" as the current income or income estimated by the valuer:

- (i) ignoring any special receipts or deductions arising from the property;*
- (ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and*
- (iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent."*

The aggregate of the Estimated Current Net Annual Rents Receivable as shown in the attached schedules as at 30<sup>th</sup> June 2005 is £24,940,284 which sum is estimated to increase to £25,184,907 upon settlement of outstanding rent reviews.

The properties were inspected between May 2004 and June 2005. All ages quoted in this report are approximate and for guidance only.

We have reflected in our valuations, where we consider necessary, any defects, items of disrepair or site difficulties which we noted during the course of our inspections or of which we have been advised by the Company.

No allowance has been made in our valuations in respect of rights, obligations or liabilities arising under the Defective Premises Act 1972.

We have made oral town planning enquiries as a result of which we were advised by the Local Planning Authorities that there are no adverse town planning, highway or other schemes or proposals directly affecting the properties. Information supplied to us by Planning Officers is however given without liability on their part and we cannot therefore accept responsibility for incorrect information or for material omissions in the information supplied.

We have valued the properties in the attached schedule individually and have taken no account of any discount or premium that could be attributed if all or part of the portfolio was to be marketed simultaneously.

Except where advised to the contrary, we have assumed that there are no tenants' improvements which will materially affect our opinion of the rent that would be obtained on review or renewal and that there are no user restrictions or other restrictive covenants in leases which would adversely affect value.

Further and separate from this instruction, we confirm that Knight Frank LLP is appointed by Insight Foundation Property Limited as External Valuer, as defined by the RICS Appraisal and Valuation Standards (5<sup>th</sup> edition as amended), and provides valuations on a quarterly basis. Knight Frank LLP has fulfilled this role since September 2004 and the signatory of this report has been responsible for this instruction since then. We further confirm that in relation to Knight Frank LLP's preceding financial year, the proportion of the total fees paid by Insight Foundation Property Limited to the total fee income of Knight Frank LLP was less than 5%. We recognise and support the RICS Rules of Conduct and have established procedures for identifying conflicts of interest.

If our opinion of value as set out in this report is disclosed to persons other than the addressees of this report, the basis of valuation should be stated. If it is proposed to publish the figure, the form and context in which the figure is to appear must be approved by us beforehand.

Yours faithfully

R J S Johnson BSc MRICS  
For and on behalf of  
Knight Frank LLP

## Schedule

This schedule forms part of the Valuation Report.

