

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser immediately.**

This document comprises a prospectus relating to IRP Property Investments Limited (the "Company") prepared in accordance with the Prospectus Rules and Listing Rules of the Financial Services Authority made under section 73A of the Financial Services and Markets Act 2000. This document has been approved by the Financial Services Authority in accordance with section 85 of the Financial Services and Markets Act 2000 and has been filed with the Financial Services Authority in accordance with Rule 3.2 of the Prospectus Rules. This document will be made available to the public in accordance with the Prospectus Rules by being made available at [www.irppropertyinvestments.com](http://www.irppropertyinvestments.com).

The Company is authorised by the Guernsey Financial Services Commission as an authorised closed-ended collective investment scheme under section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended), and The Authorised Closed-ended Investment Schemes Rules 2008 made thereunder. Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it in this document. This document includes particulars given in compliance with the CISX Listing Rules for the purposes of giving information with regard to the Company.

The Directors and the Proposed Directors of the Company, whose names appear on page 26 of this document, and the Company each accept responsibility for the information contained in this document. Having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of the knowledge of the Directors, the Proposed Directors and the Company, in accordance with the facts and does not omit anything likely to affect the import of such information.

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## **IRP PROPERTY INVESTMENTS LIMITED**

*(to be renamed F&C UK Real Estate Investments Limited)*

### **ISSUE**

#### **of New Shares of 1p each in connection with the recommended acquisition of the business and assets of ISIS Property Trust Limited**

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Application has been made to the Financial Services Authority and the CISX for the New Shares to be admitted to the Official List and to the London Stock Exchange for those shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities. It is expected that such admissions will become effective and that dealings in the New Shares will commence on 12 April 2013.

Neither the admission of the New Shares to the Official List nor the approval of this document pursuant to the listing requirements of the CISX shall constitute a warranty or representation by the CISX 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 issuer for investment or for any other purpose.

The Issue is not being made, directly or indirectly, in or into, or by the use of the mails, or by any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of the United States, Canada, Australia, Japan or any other Restricted Jurisdiction. Accordingly, copies of this document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from the United States, Canada, Australia, Japan or to, or for the account or benefit of, any resident of the United States, Canada, Australia or Japan or any other Restricted Jurisdiction and persons receiving this Prospectus (including custodians, nominees and trustees) must not mail or otherwise distribute or send it in, into or from such jurisdictions. The New Shares have not been and will not be registered under the US Securities Act or under any of the relevant securities laws of any state of the United States or of Canada, Australia or Japan. Accordingly, unless an exemption under such act or laws is applicable, the New Shares may not be offered, sold or delivered directly or indirectly in or into the United States, Canada, Australia or Japan. 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.

Dickson Minto W.S., which is authorised and regulated in the United Kingdom by the Financial Services Authority, is the sponsor and solicitor to the Company. Dickson Minto W.S. is acting exclusively for the Company and for no one else in relation to the Issue. Apart from the responsibilities and liabilities, if any, which may be imposed on Dickson Minto W.S. by the Financial Services and Markets Act 2000 or the regulatory regime established thereunder, Dickson Minto W.S. will not be responsible to anyone other than the Company for providing the protections afforded to clients of Dickson Minto W.S. nor for advising any other person in relation to the Issue or any transaction contemplated in or by this document.

No 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 Issue 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.

Potential investors should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before investing in the Company. Potential investors should also consider the section of this document headed 'Risk Factors' relating to the Company set out on pages 14 to 19 of this document.

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## SUMMARY

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A-E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

### Section A – Introduction and warnings

Element	Disclosure requirement	Disclosure
A.1	Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with other parts of this Prospectus key information in order to aid investors when considering whether to invest in such securities.
A.2	Financial Intermediaries	Not applicable. No consent has been given by the issuer or person responsible for drawing up the prospectus to the use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries.

### Section B – Issuer

Element	Disclosure requirement	Disclosure
B.1	Legal and commercial name	IRP Property Investments Limited (the " <b>Company</b> ")
B.2	Domicile and legal form	The Company is a non-cellular company limited by shares and was incorporated in Guernsey under The Companies (Guernsey) Laws, 1994 (replaced with the Law) with registered number 41870 on 10 May 2004.
B.5	Group description	The Company is the parent company in the IRP Group and currently has two wholly owned subsidiaries, IRP Holdings Limited and F&C UK Real Estate Finance Limited. If the Proposals become effective the Finance Subsidiary will become the holding company of the Property Subsidiary and the IPT Property Subsidiary. The Company will become the parent company of Enlarged IRP Group.