### PROPERTY PORTFOLIO

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
The Recticel Unit, Bluebell Close, Alfreton, DE55 4RD	<p>The property comprises a complex of industrial buildings, a two storey office building and a detached office and industrial building, providing some 14,423 sq.m. (155,244 sq.ft.) gross internal. The property is located on the Clover Nook Industrial Estate, with good accessibility to Junction 28 of the M1 Motorway.</p> <p>Built 1980's, early 1990's and 1998.</p> <p>Long leasehold for a term of 999 years from 31 March 1981 at a peppercorn, with an option to purchase the freehold in 2014 for £1.00. A separate parcel of land, referred to as phase three is freehold.</p>	<p>The property is let in its entirety to Recticel Ltd, guaranteed by Recticel Ltd, guaranteed by Recticel SA, on three co-terminus leases expiring 28 September 2017. The leases are drawn on full repairing and insuring terms with 5 yearly upwards only reviews.</p> <p>The Van Elle offices are occupied by Cafco by way of an underlease for term of 5 years from 1 November 1999.</p>	£713,538	£712,500	£10,150,000
3/6 Abbeygate Street, & 1/3 Swallow Street, Bath, BA1 1NP	<p>Five self-contained retail units arranged over ground and first floor levels providing some 886 sq.m. (9,514 sq.ft.) net with frontages to Abbeygate Street and Swallow Street. Abbeygate Street connects with Stall Street, one of Bath's prime shopping areas, a short distance to the west of the property.</p> <p>Built 1980s.</p> <p>Freehold.</p>	<p>Unit A is let to Going Places Travel Ltd for a term of 19.5 years expiring in December 2010. Unit B is let to Eric Snook (Bath) Ltd, trading as The Golden Cot, for a term of 25 years expiring in December 2010. Unit C is let to Dorothy House Foundation for a term of 25 years expiring in December 2010. Unit D is let to The Time Group for a term of 10 years expiring in March 2013 with an option to break in March 2008. Unit E is let to A J Morgan, trading as Aqualeisure, for a term of 9 years 6 months and 24 days expiring in December 2010 with an option to break in May 2006. The leases are drawn on full repairing and insuring terms with upwards only rent reviews every five years.</p>	£217,250	£234,000	£3,950,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
2/5 Victoria Plaza, Victoria Square, Bolton, BL1 1RD	<p>Four retail units arranged over basement, ground and three upper levels providing some 4,337 sq.m. (46,693 sq.ft.) net with frontages to Oxford Street and Victoria Square.</p> <p>The property is located in the town centre just south of the prime shopping pitch.</p> <p>Built 1920's.</p> <p>Freehold.</p>	<p>The units are let to O2 (UK) Ltd, Orange Retail Ltd, Clinton Cards (Essex) Ltd and Etam plc on terms expiring in June 2014. The leases are drawn on full repairing and insuring terms with upwards only rent reviews every five years.</p>	£565,000	£518,000	£9,710,000
102/106 Commercial Road, Bournemouth, BH2 5LR	<p>Three self-contained retail units arranged over ground and two upper floors providing some 941 sq.m. (10,125 sq.ft.) net. The property is in the town centre in a secondary location at the western end of the main shopping area in Commercial Road and opposite The Triangle.</p> <p>Built late 19<sup>th</sup> century.</p> <p>Freehold.</p>	<p>The property is let to three tenants: Superdrug Stores Plc for a term of 25 years expiring in March 2012; O &amp; H Properties for a term of 25 years expiring in March 2012 and; Oswald Bailey (Southern) Ltd for a term of 25 years expiring in March 2012. The leases are drawn on fully repairing and insuring terms with upwards only rent reviews every five years.</p>	£218,100	£208,300	£3,750,000
The Gate Centre, Great West Road, Brentford, TW8 9DD	<p>Industrial accommodation comprising eleven units totalling some 7,574 sq.m. (81,531 sq.ft) gross internal. The property is located to the south of the A4 Great West Road in a mixed use commercial area. Access is gained either directly from the A4 or from Syon Lane.</p> <p>Built 1983.</p> <p>Freehold.</p>	<p>Units 1-9 are let to eight tenants on nine leases with terms certain expiring between December 2009 and February 2010. The leases are drawn on full repairing and insuring terms with upward only rent reviews every five years. There are five rent reviews outstanding. H R Owen are currently paying rent for Unit 10, the lease of Unit 11 is to be surrendered, these units are the subject of an agreement for lease to H R Owen for a term of 25 years at an annual rent of £240,000.</p>	£579,978	£783,000	£10,400,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
The Reynard Business Park, Windmill Road, Brentford, TW8 9LY	Business park comprising nine industrial units and two office units totalling some 16,085 sq.m (173,132 sq.ft) gross internal. The property is located to the north of the town centre with easy access to the A4 Great West Road.  Built 1920's, 1970's, 1980's & 1990's.  Freehold.	The industrial accommodation is let to five tenants on nine leases on terms expiring between December 2005 and December 2012. Two of the leases have tenant's break options effective at October 2006 and March 2007. One tenant is holding over under a lease that expired in June 2004. The leases are drawn on full repairing and insuring terms with upward only rent reviews every five years. There are three rent reviews outstanding.	£1,100,203	£1,265,875	£17,300,000
Electric House, Castle Square, Brighton, BN1 1EG	Self contained office building with banking hall on ground floor, offices on first, second and third floors and ancillary basement accommodation providing some 1,584 sq.m. (17,047 sq.ft.) net. There is a garage to the rear of the building. The property is situated at the junction of Castle Square, Palace Place and Old Steine in the centre of Brighton.  Built circa 1900.  Freehold.	The property is let to The Royal Bank of Scotland PLC for a term of 35 years expiring in December 2021. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years.	£205,000	£190,000	£3,400,000
Victory House, Trafalgar Place, Brighton, BN1 4FY	Self contained city centre office building on ground to sixth floors, providing some 7,558.6 sq.m. (81,361 sq.ft.) net. The property forms part of the Trafalgar Place complex, adjacent New England Quarter mixed re-development scheme of 15 acres.  Built circa 1990/91.  Freehold.	The property is let to Mott MacDonald Ltd for a term of 25 years expiring in June 2019, with a tenant's option to break at June 2009. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years.	£1,307,148	£1,250,000	£17,350,000
Kingsland Trading Estate, St. Phillips Road, Bristol, BS2 0JZ	Four warehouse units comprising a total of some 7,798 sq.m. (83,936 sq.ft.) gross internal. The property is situated in an established but secondary industrial area close to the city centre.  Built 1975.  Freehold.	The units are let on four leases for terms expiring in October 2006, August 2010, December 2012 and September 2015. The leases are drawn on full repairing and insuring terms with upward only rent reviews every five years.	£280,490	£376,800	£4,600,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
The Quadrant, Bradley Stoke, Bristol, BS12 4JY	A modern industrial estate of 13 warehouse units comprising some 13,123 sq.m. (141,252 sq.ft.) gross internal. The property is situated about four miles north east of the city centre close the junction of the M4 and M5.  Built 1989.  Freehold.	The property is let on six leases to three tenants. Four of the leases to one of the tenants are for terms expiring in October 2016, one lease is for a term expiring in October 2014 and one lease expired in June 2004 and the tenant is holding over. The leases are drawn on full repairing and insuring terms with upward only rent reviews every five years. Three units are vacant.	£435,517	£709,719	£9,100,000
1 & 2 Orchard Court, Bristol, BS1 5WS	A self contained office building arranged on basement, ground and four upper floors providing some 3,118 sq.m. (33,562 sq.ft.). The property is situated at the edge of Bristol town centre close to the Bristol inner ring road.  Built 1990.  Long leasehold for term of 125 years from 25 March 1990 at a peppercorn. Pedestrian access is from St. Augustine's parade via an alleyway, held freehold.	The subject property is let in its entirety to Veale Wasbrough for a term expiring in December 2015. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years.	£470,000	£488,000	£6,825,000
100 & 102 High Street, Bromley, BR1 1EY	Two self-contained retail units providing sales and ancillary accommodation in a good shopping pitch.  Built 1920's.  Freehold.	100 High Street is let to Currys Group PLC for a term expiring in July 2009 with an outstanding rent review dated July 2004 and 102 High Street is let to Specsavers Optical Superstores for a term expiring in September 2009. The leases are drawn on full repairing and insuring terms with upward only rent reviews every five years.	£285,350	£294,350	£5,390,000
Unit A, Consort Way, Victoria Road, Burgess Hill, RH15 9TJ	Warehouse with two-storey ancillary offices providing some 1,471 sq.m. (15,830 sq.ft.) gross internal of accommodation with 33 car spaces and loading to the front of the building. Consort Way is part of the established Victoria Industrial Estate and close to the A230 that provides access to the A23 and M23.  Built circa 1970.  Freehold.	The property is let to BTR Property Holdings Ltd. trading as Flowserve for a term that expired on 23 June 2005 and negotiations for a lease renewal are underway. The lease is drawn on full repairing and insuring terms with no further rent reviews.	£83,375	£87,000	£960,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
Carland, Watling Street, Cannock, WS11 1SL	<p>Single storey car showroom premises providing some 1,613 sq.m. (17,363 sq.ft.) net of sales and ancillary accommodation on a 2.4 hectare (5.92 acre) site with hard-standing. The property is situated about 1.6 km (1 mile) to the south east of Cannock. Watling Street (A5) links between the M6 (J.12) and the M42 (J.10). The M6 Toll Road links with Watling Street (J.T7) some 1.6 km (1 mile) to the east.</p> <p>Built early 1990's.</p> <p>Freehold.</p>	<p>The property is let in its entirety to Concept Automotive Services Ltd for a term of 25 years expiring in February 2023. The lease is drawn on full repairing and insuring terms with three yearly rent reviews which are linked to increases in the retail price index.</p>	£515,970	£539,000	£7,800,000
15/16 Mercery Lane & 38 Burgate, Canterbury, CT1 2JJ	<p>Three corner retail units arranged over basement, ground and three upper floors with a total of some 722 sq.m. (7,774 sq.ft.) net. The upper levels are disused. The property is in a good secondary location.</p> <p>Built 18th Century.</p> <p>Freehold.</p>	<p>The property is let on two leases. 16 Mercery Lane and 38 Burgate are let to Monsoon Accessorize Ltd for a term expiring in June 2017. 15 Mercery Lane is let to Redcastle Ltd (assigned by Warehouse Ltd) for a term expiring in December 2010. The leases are drawn on full repairing and insuring terms with upward only rent reviews every five years.</p>	£175,000	£177,200	£2,625,000
Haywood House, Dumfries Place, Cardiff, CF10 3UE	<p>Self contained office building arranged in two wings over ground to third floors providing 3,237 sq.m. (34,842 sq.ft.) net of modern accommodation with perimeter air-conditioning and 48 basement car spaces. The property is located in central Cardiff on a major arterial dual carriageway.</p> <p>Built mid 1980's.</p> <p>Freehold.</p>	<p>Haywood House South is let to Nat West Bank Plc for a term of 25 years expiring in September 2012. Haywood House North is let to Longford Business Centres for a term of 25 years expiring in September 2012. The leases are drawn on full repairing and insuring terms with upward only rent reviews every five years.</p>	£469,780	£470,500	£6,300,000
235 – 237 High Street, Chatham ME4 4BQ	<p>A retail property arranged over ground and first floors and a disused basement with a total area of some 498 sq.m. (5,362 sq.ft) net. The unit has been subdivided into two units. The property is on the edge of the prime pitch, which is adjacent to the Pentagon Shopping Centre, opposite Debenhams department store.</p> <p>Built 1970's.</p> <p>Freehold.</p>	<p>The property is let to Alliance and Leicester Plc for a term that expired in March 2004. The tenant and subtenants are currently holding over and a provisional agreement has been reached for 3 new separate leases with Alliance &amp; Leicester plc, Thomas Cook and Evans at a total rent of £82,000 per annum exclusive.</p>	£85,700	£82,000	£1,200,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
24/25 High Street, Chelmsford, CM1 1BE	Self-contained retail unit arranged over ground and first floors providing some 566 sq.m. (6,091 sq.ft.) net with storage at first floor level. The property is located on the edge of the prime pitch on the High Street within close proximity to the High Chelmer Shopping Centre.  Built 1980's.  Freehold.	The building is let to DSG Retail Limited (trading as Dixons) on a 25 year lease expiring in September 2012. The lease is drawn up on full repairing and insuring terms with upwards only rent reviews every 5 years.	£210,000	£225,800	£4,100,000
67 High Street, Chelmsford, CM1 1DH	Self-contained retail unit providing retail accommodation at ground floor level and storage and ancillary accommodation at first and second floor levels totaling some 344 sq.m. (3,701 sq.ft.) net. The property is centrally located within the prime pitch on the High Street close to The Meadows and High Chelmer Shopping centres.  Built 1950's.  Freehold.	The property is let in its entirety to Clinton Cards (Essex) Ltd for a term of 15 years expiring in March 2015. The lease is drawn on full repairing and insuring terms with upwards only rent reviews every 5 years. The rent review at March 2005 is outstanding.	£126,500	£132,000	£2,500,000
Royscot House, The Promenade, Cheltenham, GL50 1PL	Self contained, office building arranged over lower ground, ground and three upper floors providing some 3,065 sq.m. (32,987 sq.ft.) net of modern, air-conditioned accommodation. The property is located within Cheltenham town centre close to the Cheltenham Borough Council civic offices.  Built 1820's and 1980s.  Freehold.	The property is let to TW Osborne and MR Fullerlove for a term of 25 years expiring in June 2012. The lease has been drawn on full repairing and insuring terms and is subject to five yearly upward only rent reviews.	£450,491	£450,491	£6,300,000
Wickes Retail Warehouse, Sealand Road, Chester, CH1 4RW	Solus retail warehouse unit providing some 2,424 sq.m. (26,092 sq.ft.) gross internal. It is situated in a well established retail warehouse location approximately one mile west of Chester City Centre adjacent to the Chester Retail Park, Diva Retail Centre and The Greyhound Retail Park.  Built 1995.  Freehold.	The property is let in its entirety to Wickes Building Supplies Ltd for a term expiring in March 2020. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years. The rent review in March 2005 is outstanding.	£377,850	£455,000	£7,820,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
Weldon North Industrial Estate, Brakey Road & Cooks Road, Corby, NN17 5JT	An industrial estate comprising 14 self contained units providing some 20,095 sq.m. (216,299 sq.ft.) gross internal of warehousing accommodation with ancillary offices and car spaces. The property is located within one of the main industrial areas in Corby, situated adjacent to the A427 and A6116. The A427 provides access to the M1 and M6 motorway interchange at Junction 19 via the A43 and A14.  Built 1970's.  Freehold.	The industrial units are let to four tenants on ten leases for terms certain expiring between February 2006 and June 2022. The leases are drawn on full repairing and insuring terms, with upward only rent reviews every four or five years.	£689,287	£664,000	£9,000,000
22/28 High Street, Epsom, KT19 8AH	Three ground floor shops and a restaurant providing some 496 sq.m. (5,342 sq.ft.) net with self contained offices on first and second floors of some 586 sq.m., (6,311 sq.ft.) net. The property is located in a secondary part of the High Street, close to the Ebbisham Centre.  Built circa 1900.  Freehold.	28 High Street is let to Headmasters Partnership for a term expiring in November 2028. 26 High Street is let to Lunn Poly Ltd for a term of 25 years expiring in September 2009 with an outstanding rent review dated September 2004. 24 High Street is let to Specsavers Optical Superstores Ltd, for a term expiring in September 2009 with an outstanding rent review dated September 2004. 22 High Street is let to Bright Reasons Restaurants t/a Bella Italia for a term expiring August 2009. Part of the upper floors is occupied under a tenancy at will by Headmasters Partnership and the remainder is vacant.	£160,663	£240,400	£2,800,000
Delme Place Cams Hall Business Park, Fareham PO16 8UT	An office complex comprising three buildings built on ground and first floors with steel frames and cavity brick elevations under tiled roofs providing some 2,975 sq.m. (32,020 sq.ft.) net. There is parking for 146 cars. The property is located on an established office park off the A27 close to the M27.  Built early 1990's.  Freehold.	The property is let to four tenants on four leases, two of the leases are for terms expiring in May 2011 and December 2015 with upward only rent reviews every five years, one lease is subject to a tenant's option to break in December 2005 that has been operated and one lease expired in March 2005 and the tenant is holding over. The leases are drawn on full repairing and insuring terms. Part of the property is vacant and subject to a two year rental guarantee.	£506,992	£499,685	£6,400,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
The Orangery and The Stables Cams Hall Business Park Fareham PO16 8UT	<p>A terrace of two former stable blocks and an orangery of solid brick construction under a pitched tiled roof, on ground and first floors, that have been converted to provide some 713 sq.m. (7,669 sq.ft.) net of office accommodation. The property is listed Grade II. The property is located on an established office park off the A27 close to the M27.</p> <p>Built 17th century</p> <p>Long leasehold for term of 999 years from 19th September 2001 at a fixed rent of a peppercorn.</p>	<p>The Orangery is let to GRP Material Supplies Ltd for a term of 15 years expiring April 2014. The New Stables is let to NCI Resources Ltd for a term of 10 years expiring December 2013, with a tenant's option to break in December 2006. The leases are drawn on full repairing and insuring terms with upward only rent reviews every five years. The Old Stables is let to Touchstone Global Business Solutions for a term of 10 years expiring September 2014, with a tenant's option to break in September 2006.</p>	£99,000	£120,225	£1,410,000
Beech House & Cedar House, Sylvan Road, Fleet, GU13 8RN	<p>Two self-contained office buildings arranged over ground, first and second floors. Beech House provides approximately 1,257 sq.m. (13,525 sq.ft.) net of comfort cooled accommodation with 60 car spaces. Cedar House provides approximately 1,240 sq.m. (13,344 sq.ft.) net of similar accommodation with 67 car spaces. The buildings are located within the established Ancells Business Park which lies within two miles of Junction 4A of the M3.</p> <p>Built circa 1990.</p> <p>Freehold.</p>	<p>Beech House is let to AFP Holdings Ltd. for a term of 10 years expiring in December 2007. Cedar House is let to Hays Commercial Services Ltd for a term of 10 years expiring in August 2007. The leases are drawn on full repairing and insuring terms with upward only rent reviews every five years.</p>	£460,000	£400,000	£4,900,000
Technology House, 1 Fleetwood Park, Fleet, GU51 2QX	<p>Self-contained office building arranged over ground and first floors with car parking at lower ground, providing some 2,054 sq.m. (22,104 sq.ft.) net with 116 car spaces. The property is located on a small park adjacent to M3 and Ancells Business Park.</p> <p>Built 1990.</p> <p>Freehold.</p>	<p>The property is let in its entirety to Parametric Technology (UK) Ltd for a term expiring in September 2009. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years.</p>	£486,200	£395,250	£5,500,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
16 St Ann's Road, Harrow, HA1 1LG	A retail unit on ground floor with offices on first and second floors to be occupied as a building society. The property is located close to the prime retail pitch in St. Ann's Road which is the main pedestrianised shopping street in Harrow.  Built circa 1905.  Freehold.	The property is let in its entirety to Chelsea Building Society for a term of 20 years expiring in June 2025. The lease is drawn on full repairing and insuring terms with upwards only rent reviews every five years. The rent commences in September 2005 at £80,000.	£0	£80,000	£1,575,000
18 St Ann's Road, Harrow, HA1 1LG	A retail unit providing some 146 sq.m. (1,568 sq.ft.) net of sales and storage on the ground floor and in addition self contained residential accommodation on first and second floors with separate rear access. The property is located close to the prime retail pitch in St. Ann's Road which is the main pedestrianised shopping street in Harrow.  Built circa 1905.  Freehold.	The property is let in its entirety to O2 (UK) Ltd for a term of 25 years expiring in March 2015. The lease is drawn on full repairing and insuring terms with upwards only rent reviews every five years. The property is sublet to EK Shoes at £70,000 per annum for the remainder of the term less three days.	£70,000	£70,000	£1,225,000
20 St Ann's Road, Harrow, HA1 2TA	A retail unit with sales and storage on the ground floor and store rooms on first and second floors. The property is located close to the prime retail pitch in St. Ann's Road which is the main pedestrianised shopping street in Harrow.  Built circa 1905.  Freehold.	The property is let in its entirety to Signet Group Plc for a term of 25 years expiring in October 2010. The lease is drawn on full repairing and insuring terms with upwards only rent reviews every five years.	£72,000	£76,500	£1,320,000
68/70 St Ann's Road, Harrow, HA1 1JX	A retail unit providing some 369 sq.m. (4,267 sq.ft.) net with ground floor sales and storage and staff rooms on the first and second floors. The property is located in the prime pitch in St. Ann's Road, the main shopping street in Harrow, and opposite the entrance to St. Ann's Shopping Centre.  Built 1987.  Freehold.	The property is let in its entirety to Games (Stores) Ltd for a term of 25 years expiring in March 2013. The lease is drawn on full repairing and insuring terms with upwards only rent reviews every five years.	£170,000	£170,000	£3,300,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
Units 2-10, Solent Road Industrial Estate, Havant, PO9 1JH	The property comprises three detached and two larger semi-detached industrial units providing some 7,955 sq.m. (85,627 sq.ft.) gross internal. The property is located in the established industrial area on Solent Road, approximately 1 mile south east of the town centre.  Built 1960's.  Freehold.	The property is let on five leases and a lease of a telecommunications mast. Unit 9 is let until 2007, Units 4 & 8 are let until 2011 with tenant's options to break in 2006, Unit 6 is let until June 2014 with a tenant's option to break at June 2009 and Unit 10 is let until June 2013 with a tenant's option to break at June 2008. The leases are drawn on full repairing and insuring terms with upward only rent reviews every five years. Units 2 and 10a are currently vacant.	£250,000	£381,500	£4,600,000
Coventry Road, Hinckley, LE10 0JJ	Substantial self-contained industrial warehousing with ancillary offices providing some 18,395 sq.m. (198,000 sq.ft.) gross internal with 0.97 ha (2.4 acres) of expansion land to the rear of the site. The property is located on the northern side of Coventry Road (B4666), one of the main arterial routes leading to Hinckley town centre. The B4666 provides access to the M69 motorway at Junction 1 via the A5.  Built 1970's.  Freehold.	The property is let in its entirety to Jarvis Porter (Property Holdings) Ltd. for a term expiring in September 2014. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years. Part of the property was sub-let to Transco Plc.	£700,000	£594,000	£8,150,000
The Albion Centre, Ilkeston, DE7 8AG	A purpose built shopping centre, consisting of 16 retail units and a supermarket, arranged around a part covered central walkway which runs through the scheme, with a total area of some 6,498 sq.m. (69,951 sq.ft.) net. The centre is in the main retailing area with access from the pedestrianised Bath Street, the main shopping street.  Built 1980s.  Freehold.	The property is let to 14 tenants on 16 leases on terms expiring between December 2009 and September 2020. One unit is vacant and the subject of a rental guarantee. The leases are drawn on full repairing and insuring terms with upward only rent reviews every five years. There are outstanding rent reviews on two units from July and December 2004. In addition there 6 market stalls held on licence agreements.	£895,926	£975,801	£14,200,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
33 – 35 Tavern Street, Ipswich, IP1 3AG	Two retail properties arranged over ground and two upper floors with a total of some 671 sq.m. (7,222 sq.ft.) net with sales on ground floors and sales and storage on the first and second floors. The property is located on the prime Ipswich retail street within the pedestrian zone.  Built 19th century.  Freehold.	35 Tavern Street is let to O2 (UK) Ltd for a term expiring in March 2008. 33 Tavern Street is let to Orange Retail Limited for a term expiring June 2010 with an outstanding rent review at June 2005. The leases are drawn on full repairing and insuring terms with upward only rent reviews every five years.	£204,000	£213,000	£3,800,000
7/9 Thames Street, Kingston upon Thames, KT1 1PH	A retail unit providing some 385 sq.m. (4,143 sq.ft.) net with sales on ground and first floors and storage and staff accommodation on first and second floors. The property is located in a secondary pitch just off Market Place and north of the prime shopping pitch in Clarence Street.  Built circa 1910  Freehold.	The property is let in its entirety to Edinburgh Woollen Mill Ltd for a term of 16 years 9 months and 26 days expiring in March 2016. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years	£99,750	£116,250	£2,000,000
14/16 Church Street, Kingston upon Thames, KT1 1PH	A retail unit providing some 282 sq.m. (3,038 sq.ft.) net with sales on ground and first floors and staff and storage accommodation on second floor. The property is prominently located close to Market Place and visible from the prime shopping pitch in Clarence Street.  Built circa early 18th century.  Freehold.	The property is let in its entirety to Monsoon Holdings Ltd for a term of 25 years expiring in March 2018. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years.	£196,750	£210,000	£4,000,000
16 Penny Street, Lancaster, LA1 1UA	Retail property providing some 265 sq.m. (2,849 sq.ft.) net of ground floor retail space and storage accommodation on basement, ground and first floor levels. The property is located in the prime retail pitch on the pedestrianised Penny Street.  Built 1940's.  Freehold.	The property is let in its entirety to C & J Clark International Ltd for a term expiring in November 2014. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years. The rent review at November 2004 is outstanding.	£64,500	£73,000	£1,310,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
Coverdale House, East Parade, Leeds LS1 2BH	<p>A mid-terrace office building built of brick on lower ground, ground and two upper floors behind a retained frontage. The first and second floors are used as Civil Courts and fitted out accordingly. The building provides some 2,979 sq.m. (32,061 sq.ft.) of accommodation with 19 car spaces. It is in a prominent location in the city's traditional office core. East Parade forms part of the Inner Loop Road and gives easy access to the A58 (M) Inner Ring Road.</p> <p>Built mid 1980's.</p> <p>Freehold.</p>	<p>The property is let to five tenants on six leases on terms expiring between June 2006 and June 2020. The leases are drawn on full repairing and insuring terms with upward only rent reviews every five years. The principal tenant is the Secretary of State for the Environment with an outstanding rent review from June 2005. In addition two car parking spaces are held on two licences.</p>	£456,192	£453,340	£6,500,000
12/14 East Gates, Leicester, LE1 5YA	<p>Self-contained retail unit providing some 652 sq.m. (7,018 sq.ft.) net with retail sales accommodation over ground, mezzanine, first and lower ground floors. Ancillary accommodation is provided at second floor level. The property was extended in the early 1990's to the rear to provide goods lift access to all floors. The property is situated in an 80% pitch.</p> <p>Built circa 1900.</p> <p>Freehold.</p>	<p>The property is let in its entirety to The John David Group Plc for a term of 15 years expiring in June 2011. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years.</p>	£178,000	£190,000	£3,400,000
Unit 7 & 8 Allied Industrial Estate, Warple Way, Acton, London W3 7YA	<p>Single storey warehouse used as a cash and carry wholesale warehouse providing some 6,003 sq.m. (64,614 sq.ft.) gross internal of accommodation with the estate road and car park with 75 car spaces. The property is situated in a mixed residential and industrial area about 4 miles west of Marble Arch close to the A4020, Uxbridge Road.</p> <p>Built circa 1960.</p> <p>Freehold.</p>	<p>The property is let to Snowdon &amp; Bridge Limited and occupied by Booker Cash and Carry Limited for a term that expires in September 2011, with an upwards only rent review in June 2007. The lease is drawn on full repairing and insuring terms.</p>	£350,000	£475,000	£5,750,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
Sherbet Point, Leestone Road, Sharston Industrial Estate, Manchester	<p>A new warehouse with two storey offices providing some 3,019 sq.m. (32,497 sq.ft.) gross internal with 15 car parking spaces and a rear service yard. The property is situated in an industrial area about 6.5 miles south of the city centre adjacent to Junction 2 of the M56 and about 2 miles from Manchester International Airport.</p> <p>Built 2004.</p> <p>Long leasehold for a term of 200 years from 6 March 1998 at a current rent of £12,797, with upwards only rent reviews every 5 years from 27 May 2008 to 7.5% of the open market rental value of the premises.</p>	The property is let to Unique Logistics International Ltd for a term of 15 years that expires in June 2019, subject to a tenant's option to break at June 2014 and upwards only rent reviews every 5 years. The lease is drawn on full repairing and insuring terms.	£156,811	£156,811	£2,200,000
Pacific House, Fourth Avenue, Globe Park, Marlow, SL7 1YA	<p>Self contained office building arranged over ground and first floors providing some 1,434 sq.m. (15,443 sq.ft.) net of modern air-conditioned accommodation with 66 car spaces. The property is located on Fourth Avenue within Globe Park which is the established commercial area in Marlow situated adjacent to the A404. The A404 provides access to the M4 and M40 Motorways at Junctions 8 and 4 respectively.</p> <p>Built 1988.</p> <p>Freehold.</p>	The property is let in its entirety to Trend Micro (UK) Ltd for a term of 25 years expiring in June 2013. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years.	£310,000	£270,000	£4,000,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
St. George's Court, St George's Square, High Street, New Malden, KT3 4HG	<p>The property provides a mix of leisure, office and retail accommodation arranged over ground and two upper floors totalling some 1,710 sq.m. (18,403 sq.ft.) net in a secondary location.</p> <p>Built 1965.</p> <p>Freehold.</p> <p>20 car spaces are held leasehold for 125 years from 3rd October 1988 at a peppercorn.</p>	<p>1-3 St George's Court is let to Wizard Inns Ltd for a term expiring in March 2035 with an outstanding rent review at March 2005. The offices are let to Hays Personnel Services (Holdings) Ltd for a term expiring in March 2014 and the retail units are let to M &amp; S White for a term expiring in October 2021 and to M Nazir for a term expiring in June 2015 with an outstanding rent review at June 2005. The leases are drawn on full repairing and insuring terms with upwards only rent reviews every five years.</p>	£311,387	£323,537	£4,550,000
32 Abingdon Street, Northampton NN1 2AJ	<p>Retail unit arranged over basement, ground and two upper floors. The property occupies a prominent corner site in Abingdon Street, within the main pedestrianised area of the town, opposite the entrance to the Grosvenor Shopping Centre.</p> <p>Built circa 1900.</p> <p>Freehold.</p>	<p>The property is let to Birthdays Ltd for a term expiring in July 2019. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years. William Hill North Eastern hold a 99 year lease expiring in June 2086 for an aerial on the roof of the building.</p>	£107,600	£107,500	£2,050,000
Peterbridge House & Century House, The Lakes, Northampton, NN4 7SJ	<p>Two self contained office buildings arranged over ground, first and second floors providing some 2,439 sq.m. (26,257 sq.ft.) net of modern comfort cooled and central heated accommodation with 148 car spaces. The Lakes is the prime office location in Northampton. It is situated 2 miles outside the town centre close to the ring road which gives access to the M1 (Junction 15) via the A508.</p> <p>Built 2001.</p> <p>Long leasehold for a term of 999 years from 1 April 1992 at £1 per annum.</p>	<p>Peterbridge House is let in its entirety to Messrs Cook, Gleghorn, Trunchion and Olson, trading as MacIntyre Hudson for a term of 15 years expiring in April 2016. The east end of Century House is let to Wilson Connolly Ltd for a term of 15 years expiring in March 2016. The west end of Century House is let to Complex Development and Marketing Ltd for a term of 15 years expiring in March 2016. The leases are drawn on full repairing and insuring terms with upward only rent reviews every five years.</p>	£375,460	£377,999	£5,500,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
Union Park Industrial Estate, Lansdowne Road, Norwich, NR6 6EE	Industrial business centre comprising 37 light industrial/warehouses and a former bank, currently used as a solicitors' office. The total area is some 24,984 sq.m. (268,923 sq.ft.) gross internal. The property is located just off the main ring road A140 and adjacent to the City's airport.  Built 1970's onwards.  Freehold.	The property is let to 25 tenants on 27 leases on terms expiring between December 2005 and March 2016. Five units are vacant. The leases are drawn on full repairing and insuring terms with upward only rent reviews every five years where applicable.	£812,865	£1,045,171	£12,715,000
18/20 Clumber Street, Nottingham, NG1 3GA	Self-contained retail unit arranged over ground and two upper floors. Sales accommodation is provided at ground floor and ancillary storage areas on the upper floors with a total area of some 206 sq.m. (2,222 sq.ft.) net. The property is situated in a prime pitch.  Built circa 1960.  Freehold.	The property is let in its entirety to Phones 4 U Limited for a term of 15 years expiring in March 2013. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years.	£123,900	£130,500	£2,820,000
14/18 Bridge Street, Peterborough, PE1 1DW	Self-contained retail unit with ground floor shop and ancillary accommodation on first and second floors providing some 596 sq.m. (6,414 sq.ft.) net. The property is located in Bridge Street within the pedestrianised centre of the town.  Built circa 1960.  Freehold.	The property is let in its entirety to Clinton Cards (Essex) Ltd for a term of 10 years expiring in March 2014. The lease is drawn on full repairing and insuring terms with upwards only rent reviews every five years.	£112,000	£112,000	£2,120,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
Unit B, Southgate Way, Orton, Southgate, Peterborough, PE2 6YG	<p>A two-bay industrial unit with two-storey integral office accommodation comprising some 7,536 sq.m. (81,121 sq.ft.) gross internal. The building is of steel portal frame construction with car parking and a loading area to the front. The property is located on an established industrial estate south west of Peterborough adjacent to Junction 17 of the A1 (M) and A1139 south circular.</p> <p>Built late 1980's.</p> <p>Freehold</p>	<p>The property is let in its entirety to Dekkertoys Limited for a term of 20 years expiring September 2023. The lease is drawn on full repairing and insuring terms with upwards only rent reviews every five years.</p>	£308,560	£308,560	£4,500,000
Southlink, Walton Road, Portsmouth, PO6 1AA	<p>Detached industrial warehouse with ancillary offices providing approximately 2,499 sq.m., (26,906 sq.ft.) gross internal of accommodation with 53 car parking spaces and yard. The building is located on Walton Road Industrial Estate, off the A2030, just off the A27. The M27 and A3 (M) are less than 2 miles distance.</p> <p>Built circa 1990.</p> <p>Freehold.</p>	<p>The property is let in its entirety to Codestorm Plc for a term of 20 years expiring in September 2022. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years.</p>	£179,385	£179,385	£2,300,000
90 High Street, Scunthorpe, DN15 6HB	<p>Self-contained retail unit arranged over ground and two upper floors. Sales accommodation is provided at ground floor and ancillary storage areas on the upper floors with a total area of some 281 sq.m. (3,027 sq.ft.) net. The property is situated in an 80% pitch.</p> <p>Built circa 1960.</p> <p>Freehold.</p>	<p>The property is let in its entirety to The Works for a term expiring in July 2006. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years.</p>	£72,500	£73,750	£1,050,000
No 1, Riverside Exchange, Sheffield, S3 8NH	<p>A self contained office building configured in an L-shape, arranged over ground and four upper floors providing some 3,640 sq.m. (39,188 sq.ft.) net of modern accommodation. It is of steel framed construction with brick elevations beneath a pitched tiled roof. The property is located in the heart of the business district with easy access to the Sheffield Parkway (A57) that links to the airport and M1.</p> <p>Built 2001.</p> <p>Freehold.</p>	<p>The property is let in its entirety to three partners in the law firm Irwin Mitchell for a term expiring 28th September 2016. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years.</p>	£506,638	£547,000	£7,670,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
Imperial House, Pinstone Street, Sheffield, S1 2HN	<p>The property comprises a block of retail units with offices on upper floors extending to some 2,880 sq.m. (31,008 sq.ft.) with frontages onto Pinstone Street, Charles Street and Union Street. The property is in a secondary location. The area will be substantially improved following the completion of the 'New Retail Quarter' redevelopment which is to be anchored by a new John Lewis department store.</p> <p>Built 1960's.</p> <p>Freehold.</p>	<p>The property is let in its entirety on a head lease to Stanhope Pension Trust Ltd &amp; Custodian Holdings Ltd for a term expiring in May 2058. The lease is drawn on full repairing and insuring terms with upwards only rent reviews every 36 years, geared to 60% of the market value of the occupational leases. The next review is due in June 2022.</p>	£222,000	£295,000	£4,650,000
15 Pride Hill, Shrewsbury, SY1 1DQ	<p>Self-contained retail unit arranged over ground, basement and two upper floors used as offices. The property is located on Pride Hill, the main pedestrianised retail street in Shrewsbury. The unit is situated in between the entrances to the two major shopping centres within the town's retail core.</p> <p>Built 1926 and earlier.</p> <p>Freehold.</p>	<p>The property is let in its entirety to Dollond &amp; Aitchison Ltd for a term of 15 years expiring in March 2012. The lease is drawn on full repairing and insuring terms with upward only rent reviews every 5 years. The upper floors are sublet to Proactive Personnel Ltd.</p>	£104,000	£104,000	£1,970,000
13/15 Chapel Street, 24 Cambridge Arcade, Southport, PR8 1AE	<p>Three storey end of terrace retail unit providing ground floor retail and storage accommodation on ground, first and second floors. The property has a return frontage to the Cambridge Arcade, which is a small covered shopping centre. Chapel Street is the prime retailing location within Southport.</p> <p>Built 1930's.</p> <p>Freehold.</p>	<p>The property is let in its entirety to Clinton Cards (Essex) Ltd for a term expiring in June 2005, subject to a reversionary lease expiring in June 2015. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years.</p>	£140,000	£140,000	£2,650,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
Remploy Unit, Gordon Banks Drive, Trentham Lakes Business Park, Stoke-on-Trent, ST4 4TJ	A modern detached warehouse unit with a two storey ancillary office block to the front comprising some 6,114 sq.m. (65,811 sq.ft.) gross internal. The building is of steel portal framed construction with extensive car parking and secured loading facilities. The property is located on a mixed use business park that includes the Britannia Stadium, south of Hanley and north east of the M6.  Built: 2001.  Tenure: Long leasehold for 999 years from 22 March 2002 at peppercorn rent.	The property is let in its entirety to Remploy Limited for a term of 20 years expiring on 13th December 2021. The lease is drawn on full repairing and insuring terms with upwards only rent reviews every five years.	£272,500	£296,000	£4,100,000
21/27 Stirling Court, South Marston Industrial Estate, Swindon, SN3 4WA	Industrial accommodation comprising four units totalling some 10,010 sq.m (107,745 sq.ft.) gross internal with 189 car spaces. The property is located in a predominantly industrial area. South Marston Park is approximately 9.65 km (6 miles) from Junction 15 of the M4 via dual carriageway.  Built late 1980's.  Freehold.	The property is let to three tenants: Royal Mail Group Plc for a term expiring in September 2008; Schneider Electric Ltd for a term expiring in February 2013 with a tenant's break option at February 2006 and Sumitomo Electric Wiring Ltd for a term expiring in September 2010 with a tenant's break option at September 2007. The leases are drawn on full repairing and insuring terms with rent reviews every five years. There is a rent review outstanding in respect of Royal Mail Group Plc. One unit is vacant.	£419,940	£558,740	£6,225,000
Horton Park Industrial Estate, Hortonwood 7, Telford, TF1 7GX	A modern industrial estate comprising 15 units with ancillary offices providing some 14,524 sq.m. (156,341 sq.ft.) gross internal. The property is located on the southern side of Hortonwood 7 within one of the main industrial areas in Telford, adjacent to the A442 and A518. The A442 provides access to the M54 motorway at Junction 5.  Built 1990's.  Freehold.	The property is let to 12 tenants on 14 leases for terms expiring between March 2006 and September 2017. Seven of the leases are subject to tenants' options to break between December 2005 and September 2012. The leases are drawn on full repairing and insuring terms with upward only rent reviews every five years where applicable.	£699,302	£712,000	£8,710,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
15/16 King Street, Truro, TR1 2RQ	<p>Self-contained retail unit arranged over ground and three upper floors to provide some 1,609 sq.m. (17,322 sq.ft.) net of retail and ancillary accommodation. The property is located in a busy pitch which links the pedestrianised prime pitch of Pydar Street to the north with Boscowen Street to the south.</p> <p>Built 1960's behind 19th century facade.</p> <p>Freehold.</p>	<p>The property is let in its entirety to the Arcadia Group Ltd, trading as Topshop/Topman for a term of 25 years expiring in June 2013. The lease is drawn on fully repairing and insuring terms and is subject to five yearly upward only rent reviews. Part of the building has been sub-let to The Carphone Warehouse.</p>	£277,500	£292,750	£5,250,000
20/22 Tudor Street, London, EC4Y 0AY	<p>Self-contained purpose-built office building on basement, ground and five upper floors providing some 3,484 sq.m. (37,502 sq.ft.) net of high quality accommodation. The property occupies an island site between Fleet Street and Victoria Embankment.</p> <p>Built 1985.</p> <p>Long leasehold for a term of 125 years from 22 February 1988 at £165,400 per annum subject to review every five years to 22.5% of the full rental value.</p>	<p>The subject property is let in its entirety to Freshfields Services Company for a term of 25 years expiring in February 2013. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years.</p>	£1,279,600	£926,600	£16,800,000
106, Oxford Road, Uxbridge, UB9 4DW	<p>Self-contained office building on ground and three upper floors providing some 3,678 sq.m. (39,587 sq.ft.) net with car parking at ground level. The property is located in an established office location close to the town centre with good road and public transport links.</p> <p>Built 1980.</p> <p>Freehold.</p>	<p>The property is let in its entirety to Grand Metropolitan Estates Ltd for a term expiring in September 2007. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years.</p>	£795,975	£690,000	£9,250,000
Unit 55/56 Heathcote Industrial Estate, Bird Road, Warwick CV34 6TB	<p>The property comprises a purpose built steel portal framed warehouse with extensive office accommodation on ground floor with showroom facilities on the first floor, providing some 4,658 sq.m. (50,139 sq.ft.) gross internal. The property is prominently located on an industrial estate on the south eastern fringe of the town.</p> <p>Built mid 1980's.</p> <p>Freehold.</p>	<p>The property is let in its entirety to Books for Students Limited for a term expiring 21st July 2015. The lease is drawn on full repairing and insuring terms with 5 yearly upwards only reviews. The original tenant, WH Smith Trading Limited, provides privity of contract.</p>	£263,230	£263,230	£3,420,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
Seton House, Warwick Technology Park, Warwick, CV34 6DA	<p>Self contained office building arranged over two floors providing some 1,882 sq.m. (20,260 sq.ft.) net of air conditioned accommodation with 90 car parking spaces. The property is located on Warwick Technology Park, an established business park on the outskirts of Warwick and Leamington Spa. The property also benefits from easy access to the M40.</p> <p>Built circa 1990.</p> <p>Long leasehold for a term of 150 years from 25 December 1990 at £1 per annum, subject to an option to purchase the freehold for a consideration of £1,000 per acre.</p>	<p>The property is let in its entirety to Britax International Ltd for a term expiring in December 2019. The lease is drawn on full repairing and insuring terms with upward only rent reviews every 5 years. The rent review at December 2004 is outstanding. The southern half is currently sublet to Pecasó.</p>	£303,899	£303,899	£4,200,000
107/107A High Street, Watford, WD1 1LU	<p>Self-contained retail unit arranged over ground floor and first floor providing some 401 sq.m. (4,320 sq.ft.) net. Retail accommodation is provided at ground floor level with office accommodation and staff facilities at first floor level. The property is located on the High Street close to the Queens Road entrance to the Harlequin Centre.</p> <p>Built 1960's.</p> <p>Freehold.</p>	<p>The property is let to Bristol and West plc for a term of 25 years expiring in December 2016. The lease is drawn up on full repairing and insuring terms with upwards only rent reviews every five years.</p>	£140,000	£124,250	£2,600,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
Olympic Office Centre, Fulton Road, Wembley, HA9 0ND	A multi-let, self contained office building arranged over ground and seven upper floors providing some 6,871 sq.m. (73,955 sq.ft.) net of modern air conditioned accommodation with 184 car park spaces with an additional area currently used as parking for a further 142 cars. The property is located on Fulton Road at its junction with Olympic Way in an established commercial area adjacent to Wembley Stadium. The property is close to the North Circular Road, Wembley Stadium National Rail station and Wembley Park LT station.  Built 1982.  Freehold.	The offices are currently let to nine tenants on ten leases on terms that expire or have mutual or tenant's options to break between January 2007 and October 2010. The leases are drawn on an internal repairing basis with service charge recovery.	£543,657	£893,422	£12,950,000
Luke House, Goldsworth Road, Woking, GU21 1LE	The property comprises two retail units at ground floor and self contained centrally heated offices on two upper floors providing some 931 sq.m. (10,023 sq.ft.) net and 24 car spaces. The property is located in the town centre and there is access to the M25 at Junction 11 within 5 miles.  Built 1985.  Freehold.	The property is let in its entirety to Spectrum Energy and Information Technology Ltd for a term of 23 years 3 months and 2 days expiring in June 2009. The lease is drawn on full repairing and insuring terms with upwards only rent reviews every five years.	£182,800	£181,200	£2,150,000
12/16 Middle Street, Yeovil, BA20 1LY	Two self contained retail units with ground floor sales and first floor storage providing some 416 sq.m. (4,481 sq.ft.) net. The property is located at the western end of the pedestrianised section of Middle Street, on the edge of the prime pitch.  Built 1930s.  Freehold.	12/14 Middle Street is let to Ernest Jones Ltd for a term of years expiring in September 2018 with tenant's break options in September 2008 and 2013.  16 Middle Street is let to Ponden Mill Ltd for a term of 15 years expiring in September 2016. The leases are drawn on fully repairing and insuring terms with upwards only rent reviews every five years.	£92,000	£92,000	£1,450,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
15/17, Market Street, York, YO1 2SL	Retail unit arranged over ground, first, second and third floors, extending to some 1,353 sq.m. (14,563 sq.ft.) net, providing ground floor retail space with ancillary storage space on the upper floors. The property is located on the pedestrianised Market Street, the main pedestrian link between the prime pitches of Parliament Street and Coney Street/Spurriergate.  Built circa 1840.  Freehold.	The property is let in its entirety to Superdrug Stores Plc for a term expiring in December 2022. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years.	£285,000	£285,000	£5,390,000
29/30 Parliament Street, York, YO1 2SG	Retail unit arranged over basement, ground, first, second and third floors, extending to some 260 sq.m. (2,801 sq.ft.) net, providing ground floor retail space with ancillary storage space on the upper floors. Access to the basement is not available. The property is located on the pedestrianised Parliament Street, one of the prime city retailing locations.  Built circa 1830.  Freehold.	The property is let in its entirety on assignment to Jessop Group Ltd for a term expiring in March 2013. The lease is drawn on full repairing and insuring terms with upward only rent reviews every five years.	£90,000	£90,000	£1,700,000
87A & 87B, Low Petergate, York, YO1 2HZ	Mid terrace retail unit of timber framed construction, arranged over ground, first and second floors, extending to some 404 sq.m. (4,344 sq.ft.) net, providing ground and first floor retail space with ancillary storage space on the upper floor. The property is in a secondary pitch.  Built 17th century.  Freehold.	The property is let in its entirety to M Bage and S Marwood on assignment from Lakeland Ltd and for a term expiring in June 2013. The lease is drawn on full repairing and insuring terms with upwards only rent reviews every five years.	£81,850	£87,000	£1,320,000

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
Blocks A, B & C Clifton Park, York, YO30 5PB	Office park comprising three buildings arranged over ground and two upper floors with car parking providing some 2,804 sq.m. (30,178 sq.ft.) net. The property is located on an office park about one mile north west of the city centre close to the A19, Shipton Road, linking to the city centre and the outer ring road.  Built in 1990.  Freehold.	Unit A is let to Bombardier Transportation Signal (UK) Ltd, sublet to Balfour Beatty, for a term expiring in July 2018 with a tenant's option to break in July 2008, Unit B to Online Group Holdings PLC for a term expiring in December 2013 and Unit C to Norwich Union Life Services Ltd for a term expiring in April 2014. The leases are drawn on full repairing and insuring terms with upward only rent reviews every five years. The rent review dated April 2004 is outstanding on Unit C.	£388,425	£403,750	£5,550,000

## ACQUISITION OF ADDITIONAL PROPERTY\*

Address	Description, Age and Tenure	Terms of Main Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
Minerva House 5 & 6 Montague Close London Bridge London SE1	A self contained office and residential building situated adjacent to London Bridge, located within the area known as The Southbank. The offices were refurbished in the 1980's and comprise 8,495 sq.m. (91,435 sq.ft.) of good quality accommodation over lower ground, ground and five upper floors. The residential block, 6 Montague Close, provides 12 apartments and St.Mary Overies Dock.  Built in 1983.  Freehold.	The lower ground to 2nd floors are let to Australia & New Zealand Banking Group Ltd for a term of 15 years expiring in May 2016 with a tenant only option to determine in May 2011. The rent at the next review is capped. The 3rd-5th floors are let to Warner Cranston Services, with Reed Smith LLP as Surety, for a term of 15 years expiring in October 2016. Both leases are drawn on effective full repairing and insuring terms with upward only rent reviews every five years.  6 Montague Close is let on a long lease until 2128 at £3,000 per annum, the rent doubles every 25 years.  St.Mary Overies Dock is sub-let until May 2009 at a peppercorn rent to the owner of the Golden Hinde, the ship housed in the dock.	£2,763,834	£2,542,000	£42,130,000

The information contained in this report has not been audited.

\* The Additional Property does not form part of the Property Portfolio and is not therefore included in the valuation set out in the letter on page 47.

## Part 8 Principal Bases and Assumptions

The principal bases and assumptions used in this document are that:

- (i) the Company completes on the acquisition of the Additional Property and further property worth £9.5 million in July 2005;
- (ii) Admission of the C Shares occurs on 27 July 2005;
- (iii) 100 million C Shares are issued pursuant to the Issue at an Issue Price of 100p per C share;
- (iv) the total expenses and commission relating to the Issue borne by the C Shares (excluding the costs of acquiring the Additional Property) are £1.7 million;
- (v) the Acquisition Costs are £1.6 million and are shared as to £1.2 million by the Ordinary Shareholders and as to £0.4 million by the C Shareholders;
- (vi) the net asset value of the Ordinary Shares as at 30 June 2005 is 106.3 pence and, for the purposes of Conversion calculated in accordance with the provisions of Part 3 hereof, is 104.2 pence per share;
- (vii) shortly after Admission, the properties acquired pursuant to assumption (i) above are determined to be Previously Acquired Properties pursuant to paragraph 9 of Part 3 and this results in the immediate triggering of Conversion of C Shares to Ordinary Shares;
- (viii) following Conversion of the C Shares, the Company completes a phased purchase of acquisitions totalling £195 million by 30 June 2006. Purchase costs in relation to the property acquisitions are estimated at 5.76 per cent. of the value of the properties acquired;
- (ix) the combined gross rental yield on the New Property Portfolio following completion of the phased purchase of acquisitions by 30 June 2006 is 6.89 per cent.;
- (x) the combined Estimated Rental Value growth on the New Property Portfolio is 2.87 per cent., capital value growth moves in line with rental value growth;
- (xi) the portfolio is valued on 15 July 2014 on a yield basis using the gross rental yield rate in assumption (ix) above;
- (xii) the Company makes a further drawdown of £100 million of its securitisation facility on 31 March 2006 at a cost of 5.25 per cent. per annum. This includes a provision for the costs of drawdown;
- (xiii) the annual costs of the Group including an allowance for rental voids and excluding finance costs are approximately 1.5 per cent. of total assets;
- (xiv) the Company pays an annual gross dividend in respect of each financial year of 6.75 pence on each issued Ordinary Share in four equal instalments in February, May, August, and November (these forecasts relate to dividends only and are not profit forecasts), and the issued share capital does not change following Conversion of C Shares;
- (xv) the Group does not incur any material liability to taxation on income or gains and neither suffers any liability to UK withholding taxes; and
- (xvi) no property is disposed of over the period from Admission of C Shares to 15 July 2014.

\* these forecasts are not profit forecasts.

# Part 9 Taxation

## General

The information below, which relates only to Guernsey and United Kingdom taxation, summarises the advice received by the Board and is applicable to the Company and each of the Subsidiaries and to persons who are resident or ordinarily resident in Guernsey or the United Kingdom for taxation purposes and who hold absolute beneficial title to Ordinary Shares in the Company as an investment. It is based on current UK and Guernsey revenue law and published practice, respectively, which law or practice is, in principle, subject to changes.

If you are in any doubt about your tax position, or if you may be subject to tax in a jurisdiction other than Guernsey or the United Kingdom, you should consult your independent professional adviser.

## Guernsey

### (i) The Group

On 3 August 2004, the Company was granted by the Administrator of Income Tax in Guernsey exempt status under The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 (the "Ordinance"). The Company needs to reapply for exempt status annually, incurring a fee of £600 each per annum.

The conditions for exemption relevant to the Group are:

- (i) that the Company is deemed to be an "investment scheme";
- (ii) that the Company contracts on an arm's length basis with a person resident in Guernsey for the provision of administration and secretarial services; and
- (iii) that no investment or other property situated in Guernsey, other than a relevant bank deposit or an interest in another body to which an exemption from tax has been granted under the Ordinance, be acquired or held.

As the exemption has been granted, the Group will not be resident in Guernsey for the purposes of liability to Guernsey income tax. Under current law and practice in Guernsey, the Group will only be liable to tax in Guernsey in respect of income arising in Guernsey, other than bank deposit interest. The Group will not therefore incur any additional liability to Guernsey tax, providing that the Group is not in receipt of any Guernsey sourced income, other than interest on bank deposits maintained in Guernsey.

On 25 November 2002, the Advisory & Finance Committee of the States of Guernsey ("**A&F**", now the States of Guernsey Policy Council) announced the proposed framework for a structure of corporate tax reform within an indicative timescale. In the announcement, the A&F stated that any specific recommendations for change would only be placed before the Guernsey States after further consultation with local businesses and review of taxation in other financial centres.

The relevant parts of the announcement are as follows:

- (a) The general rate of income tax paid by Guernsey companies will be reduced to 0 per cent. in respect of the tax year 2008 and subsequent years.
- (b) It is intended that personal income tax will be maintained at 20 per cent. and VAT will not be introduced.
- (c) The A&F has stated that there is no intention to introduce capital gains tax, inheritance, gift or other wealth taxes.

Following the outcome of the recent Council Meeting for Economic Financial Affairs held in Luxembourg on 3 June 2003, the President of the A&F issued a statement concerning the position to be adopted by Guernsey in relation to the application of the Council of the European Union draft directive on taxation of savings income in the form of interest payments ("**EU Savings Directive**") which applies to individual investors. Whilst Guernsey is not a member of the European Union and the EU Savings Directive has no direct application in Guernsey, the A&F has agreed with Her Majesty's Government in the United Kingdom that Guernsey will implement equivalent measures to those applied within other Member States of the European Union. The A&F has announced that it will recommend that the States of Guernsey introduce a retention tax on savings interest paid to EU residents at the same time as the EU Member States of Austria, Belgium and Luxembourg and the named third Countries of Andorra, Liechtenstein,

Monaco, San Marino and Switzerland introduce a similar retention tax. Guernsey will, however, give each EU resident the choice to opt out of the retention tax by authorising disclosure of information to their EU home state authority.

Guernsey does not levy taxes upon capital inheritances, capital gains (with the exception of a dwellings profit tax), gifts, sales or turnover, nor are there any estate duties, save for an ad valorem fee for the grant of probate or letters of administration. Document duty is payable on the creation or increase of authorised share capital at the rate of one half of 1 per cent. of the authorised share capital of a company incorporated in Guernsey up to a maximum of £5,000 in the lifetime of a company. No stamp duty is chargeable in Guernsey on the issue, transfer, switching or redemption of shares.

(ii) Shareholders

Shareholders who are resident in Guernsey will incur Guernsey tax on any dividends paid on Shares owned by them. Shareholders resident outside Guernsey will not be subject to any tax in Guernsey in respect of any Shares owned by them. Whilst the Company is no longer required to deduct Guernsey income tax from dividends on any Share paid to Guernsey residents, the Company is required to make a return to the Administrator of Income Tax, on an annual basis, when renewing the Company's exempt tax status, as described above, of the names, addresses and gross amounts of income distributions paid to Guernsey resident Shareholders during the previous year.