B.6	Major shareholders	<p>As at 8 March 2013, the Company was aware of the following interests in three per cent. or more of the issued share capital of the Company:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center; width: 20%;"><i>No. of Shares</i></th> <th style="text-align: center; width: 20%;"><i>Percentage of issued share capital</i></th> </tr> </thead> <tbody> <tr> <td>F&amp;C Asset Management plc</td> <td style="text-align: right;">17,506,000</td> <td style="text-align: right;">15.84%</td> </tr> <tr> <td>Lloyds Banking Group plc*</td> <td style="text-align: right;">8,838,780</td> <td style="text-align: right;">8.00%</td> </tr> <tr> <td>Deutsche Bank AG*</td> <td style="text-align: right;">8,824,043</td> <td style="text-align: right;">7.99%</td> </tr> <tr> <td>Rathbone Brothers plc</td> <td style="text-align: right;">5,490,325</td> <td style="text-align: right;">4.97%</td> </tr> <tr> <td>Investec Wealth &amp; Investors</td> <td style="text-align: right;">3,395,311</td> <td style="text-align: right;">3.07%</td> </tr> </tbody> </table> <p>* Included within these holdings are 5,000,000 shares owned by Deutsche Bank AG but managed by Lloyds Banking Group plc.</p> <p>* 8,756,687 of the Ordinary Shares held by Lloyds Banking Group plc (representing approximately 7.92 per cent. of the Company's issued share capital) are under the control of Scottish Widows Investment Partnership Ltd All of the issued share capital of Scottish Widows Investment Partnership Ltd is ultimately owned by Lloyds Banking Group plc.</p> <p>The Directors are not aware of any person or persons who could, directly or indirectly, jointly or severally, exercise control over the Company. There are no different voting rights for any Shareholder.</p>		<i>No. of Shares</i>	<i>Percentage of issued share capital</i>	F&C Asset Management plc	17,506,000	15.84%	Lloyds Banking Group plc*	8,838,780	8.00%	Deutsche Bank AG*	8,824,043	7.99%	Rathbone Brothers plc	5,490,325	4.97%	Investec Wealth & Investors	3,395,311	3.07%																						
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B.7	Key financial information and description of the significant changes	<p><b>(i) Key financial information</b></p> <p>The key figures which summarise the Company's financial condition for the three financial years ended 30 June 2012 are set out below:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center; width: 15%;"><i>Year ended 30 June 2010</i></th> <th style="text-align: center; width: 15%;"><i>Year ended 30 June 2011</i></th> <th style="text-align: center; width: 10%;"><i>Year ended 30 June 2012</i></th> </tr> </thead> <tbody> <tr> <td><b>Net asset value</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Net assets (£000)</td> <td style="text-align: right;">94,328</td> <td style="text-align: right;">91,485</td> <td style="text-align: right;">84,185</td> </tr> <tr> <td>Equity shareholders' funds (£000)</td> <td style="text-align: right;">94,328</td> <td style="text-align: right;">91,485</td> <td style="text-align: right;">84,185</td> </tr> <tr> <td>Net asset value per Share (p)</td> <td style="text-align: right;">85.4</td> <td style="text-align: right;">82.8</td> <td style="text-align: right;">76.2</td> </tr> <tr> <td></td> <td style="text-align: center;"><i>Year ended 30 June 2010</i></td> <td style="text-align: center;"><i>Year ended 30 June 2011</i></td> <td style="text-align: center;"><i>Year ended 30 June 2012</i></td> </tr> <tr> <td><b>Consolidated income statement</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total revenue (£000)</td> <td style="text-align: right;">11,651</td> <td style="text-align: right;">11,241</td> <td style="text-align: right;">11,788</td> </tr> <tr> <td>Profit/(loss) for the period (£000)</td> <td style="text-align: right;">26,084</td> <td style="text-align: right;">3,684</td> <td style="text-align: right;">3,171</td> </tr> <tr> <td>Earnings per share (p)</td> <td style="text-align: right;">23.6</td> <td style="text-align: right;">3.3</td> <td style="text-align: right;">2.9</td> </tr> </tbody> </table> <p>Selected historical key financial information relating to the Company which summaries the financial condition of the Company for the six months ended 31 December 2012 (including comparative financial information for the six months ended 31 December 2011) is set out in the following table:</p>		<i>Year ended 30 June 2010</i>	<i>Year ended 30 June 2011</i>	<i>Year ended 30 June 2012</i>	<b>Net asset value</b>				Net assets (£000)	94,328	91,485	84,185	Equity shareholders' funds (£000)	94,328	91,485	84,185	Net asset value per Share (p)	85.4	82.8	76.2		<i>Year ended 30 June 2010</i>	<i>Year ended 30 June 2011</i>	<i>Year ended 30 June 2012</i>	<b>Consolidated income statement</b>				Total revenue (£000)	11,651	11,241	11,788	Profit/(loss) for the period (£000)	26,084	3,684	3,171	Earnings per share (p)	23.6	3.3	2.9
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B.8	Key pro forma financial information	<p>Selected pro forma financial information which illustrates the effect on the net assets and earnings of the IRP Group as if the transaction had occurred on 1 July 2011, being the commencement date of the period to which the last audited consolidated accounts of the Company were prepared and reported on by Ernst &amp; Young LLP. The unaudited pro forma information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore does not reflect the actual financial position or results of Enlarged IRP.</p> <table> <thead> <tr> <th></th> <th style="text-align: right;"><i>IPT net assets as at 30 June 2012 (unaudited) (£m)</i></th> <th style="text-align: right;"><i>IRP net assets as at 30 June 2012 (unaudited) (£m)</i></th> <th style="text-align: right;"><i>Other Adjustments (unaudited) (£m)</i></th> <th style="text-align: right;"><i>Pro forma Adjusted (unaudited) (£m)</i></th> </tr> </thead> <tbody> <tr> <td>Total non-current assets</td> <td style="text-align: right;">119,490</td> <td style="text-align: right;">160,310</td> <td style="text-align: right;">–</td> <td style="text-align: right;">279,800</td> </tr> <tr> <td>Total current assets</td> <td style="text-align: right;">6,132</td> <td style="text-align: right;">4,529</td> <td style="text-align: right;">–800</td> <td style="text-align: right;">9,861</td> </tr> <tr> <td><b>Total assets</b></td> <td style="text-align: right;"><b>125,622</b></td> <td style="text-align: right;"><b>164,839</b></td> <td style="text-align: right;"><b>–800</b></td> <td style="text-align: right;"><b>289,661</b></td> </tr> <tr> <td><b>Total liabilities</b></td> <td style="text-align: right;"><b>(52,715)</b></td> <td style="text-align: right;"><b>(80,654)</b></td> <td style="text-align: right;"><b>–</b></td> <td style="text-align: right;"><b>133,369</b></td> </tr> <tr> <td><b>Total net assets/ (liabilities)</b></td> <td style="text-align: right;"><b><u>72,907</u></b></td> <td style="text-align: right;"><b><u>84,185</u></b></td> <td style="text-align: right;"><b><u>(800)</u></b></td> <td style="text-align: right;"><b><u>156,292</u></b></td> </tr> </tbody> </table>		<i>IPT net assets as at 30 June 2012 (unaudited) (£m)</i>	<i>IRP net assets as at 30 June 2012 (unaudited) (£m)</i>	<i>Other Adjustments (unaudited) (£m)</i>	<i>Pro forma Adjusted (unaudited) (£m)</i>	Total non-current assets	119,490	160,310	–	279,800	Total current assets	6,132	4,529	–800	9,861	<b>Total assets</b>	<b>125,622</b>	<b>164,839</b>	<b>–800</b>	<b>289,661</b>	<b>Total liabilities</b>	<b>(52,715)</b>	<b>(80,654)</b>	<b>–</b>	<b>133,369</b>	<b>Total net assets/ (liabilities)</b>	<b><u>72,907</u></b>	<b><u>84,185</u></b>	<b><u>(800)</u></b>	<b><u>156,292</u></b>
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B.9	Profit forecast	Not applicable. No profit forecast or estimate is made.																														