## United Kingdom

(i) The Group

The Group is managed and controlled in such a way that it should not be resident in the United Kingdom for United Kingdom tax purposes. Accordingly, and provided that the Group does not carry on a trade in the United Kingdom (whether or not through a branch, agency or permanent establishment situated there), the Group should not be subject to United Kingdom income tax or corporation tax other than in respect of certain income deriving from a United Kingdom source.

The Subsidiaries will be subject to United Kingdom income tax on income arising on the New Property Portfolio after deduction of its allowable debt financing costs and allowable expenses.

(ii) Shareholders

### *Dividends*

UK resident individual Ordinary Shareholders and C Shareholders will be liable to income tax on any dividends received from the Company. No UK tax credit will be attached to dividends received by Ordinary Shareholders or C Shareholders. UK resident corporate Ordinary Shareholders and C Shareholders will be liable to corporation tax on any dividends received from the Company.

The income tax charge in respect of dividends for United Kingdom resident individual Ordinary Shareholders and C Shareholders, other than higher rate taxpayers, will be at the rate of 10 per cent.. A higher rate taxpayer will be liable to income tax on dividends received from the Company (to the extent that, taking the dividend as the top slice of his income, it falls above the threshold for the higher rate of income tax) at the rate of 32.5 per cent. United Kingdom resident Ordinary Shareholders and C Shareholders who are not liable to income tax on their income and those who hold their Ordinary Shares and C Shares through a Personal Equity Plan or ISA will not be subject to tax on dividends.

### *Capital Gains Tax*

The Conversion of C Shares into Ordinary Shares should not be treated as a disposal for the purposes of United Kingdom capital gains tax and C Shareholders should instead be treated as acquiring their Ordinary Shares for the same consideration initially subscribed or paid for their C Shares.

On the basis of the information regarding Net Asset Value in the Introduction to Part 1 of this document, the holdings of Ordinary Shareholders should not constitute material interests in an offshore fund for the purposes of United Kingdom taxation of offshore funds, with the result that the provisions of Chapter V of Part XVII of the Taxes Act will not apply. Accordingly, Ordinary Shareholders (other than those holding Ordinary Shares as dealing stock, who are subject to separate rules) who are resident or ordinarily resident in the United Kingdom, or who carry on business in the United Kingdom through a branch or agency with which their investment in the Company is

connected should, (depending on their circumstances and subject as mentioned below), be liable to United Kingdom capital gains tax on gains realised on a disposal of their Ordinary Shares.

On a disposal of Ordinary Shares by an individual Shareholder who is resident or ordinarily resident in the United Kingdom for taxation purposes, the Shareholder may benefit from taper relief, which reduces the amount of chargeable gain according to how long, measured in years, the Ordinary Shares have been held. Holders of Ordinary Shares who are bodies corporate resident in the United Kingdom for taxation purposes will benefit from indexation allowance which, in general terms, increases the capital gains tax base cost of an asset in accordance with rises in the retail prices index.

#### *Stamp duty and Stamp Duty Reserve Tax ("SDRT")*

No United Kingdom stamp duty or SDRT is payable on the issue of C Shares, or on the conversion of C Shares into Ordinary Shares or, generally, on a transfer of or agreement to transfer Ordinary Shares.

#### *Other United Kingdom Tax Considerations*

United Kingdom resident companies having an interest in the Company, such that 25 per cent. or more of the Company's profits for an accounting period could be apportioned to them, may be liable to United Kingdom corporation tax in respect of their share of the Company's undistributed profits in accordance with the provisions of Chapter IV of Part XVII of the Taxes Act relating to controlled foreign companies. These provisions only apply if the Company is controlled by United Kingdom residents and will not apply so long as the Company and each of the Subsidiaries pursue an acceptable distribution policy (i.e. each company distributes at least 90 per cent. of its income profits arising in each accounting period).

Individuals ordinarily resident in the United Kingdom should note that Chapter III of Part XVII of the Taxes Act, which contains provisions for preventing avoidance of income tax by transactions resulting in the transfer of income to persons (including companies) abroad, may, in certain circumstances, render them liable to taxation in respect of any undistributed income and profits of the Company.

The attention of Shareholders resident or ordinarily resident and, if an individual, domiciled in the United Kingdom, is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 under which, in certain circumstances, a portion of capital gains realised by the Company can be attributed to such Shareholder who holds, alone or together with associated persons, more than 10 per cent. of the issued Ordinary Shares.

**If any potential investor is in any doubt about the taxation consequences of acquiring, holding or disposing of Ordinary Shares or C Shares, he should seek advice from his own independent professional adviser.**

## Part 10 General Information

### 1. Incorporation and Administration

The Company was incorporated on 27 May 2004 with registered number 41959 with limited liability in Guernsey under the Companies Laws as a closed-ended investment company. The Company has applied to the Guernsey Financial Services Commission for consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinances, 1959 to 1989, for the circulation of this document in so far as it relates to the Issue and to the raising of money by the issue of such shares. The Company has an indefinite life but Shareholders will have the opportunity to vote on its continuation at the Annual General Meeting to be held in 2014. The registered office of the Company is St. Andrew's House, Le Bordage, St. Peter Port, Guernsey GY1 1BR and the telephone number is +44 (0)1481 740 820. The Company operates under the Companies Laws and ordinances and regulations made thereunder and has no employees.

Changes in the authorised and issued share capital of the Company since incorporation are summarised in paragraph 2 below.

KPMG Channel Islands Limited has been the only auditor of the Company since its incorporation. The annual report and accounts are prepared according to accounting standards laid out under International Financial Reporting Standards.

Since 31 March 2005, the Group has sold the following properties:

- (a) 9 North Street, Chichester: the property comprising a single retail unit producing £99,800 per annum was sold on 15 April 2005 for £2.6 million, relative to the Knight Frank independent valuation as at 31 March 2005 of £2.14 million. The original purchase price was £1.98 million.
- (b) Units 1 – 3, 160 Marlowes, Hemel Hempstead: the property comprising three adjoining retail units producing £327,500 per annum was sold on 15 April 2005 for £4.55 million, relative to the Knight Frank independent valuation as at 31 March 2005 of £4.55 million. The original purchase price was £4.44 million.
- (c) 79 – 81 Foregate Street Chester: the property comprising a single let retail unit producing £240,000 per annum was sold on the 27 May for £4.585 million, relative to the Knight Frank independent valuation as at 31 March 2005 of £4.45 million. The original purchase price was £4.16 million.

On 6 May 2005 the Company completed the acquisition of Units 7-8 Estate Road and Car Park, Allied Industrial Estate, Warple Way, Acton, London. The property is a Booker Cash and Carry and is let to a subsidiary of Booker, Snowdon & Bridge Limited. The property comprises approximately 65,000 sq. ft. of single storey warehouse together with a car park/yard area and an access road. The property produces £350,000 per annum and is let on a full repairing and insuring lease expiring on 28 September 2011 with an upward only rent review to the market rent on 24 June 2007. The property is located in a mixed use area with a limited supply of industrial, warehouse and cash and carry property, with the rent for the subject property equating to only £5.40 per sq. ft. The Company acquired the property for £5.5 million that equated to a net initial yield of 6 per cent. that should increase to over 8 per cent. on settlement of the rent review. The property also offers the potential to add value through asset management such as bringing the rent review forward and agreeing a lease extension.

Subject to the information set out above, there has been no significant change in the trading or financial position of the Company since 31 March 2005, being the end of the last financial period for which audited information has been published.

## 2. Share Capital

- (a) On incorporation, the Company's authorised share capital was represented by an unlimited number of Ordinary Shares of no par value. Two Ordinary Shares issued for the purposes of incorporation and an additional 75 and 23 Ordinary Shares were issued to the Investment Manager and Rock Nominees Limited respectively. On 16 July 2004, 259,999,900 Ordinary Shares were issued fully paid for cash at a price of £1 each. Between 16 July 2004 and the date of this document, no further Ordinary Shares have been issued. As at the date of Admission the authorised share capital of the Company will comprise an unlimited number of Ordinary Shares of no par value and an unlimited number of C Shares of no par value and it is anticipated that the issued share capital of the Company will comprise 260,000,000 Ordinary Shares and 100,000,000 C Shares, all issued and fully paid for cash at a price of £1 each.
- (b) On 1 October 2004, the Royal Court of Guernsey confirmed the reduction of share capital by way of a cancellation of the amount standing to the credit of the Company's share premium account. The amount so cancelled was credited as a distributable reserve and is available as distributable profits to be used for all purposes permitted under Guernsey company law, including the buyback of shares and the payment of dividends.
- (c) There are no provisions of Guernsey law which confer rights of pre-emption in respect of the allotment of any class of shares.
- (d) At an Extraordinary General Meeting of the Company convened for 26 July 2005 a special resolution will be proposed to the effect that:
  - (i) the authorised share capital of the Company be increased by the creation of an unlimited number of C Shares of no par value having attached thereto the rights and privileges and being subject to the limitations and restrictions set out in the new Articles to be adopted pursuant to paragraph (iii);
  - (ii) the allotment of new Ordinary Shares upon the Conversion of the C Shares in accordance with their terms be approved; and
  - (iii) the new Articles, produced to the meeting marked "A" and initialled by the Chairman for the purpose of identification, be adopted in substitution for, and to the exclusion of, the existing Articles.
- (e) In accordance with the power granted to the Directors by the Articles, it is expected that the C Shares will be allotted pursuant to a resolution of the board passed on 26 July 2005 conditional upon Admission.
- (f) Save as disclosed in this paragraph 2, no share or loan capital of the Company has since the date of incorporation of the Company been issued or been agreed to be issued, fully or partly paid, either for cash or for a consideration other than cash, and no such issue is now proposed.
- (g) No commissions, discounts, brokerages or other special terms have been granted by the Company within the three years preceding the date of this document in connection with the issue or sale of any share or loan capital of the Company.
- (h) The Company has not granted any options over its share or loan capital which remain outstanding or has not agreed, conditionally or unconditionally, to grant any such options.
- (i) The Ordinary Shares are, and the C Shares will be, in registered form.

### 3. Directors' and other interests

Insofar as is known to the Company, the interests of each Director, including any connected person, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director whether or not held through another party, in the share capital of the Company together with any options in respect of such capital immediately following the Issue are set out below. All such Ordinary Shares and C Shares allotted and issued will be beneficially held by such Directors unless otherwise stated.

<b>Director</b>	<b>Ordinary Shares</b>	<b>Percentage (%)</b>	<b>C Shares*</b>	<b>Percentage* (%)</b>
Andrew Sykes (Chairman)	19,350	less than 0.1	30,000	less than 1
Keith Goulborn	0	0	30,000	less than 1
John Frederiksen	0	0	0	0
Graham Hall	0	0	20,000	less than 1
Paul Smith	0	0	0	0

\*On basis of the Assumptions.

In respect of the Company's accounting period for the period ended 31 March 2005, each of the Directors received £15,000, pro rated on a per annum basis from the date of their appointment. The Chairman received £25,000 on the same basis. The Board has put forward a resolution for consideration by the Ordinary Shareholders at the Annual General Meeting to be held on 26 July 2005, that the Directors' remuneration be increased from £15,000 to £20,000 per annum and that the Chairman's remuneration be increased from £25,000 to £30,000 per annum. No commissions or performance related payments have been or will be made to the Directors by the Company. The aggregate remuneration and benefits in kind of the Directors in respect of the Company's accounting period ended 31 March 2006 which will be payable out of the assets of the Company are not expected to exceed £110,000.

No Director has a service contract with the Company, nor are any such contracts proposed. The Directors were appointed as non-executive directors by letters dated between 9 June 2004 and 22 June 2004 that state that their appointment and any subsequent termination or retirement shall be subject to the Articles. The Directors' appointment letters provide that upon the termination of a Director's appointment, that Director must resign in writing and all records remain the property of the Company. A Director's appointment can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors. The Articles provide that the office of Director shall be terminated, amongst other things if: he shall have absented himself from meetings of the Board for a consecutive period of six months and the Board resolves that his office shall be vacated; he becomes of unsound mind or incapable; he becomes insolvent; he becomes resident for tax purposes in the United Kingdom and, as a result thereof, a majority of the Directors cease to be resident for tax purposes other than in the United Kingdom. Copies of the Directors' letters of appointment are available for inspection at the addresses specified in paragraph 13 of this Part 10.

No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.

Paul Smith is a director of the Administrator. Graham Hall is a director and shareholder of the Channel Islands Stock Exchange.

Save as disclosed in this paragraph 3, none of the Directors, has, or has had, any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which has been effected by the Group since its incorporation.

As at the date of this document, none of the Directors:

- has any convictions in relation to fraudulent offences for at least the previous five years;
- has been bankrupt or been a director of any company or been a member of the administrative, management or supervisory body of an issuer or a senior manager of an issuer at the time of any receivership or compulsory or creditors' voluntary liquidation for at least the previous five years; or
- has been subject to any official public incrimination of him by any statutory or regulatory authority (including designated professional bodies) nor has he been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer, for at least the previous five years.

The Company maintains directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.

In addition to their directorships of the Company, the Directors are or have been, members of the administrative, management or supervisory bodies or partners of the following companies or partnerships, at any time in the previous five years:

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*Andrew Sykes*

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Present directorships and partnerships: JPMorgan Fleming Asian Investment Trust plc  
Schroder Exempt Property Unit Trust  
Schroder Executor & Trustee Company Limited  
Smith & Williamson Holdings Limited  
Absolute Return Trust Limited  
MBIA U.K. Insurance Limited

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Past directorships and partnerships: Schroders plc  
Schroder Ventures International Investment Trust plc  
Schroder Astra Fund Limited  
Schroder Emerging Market Debt Opportunity Fund Limited  
Schroder Credit Renaissance Fund Limited  
Schroder Alternative Strategies Fund Limited  
Schroder Alternative Investment Funds SICAV  
Schroder Japan Long Short Fund Limited  
Schroder Private Equity Funds plc

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*Keith Goulborn*

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Past directorships and partnerships: London House Property Management Co. Limited  
The Paternoster Consortium Limited  
Unibarc Limited  
Ben & Jerry's Homemade Limited  
Corporate Centre (North Wing 2) Limited  
Corporate Centre (Unilever House 2) Limited  
Nordsee U.K. Limited  
UML Limited  
Unilever International Market Development Company Limited  
Unilever U.K. & CN Holdings Limited  
Unilever U.K. Central Resources Limited  
Unilever U.K. Holdings Limited  
Kewferry Hill Estate Company Ltd  
Kirkwood Craig & Co  
Westminster Motor Supplies Limited

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*John Frederiksen*

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Present directorships and partnerships: Dønnerup A/S  
Danarota Technic A/S  
Oak Property Invest A/S  
Råstrof og Genanvendelse Selskabet af 1990 A/S  
R98 Ejendomsselskabet Storken A/S  
C.W. Obel Ejendomme A/S  
Reno.ex-Gruppen A/S  
Ejendomsselskabet Norden A/S  
Statens Ejendomssalg A/S (Freja Ejendomme)  
Jacob Holm & Sønner A/S  
Fortunen A/S  
Tryg i Danmark s.m.b.a.  
Tryg Vesta Group A/S  
A/S Kollektivhuset Hellebo  
Ejendomsaktieselskabet Helleholm  
Sjælsø Gruppen A/S  
Højgaard Ejendomme A/S  
The Danish Property Federation  
SBS Byfornyelse s.m.b.a.

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Past directorships and partnerships: Bastionen A/S  
Administrations- og Service Centret A/S  
Ejendomsselskabet Dannevirke  
Dandrit Biotech A/S  
CancerClinic ApS  
Tema Kapital Management A/S  
Tema Kapital A/S  
Tema Kapital I KS  
David Invest ApS  
Bastionen Group Limited (UK)  
Bastionen Viking Holding B.V. (NL)  
Immobilière du Triomphe S.A. (B)  
Bastionen Leopold N.V. (B)  
Bastionen Parc Leopold N.V. (B)

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*Graham Hall*

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Present directorships and partnerships: Carey Olsen Holdings Limited  
Carey Olsen Listing Services Limited  
Channel Islands Stock Exchange, LBG (The)  
City Rd Investments PCC Limited  
CO 1 Limited  
CO 2 Limited  
Commercial Property Growth Fund Limited (The)  
Commercial Property Income Fund Limited (The)  
Custom Investments PCC Ltd  
Custom Portfolio PCC Ltd  
Credit Suisse Advanced Solutions PCC Limited  
Dynamica PCC Limited  
Emerging Markets Debt and Currency Fund  
Eoffshore Limited  
Elven Investments Limited  
Euclidian Insurance PCC Limited  
GL Fund Management (Guernsey) Limited  
GL Fund Management (BVI) Limited  
Greenpark Capital Investment Management Limited

Greenpark International General Partner I Limited  
Greenpark International General Partner II Limited  
Greystones (Holdings) Limited  
Helios Alternative Strategies Limited  
Insight Foundation Property Limited  
Insight Foundation Property Holding Company Limited  
Insight Foundation Property Trust Limited  
Insight Investment Currency Fund Limited  
Insight Investment International Bond Funds Limited  
Insight Investment International Reserves Limited  
Insight Investment International Multi-Manager Funds Limited  
Insight Investment (CI) Limited  
Insight Investment Nominees (CI) Limited  
Insight Investment Management Holdings (Malta) Limited  
Leonis Investments PCC Limited  
LCF Edmond de Rothschild (CI) Limited  
LCF Edmond de Rothschild Holdings (C.I.) Limited  
Long-Invest PCC Limited  
Long-Invest Capital Limited  
Long-Invest Portfolio Limited  
Maypole Limited  
M3 Capital Mutual PCC Limited  
M3 Capital Management (Guernsey) Limited  
Metaris PCC Limited  
Omega Selected Investment Managers Limited  
Orchis PCC Limited  
Palmer PCC Limited  
Parin PCC Limited  
Pensus Limited  
PHI Russia Property Limited  
Pluris Alternative Investment Strategies Limited  
Polygon Capital Limited (The)  
Premium Portfolio Fund PCC Limited  
Premium Services PCC Limited  
Partners Group (Guernsey) Limited  
Princess Private Equity Holding Limited  
Partners Group Private Equity Performance Holding Limited  
Pne Invest Limited  
Princess Private Equity Sub-holding Limited  
PIN PCC Limited  
Secundum Series PCC Limited  
Sogeval Fund Limited  
Strategic Investment Fund Limited  
Total Return Alternative Strategies Limited  
Tritos Alternative Investment Strategies Limited  
Tronos PCC Limited  
Trotanoy Investment Company Limited  
Verides PCC Limited  
Vitur PCC Limited  
WCP Holdings Limited  
Westbourne Growth Fund PCC Limited  
Westbury Commercial Property Fund Limited (The)

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Past directorships and partnerships:

- Safeway Stores (Guernsey) Limited
- Safeway Stores (Jersey) Limited
- Swiss Capital Russia Property Limited
- Strategic Investment Fund Limited
- US Global Investors (Guernsey) Limited
- Belinvest Management (Guernsey) Limited
- Carey Langlois Company Services Limited
- Chene Investments Limited
- Early Bird Capital Management Limited
- Kanz Fund Management Services (Guernsey) Limited
- Kanz Bank Islamic Investment Fund PCC Limited
- Mollinos Limited
- The Polygon Growth Limited
- Prosperco Small Cap (Guernsey) Limited
- Prosperco New Century (Guernsey) Limited
- Rhine Trustees Limited
- Redbridge Offshore Limited
- Tiger Investments Limited
- Dalewood 2 Private Technology Limited

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*Paul Smith*

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Present directorships and partnerships:

- RBSI Fund Services (Guernsey) Limited
- International Structured Guarantee Fund PCC Limited
- Seligson Private Equity Portal Fund Limited
- Acumen Guaranteed Fund PCC Limited

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Past directorships and partnerships:

- Manor Park (Guernsey) Limited
- Manor Park Guaranteed Investment Funds Limited
- Metallgesellschaft (Guernsey) Limited
- The Arab Islamic Equity Fund Limited
- Shamil Asset Management International Limited
- KIC Global Technology Fund Limited
- LeggMason Investors Jersey Limited
- HSBC Republic Turkey Fund PCC Limited
- Tarsus Advisers (Guernsey) Limited
- Troy Fund PCC Limited
- Finansbank Management (Guernsey) Limited
- Landsbanki Capital International Limited
- MG Metals Fund Limited
- Landsbanki PCC (Guernsey) Limited
- Asian Venture Fund Limited
- KIC Fund Managers (Guernsey) Limited
- HSBC Fund Administration (Guernsey) Limited
- IFSH Holdings Limited
- IFS Investments Limited
- International Fund Services (Guernsey) Limited

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The business address of the Directors is St. Andrew's House, Le Bordage, St. Peter Port, Guernsey, GY1 1BR.