B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The audit reports on the historical financial information contained within the document are not qualified.
B.11	Insufficient Working capital	Not applicable. The Company is of the opinion that the working capital available to the IRP Group is sufficient for its present requirements, that is for at least the next twelve months from the date of this document.
B.34	Investment objective and policy	<p>The Company's investment objective is to provide ordinary shareholders with an attractive level of income together with the potential for income and capital growth from investing in a diversified UK commercial property portfolio.</p> <p>The Company holds a diversified portfolio of freehold and predominantly long leasehold (over 60 years remaining at the time of acquisition) UK commercial properties. It invests principally in three commercial property sectors: office, retail (including retail warehouses) and industrial.</p> <p>The Company invests predominantly in income producing investments, investment decisions are based on analysis of, amongst other things, prospects for future income and capital growth, sector and geographic prospects, tenant covenant strength, lease length, initial and equivalent yields and the potential for development or redevelopment of the property. The Company will not invest in other investment companies or funds.</p> <p>Investment risks are spread through investing in a range of geographical areas and sectors, and through letting properties, where possible, to low risk tenants. The company has not set any maximum geographic exposures, but the maximum weightings in the principal property sectors (stated as a percentage of total assets) are: office: 60 per cent.; retail: 60 per cent.; and industrial: 50 per cent. No single property may exceed 15 per cent. of total assets at the time of acquisition and the five largest properties may not exceed 45 per cent. of total assets at the time of acquisition. Income receivable from any one tenant (other than the Government of the United Kingdom), or tenants within the same group, in any one financial year shall not exceed 20 per cent. of the total rental income of the Group in that financial year. At least 90 per cent. by value of properties held shall be in the form of freehold, feuhold or long lease (over 60 years remaining at the time of acquisition) properties or the equivalent.</p> <p>The Company uses gearing to enhance returns over the long term. Gearing, represented by borrowings as a percentage of investment properties, may not exceed 60 per cent. However, it is the Board's present intention that borrowings will be limited to a maximum of 40 per cent. of total assets at the time borrowing. The Board receives recommendations on gearing levels from the Investment Manager and is responsible for setting the gearing range within which the Investment Manager may operate.</p>

B.35	Borrowing limits	The Company has the power under the Articles to borrow an amount up to 65 per cent. of the IRP Group's gross assets (as defined in the Articles). However the Company's investment policy provides that gearing represented by borrowings as a percentage of investment properties, may not exceed 60 per cent. The Board currently intends that borrowings at the time of draw down will be limited to a maximum of 40 per cent. of total assets at the time of borrowing. The Board receives recommendations on gearing levels from the Investment Manager and is responsible for setting the gearing range within which the Investment Manager may operate.
B.36	Regulatory status	The Company is authorised by the Guernsey Financial Services Commission as an authorised closed-ended collective investment scheme under section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended, and The Authorised Closed-ended Investment Schemes Rules 2008 made thereunder.  The Company is regulated by the Guernsey Financial Services Commission.
B.37	Typical investor	The Directors believe that the profile of a typical investor in the Ordinary Shares is an institutional investor or private, sophisticated investor wishing exposure to an investment in UK commercial companies and who is capable of evaluating the risks and merits of an investment in the Ordinary Shares and who has sufficient resources to bear any loss which may result from an investment in the Ordinary Shares.
B.38	Investment of 20% or more in a single underlying asset or investment company.	Not applicable. There is no investment of 20 per cent. or more in a single underlying asset or investment company.
B.39	Investment of 40% or more in a single underlying asset or investment company.	Not applicable. There is no investment of 40 per cent. or more in a single underlying asset or investment company.
B.40	Applicant's service providers	<i>The Investment Manager</i> The Company has appointed F&C Investment Business Limited as its investment manager. The Investment Manager is a private registered company incorporated under Scots law with registered number SC151198.  In its capacity as investment manager to the Company, the Investment Manager is responsible for the management, control and operation of the business and affairs of the Company in accordance with the Company's investment objective and policy.  Under the current Investment Management Agreement, the Investment Manager receives from the IRP Group an aggregate annual fee, payable quarterly in arrears, at the rate of 0.7 per cent. per annum of the Company's Total Assets including cash held provided that no fee is payable on any cash held in excess of 5 per cent. of the net assets of the Company. The Investment Manager is also entitled to an administrative fee of £73,000 per annum currently (which increases annually in line with

		<p>inflation). The Investment Management Agreement is terminable by any of the parties to it on six months' notice.</p> <p>In connection with the Scheme, the Investment Manager has agreed to reduce its basic management fee from 0.70 per cent. per annum of IRP's Total Assets to a basic management fee of 0.60 per cent. per annum on the Total Assets of Enlarged IRP (which is the level of the basic management fee currently paid by IPT).</p> <p>In addition, the Investment Manager will be entitled to a performance fee of 15 per cent. of the amount by which the total return of Enlarged IRP's directly held properties exceeds 115 per cent. of the total return on the IPD Quarterly and Monthly Funds Index.</p> <p>If the Scheme becomes effective, the Investment Manager will receive an administration fee from Enlarged IRP of £100,000 per annum (which will increase annually in line with inflation)</p> <p><i>The Property Manager</i></p> <p>The Company has appointed F&amp;C REIT Property Asset Management plc as its property manager. The Property Manager is a public limited company incorporated under the laws of England and Wales with the registered number 01133893.</p> <p>In its capacity as property manager to the Company the Property Manager is responsible for management of the Property Portfolio. The fees of the Property Manager are payable out of the investment management fee.</p> <p>The Investment Manager and the Property Manager are part of the F&amp;C Group which had, as at 31 December 2012, £95.2 billion of assets under management. It is one of the largest property managers in the UK, with property funds under management of £7.5 billion (as at 31 December 2012).</p> <p><i>The Secretary</i></p> <p>The Investment Manager has delegated the secretarial services to Northern Trust International Fund Administration Services (Guernsey) Limited pursuant to the Administration Agreement. The Secretary is responsible for the general secretarial functions required by the Law.</p> <p>The Secretary is entitled to receive a fixed fee of £50,000 per annum payable quarterly in arrears for the provision of secretarial services to the Company. The Secretary has reserved the right to charge additional fees in respect of any additional work carried out on behalf of the Company.</p>
B.41	Regulatory status of investment manager and custodian	The Investment Manager is licensed and regulated by the FSA. The Company has no custodian.
B.42	Calculation of Net Asset Value	The net asset value will be calculated by the Investment Manager and published through a Regulatory

		Information Service as soon as practicable after the end of the relevant quarter. The calculation of the net asset value per IRP Share will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.
B.43	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.
B.44	No financial statements have been made up	Not applicable. The Company has commenced operations and historical financial information is included within the document.
B.45	Portfolio	<p><i>The IRP Property Portfolio</i></p> <p>The IRP Property Portfolio currently comprises 33 properties with an aggregate Market Value of £157.9 million as determined by the Valuer. The IRP Property Portfolio generates a current net annual rent of approximately £11.5 million (being a net initial yield of 6.9 per cent.).</p> <p><i>The IPT Property Portfolio</i></p> <p>IRP through its newly incorporated subsidiary, F&amp;C UK Real Estate Finance Limited, has agreed to acquire the business and assets of IPT, including the IPT Property Portfolio, pursuant to the Scheme. The IPT Property Portfolio currently comprises 23 properties with an aggregate Market Value, as determined by the Valuer, of £118.9 million. The IPT Property Portfolio generates a current net annual rent of approximately £8.6 million (being a net initial yield of 6.8 per cent.).</p> <p><i>The Combined Portfolio</i></p> <p>In the event that the Proposals are approved by Shareholders and IPT Shareholders and all of the IPT Property Portfolio is acquired, Enlarged IRP will hold the Combined Portfolio comprising 56 properties with an aggregate Market Value of £276.8 million (on the basis of the valuations, determined by the Valuer, of the IRP Property Portfolio and the IPT Property Portfolio). The Combined Portfolio would generate a current net annual rent of approximately £20.1 million (being a net initial yield of 6.9 per cent.).</p>
B.46	Net Asset Value	The unaudited Net Asset Value per Ordinary Share as at 31 December 2012 (being the latest published NAV per Share prior to the publication of this document) was 72.0p.