## 4. Major interests

The Company is aware of the following persons who, as at the date of this document, are interested, directly or indirectly, in 3 per cent. or more of the issued ordinary share capital of the Company:

<b>Name</b>	<b>Shareholding</b>	<b>Percentage</b>
Clerical Medical	110,000,000	42.31
HSBC Asset Management (Europe) Limited	9,770,753	3.76
Cazenove Capital Management Limited	7,830,556	3.01

As at the date of this document, on the basis of the Assumptions and on the basis that the Issue proceeds, the Company is not aware of any persons who, immediately following Admission, will be interested, directly or indirectly, in 3 per cent. or more of the issued C Shares of the Company.

Those interested, directly or indirectly, in 3 per cent. or more of the issued share capital of the Company will not have different voting rights from other holders of Ordinary Shares. The relationship between Clerical Medical and the Company is governed by the Substantial Shareholders Agreement, full details of which are set out in paragraph 6.11 of this Part 10.

## 5. Memorandum and Articles of Association

5.1 The Memorandum of Association of the Company provides that the objects of the Company include carrying on business as an investment company. The objects of the Company are set out in full in clause 3 of the Memorandum of Association, a copy of which is available for inspection at the addresses specified in paragraph 13 of this Part 10.

5.2 The Articles of Association contain provisions, inter alia, to the following effect:

### 5.2.1 Shares

- (i) The share capital of the Company is represented by an unlimited number of Ordinary Shares of no par value having the rights hereinafter described.
- (ii) The holders of the Ordinary Shares shall have the following rights:

#### *Dividends*

Holders of Ordinary Shares are entitled to receive, and participate in, any dividends or other distributions out of the profits of the Company available for dividend and resolved to be distributed in respect of any accounting period or other income or right to participate therein.

#### *Winding up*

On a winding up, the holders of Ordinary Shares shall be entitled to the surplus assets remaining after payment of all the creditors of the Company.

#### *Voting*

The holders of Ordinary Shares shall have the right to receive notice of and to attend and vote at general meetings of the Company and each holder of Ordinary Shares being present in person or by proxy or by a duly authorised representative (if a corporation) at a meeting shall upon a show of hands have one vote and upon a poll each such holder present in person or by proxy or by a duly authorised representative (if a corporation) shall have one vote in respect of each Ordinary Share held by him.

- (iii) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such preferred, deferred or other special rights or restrictions whether as to dividend, voting, return of capital or otherwise as the Company at any time by ordinary resolution may determine and subject to and in default of such determination as the Board may determine.
- (iv) Subject to the provisions of the Laws:-
  - (a) any preference shares may with the sanction either of the Board or an ordinary resolution be issued on terms that they are or at the option of the company or the holder are liable to be redeemed on such terms and in such manner as the Company before the issue may by ordinary resolution determine and subject to and in default of such determination as the Board may determine;

- (b) the Company may purchase any of its own shares whether or not they are redeemable and may pay in respect of such purchase otherwise than out of its distributable profits or the proceeds of fresh issue of shares;
- (c) the Company and any of its subsidiary companies may give financial assistance directly or indirectly for the purpose of or in connection with the acquisition of shares in the Company or in connection with reducing or discharging any liability incurred in connection with the purchase of shares in the Company;
- (d) the Company may convert all or any of its fully paid shares the nominal amount of which is expressed in a particular currency into fully paid shares of a nominal amount of a different currency, the conversion being effected at the rate of exchange (calculated to not less than three significant figures) current on the date of the resolution or on such other date as may be specified therein.
- (v) Subject to the provisions of the Companies Laws, the terms and rights attaching to any class of shares, these Articles and any guidelines established from time to time by the Board, the Company may from time to time purchase its own shares. The making and timing of any buy back will be at the absolute discretion of the Board.
- (vi) If at any time the share capital is divided into different classes of shares the rights attached to any class (unless otherwise provided by the terms of issue) may whether or not the Company is being wound up be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution of the holders of the shares of that class.
- (vii) For the purposes of section 16 of the Companies Laws the minimum subscription shall be £2,000.

#### 5.2.2 *Duration*

The Board shall put an ordinary resolution to the annual general meeting of the Company to be held in 2014 proposing that the Company should continue in existence until such further resolution is passed to determine otherwise. If any such resolution is not passed in 2014, the Board shall draw up proposals for the reconstruction, unitisation or other reorganisation of the Company for submission to the members of the Company at an extraordinary general meeting to be convened by the Board for a date not more than three months after such annual general meeting. Implementation of the proposals will require the approval of members by special resolution. If the resolution to approve such proposals is not passed, the Board shall put a special resolution to the Company requiring the Company to be wound up voluntarily.

#### 5.2.3 *Winding-up*

- (i) If the Company is wound up, the surplus assets remaining after payment of all creditors shall be divided among the members.
- (ii) If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the members in specie the whole or any part of the assets of the Company and whether or not the assets consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may with like authority vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator with the like authority shall think fit and the liquidation of the Company may be closed and the Company dissolved but so that no member shall be compelled to accept any shares or other assets in respect of which there is any outstanding liability.
- (iii) Where the Company is proposed to be or is in the course of being wound up and the whole or part of its business or property is proposed to be transferred or sold to another company (the "transferee") the liquidator may, with the sanction of an ordinary resolution conferring either a general authority on the liquidator or an authority in respect of any particular arrangement, receive in compensation or part compensation for the transfer or sale, shares, policies or other like interests in the transferee for distribution among the members of the Company or may enter into any other arrangement whereby the members of the Company may, in lieu of receiving cash, shares, policies or other like interests, or in addition thereto, participate in the profits of or receive any other benefits from the transferee.

#### 5.2.4 *Notice Requiring Disclosure of Interest in Shares*

The Directors may serve notice on any Member requiring that Member to disclose to the Company the identity of any person (other than the Member) who has any interest in the shares held by the Member and the nature of such interest.

Any such notice shall require any information in response to such notice to be given within such reasonable time as the Directors may determine. The Directors may be required to exercise their powers under the relevant Article on a requisition of members holding not less than 1/10th of the paid up capital of the Company. If any Member is in default in supplying to the Company the information required by the Company within the prescribed period (which is 28 days after service of the notice or 14 days if the shares concerned represent 0.25 per cent. or more in value of the issued shares of the relevant class), the Directors in their absolute discretion may serve a direction notice on the Member. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the "default shares") the Member shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25 per cent. of the class of shares concerned the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

#### 5.2.5 *Dividends*

- (i) No dividend shall be paid other than out of the profits of the Company, provided always that all monies realised on the sale or other realisation of any capital assets in excess of book value and all other monies in the nature of accretion to capital shall not be treated as profits available for dividend.
- (ii) The Directors may if they think fit at any time declare and pay such interim dividends as appear to be justified by the position of the Company.
- (iii) All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee thereof. No dividend shall bear interest against the Company. Any dividend unclaimed after a period of 12 years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.
- (iv) The Directors are empowered to create reserves before recommending or declaring any dividend. The Directors may also carry forward any profits which they think prudent not to distribute by dividend.

#### 5.2.6 *Transfer of Shares*

The Articles provide that the Directors may implement such arrangements as they may think fit in order for any class of shares to be admitted to settlement by means of the CREST system. If the Directors implement any such arrangements no provision of the Articles shall apply or have effect to the extent that it is in any respect inconsistent with:

- (i) the holding of shares of that class in uncertificated form;
- (ii) the transfer of title to shares of that class by means of the CREST system; or
- (iii) the CREST Guernsey Requirements.

Where any class of shares is for the time being admitted to settlement by means of the CREST system such securities may be issued in uncertificated form in accordance with and subject as provided in the CREST Guernsey Requirements. Unless the Directors otherwise determine, such securities held by the same holder or joint holder in both certificated form and uncertificated form shall be treated as separate holdings. Such securities may be changed from uncertificated to certificated form and from certificated to uncertificated form in accordance with and subject as provided in the CREST Guernsey Requirements. Title to such of the shares as are recorded on the register as being held in uncertificated form may be transferred only by means of the CREST system. Every transfer of shares from a CREST account of a CREST member to a CREST account of another CREST member shall vest in the transferee a beneficial interest in the shares transferred, notwithstanding any agreements or arrangements to the contrary, however and whenever arising and however expressed. Subject as provided below, any member may transfer all or any of his shares which are in certificated form by instrument of transfer in any form which the Directors may approve. The instrument of transfer of a share shall be signed by or on behalf of the transferor. The Directors may refuse to register any transfer of certificated shares unless the instrument of transfer is lodged at the registered office

accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The Directors may refuse to register a transfer of any share which is not fully paid up or on which the Company has a lien provided that this would not prevent dealings from taking place on an open and proper basis.

Subject to the provisions of the CREST Guernsey Requirements, the registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided that such suspension shall not be for more than 30 days in any year. Shareholders are required to notify the Administrator and Registrar immediately in the event that they become, or hold their shares on behalf of, US Persons. Such shareholders will be required to dispose of their shares to non-US Persons as soon as possible. The Company reserves the right to require the transfer of any shares which are or become owned, directly or indirectly, by a US Person, provided that the Company will only exercise such right if, by not exercising it, the Company itself would suffer a disadvantage. The Directors may also refuse to register any transfer of shares which is prohibited by the provisions described in paragraph 5.2.4 above or any transfer of shares unless such transfer is accompanied by the share certificate to which it relates, is in respect of one class of share only, is in favour of no more than four transferees and is lodged at the registered office or such other place as the Directors may appoint.

#### 5.2.7 *Pre-Emption Rights*

- (i) Subject to the provisions of 5.2.7(ii) the Company shall not allot any Ordinary Shares in the capital of the Company which are unissued from time to time (“Unissued Ordinary Shares”) to any person unless it has previously offered to each holder of Ordinary Shares to allot to him on the same or more favourable terms a proportion of those Unissued Ordinary Shares which is as nearly as practicable equal to the proportion held by him of the aggregate Ordinary Shares in issue at such date.
- (ii) The Directors shall be entitled to allot Ordinary Shares otherwise than in accordance with the pre-emption rights set out in 5.2.7(i) where:
  - (1) the issue is in relation to further Ordinary Shares not exceeding 10 per cent. of the total number of Ordinary Shares then in issue (not including those Ordinary Shares proposed to be issued).
  - (2) the issue of Ordinary Shares is for non-cash consideration;
  - (3) the issue of Ordinary Shares is in connection with a rights issue, open offer or other offer of securities in favour of holders of Ordinary Shares on the register of members at such record date as the Directors may determine where the Ordinary Shares respectively attributable to the interests of the Ordinary Shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them on such record date, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatever; or
  - (4) the issue of Ordinary Shares has previously been approved by holders of Ordinary Shares by special resolution.

#### 5.2.8 *Alteration of Capital and Purchase of Shares*

The Company may from time to time, subject to the provisions of the Laws, purchase its own shares (including any redeemable shares) in any manner authorised by the Laws. The Company may by ordinary resolution: consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares; subdivide all or any of its shares into shares of a smaller amount than is fixed by the Memorandum of Association of the Company; or cancel any shares which at the date of the resolution have not been taken or agreed to be taken and diminish the amount of its authorised share capital by the amount of shares so cancelled. The Company may by special resolution reduce its share capital, or any share premium account in any manner and with and subject to any incident authorised and consent required by the Law.

### 5.2.9 *Notice of General Meetings*

Notice for any general meeting shall be sent by the secretary or officer of the Company or any other person appointed by the Board not less than ten days before the meeting. The notice must specify the time and place of the general meeting and, in the case of any special business, the general nature of the business to be transacted. With the consent in writing of all the Members, a meeting may be convened by a shorter notice or at no notice in any manner they think fit. The accidental omission to give notice of any meeting or the non-receipt of such notice by any Member shall not invalidate any resolution, or any proposed resolution otherwise duly approved, passed or proceeding at any meeting.

### 5.2.10 *Interests of Directors*

- (i) Save as mentioned below, a Director may not vote or be counted in the quorum on any resolution of the Board (or a committee of the Directors) in respect of any matter in which he has (together with any interest of any person connected with him) a material interest (other than by virtue of his interest in shares or debentures or other securities of the Company).
- (ii) A Director shall be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:
  - (1) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiaries;
  - (2) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
  - (3) the offer of securities of the Company or its subsidiaries in which offer he is or may be entitled to participate or in the underwriting or sub-underwriting of which he is to or may participate;
  - (4) any proposal concerning any other company in which he is interested, directly or indirectly, as an officer or shareholder or otherwise, provided that he, together with persons connected with him, is not to his knowledge the holder of or beneficially interested in one per cent. or more of any class of the equity share capital of any such company (or of any third company through which his interest is derived) or of the voting rights of such company;
  - (5) any arrangement for the benefit of employees of the Company or any of its subsidiaries which accords to the Director only such privileges and advantages as are generally accorded to the employees to whom the arrangement relates; or
  - (6) any proposal for the purchase or maintenance of insurance for the benefit of the Director or persons including the Directors.
- (iii) Any Director may act by himself or by his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- (iv) Any Director may continue to be or become a director, managing director or other officer or member of a company in which the Company is interested, and any such Director shall not be accountable to the Company for any remuneration or other benefits received by him.

### 5.2.11 *Remuneration of Directors*

- (i) The Directors shall be remunerated for their services at such rate as the Directors shall determine provided that the aggregate amount of such fees shall not exceed £100,000 per annum (or such sum as the Company in general meeting shall from time to time determine). The Directors shall also be entitled to be paid all reasonable expenses properly incurred by

them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties.

- (ii) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director on such terms as to tenure of office and otherwise as the Directors may determine.
- (iii) The Directors may from time to time appoint one or more of their body to the office of managing director or to any other office for such term and at such remuneration and upon such terms as they determine.
- (iv) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company, or where the terms of appointment are arranged or any contract in which he is interested is considered and he may vote on any such appointment or arrangement other than his own appointment or the terms thereof.
- (v) The Directors may at any time appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall be eligible for re-election at the next annual general meeting following his appointment. Without prejudice to those powers, the Company in general meeting may appoint any person to be a Director either to fill a casual vacancy or as an additional Director.

#### 5.2.12 Retirement of Directors

- (i) At each annual general meeting of the Company all the Directors who held office at the two preceding annual general meetings and who did not retire thereat shall be required to retire from office.
- (ii) A Director shall not be required to hold any qualification shares.
- (iii) There is no age limit at which a Director is required to retire.
- (iv) The office of Director shall be vacated if the Director resigns his office by written notice, if he shall have absented himself from meetings of the Board for a consecutive period of six months and the Board resolves that his office shall be vacated, if he becomes of unsound mind or incapable, if he becomes insolvent, suspends payment or compounds with his creditors, if he is requested to resign by written notice signed by all his co-Directors, if the Company in general meeting shall declare that he shall cease to be a Director, or if he becomes resident in the United Kingdom and, as a result, a majority of the Directors are resident in the United Kingdom.

#### 5.2.13 Borrowing Powers

The Board may exercise all the powers of the Company to borrow money and to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking, property or assets and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any liability or obligation of the Company or of any third party provided always that the aggregate principal amount of all borrowings (as defined in the Articles) by the Company shall not at the point of drawdown of any borrowings exceed 65 per cent. of the gross assets of the Group.

### 6. Material contracts of the Group

The following are all of the contracts, not being contracts entered into in the ordinary course of business, that have been entered into by any member of the Group since its incorporation and are, or may be, material:

- 6.1 the Placing and Offer Agreement, dated 24 June 2004, between the Company, the Investment Manager and Cazenove & Co. Ltd whereby Cazenove & Co. Ltd agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for Ordinary Shares under a placing at 100 pence per share and to effect an offer for subscription. For its services in connection with this issue, Cazenove & Co. Ltd was entitled to a corporate finance fee of £500,000 and a commission of 1 per cent. of the gross proceeds of the issue, provided that if the gross proceeds of the issue exceeded

£60 million, the commission to be paid to Cazenove & Co. Ltd would be equal to 1.25 per cent. of the gross proceeds of the issue on the part which exceeds £60 million.

Under the Placing and Offer Agreement, which could have been terminated by Cazenove & Co. Ltd in certain limited circumstances prior to the admission of the Ordinary Shares in July 2004, the Company and the Investment Manager gave certain market standard warranties and indemnities to Cazenove & Co. Ltd concerning, inter alia, the accuracy of the information contained in the prospectus dated 24 June 2004. No further obligations remain to be performed by any party to the Placing and Offer Agreement.

- 6.2 the Investment Management Agreement, dated 24 June 2004, as amended on 18 January 2005, between the Company and the Investment Manager whereby the Investment Manager is appointed to act as investment manager of the Company, to manage the assets of the Company in accordance with the investment policy and objective of the Company. Under the terms of the Investment Management Agreement, subject to the overall supervision of the Directors, the Investment Manager has complete discretion to buy, sell, retain, exchange or otherwise deal in property assets for the account of the Company.

The original Investment Management Agreement was entered into on 24 June 2004. Since then, only minor amendments have been made in relation to management controls. The amendments were not financial in nature.

The Investment Manager is entitled to a base fee and a performance fee further details of which are set out on page 20 of Part 2 of this document.

The Investment Management Agreement may not be terminated by either the Company, or the Manager, prior to 16 July 2006 but, thereafter, either party may terminate the Investment Management Agreement on not less than twelve months' notice in writing. The Investment Management Agreement may also be terminated by either party with immediate effect on the occurrence of certain events, including: (i) if an order has been made or an effective resolution passed for the liquidation of the other party; (ii) if the other party ceases or threatens to cease to carry on its business; or (iii) if the other party commits a material breach of its obligations under the Investment Management Agreement and such breach is not remedied within 28 days of receiving notice of the breach.

The Investment Management Agreement may be terminated immediately by the Company: (i) where the Company is required to do so by a relevant regulatory authority; (ii) on the liquidation of the Company; or (iii) in the event of the obtaining of control by any person who did not at the date of the Investment Management Agreement exercise control of the Investment Manager.

In the event of a breach by the Investment Manager of the investment restrictions set out in Schedule II of the Agreement, the Investment Manager will have 28 days to remedy such breach. Failure to do so may result in termination of the Investment Management Agreement by the Company. The Company will only inform shareholders of a breach of investment restrictions where this results in termination of the Investment Management Agreement. Any such notification will be made by announcement through a regulatory information service.

The Company has given certain market standard, customary indemnities in favour of the Investment Manager in respect of the Investment Manager's potential losses in carrying on its responsibilities under the Investment Management Agreement.