### Section C – Securities

Element	Disclosure requirement	Disclosure
C.1	Type and class of securities being offered and/or admitted to trading	There is no offer to the public. The Company proposes up to approximately 97,588,500 New Shares will be admitted to trading on the Official List and the Main Market pursuant to the Issue. Application has been

C.2	Currency	<p>made to the UK Listing Authority and the CISX for the New Shares to be admitted to the Official List with a premium listing. The ISIN of the New Shares is GB00B012T521 and the SEDOL is B012T52.</p> <p>The Company may issue New Shares denominated in Sterling.</p>
C.3	Number of securities in issue	<p>The nominal value of an Ordinary Share is 1p. As at 8 March 2013 (being the latest practicable date prior to the publication of this document) the Company had 110,500,000 Ordinary Shares in issue all of which are fully paid.</p>
C.4	Description of the rights attached to the securities	<p><i>Voting Rights</i></p> <p>Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares, Ordinary Shareholders shall have the right to receive notice of and to attend and vote at general meetings of the Company.</p> <p>Each Ordinary Shareholder being present in person or by proxy or by a duly authorised representative (if a company) at a general meeting shall upon a show of hands have one vote and upon a poll all Ordinary Shareholders shall have one vote for every share held.</p> <p><i>Dividend rights</i></p> <p>Ordinary Shareholders will be entitled to receive such dividends as the Directors may resolve to pay to such holders out of the assets attributable to the Ordinary Shares.</p> <p><i>Return of capital</i></p> <p>Ordinary Shareholders are entitled to participate (in accordance with the rights specified in the Articles) in the assets of the Company attributable to their Ordinary Shares in a winding up of the Company or a winding up of the business of the Company.</p>
C.5	Restrictions on the free transferability of the securities	<p>The Articles provide that the transfer of shares may be restricted in the event that: (i) the Directors, in their absolute discretion, serve a direction notice on the holder of shares requiring that member to disclose to the Company the identity of any person (other than the member) who has an interest in the shares held by the member and the Directors do not receive a response within 28 days of such direction notice (or 14 days if the shares concerned represent 0.25 per cent. or more of the issued share capital); and (ii) in respect of certificated shares, an instrument of transfer is not accompanied by the relevant share certificate and any such other evidence as the Directors may reasonably require; (iii) the shares are not fully paid up; or (iv) the Company has a lien over the shares. Otherwise a Shareholder may transfer all or any of his Ordinary Shares in any manner which is permitted by the Law or in any other lawful manner which is from time to time approved by the Board.</p>

		The Ordinary Shares have not been registered in the United States under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and are subject to restrictions on transfer contained in such laws. There are restrictions on the purchase of Shares by persons who are located in the United States or who are US Persons and on the resale of Shares by any Shareholders to any person who is located in the United States or is a US Person.
C.6	Admission	Application has been made to the UK Listing Authority and the CISX for the New Shares to be admitted to the Official List with a premium listing and to the London Stock Exchange for the New Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.
C.7	Dividend policy	<p>Since launch each of IPT and IRP has followed a policy of paying out dividends which are not fully covered by net rental income. The IRP Board has been considering their respective dividend policies and, following consultation with larger shareholders it is proposed that Enlarged IRP's dividend will be set at a sustainable level, which is expected to be fully covered by its rental income (net of revenue expenses when the company is fully invested).</p> <p>In the absence of unforeseen circumstances and on the assumption that the Scheme becomes effective, it is expected that IRP's existing dividend of 1.80p per share per quarter will reduce to 1.25p per quarter with effect from 1 April 2013 (this is not a dividend forecast). This proposed level of dividend would equate to a reduction in the current dividends paid of 30.6 per cent. in respect of an IRP Share and 19.4 per cent. in respect of an IPT Share.</p>

#### Section D – Risks

Element	Disclosure requirement	Disclosure
D.2	Key information on the key risks specific to the issuer	<p>The key risks in respect of the Company are:</p> <ul style="list-style-type: none"> <li>The NAVs are primarily based on the independent valuation of the underlying properties held by each of the Company and IPT. The valuation of property is inherently subjective due to the individual nature of each property and as a result valuations are subject to substantial uncertainty.</li> <li>The performance of the Company and/or the Enlarged IRP, and their respective net asset value per share and income returns, would be adversely affected by a downturn in the property market in the UK in terms of market value or a weakening of investment yields. In the event of default by a tenant, or during any other void period, the Company, IPT and/or the Enlarged IRP will suffer a rental shortfall and incur additional expenses until the property is re-let. These expenses could include legal and</li> </ul>

		<p>surveyor's costs in re-letting, maintenance costs, insurances, rates and marketing costs.</p> <ul style="list-style-type: none"> <li>• The Company and/or Enlarged IRP's ability to pay dividends will be dependent principally upon its rental income. Rental income and the market value of properties are generally affected by overall conditions in the relevant 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 occupier demand for premises.</li> <li>• The value of property and property-related assets is inherently subjective due to the individual nature of each property. As a result, valuations are subject to substantial uncertainty. There is no assurance that the valuations of properties will correspond exactly with the actual sale price even where such sales occur shortly after the relevant valuation date.</li> <li>• The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of investors. Any change in Enlarged IRP's tax status or in taxation legislation in Guernsey or the United Kingdom or any other tax jurisdiction affecting Shareholders or investors could affect the value of the investments held by the Company, the Property Subsidiary, the IPT Subsidiaries or any other member of Enlarged IRP, or affect the Company's ability to achieve its investment objective for the Ordinary Shares or alter the post tax returns to Shareholders.</li> </ul>
D.3	Key information on the key risks specific to the securities.	<p>The key risk factors relating to the Ordinary Shares are:</p> <ul style="list-style-type: none"> <li>• The market value of, and the income derived from, the Ordinary Shares can fluctuate. The market value of an Ordinary Share, as well as being affected by its net asset value and prospective net asset value, also takes into account its dividend yield and prevailing interest rates.</li> <li>• There can be no guarantee that the investment objectives of the Company, IPT and/or the Enlarged IRP will be met. If these objectives are not met Shareholders may not receive an attractive level of income or any income or capital growth in the underlying value of their Ordinary Shares.</li> <li>• Dividend growth on the Ordinary Shares will depend principally on growth in rental income received from the underlying assets and the</li> </ul>