- 6.3 the Asset Management Agreement, dated 23 July 2004, as amended by a side letter dated 16 March 2005, between IFPL, IFP2L, IFHCL and Lunar Partnership Limited (the "**AMA Subsidiaries**") and the Investment Manager whereby the AMA Subsidiaries have appointed the Investment Manager to provide them with certain asset management services in relation to the Property Portfolio. In consideration for the services rendered by the Investment Manager under the Asset Management Agreement, the Investment Manager shall be entitled to a percentage of the fees paid by the Company to the Investment Manager under the Amended Investment Management Agreement, such percentage to be as agreed from time to time by the Board of Directors of the Company.

The Asset Management Agreement shall continue until terminated by IFPL or the Investment Manager giving to the other not less than 12 months' notice in writing. Notice may not be given prior to the second anniversary of the Asset Management Agreement.

The Asset Management Agreement may also be terminated by IFPL or the Investment Manager with immediate effect on the occurrence of certain events, including: (i) where an order has been made or an effective resolution passed for the liquidation of the other party; or (ii) if the other party ceases or threatens to cease carrying on the whole or substantially the whole of the business or threatens to make any material alteration to the nature of its business; or (iii) if there has been a material breach of the obligations of a party under the Asset Management Agreement and this is not remedied within 28 days of receiving notice of the breach. The Asset Management Agreement will terminate automatically upon termination of the Amended Investment Management Agreement.

The Asset Management Agreement may be terminated immediately by IFPL: (i) if IFPL is required by any relevant regulatory authority to terminate the Investment Manager's appointment; or (ii) in the event of the obtaining of control by any person who did not at the date of the Asset Management Agreement exercise control of the Investment Manager.

- 6.4 the Administration, Registrar, Custodian and Secretarial Agreement (the "**Administration Agreement**"), dated 24 June 2004, between the Company and the Administrator whereby the Administrator is appointed to act as administrator, registrar, custodian and corporate secretary of the Company.

The Administrator is entitled to a fee of £35,000 per annum together with an additional fee of 0.0325 per cent. of the gross asset value of the Company, subject to an overall minimum of £150,000 per annum and from which it may, at its discretion, pay fees to any affiliate of the Administrator to which it may have delegated any of its functions. The Administrator and any of its delegates are also entitled to reimbursement of certain expenses incurred by it in connection with their duties. The aggregate maximum fee payable to the Administrator under the Administration Agreement, plus the fees payable by the Company to Computershare Investor Services (Channel Islands) Limited and the fees payable by the Subsidiaries to the Administrator, is £250,000.

The Administration Agreement contains provisions under which the Company exempts the Administrator from liability and indemnifies the Administrator and its agents, officers and employees from and against liability suffered or incurred by or against the Administrator in connection with the performance of its duties under the Administration Agreement, except as may be due to the negligence, fraud, bad faith or wilful default of the Administrator.

The Administration Agreement may be terminated by either party by 6 months' notice in writing, provided that termination will be immediate where:

- (i) either party commits a material breach of the terms of the Administration Agreement and such breach is incapable of remedy within 30 days;
- (ii) the party in breach has been declared "en désastre"; or
- (iii) the Administrator ceases to hold the necessary licences, approvals, permits, consents or authorisations to perform its duties.

- 6.5 The Clerical Medical Property Acquisition Agreement, dated 24 June 2004, between IFPL and Clerical Medical whereby IFPL agreed, conditional on admission of the Ordinary Shares, to acquire 6 limited liability companies owned by Clerical Medical and as a consequence acquire a number of commercial properties owned by Clerical Medical Investment Group. The consideration for the acquisition was the payment of a nominal sum for the Clerical Medical SPVs. Following the acquisition of the Clerical Medical SPVs, the Clerical Medical SPVs purchased such properties for £180,000,000 in the aggregate.

There are three properties where Clerical Medical may be entitled to receive additional consideration. Such consideration is to be calculated at the earlier of a longstop date (falling 2 years from completion) or the date on which IFPL sells the properties. In the event that the additional consideration is calculated at the longstop date, Clerical Medical may be entitled to approximately 50 per cent. of the amount by which the value of the property exceeds the aggregate of the Initial Apportioned Price and Agreed Deductions (save to the extent that such deductions are taken into account by the valuer). In the event that the additional

consideration is calculated on a disposal of the relevant property by IFPL, Clerical Medical may be entitled to approximately 50 per cent. of the amount by which the value of the property exceeds the aggregate of the Initial Apportioned Price and Agreed Deductions.

IFPL is entitled to reject any properties in circumstances of actual or deemed warranty breach, or alternatively to accept a compensating payment from Clerical Medical.

Clerical Medical provided various warranties relating to the properties and to the Clerical Medical SPVs. These warranties were customary from the Company's perspective for an agreement of this nature and were limited, *inter alia*, in the following ways:

- (1) Clerical Medical shall not be liable for any claim, excluding a tax claim, unless the Company gives written notice of the claim on or before 30 September 2006 or, in respect of a tax claim, a date being seven years from the date of Admission; and
- (2) the aggregate amount of the liability of Clerical Medical in respect of the aggregate of all claims shall not exceed the aggregate of:
  - (a) the value of the Properties as valued by the Valuer and set out in Part 7 of this document; and
  - (b) any additional consideration as referred to above.

- 6.6 The Subscription and Settlement Agreement, dated 24 June 2004, between Clerical Medical, the Company and IFPL whereby Clerical Medical agreed to subscribe for up to 195 million Ordinary Shares in the Company conditional upon the payment of the consideration due to it from the Clerical Medical SPVs in respect of the acquisition of the Clerical Medical Properties.
- 6.7 The Guarantee, dated 24 June 2004, provided by Clerical Medical to IFPL guaranteeing the obligations of Clerical Medical under the Clerical Medical Property Acquisition Agreement. Under the Guarantee, Clerical Medical agreed to pay any sums due from each of the vendors to IFPL under the Clerical Medical Property Acquisition Agreement. Clerical Medical's obligations under the Guarantee are continuing obligations for so long as any of the vendors continue to have any obligations under the Property Acquisition Agreement.
- 6.8 The Clerical Medical Property Purchase Agreement dated 24 June 2004, between Clerical Medical and IFPL whereby IFPL agreed, conditional upon completion of the Clerical Medical Property Acquisition Agreement, to purchase two properties at Chester and Uxbridge for a total consideration of £15,250,000. The acquisition completed on 16 July 2004.
- 6.9 The Lunar Property Acquisition Agreement, dated 24 June 2004, between the Company on the one part and Merrill Lynch Mortgage Capital Inc., NatWest Property Investments Limited and The Westbury Property Fund Limited (together the "**Vendors**") on the other part, whereby the Company agreed, conditional upon admission and on receipt of certificates of title by 2 July 2004 in a form satisfactory to the Company and the Bank, to acquire Lunar Partnership Limited ("**Lunar**") and thereby acquire 13 limited liability companies owned by Lunar which held title to the commercial properties. The consideration for such acquisition was £98 million payable in full in cash.

There are two properties in respect of which the Vendors will be entitled to receive additional consideration if, on or before a period ending 12 months from completion, the Company sells one of the properties or in relation to the relevant property, an agreed asset management scheme is completed (each a "**Trigger Event**"). In the event of a Trigger Event, the additional consideration payable to the Vendors is to be calculated on a formula basis related to the value of the properties, certain agreed deductions and the agreed initial property values.

Under the Lunar Property Acquisition Agreement, the Company was provided with various warranties by the Vendors, relating to Lunar and to the Lunar Properties. These warranties are appropriate and customary from the Company's perspective for an agreement of this nature. The warranties are limited, *inter alia*, in the following ways: (i) the Vendors shall not be liable for any claim unless the Company gives written notice of the claim on or before 31 March 2006, (ii) the aggregate amount of the liability of the Vendors in respect of the aggregate of all claims shall not exceed £15 million.

The Company agreed to indemnify the Vendors against any secondary tax liabilities (including stamp duty and stamp duty land tax) that they may suffer as a result of Lunar or any of the Lunar SPVs failing to meet

any tax liabilities. The indemnity is appropriate and customary from the Company's perspective for an agreement of this nature.

- 6.10 An Internal Administration Agreement, dated 24 June 2004 (as amended on 16 March 2005), between the Company, IFPL and IFHCL whereby IFPL agreed to act as the property investment holding company of the Group and to acquire and dispose of assets within the Property Portfolio on behalf of the Group. Pursuant to the Internal Administration Agreement, the Company has agreed to fund IFPL by share and/or loan capital in amounts to be determined from time to time for the purposes of acquiring and maintaining the Property Portfolio.
- 6.11 A Substantial Shareholder Agreement dated 24 June 2004, between the Company and Clerical Medical for the purposes of regulating the relationship between the Company and Clerical Medical in accordance with the requirements of paragraphs 3.12 and 3.13 of the listing rules (such rules having been replaced on 1 July 2005). Under the Substantial Shareholder Agreement the parties have agreed that for so long as Clerical Medical and its associates exercise, or control the exercise of, 30 per cent. or more of the voting rights of the Company or are able to control the appointment of directors that are able to exercise a majority of votes at board meetings, Clerical Medical will not (and will exercise such rights as it may have to procure that its associates will not):
- (i) seek to nominate Board Directors who are not independent of Clerical Medical or its associates;
  - (ii) take, in its capacity as beneficial owner of any Ordinary Shares, any action which would be detrimental to the general body of Shareholders;
  - (iii) take any action which may result in the Investment Manager or any of the Directors not being able to carry out any of its or their duties independently of Clerical Medical or its associates; and
  - (iv) enter into any transaction or relationship with the Company other than at arm's length and on a normal commercial basis.

The Substantial Shareholder Agreement also contains an undertaking from the Company that, for so long as Clerical Medical and its associates exercise, or control the exercise of 50 per cent. or more of the voting rights of the Company, the Company shall, subject to the law and subject to the Directors being satisfied that it is in the best interests of the Shareholders to do so, distribute in each financial period at least 90 per cent. of its net chargeable profits (as defined in paragraph 3 of Schedule 25 of the Taxes Act) with the intention that the Company pursues an acceptable distribution policy for the purposes of section 748 of the Taxes Act.

The Substantial Shareholder Agreement shall continue in full force and effect so long as Clerical Medical and/or any of its associates continue to own or control Ordinary Shares carrying in aggregate 30 per cent. or more of the voting rights in the Company and shall terminate if the ownership of the Ordinary Shares and/or any of its associates falls below this level or the Ordinary Shares cease permanently to be listed on the official list of the UKLA other than as a result of a breach of the Substantial Shareholder Agreement.

- 6.12 A Term Sheet dated 24 June 2004, between the Bank and the Company whereby the Bank conditionally agreed in principle to provide a bank facility (the "**Bank Facility**") under which the Company had the ability to draw down the lower of £150 million or up to 55 per cent. of the initial market value of the Company's interest in the properties as confirmed by the Bank's independent valuer.

The obligations of the Bank under the Term Sheet were conditional, *inter alia*, upon completion by the Bank of satisfactory due diligence and to agreement being reached on the detailed terms of the facility agreement. The detailed terms of the Bank Facility were drawn up in a facility agreement entered into by the Company and the Bank.

The Bank Facility was repaid by the Company in March 2005 using some of the proceeds of the facility referred to in paragraph 6.15 below. Interest on the Bank Facility was at an annual rate equal to LIBOR at the commencement of each interest payment period plus an interest rate margin of 55 basis points plus mandatory costs.

An arrangement fee of £1.30 million was payable by the Company to the Bank upon first drawdown. This included all fees payable to the Bank and counterparty banks. A commitment fee of 0.10 per cent. per annum was payable in arrear on each interest payment date, calculated on the undrawn balance of the

available Bank Facility after three months from drawdown. A base monitoring fee of £35,000 per quarter was also payable by the Company.

The Bank Facility was secured by fixed charges over the assets of the Group. Under the Term Sheet the Company agreed to provide various representations, warranties and covenants, all of which are customary for a facility of this nature.

- 6.13 A sale and purchase agreement, dated 16 September 2004, between IFPL and others and Property Income & Growth Fund Limited, whereby IFPL agreed to buy 33.06 per cent. of the issued share capital of BC Property Holdings Limited and as a consequence acquire 9 properties. The consideration payable by IFPL for the acquisition of the shares and the properties was approximately £51,077,700.

Property Income & Growth Fund Limited provided various warranties relating to the 9 properties to IFPL. These warranties are appropriate and customary from IFPL's perspective for an agreement of this nature and are limited, *inter alia*, in the following ways: (a) Property Income & Growth Fund Limited shall not be liable for any claim, excluding a tax claim, unless IFPL together with the other buyers acting jointly through their agent, gives written notice of the claim within two years of completion or, in respect of a tax claim, a date meaning seven years from the date of completion; and (b) the maximum total liability of Property Income & Growth Fund Limited in respect of all claims is limited to £20,000,000.

- 6.14 A tax deed, dated 29 September 2004, between Property Income & Growth Fund Limited, BC Property Holdings Limited, IFPL and others whereby Property Income & Growth Fund Limited agreed to indemnify IFPL and the other purchasers under the sale and purchase agreement dated 16 September 2004 (the "**Property Income SPA**"), for tax liabilities arising before the date of completion of the Property Income SPA.

- 6.15 A credit agreement dated 23 March 2005 (the "**Credit Agreement**"), between IFHCL (as borrower) and Real Estate Capital (Foundation) Limited (as lender), whereby the Lender agreed to lend £152.5 million to IFHCL repayable as a whole in July 2014 (the "**Facility**"). The Lender, a single purpose lender, issued Secured Floating Rate Notes (the "**Notes**") that have been admitted to the Official List of the Irish Stock Exchange (the "**March Issue**"). Proceeds of the March Issue were used to re-finance previous short term borrowings (approximately £98 million), and the balance to acquire further investment properties.

The Notes were issued at a blended margin of 20.8 basis points over LIBOR and simultaneously IFHCL entered into an equivalent maturity swap agreement at 5.1 per cent.. In aggregate therefore IFHCL's long term debt facilities have an effective interest rate of 5.31 per cent..

The Facility has first charge security over all the assets owned by IFPTL at 23 March 2005 (value at 31 March – £355 million) together with £22 million cash made available from the Facility (the "**Security Pool**"). Assets can be sold and bought within this Security Pool without any need to revert to the Issuer or the rating agents up to an annual turnover rate of 20 per cent.. Various covenants apply during the term of the loan although the Facility has been designed to provide significant operational flexibility. The principal covenants are that the loan should not comprise more than 60 per cent. of the value of the assets in the Security Pool (39.7 per cent. at 31 March 2005) nor should estimated rental and other income arising from assets in the Security Pool for the next 12 month period comprise less than 150 per cent. of the interest payments anticipated to be due over that same period (interest cover at 31 March 2005 – 270 per cent.).

Arising from the Facility, a further sum of approximately £30 million can be used by IFHCL for any purpose and does not comprise part of the assets held in the Security Pool.

- 6.16 A debenture dated 23 March 2005, between IFHCL, IFPL, Lunar Partnership (Brentford) Limited, Lunar Partnership (Tudor Street) Limited, LP (Brentford) Limited, LP (Tudor Street) Limited (together, the "**Chargors**"), Capita IRG Trustees Limited (the "**Borrower Security Trustee**") and Real Estate Capital (Foundation) Limited (the "**Lender**"). Under the debenture, the Chargors created fixed and floating charges over their property, assets and undertaking as security for the payment or discharge of any or all of their present and future obligations owed to the Lender, the Borrower Security Trustee and the Bank (as the loan servicer) under the Credit Agreement to which they were all party and under documents related to the Credit Agreement.
- 6.17 A deed of subordination dated 23 March 2005, between IFHCL, Insight Investment Management (Global) Limited, IFPTL, IFPL, Clerical Medical (Retail) Nominees Limited, Clerical Medical (Offices) Nominees Limited, Clerical Medical (Industrial) Nominees Limited, Lunar Partnership Limited, LP (Alfreton) Limited, Lunar Partnership (Bolton) Limited, LP (Bristol) Limited, LP (Cannock) Ltd, LP (Fleet) Limited, LP (Havant) Limited, LP

(Hemel Hempstead) Limited, LP (New Malden) Ltd, LP (Northampton) Limited, Lunar Partnership (Scunthorpe) Limited, LP (York) Limited (together, the “**Junior Creditors**”), Lunar Partnership (Brentford) Limited, LP (Brentford) Limited, Lunar Partnership (Tudor Street) Limited, LP (Tudor Street) Limited and Real Estate Capital (Foundation) Limited (the “**Lender**”). Under the deed of subordination the rights of the Junior Creditors in respect of the present and future obligations and liabilities of each of IFHCL, IFPL, Lunar Partnership (Brentford) Limited, LP (Brentford) Limited, Lunar Partnership (Tudor Street) Limited and LP (Tudor Street) Limited (together, the “**Obligors**”) to them are subordinated to each Obligor’s present and future obligations and liabilities to the Lender under the Credit Agreement and related documents until such time as the Lender is satisfied that these liabilities have irrevocably been paid or discharged in full.

- 6.18 A sale and purchase agreement dated 7 June 2005 between PWCR Minerva House Limited (the “**Seller**”), IFP2L (as buyer), Prestbury West Coast Rice Limited (the “**Seller’s Guarantor**”) and IFPTL (as the Buyer’s guarantor), whereby IFP2L has agreed to purchase the entire issued share capital of PWCR Minerva House 2 Limited (“**PWCR 2**”) from the Seller. Following completion of the acquisition of the shares in PWCR 2, PWCR 2 will acquire the Minerva Property pursuant to a property sale agreement between the Seller and PWCR 2 dated 16 March 2005 (the “**Property Contract**”). Completion of the Property Contract is conditional on a change of control of PWCR 2 (the “**Minerva SPA**”). The consideration for the acquisition of the Minerva Property and the shares in PWCR 2 is £42.13 million.

The Seller’s obligations under the Minerva SPA are guaranteed by the Seller’s Guarantor and IFP2L’s obligations to pay the consideration under the Minerva SPA are guaranteed by IFPTL. Both Guarantors will remain liable under the Minerva SPA for a period of 6 years from the date of completion of the Minerva SPA.

Under the Minerva SPA, IFP2L has been provided with various warranties by the Seller, relating to the Company. These warranties are appropriate from IFP2L’s perspective for an agreement of this nature. The warranties are limited, *inter alia*, in the following ways: (i) the aggregate liability of the Seller under the Minerva SPA shall not exceed £10,000,000 and (ii) the Seller shall not be liable for any claim unless IFP2L gives written notice of the claim on or before 31 January 2007.

- 6.19 A supplemental deed dated 7 June 2005 between PWCR Minerva House Limited and IFP2L relating to the sale and purchase agreement referred to in paragraph 6.18 above, whereby the Seller and IFP2L have agreed that in the event that Stamp Duty Land Tax (“**SDLT**”) is agreed or determined to be properly payable in respect of or as a result of the acquisition of the Minerva Property by PWCR 2, the consideration payable under the Minerva SPA shall be reduced by an amount equal to one half of any SDLT payable in respect of the acquisition and one half of any interest and/or penalties payable to Her Majesty’s Revenue & Customs in respect of the SDLT and a payment by way of a refund shall be made by the Seller to IFP2L.

- 6.20 A New Placing and Offer Agreement, dated 7 July 2005, between the Company, the Investment Manager and JPMorgan Cazenove whereby JPMorgan Cazenove has agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for C Shares under the Placing at the Issue Price and to make the Offer. For its services in connection with the Issue, JPMorgan Cazenove will be entitled to a commission of 1 per cent. of the gross proceeds of the Issue and, at the sole discretion of the Manager and the Company, an additional commission of up to 0.25 per cent. of the total sum raised under the Issue, to be determined by the Board and the Manager based on the performance of the Sponsor in relation to the Issue.

Under the Placing and Offer Agreement, which may be terminated by JPMorgan Cazenove in certain limited circumstances prior to Admission, the Company and the Investment Manager have given certain market standard warranties and indemnities to JPMorgan Cazenove which are customary for an agreement of this nature concerning, *inter alia*, the accuracy of the information contained in this document.

- 6.21 A Term Sheet dated 3 June 2005, between the Bank and the Company whereby the Bank has agreed in principle to provide a new bank facility (the “**New Bank Facility**”) under which the Company will have the ability to draw down the lower of £35,700,000 (the “**Initial Amount**”) or up to 85 per cent. of the initial market value of the Company’s interest in the Additional Property as confirmed by the Bank’s independent valuer.

The purpose of the New Bank Facility is to finance the acquisition of the Additional Property.

The facility amount may be increased to support the acquisition of further properties, up to a maximum of £100,000,000. The detailed terms of the New Bank Facility will be drawn up in a facility agreement to be entered into by the Company and the Bank.

The New Bank Facility will be repayable within 364 days of the date of the first drawdown under the facility. Interest on the New Bank Facility will be at an annual rate equal to LIBOR at the commencement of each interest payment period plus an interest rate margin of 100 basis points plus mandatory costs on the Initial Amount and thereafter at 95 basis points plus mandatory costs on the aggregate amount (as defined in the Term Sheet) whilst loan to value is above 80 per cent., 90 basis points plus mandatory costs on the Aggregate Amount whilst loan to value is 80 per cent. or below and 80 basis points plus mandatory costs on the Aggregate Amount whilst loan to value is 60 per cent. or below

An arrangement fee of 0.45 per cent. of the Initial Amount (of which £25,000 is payable upon receiving credit approval) and each further Additional Bridge Amount (as defined in the Term Sheet) is payable by the Company to the Bank.

The New Bank Facility will be secured by fixed charges over the Additional Property. Under the Term Sheet the Company agreed to provide various representations, warranties and covenants, all of which are customary for a facility of this nature.

Save as otherwise disclosed in this paragraph 6, as at the date of this document, there are no contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the Group which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group.

## 7. Litigation

Since the incorporation of the Company, neither it, nor any member of the Group is, nor has been, involved in any governmental, legal or arbitration proceedings nor, so far as the Company is aware, are there any governmental, legal or arbitration proceedings pending or threatened by or against any member of the Group which may have, or have since incorporation of the Company had, a significant effect on the Group's financial position or profitability.

## 8. Working capital

Taking into account the existing bank and other facilities available to the Company, the Board believes that the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of this document.

## 9. Capitalisation and Indebtedness

### Capitalisation

<b>Group</b>	<b>31/03/2005</b>
	<b>£'000</b>
<b>Total Non-Current debt</b>	
<b>Secured</b>	
Floating Rate Notes	152,500
<b>Unsecured</b>	
Interest Swap	1,382
Provisions	2,000
	<hr/>
	<b>155,882</b>
<b>Shareholders Equity</b>	
Share Capital	—
Hedge Reserve	(1,382)
	<hr/>
	<b>(1,382)</b>
<b>Total</b>	<b>154,500</b>

As at 30 June 2005 (the latest practicable date prior to the publication of this document) save for the interest swap and hedge reserve, each of which is £6.7 million, there has been no material change to the above information since the last published financial information to 31 March 2005.

## Indebtedness

Group	31/05/2005 £'000
Cash and cash equivalents	57,605
<b>Liquidity and Net Current Financial Indebtedness</b>	<b>57,605</b>
<b>Non current Bank loans</b>	
Secured Floating Rate Notes	(152,500)
<b>Other non current loans</b>	
Interest Swap	(5,468)
Provisions	(2,000)
<b>Non-current Financial Indebtedness</b>	<b>(159,968)</b>
<b>Net Financial Indebtedness</b>	<b>(102,363)</b>

## Share Capital

As at the date of this document, the share capital of the Company is comprised of an unlimited number of Ordinary Shares of no par value.

On 1 October 2004, the Royal Court of Guernsey confirmed the reduction of share capital by way of a cancellation of an amount standing to the credit of the Company's share premium account. The amount so cancelled was credited as a distributable reserve and is available as distributable profits to be used for all purposes permitted under Guernsey company law, including the buyback of shares and the payment of dividends.

The income reserve as at 31 March 2005 for the Group was £274,204,000.

## Loan Note Security and swap agreement

The Company (via its principal subsidiary, Insight Foundation Holding Company Limited) has entered into a long term £152.5 million loan (repayable as a whole in July 2014) with Real Estate Capital (Foundation) Limited, a single purpose lender, which issued Secured Floating Rate Notes that have been admitted to the Official List of the Irish Stock Exchange. Full details of the Issue were published in an Offering Circular on 18 March 2005. Proceeds of the issue were used to re-finance previous short term borrowings (approximately £98 million), and the balance to acquire further investment properties.

The Notes were issued at a blended margin of 20.8 basis points ("**bps**") over LIBOR and simultaneously the Company entered into an equivalent maturity swap agreement at 5.1 per cent. In aggregate therefore the Company's long term debt facilities have an effective interest rate of 5.31 per cent. The Company has capitalised costs of £4 million which it incurred in arranging this facility. These are being amortised over the life of the loan which has the effect of adding an additional 28bps per annum to the cost of the loan.

The Facility has first charge security over all the property assets owned by the Company at 23 March 2005 (value at 31 March 2005 – £363 million) together with £22 million cash made available from the Facility (the "**Security Pool**"). Assets can be sold and bought within this Security Pool without any need to revert to the Issuer or the Rating Agents up to an annual turnover rate of 20 per cent. Details of transactions carried out since 31 March 2005 are set out in paragraph 1 of Part 10 of this document. Various covenants apply during the term of the loan although the Facility has been designed to provide significant operational flexibility. The principal covenants however are that the loan should not comprise more than 60 per cent. of the value of the assets in the Security Pool (39.6 per cent. at 31 March 2005) nor should estimated rental and other income arising from assets in the Security Pool for the next 12 month period comprise less than 150 per cent. of the interest payments anticipated to be due over that same period (interest cover at 31 March 2005 – 270 per cent.).

Arising from the Facility, a further sum of approximately £30 million (known as working capital) can be used by the Company for any purpose and does not comprise part of the assets held in the Security Pool.

## Provisions

At launch the Group acquired two properties from Clerical Medical Investment Group Limited (Wembley and Hinckley) where certain specific asset management initiatives that had been started had not reached a

conclusion. The Company therefore agreed to pay further purchase consideration to Clerical Medical dependent on the success of these initiatives and calculated as a percentage of the potential uplift after certain minimum growth thresholds have been met. These obligations both reach a conclusion by July 2006 (or earlier if the assets are sold) but the Directors consider that based on the current valuations of these two assets, it is prudent to provide for further purchase consideration of £2 million.

### **Capital Commitments and Contingent Liabilities**

At 31 May 2005 the Group had no significant capital commitments or contingent liabilities.

The information set out in the Capitalisation table above has been extracted from the audited financial statements for the period to 31 March 2005. The remainder of the information set out in this paragraph 9 has not been audited but is extracted from information set out in the books of the Group.

## **10. General**

- 10.1 The principal place of business and the registered office of the Company and each of the Subsidiaries is St. Andrew's House, Le Bordage, St. Peter Port, Guernsey GY1 1BR.
- 10.2 The Company is the parent company of the Group. The Company beneficially owns 100 per cent. of the issued share capital of IFHCL, IFP2L, Lunar Partnership Limited, Clerical Medical (Retail) Nominees Limited, Clerical Medical (Offices) Nominees Limited and Clerical Medical (Industrial) Nominees Limited. IFHCL owns 100 per cent. of the issued share capital of IFPL. IFHCL, IFPL and IFP2L operate as intermediate holding companies.
- 10.3 The Investment Manager is or may be the promoter of the Company. Save as disclosed in paragraphs 6.2 and 6.3 above no amount or benefit has been paid, or given, to the promoter or any of its subsidiaries since the incorporation of the Company and is intended to be paid, or given.
- 10.4 The Investment Manager is a private limited company and was incorporated under the laws of England and Wales on 19 November 1964 with registered number 827982. The Investment Manager is registered with and regulated by the UK Financial Services Authority.
- 10.5 Knight Frank LLP was incorporated as a limited liability partnership under the Limited Liability Partnership Act 2000 in England and Wales on 3 November 2003 with registered number OC305934. Knight Frank LLP is not a shareholder in the Company and shall not be applying for C Shares under the Issue.
- 10.6 Based on the Assumptions, the costs and expenses (including VAT where relevant) of, and incidental to, the Issue (including commissions and sums payable to financial intermediaries of £1.25 million) payable by the Company are estimated to amount to approximately £1.7 million.
- 10.7 The C Shares being issued in connection with the Issue are being issued at 100p per C Share, all of which constitutes share premium. The ISIN Number for the C Shares is GB00BOCM3H11.
- 10.8 JPMorgan Cazenove has given and not withdrawn its written consent to the issue of this document with references to its name in the form and context in which such references appear.
- 10.9 Knight Frank LLP declares that, having taken all reasonable care to ensure that such is the case, the information contained in Part 7 of this document for which it is responsible is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.
- 10.10 Knight Frank LLP has given and not withdrawn its written consent to the issue of this document with references to its name in the form and context in which such references appear and has authorised the contents of its report, in the form and context in which it is included, and references to it for the purposes of the Prospectus Rules.
- 10.11 None of the C Shares available under the Issue are being underwritten. Save in relation to the Offer for Subscription, the C Shares have not been marketed nor made available, in whole or in part, to the public in conjunction with the Issue.
- 10.12 The Company complies with the corporate governance obligations which apply to Guernsey registered companies.

- 10.13 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by written instrument. The Articles of the Company permit the holding of C Shares under the CREST system. The Directors intend to apply for the C Shares to be admitted to CREST with effect from Admission. Accordingly it is intended that settlement of transactions in the C Shares following Admission may take place within the CREST system if the relevant Shareholders so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so upon request to Computershare Investor Services (Channel Islands) Limited.
- 10.14 Applications have been made to the UK Listing Authority and the Channel Islands Stock Exchange for all the C Shares in the Company (issued and to be issued under the Issue) to be admitted to their Official Lists and to the London Stock Exchange and the Channel Islands Stock Exchange for such C Shares to be admitted to trading on the market for listed securities of the London Stock Exchange and the Channel Islands Stock Exchange. It is expected that such Admissions will become effective, and that dealings will commence, on 27 July 2005.
- 10.15 Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 10.16 The Company has not had any employees since its incorporation and does not own any premises.
- 10.17 There has been no significant change in the aggregate valuation of the properties set out in the Schedule in Part 7 of this document since 30 June 2005, being the date as at which the valuation was given.
- 10.18 The Company's audit committee is comprised of the following members: Keith Goulborn (Chairman), John Frederiksen, Graham Hall and Andrew Sykes. The audit committee has the following remit: to meet bi-annually and to consider, inter-alia: (a) annual and interim accounts; (b) auditor reports; and (c) terms of appointment and remuneration for the auditor (including overseeing the independence of the auditor particularly as it relates to the provision of non-audit services). The Company has not so far established a separate remuneration committee as the Board is satisfied that any relevant issues can be properly considered either by the Board or by one of the established committees.

## 11. Investment Restrictions

- 11.1 In accordance with the Listing Rules and Prospectus Rules of the Financial Services Authority which came into force on 1 July 2005:
- 11.1.1 no single property (including all adjacent or contiguous properties) can, at the time of initial listing, constitute more than 15 per cent. of the total assets of the Company, consolidated where applicable;
- 11.1.2 income receivable from any single tenant, or tenants within the same group, in any one financial year must not exceed 20 per cent. of the total rental income of the Company in that financial year;
- 11.1.3 at least 90 per cent. by value of properties held by the Company must be in the form of freehold or long leasehold properties or the equivalent;
- 11.1.4 the proportion of the Company's portfolio which is unoccupied or not producing income or which is in the course of substantial development, redevelopment or refurbishment must not exceed 25 per cent. of the value of the property; and
- 11.1.5 the Company must not retain more than 15 per cent. of its net profits, before gains and losses on the disposal of properties and other investments.

## 12. Availability of Prospectus

Copies of this document can be obtained during normal business hours until the Issue closes from any of the following:

JPMorgan Cazenove  
20 Moorgate  
London  
EC2R 6DA

RBSI Fund Services  
(Guernsey) Limited  
St Andrew's House  
Le Bordage  
St Peter Port  
Guernsey  
GY1 1BR

Computershare Investor  
Services PLC  
PO Box 859  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 1XZ

## 13. Documents available for inspection

Copies of the following documents will be available for inspection at the registered office of the Company and at the offices of Herbert Smith LLP, Exchange House, Primrose Street, London EC2A 2HS during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document for a period of at least 14 days:

- (i) the Memorandum and Articles of the Company;
- (ii) the material contracts referred to in paragraph 6 of this Part 10 of this document;
- (iii) the Directors' letters of appointment;
- (iv) the letters referred to in paragraphs 10.8 to 10.10 of this Part 10 of this document;
- (v) the valuation report set out in Part 7 of this document;
- (vi) the financial information set out in Part 6 of this document; and
- (vii) this document.

In addition, copies of this document are available, for inspection only, from the Document Viewing Facility, UK Listing Authority, The Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

Date 8 July 2005

# Part 11 Terms and Conditions of Application under the Offer

## Introduction

If you apply for C Shares under the Offer for Subscription, you will be agreeing with the Company and Computershare Investor Services PLC (the **"Receiving Agent"**) (for itself and as agent for the Company) as follows:

## Offer to acquire Shares

1. Applications must be made on the application form (the **"Application Form"**) attached at the end of this document (the **"Prospectus"**) or otherwise published by the Company. By completing and delivering an Application Form, you, as the applicant, and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:
  - 1.1 offer to subscribe for such number of C Shares at 100p per C Share as may be purchased by the subscription amount specified in Box 1 on your Application Form (calculated after deduction of any Initial Commission payable to your IFA) on the terms, and subject to the conditions, set out in the Prospectus, including these Terms and Conditions of Application and the memorandum and articles of association of the Company;
  - 1.2 agree that, in consideration of the Company and Computershare Investor Services (Channel Islands) Limited (the **"Registrar"**) agreeing that they will not, prior to the date of Admission, offer for subscription any C Shares to any person other than by means of the procedures referred to in the Prospectus, your application may not be revoked and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to or, in the case of delivery by hand, on receipt by the Receiving Agent of your Application Form;
  - 1.3 undertake to pay the subscription amount specified in Box 1 on your Application Form in full on application and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive a share certificate for the C Shares applied for in certificated form or be entitled to commence dealing in C Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such C Shares unless and until you make payment in cleared funds for such C Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent and the Company against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) avoid the agreement to allot the C Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by way of a cheque, in your favour, at your risk, for an amount equal to the proceeds of the remittance which accompanied your Application Form, without interest);
  - 1.4 agree, that where on your Application Form a request is made for C Shares to be deposited into a CREST account (a **"CREST Account"**), the Receiving Agent may in its absolute discretion amend the form so that such C Shares may be issued in certificated form registered in the name(s) of the holder(s) specified in your Application Form (and recognise that the Receiving Agent will so amend the form if there is any delay in satisfying the identity of the applicant or the owner of the CREST Account or in receiving your remittance in cleared funds);
  - 1.5 agree, in respect of applications for C Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 1.4 to issue C Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled or pursuant to paragraph 1.4 above (and any monies returnable to you) may be retained by the Receiving Agent:
    - 1.5.1 pending clearance of your remittance,
    - 1.5.2 pending investigation of any suspected breach of the warranties contained in paragraphs 9.1, 9.2, 9.6 or 9.8 below or any other suspected breach of these Terms and Conditions of Application, or

- 1.5.3 pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purpose of The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law 1999 (as amended) and any other regulations applicable thereto, and any interest accruing on such retained monies shall accrue to and for the benefit of the Company;
  - 1.6 agree, on the request of the Receiving Agent, to disclose promptly in writing to them such information as the Receiving Agent may request in connection with your application and authorise the Receiving Agent to disclose any information relating to your application which they may consider appropriate;
  - 1.7 agree that if evidence of identity satisfactory to the Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Receiving Agent) following a request therefore, the Receiving Agent or the Company may terminate the agreement with you to allot C Shares and, in such case, the C Shares which would otherwise have been allotted to you may be reallocated or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned to the bank account on which the payment accompanying the application was first drawn without interest and at your risk;
  - 1.8 agree that you are not applying on behalf of a person engaged in money laundering;
  - 1.9 undertake to ensure that, in the case of an application signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is enclosed with your Application Form together with full identity documents for the person so signing;
  - 1.10 undertake to pay interest at the rate described in paragraph 5 below if the remittance accompanying your Application Form is not honoured on first presentation;
  - 1.11 authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of C Shares for which your application is accepted or if you have completed section 3B on your Application Form, but subject to paragraph 1.4 above, to deliver the number of C Shares for which your application is accepted into CREST, and/or to return any monies returnable by cheque in your favour without interest and at your risk;
  - 1.12 confirm that you have read and complied with paragraph 15;
  - 1.13 agree that all subscription cheques and payments will be processed through a bank account (the "**Acceptance Account**") in the name of The Royal Bank of Scotland plc a/c Insight Foundation Property Trust Limited opened with the Receiving Agent;
  - 1.14 agree that your Application Form is addressed to the Company and the Receiving Agent; and
  - 1.15 agree that if a fractional entitlement to a C Share arises on your application, the number of C Shares issued to you will be rounded down to the nearest whole number and any fractions shall be retained by the Company for its benefit.
2. Any application may be rejected in whole or in part at the sole discretion of the Company.

## Acceptance of your offer

3. The Receiving Agent may, on behalf of the Company, accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected) by notifying the UK Listing Authority of the basis of allocation (in which case the acceptance will be on that basis).
4. The basis of allocation will be determined by the Company in consultation with the Receiving Agent. The right is reserved notwithstanding the basis as so determined to reject in whole or in part and/or scale back any application. The right is reserved to treat as valid any application not complying fully with these Terms and Conditions of Application or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed with the Company in some other manner to apply in accordance with these Terms and Conditions of Application. The Company reserves the right (but shall not be obliged) to accept Application Forms and

accompanying remittances which are received through the post by not later than 11.00 a.m. on 21 July 2005 provided that the cover bears a legible postmark with a date not later than 20 July 2005.

5. The Receiving Agent will present all cheques and banker's drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful applicants' payment. The Receiving Agent may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Receiving Agent, to be the interest on the amount of the payment from the date on which all payments in cleared funds are due to be received until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Receiving Agent plus 2 per cent. per annum. The right is also reserved to reject in whole or in part, or to scale down or limit, any application.

## Conditions

6. The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:
  - 6.1 admission of the C Shares, issued and to be issued pursuant to the Issue, to listing and trading on the London Stock Exchange and the Channel Island Stock Exchange in accordance with the rules of the UK Listing Authority and the Channel Island Stock Exchange by 8.00 a.m. on 27 July 2005 (or such later time or date, not being later than 1 September 2005, as the Company and the Sponsor may agree); and
  - 6.2 the Placing and Offer Agreement referred to in paragraph 6.20 of Part 10 of the Prospectus becoming otherwise unconditional in all respects, and not being terminated in accordance with its terms before Admission becomes effective.
7. You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including precontractual representations) at any time after acceptance. This does not affect any other right you may have.