		<p>extent to which the IRP Group is invested. There is no guarantee that the expected dividends will be paid. In the absence of capital and/or income growth in the Combined Portfolio, the expected dividend policy of Enlarged IRP will lead to a reduction in the net asset value per Ordinary Share.</p> <ul style="list-style-type: none"> <li>The Company's, IPT's and/or Enlarged IRP's ability to generate desired returns will depend on rental income generated and capital values of properties.</li> </ul>
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### Section E – Offer

Element	Disclosure requirement	Disclosure
E.1	Net proceeds and estimate of the total expenses of the Issue/offer	<p>Not applicable. There will be no net proceeds. There is no offer to the public.</p> <p>It is estimated that the costs of the Scheme incurred by the Company and IPT will, in aggregate, be approximately £800,000, which is approximately 0.5 per cent. of the net assets of Enlarged IRP. These costs and expenses will be borne equally by all Continuing Shareholders.</p> <p>In the event that the Scheme does not become effective, it is estimated that the costs incurred by the Company and IPT will, in aggregate, be up to £750,000. The Company and IPT have agreed to bear these costs in proportion to their respective net assets as at 31 December 2012, being 46.9 per cent. and 53.1 per cent. respectively.</p>
E.2A	Reasons for the offer and use of proceeds.	Not applicable. There is no offer to the public
E.3	Terms and conditions of the offer.	Not applicable. There is no offer to the public.
E.4	Description of material interests to the Issue/offer	Not applicable. There is no offer to the public and no interest is material to the Issue.
E.5	Name of person selling securities	Not applicable. No person or entity offering to sell the security as part of the Issue.
E.6	Dilution	Not applicable. There is no offer to the public.
E.7	Expenses charged to the investor by the issuer of the offeror	<p>There is no offer to the public. It is estimated that the costs of the Scheme incurred by IPT and IRP will in aggregate be approximately £800,000 which is approximately 0.5 per cent. of the estimated net assets of Enlarged IRP.</p> <p>These costs will be borne equally by all Continuing Shareholders in proportion to their holding in Enlarged IRP. The NAV calculations of IPT and IRP as at 31 March 2013 will include an adjustment in respect of any transaction costs already incurred by the respective companies prior to the calculation of the NAVs.</p>

## RISK FACTORS

The risk factors set out below are those which are considered by the Company and the Directors to be material as at the date of this document but are not the only risks relating to the Company, IPT, Enlarged IRP or the Ordinary Shares. Additional risks and uncertainties relating to the Company, IPT Enlarged IRP and/or the Ordinary Shares that are not currently known to the Company and the Directors or that the Directors or the Company do not currently consider to be material may also have a material adverse effect on the Company, IPT and/or Enlarged IRP. Potential investors should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

Investors should consider the following material risk factors in relation to the Company, IPT, Enlarged IRP and the Ordinary Shares.

### RISKS RELATING TO THE PROPOSALS

#### *The Proposals are subject to the satisfaction of a number of conditions*

There is no certainty that the Proposals will become effective. The implementation of the Proposals is conditional upon the IPT Resolutions being passed at the IPT General Meeting and the Resolutions being passed at the General Meeting. In the event that the Scheme does not become effective, it is estimated that the costs incurred by IPT and IRP will be in aggregate £750,0000. Shareholders and IPT Shareholders will bear the costs of the proposed Scheme in proportion to their respective unaudited net assets as at 31 December 2012 being 46.9 per cent. and 53.1 per cent. respectively.

#### *Issue of New Shares to IPT Shareholders*

New Shares will be issued to IPT Shareholders on the basis of the respective adjusted net asset values as at 31 March 2013 of each of IRP and IPT (based on the Market Value of the Properties as at 31 March 2013). The net asset values used for the purposes of the Proposals may be lower or higher than the illustrative figures provided in this document which have been provided on the basis of the net asset values of IPT and IRP as at 31 December 2013.

#### *Limited warranties in relation to the acquisition of the business and assets of IPT*

The business and assets of IPT will be acquired from IPT pursuant to the terms of the Transfer Agreement. As the Scheme involves the members' voluntary liquidation of IPT, the Transfer Agreement does not contain any warranties as to the title of IPT to its assets or in relation to the business or properties of IPT or the business, properties or liabilities of the IPT Subsidiaries. Although the Company has undertaken a due diligence exercise in relation to the IPT Group and the IPT Property Portfolio, the business and assets of IPT will be acquired together with any potential risks and liabilities associated with them, without the Company having any recourse against any person for any undiscovered liabilities or obligations connected with the assets of IPT, including any title defects to the properties in the IPT Property Portfolio. If any such issues arise after completion, Enlarged IRP could be left with unexpected additional liabilities or obligations.

### RISKS RELATING TO THE COMPANY

There can be no guarantee that any appreciation in the value of the IRP Property Portfolio will occur and investors may not get back the full value of their initial investment. The value of an investment in the Company and the income derived from it, if any, may go down as well as up. There can be no guarantee that the investment objectives of the Company will be met. Meeting its objectives is a target but the existence of such objectives should not be considered as an assurance or guarantee that they can or will be met in relation to the Company's portfolio in general or in relation to any part of it.

The past performance of the Investment Manager and/or the Property Manager and other assets managed by the Investment Manager and/or the Property Manager respectively are not guides to the future performance of the Company. The Company has no employees and is dependent on the skills and experience of the Investment Manager and the Property Manager to manage its investments. The departure of key skilled professionals from the Investment Manager and/or the Property Manager could have a material adverse effect on the Company's business and results or operations.

## ***Regulation***

The EU Directive on Alternative Investment Fund Managers (“AIFM Directive”), which is due to be transposed by EU Member States into national law in 2013, seeks to regulate alternative investment fund managers (“AIFMs”) based in the EU and prohibits such AIFMs from managing any alternative investment fund (“AIF”) or marketing shares in such AIFs to investors in the EU unless authorisation under the AIFM Directive is granted to the AIFM. In order to obtain such authorisation, an AIFM will need to comply with various obligations in relation to the AIF, which may create significant additional compliance costs that may be passed to investors in that AIF. Furthermore, the AIFM Directive imposes certain restrictions on the ability to market shares in AIFs to investors in the EU, which may adversely impact the Company’s ability to raise further capital in future.

Any regulatory changes arising from implementation of the AIFM Directive (or otherwise) that impair the ability of the Investment Manager and/or the Property Manager to provide services to the Company, or limit the Company’s ability to market future issuances of its Ordinary Shares, may materially adversely affect the Company’s ability to carry out its investment strategy and achieve its investment objective. Furthermore, if the Company were to comply with the AIFM Directive there is a risk that the costs of compliance would be such that returns to Shareholders would be adversely affected.

## ***Enforcement of judgments***

A Shareholder may not be able to enforce a judgment against some or all of the Directors of the Company and/or Enlarged IRP. Some of the Directors are resident in the Channel Islands and some are resident in the UK. It may not be possible for a Shareholder to effect service of process upon the Directors within the Shareholder’s country of residence or to enforce a judgment against the Directors in the courts of the Shareholder’s country of residence based on civil liabilities under that country’s securities laws. There can be no assurance that a Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than Guernsey against the Directors who are residents of countries other than those in which judgment is made. In addition, Guernsey courts or other courts may not impose civil liability on the Directors in any original action based solely on foreign securities laws brought against the Company and/or Enlarged IRP or the Directors in a court of competent jurisdiction in Guernsey.

## ***Taxation***

The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of investors. Any change in Enlarged IRP’s tax status or in taxation legislation in Guernsey or the United Kingdom or any other tax jurisdiction affecting Shareholders or investors could affect the value of the investments held by the Company, the Finance Subsidiary, the Property Subsidiary, the IPT Subsidiary or any other member of Enlarged IRP Group, or affect the Company’s ability to achieve its investment objective for the Ordinary Shares or alter the post tax returns to Shareholders. If you are in any doubt as to your tax position, you should consult your own professional adviser without delay.

Under current United Kingdom tax law, UK letting agents are required to withhold amounts on account of, or to account to HM Revenue & Customs for United Kingdom income tax in respect of rent collected on behalf of a landlord which has a normal place of abode outside the United Kingdom, unless a direction (a “Direction”) has been given by HMRC confirming that payments to such a landlord may be made without withholding or deduction for or on account of UK income tax and that no such obligation to account to HMRC arises. The Property Subsidiary and the IPT Property Subsidiary have each received a Direction. In the future, one or more of the Directions may be withdrawn by HMRC. Any new property holding subsidiary of Enlarged IRP would have to apply for such a Direction and there is no guarantee that it would be granted.

The Directors are not aware of any pending or threatened action by HMRC which would result in the withdrawal of a Direction. However, in the event that a Direction in respect of the Property Subsidiary, the IPT Property Subsidiary, or any other member of Enlarged IRP Group is withdrawn, the UK letting agent will be required to make payment to HMRC on account of the United Kingdom income tax liability of the Property Subsidiary, the IPT Property Subsidiary or such other member of Enlarged IRP Group.

The Company, the Finance Subsidiary, the Property Subsidiary and the IPT Subsidiary are resident outside the UK for tax purposes. The Company generates, and Enlarged IRP will generate, rental

income from a portfolio of UK properties held directly and via certain indirect property holdings. UK income tax (currently at the rate of 20 per cent.) is payable by the Property Subsidiary and the IPT Subsidiary on the net rental profit (as computed for the purposes of UK taxation) arising on the Combined Portfolio. In computing the net rental profit of the Property Subsidiary and the IPT Subsidiary, a deduction is available for interest payable by them on loans made to them by members of the IRP Group and IPT Group respectively for the purposes of their rental businesses, to the extent that the amount of interest payable does not exceed the amount of interest that would be payable by them had they borrowed from a third party on arm's length terms. In the event that HMRC were successfully to show that the terms, including the quantum, of these loans were excessive, compared to the terms which would be negotiated between parties dealing at arm's length, any interest costs attributable to that excess would not be deductible for UK tax purposes, with the result that the net rental profit liable to tax of the Property Subsidiary or the IPT Property Subsidiary would be increased, which would have an adverse effect on the Company's ability to pay dividends to Shareholders at the current rate, or indeed at all.