## Return of application monies

8. Where application monies have been banked and/or received, if any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

## Warranties

9. By completing an Application Form, you:
  - 9.1 warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions of Application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
  - 9.2 warrant, if the laws of any territory or jurisdiction outside Guernsey are applicable to your application, that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company or the Receiving Agent or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside of Guernsey in connection with the Offer for Subscription in respect of your application;
  - 9.3 confirm that in making an application you are not relying on any information or representations in relation to the Company other than those contained in the Prospectus (on the basis of which alone

your application is made) and accordingly you agree that no person responsible solely or jointly for the Prospectus or any part thereof shall have any liability for any such other information or representation;

- 9.4 agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and representations contained therein;
- 9.5 acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in the Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by the Company or the Receiving Agent;
- 9.6 warrant that you are not under the age of 18 on the date of your application;
- 9.7 agree that all documents and monies sent by post to, by or on behalf of the Company or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint holders, the address of the first-named holder) as set out in your Application Form;
- 9.8 confirm that you have reviewed the restrictions contained in paragraph 15 below and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions therein.

## Money Laundering

10. You agree that, in order to ensure compliance with The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law 1999 (as amended) the Receiving Agent, the Company or the Company's Administrator may respectively at its absolute discretion require verification of identity of you the holder(s) lodging an Application Form and further may request from you and you will assist in providing identification on:
  - 10.1 the owner(s) and/or controller(s) (the "payor") of any bank account not in the name of the holder(s) on which is drawn a payment by way of banker's draft or cheque; or
  - 10.2 where it appears to the Receiving Agent that a holder or the payor is acting on behalf of some other person or persons, such person or persons.

Failure to provide the necessary evidence of identity may result in your application being rejected or delays in the despatch of documents.
11. Without prejudice to the generality of paragraph 10 above, verification of the identity of holders and payors may be required if the value of the C Shares applied for, whether in one or more applications considered to be connected, exceeds £9,000. If, in such circumstances, you use a building society cheque, banker's draft or money order you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the cheque, banker's draft or money order and adds its stamp. If, in such circumstances, the person whose account is being debited is not a holder you may be required to provide a copy of that person's passport or driving licence certified by a solicitor or a recent original bank or building society statement and/or two utility bills in their name and showing their current address (which originals will be returned by post at the addressee's risk) together with a signed declaration as to the relationship between the payor and you the holder.
12. For the purpose of Guernsey's money laundering regulations a holder making an application for C Shares will not be considered as forming a business relationship with either the Company or with the Receiving Agent but will be considered as effecting a one-off transaction with either the Company or with the Receiving Agent.
13. The holder(s) submitting an application for C Shares will ordinarily be considered to be acting as principal in the transaction unless the Receiving Agent determines otherwise, whereupon you may be required to provide the necessary evidence of identity of the underlying beneficial owner(s).
14. If the amount being subscribed exceeds £9,000 you should endeavour to have the declaration contained in section 6 of the Application Form signed by an appropriate firm as described in that section. If you cannot have that declaration signed and the amount being subscribed exceeds £9,000 then you must provide with

the Application Form the identity documentation detailed in section 7 of the Application Form for each underlying beneficial owner.

## Non-United Kingdom and non-Guernsey investors

15. If you receive a copy of the Prospectus or an Application Form in any territory other than the United Kingdom or Guernsey you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the United Kingdom and Guernsey and wish to make an application for C Shares under the Offer for Subscription, to satisfy yourself as to full observance of the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
16. None of the C Shares have been or will be registered under the laws of Canada, Japan, Australia or under the United States Securities Act of 1933 (as amended) or with any securities regulatory authority of any state or other political subdivision of the United States, Canada, Japan or Australia. Accordingly, unless an exemption under such Act or laws is applicable, the C Shares may not be offered, sold or delivered, directly or indirectly, within Canada, Japan, Australia or the United States (as the case may be). If you subscribe for C Shares you will, unless the Company and the Registrar agree otherwise in writing, be deemed to represent and warrant to the Company that you are not a US Person or a resident of Canada, Japan, Australia or a corporation, partnership or other entity organised under the laws of the US or Canada (or any political subdivision of either) or Japan or Australia and that you are not subscribing for such C Shares for the account of any US Person or resident of Canada, Japan or Australia and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the C Shares in or into the United States, Canada, Japan or Australia or to any US Person or resident in Canada, Japan or Australia. No application will be accepted if it shows the applicant, payor or a holder having an address in the United States, Canada, Japan or Australia.

## The Data Protection (Bailiwick of Guernsey) Law 2001

17. Pursuant to The Data Protection (Bailiwick of Guernsey) Law 2001, (the “**DP Law**”) the Company and/or the Registrar, may hold personal data (as defined in the DP Law) relating to past and present Shareholders.
18. Such personal data held is used by the Registrar to maintain the Company’s register of Shareholders and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned below when (a) effecting the payment of dividends and redemption proceeds to Shareholders and the payment of commissions to third parties and (b) filing returns of Shareholders and their respective transactions in shares with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used.
19. The countries referred to above include, but need not be limited to, those in the European Economic Area or the European Union and any of their respective dependent territories overseas, Argentina, Australia, Brazil, Canada, Hong Kong, Hungary, Japan, New Zealand, Singapore, South Africa, Switzerland and the United States of America.
20. By becoming registered as a holder of C Shares in the Company a person becomes a data subject (as defined in the DP Law) and is deemed to have consented to the processing by the Company or its Registrar of any personal data relating to them in the manner described above.

## Miscellaneous

21. To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the C Shares and the Offer for Subscription.
22. The rights and remedies of the Company and the Receiving Agent under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to either of them and the exercise or partial exercise of one will not prevent the exercise of others.

23. The Company reserves the right to shorten the closing time of the Offer for Subscription from 11.00 a.m. on 21 July 2005 by giving notice to the London Stock Exchange and the Channel Islands Stock Exchange. In this event, the revised closing time will be published in such manner as the Registrar, in consultation with the Company, may determine subject, and having regard, to the requirements of the London Stock Exchange and the Channel Islands Stock Exchange.
24. The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned as indicated without interest.
25. You agree that the Sponsor and the Receiving Agent are acting for the Company in connection with the Issue and for no-one else, and that neither the Sponsor nor the Receiving Agent will treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of C Shares or concerning the suitability of C Shares for you or otherwise in relation to the Issue or for providing the protections afforded to their customers.
26. You authorise the Receiving Agent or any person authorised by them or the Company, as your agent, to do all things necessary to effect registration of any C Shares subscribed by you into your name(s) and authorise any representatives of the Receiving Agent to execute and/or complete any document required in this regard.
27. You agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription shall be governed by and construed in accordance with Guernsey law and that you submit to the jurisdiction of the Guernsey courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances and contracts in any other manner permitted by law or in any court of competent jurisdiction.
28. Save where the context requires otherwise, terms used in these Terms and Conditions of Application bear the same meaning as where used in the Prospectus.

# Notes On How To Complete The Application Form

**Applications should be returned so as to be received no later than 11.00 a.m. on 21 July 2005.**

HELP DESK: If you have a query concerning completion of this Application Form please call Computershare Investor Services PLC on 0870 702 0100 or from outside the UK +44870 702 0100.

## 1. Application

Fill in (in figures) in Box 1 the amount of money being subscribed for C Shares. The amount being subscribed must be for a minimum of £1,000 and thereafter in multiples of £500. Financial intermediaries who are investing on behalf of clients should make separate applications or, if making a single application for more than one client, provide details of all clients in respect of whom application is made in order to benefit most favourably from the scaling back process should this be required or to benefit most favourably from any commission arrangements.

## 2. Initial Commission Payable

Fill in (in figures) in Box 2 the amount of Initial Commission the IFA identified in section 9 of the Application Form is entitled to receive from the Company out of the amount being subscribed in Box 1. The amount of Initial Commission payable may not exceed 3 per cent. of the amount being subscribed and if the amount of commission shown does exceed 3 per cent. thereof it will be reduced to 3 per cent.. If your IFA has waived their right to an Initial Commission or you are not subscribing through an IFA or do not want their Initial Commission to be deducted from the amount you are subscribing write **NONE** in Box 2. If this Box 2 is left blank, you will be deemed not to be subscribing through an IFA or that you do not want your Initial Commission to be deducted.

## 3A. Holder Details

Fill in (in block capitals) the full name and address of each holder.

Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference. A maximum of four joint holders is permitted. All holders named must sign the Application Form at section 4.

## 3B. CREST

If you wish your C Shares to be deposited in a CREST Account in the name of the holders given in section 3A, enter in section 3B the details of that CREST Account. Where it is requested that C Shares be deposited into a CREST Account please note that payment for such C Shares must be made prior to the day such C Shares might be allotted and issued. It is not possible for an applicant to request that C Shares be deposited in their CREST Account on an against payment basis. Any Application Form received containing such a request will be rejected.

## 4. Signature

All holders named in section 3A must sign section 4 and insert the date. The Application Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which originals will be returned by post at the addressee's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

## 5. Cheque/Banker's Draft, Payment Details

Payment may be made by a cheque or banker's draft accompanying your application. If payment is by cheque or banker's draft such payment must accompany your Application Form and be for the exact amount shown in section 1 of your Application Form. Your cheque or banker's draft must be made payable to The Royal Bank of Scotland plc a/c Insight Foundation Property Trust Limited and crossed "**A/C Payee**". If you use a banker's draft or a building society cheque you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the banker's draft or cheque and adds its stamp. Your cheque or banker's draft must be drawn in sterling on an account at a bank branch in the United Kingdom or the Channel Islands and must bear a United Kingdom bank sort code number in the top right hand corner. Where an application is accompanied by a cheque or banker's draft drawn by someone other than the holder(s), any monies returned will be sent by the Receiving Agent to the account on which the cheque or payment was drawn. Your payment must relate solely to this application. No receipt will be issued.

## 6. Reliable Introducer Declaration

Applications with a value greater than £9,000 will be subject to Guernsey's verification of identity requirements. This will involve you providing the verification of identity documents listed in section 7 of the

Application Form UNLESS you can have the declaration provided at section 6 of the Application Form given and signed by a firm acceptable to the Registrar and Receiving Agent. In order to ensure your application is processed timely and efficiently **all** applicants are strongly advised to have the declaration provided in section 6 of the Application Form completed and signed by a suitable firm.

## **7. Identity Information**

Applicants need only consider section 7 of the Application Form if the declaration in section 6 cannot be completed. Notwithstanding that the declaration in section 6 has been completed and signed the Registrar reserves the right to request of you the identity documents listed in section 7 and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from

another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time your application might be rejected or revoked.

Where certified copies of documents are requested in section 7, such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

## **8. Contact Details**

To ensure the efficient and timely processing of your Application Form, please provide contact details

of a person the Registrar or Receiving Agent may contact with all enquiries concerning your application. Ordinarily this contact person should be the person signing in section 4 on behalf of the first named holder. If no details are provided here but an IFA is identified in section 9, the Registrar or Receiving Agent will contact the IFA. If no details are entered here and no IFA is named in section 9 and the Registrar or Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

## **9. Commission Payment Details**

This section should be completed by your IFA (if any).

**INSTRUCTIONS FOR DELIVERY OF COMPLETED APPLICATION FORMS** – Completed Application Forms should be returned, by post or by hand (during normal business hours), to Computershare Investor Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ, so as to be received no later than 11.00 a.m. on 21 July 2005, together in each case with payment in full in respect of the application. If you post your Application Form, you are recommended to use first class post and to allow at least two days for delivery. Application Forms received after this date may be returned.

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# Application Form

Please send this completed form by post or by hand (during normal business hours) to **Computershare Investor Services PLC, PO Box 859, The Pavilions, Bridgwater Road, Bristol BS99 1XZ** so as to be received no later than 11.00 a.m. on 21 July 2005.

FOR OFFICIAL USE ONLY

Log No.

**Important** before completing this form, you should read the accompanying notes.

To: Insight Foundation Property Trust Limited and Computershare Investor Services PLC

## 1. APPLICATION

I/We the person(s) detailed in section 3A below offer to subscribe the amount shown in Box 1 for C Shares subject to the Terms and Conditions set out in Part 12 of the Prospectus dated 8 July 2005 and subject to the memorandum and articles of association of the Company.

Box 1 (minimum of 1,000 and in multiples of 500)

£

## 2. COMMISSION ARRANGEMENT

I/We consent to there being deducted from the amount of our subscription in Box 1 the amount of Initial Commission shown in Box 2 and authorise the Company to procure that such be paid to the IFA identified in section 9 of this form upon allotment of C Shares to me/us. I/We acknowledge that the number of C Shares to be allotted to me/us shall be the result of dividing the amount in Box 1 less the amount of commission payable (if any) at the rate set out in Box 2 by £1 rounded down to the nearest whole C Share.

Box 2 (maximum 3% or NONE)

£

## 3A. DETAILS OF HOLDER(S) IN WHOSE NAME(S) SHARES WILL BE ISSUED (BLOCK CAPITALS)

1:

Mr, Mrs, Miss or Title

Forenames (in full):

Surname/Company name:

Address (in full):

Post Code:

Designation (if any):

2:

Mr, Mrs, Miss or Title

Forenames (in full):

Surname/Company name:

Address (in full):

Post Code:

3:

Mr, Mrs, Miss or Title

Forenames (in full):

Surname/Company name:

Address (in full):

Post Code:

4:

Mr, Mrs, Miss or Title

Forenames (in full):

Surname/Company name:

Address (in full):

Post Code:

## 3B. CREST DETAILS

(Only complete this section if C Shares allotted are to be deposited in a CREST Account which must be in the same name as the holder(s) given in section 3A).

CREST Participant ID:

CREST Member Account ID:

## Application Form Continued

### 4. SIGNATURE(S) ALL HOLDERS MUST SIGN

First holder signature:

Second holder signature:

Third holder signature:

Fourth holder signature:

Dated:

2005

### 5. CHEQUES/BANKER'S DRAFT DETAILS

Pin or staple to this form your cheque or banker's draft for the exact amount shown in section 1 made payable to **"The Royal Bank of Scotland plc A/C Insight Foundation Property Trust Limited"** and crossed **"A/C Payee"**. Cheques and banker's payments must be drawn in sterling on an account at a bank branch in the United Kingdom or the Channel Islands and must bear a United Kingdom bank sort code number in the top right hand corner.

### 6. RELIABLE INTRODUCER DECLARATION

Completion and signing of this declaration by a suitable person or institution may avoid presentation being requested of the identity documents detailed in section 7 of this form.

The declaration below may only be signed by a person or institution (such as a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the **'firm'**) which is itself subject in its own country to operation of 'know your customer' and anti-money laundering regulations no less stringent than those which prevail in Guernsey. Acceptable countries include Austria, Belgium, Canada, Denmark, Finland, France, Germany, Gibraltar, Greece, Hong Kong, Iceland, Ireland, Isle of Man, Italy, Japan, Jersey, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland, the United Kingdom and the United States of America.

#### DECLARATION: To the Company and the Registrar

With reference to the holder(s) detailed in section 3A, all persons signing at section 4 and the payor identified in section 7 if not also a holder (collectively **"the subjects"**) WE HEREBY DECLARE:

1. we operate in one of the above mentioned countries and our firm is subject to money laundering regulations under the laws of that country which, to the best of our knowledge, are no less stringent than those which prevail in Guernsey;
2. we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;
3. each of the subjects is known to us in a business capacity and we hold valid identity documentation on each of them and we undertake to immediately provide to you copies thereof on demand;
4. we confirm the accuracy of the names and residential/business address(es) of the holder(s) given at section 3A and if a CREST Account is cited at section 3B that the owner thereof is named in section 3A;
5. having regard to all local money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the C Shares mentioned; and
6. where the payor and holder(s) are different persons we are satisfied as to the relationship between them and reason for the payor being different to the holder(s).

The above information is given in strict confidence for your own use only and without any guarantee, responsibility or liability on the part of this firm or its officials.

Signed:

Name:

Position:

having authority to bind the firm.

Name of regulatory authority:

Firm's licence number:

Website address or telephone number of regulatory authority:

STAMP of firm giving full name and business address:

# Application Form Continued

## 7. IDENTITY INFORMATION

Only complete this section if the declaration in section 6 cannot be signed and the value of your application is greater than £9,000.

In accordance with internationally recognised standards for the prevention of money laundering the undermentioned documents and information must be provided.

Holders				Payor
1	2	3	4	

**Tick here for documents provided**

**A. For each holder being an individual enclose:**

- (1) a certified clear photocopy of one of the following identification documents which bear both a photograph and the signature of the person: current passport – Government or Armed Forces identity card – driving licence; and
- (2) certified copies of at least two of the following documents which purport to confirm that the address given in section 3A is that person's residential address: a recent gas, electricity, water or telephone (not mobile) bill – a recent bank statement – a council rates bill – or similar document issued by a recognised authority; and
- (3) if none of the above documents show their date and place of birth, enclose a note of such information; and
- (4) details of the name and address of their personal bankers from which the Registrar or the Receiving Agent may request a reference, if necessary.


**B. For each holder being a company (a "holder company") enclose:**

- (1) a certified copy of the certificate of incorporation of the holder company; and
- (2) the name and address of the holder company's principal bankers from which the Registrar or the Receiving Agent may request a reference, if necessary; and
- (3) a statement as to the nature of the holder company's business, signed by a director; and
- (4) a list of the names and residential addresses of each director of the holder company; and
- (5) for each director provide documents and information similar to that mentioned in A above; and
- (6) a copy of the authorised signatory list for the holder company; and
- (7) a list of the names and residential/registered address of each ultimate beneficial owner interested in more than 5% of the issued share capital of the holder company and, where a person is named, also complete C below and, if another company is named (hereinafter a "**beneficiary company**"), also complete D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.


**C. For each person named in B(7) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(1) to (4)**

**D. For each beneficiary company named in B(7) as a beneficial owner of a holder company enclose:**

- (1) a certified copy of the certificate of incorporation of that beneficiary company; and
- (2) a statement as to the nature of that beneficiary company's business signed by a director; and
- (3) the name and address of that beneficiary company's principal bankers from which the Registrar or the Receiving Agent may request a reference, if necessary; and
- (4) enclose a list of the names and residential/registered address of each beneficial owner owning more than 5% of the issued share capital of that beneficiary company.


**E. If the payor is not a holder and is not a bank providing its own cheque or banker's payment on the reverse of which is shown details of the account being debited with such payment (see note 5 on how to complete this form) enclose:**

- (1) if the payor is a person, for that person the documents mentioned in A(1) to (4); or
- (2) if the payor is a company, for that company the documents mentioned in B(1) to (7); and
- (3) an explanation of the relationship between the payor and the holder(s).


The Registrar or the Receiving Agent reserves the right to ask for additional documents and information.

## Application Form Continued

### 8. CONTACT DETAILS

To ensure the efficient and timely processing of this application please enter below the contact details of a person the Registrar or the Receiving Agent may contact with all enquiries concerning this application. Ordinarily this contact person should be the person signing in section 4 on behalf of the first named holder. If no details are provided here but an IFA is identified in section 9, the Registrar or the Receiving Agent will contact the IFA. If no details are entered here and no IFA is named in section 9 and the Registrar or the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

Contact name:	E-mail address:
Contact address:	
	Postcode:
Telephone No:	Fax No:

### 9. COMMISSION PAYMENT DETAILS

Payment of commission at the rate set out in Box 2 above (if any) shall be made to the IFA whose details, and stamp, are set out below.

Stamp of IFA showing name and postal address:	Regulatory Authority:
	Licence No.
Telephone No.:	
Fax No.:	
IFA contact name.:	
E-mail address:	
Bank name and address:	
A. Please pay any Initial Commission by cheque made payable to ..... and sent by post at our risk to the above address.	
Signed:	Date:

Authorised Signatory for the IFA firm.



HBOS plc