The Company is currently operated and managed, and Enlarged IRP will be 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 UK property were to change, Enlarged IRP could be subject to UK tax on capital gains.

Any change (including a change in interpretation) in tax legislation, either in Guernsey or in the United Kingdom, could have a material adverse effect on Enlarged IRP's business, financial condition, results of operations, future prospects or the price of the Ordinary Shares. Changes to tax legislation could include the imposition of new taxes or increases in tax rates in Guernsey or in the United Kingdom. In particular, an increase in the rates of stamp duty land tax could have a material impact on the price at which UK land can be sold, and therefore on asset values.

#### ***Tax residency of the Company***

In order to maintain its non-UK tax resident status, the Company is required to be controlled and managed outside the United Kingdom. The composition of the board of directors of the Company, the place of residence of the individual Directors and the location(s) in which the board of Directors of the Company makes decisions will be important in determining and maintaining this non-UK resident tax status. Continued attention must be given to ensure that major decisions are not made in the United Kingdom or the Company may be at risk of being regarded as being resident in the UK for tax purposes and may lose its non-UK tax resident status. Should the Company become or be deemed to become UK tax resident this would negatively affect its financial and operating results, the value of the Shares and/or the after-tax return to the Shareholders.

The Company intends that it will not be subject to tax on a net income basis in any country (save for the UK tax liability that arise under the Non Resident landlord scheme in relation to the Property Subsidiary and the IPT Property Subsidiary). There can be no assurance, however, that the net profit of the Company will not become subject to income or corporation tax in one or more countries, including the United Kingdom, as a result of unanticipated activities performed by the Company, adverse developments or changes in law, contrary conclusions by the relevant tax authorities or other causes. The imposition of any such unanticipated taxes could materially reduce the Company's post-tax returns available for distributions on, and consequently the value of, the Shares.

#### ***Gearing***

Prospective investors should be aware that, whilst the use of borrowings should enhance the net asset value of the Ordinary Shares where the value of the Company's, IPT's and Enlarged IRP'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 IRP Property Portfolio, the IPT Property Portfolio or the Combined Portfolio (as the case may be) falls for whatever reason, including tenant defaults, the use of borrowings will increase the impact of such fall on the net revenue of Enlarged IRP and, accordingly, will have an adverse effect on Enlarged IRP's ability to pay dividends to Shareholders.

The New Facility Agreement, contains financial covenants, similar to the IRP Facility Agreement, which will require the Finance Subsidiary to comply with certain financial tests. Although the Company does not believe any such event will occur within the 12 month period from the date of this document, if the

Finance Subsidiary is unable to comply with the financial covenants, in the event of a further economic downturn or of a default on investments which have been acquired by Enlarged IRP Group with borrowings under the New Facility Agreement, the Finance Subsidiary may be required to repay such borrowings in whole or in part together with any attendant costs including prepayment costs and alternative methods of satisfying the Enlarged Group's funding requirements may only be available on expensive or onerous terms.

If the Finance Subsidiary is required to repay all or part of its borrowings, it may be required to sell some of the properties comprised in the Property Portfolio. may be required to be sold at less than their Market Value or at a time, and in circumstances, when the realisation proceeds are reduced because of a downturn in property values generally or because there is limited time to market the Properties. This could result in a reduction of Enlarged IRP's NAV and/or the ability of IRP to pay dividends to Shareholders.

There is no certainty that the Finance Subsidiary will be able to refinance the amounts due in respect of the New Facility Agreement on its expected repayments on 10 January 2017 (i.e. not within the 12 month period from the date of this document), either at all or on acceptable terms which could have a material adverse effect on Enlarged IRP's business and results or operations. The levels of existing loans secured against UK commercial properties would reduce the capacity for banks to provide further finance to the IRP Group or to refinance the New Facility in 2017.

## **RISKS RELATING TO THE ORDINARY SHARES**

There can be no guarantee that the investment objectives of the Company, and/or Enlarged IRP will be met. If these objectives are not met Shareholders may not receive an attractive level of income or any income or capital growth in the underlying value of their Ordinary Shares.

Returns from an investment in property depend largely upon the amount of rental income generated from the property and the expenses incurred in the development or redevelopment and management of the property, as well as upon changes in its market value.

The market value of, and the income derived from, the Ordinary Shares can fluctuate. The market value of an Ordinary Share, as well as being affected by its net asset value and prospective net asset value, also takes into account its dividend yield and prevailing interest rates. As such, the market value of an Ordinary Share may vary considerably from its underlying net asset value. Fluctuations could also result from a change in national and/or global economic and financial conditions, the actions of governments in relation to changes in the national and global financial climate or taxation, market perceptions as to when and at what level the Company, IPT and/or Enlarged IRP will pay dividends on the Ordinary Shares and various other factors and events, including the liquidity of financial markets, variations in the Company's, IPT's and Enlarged IRP's operating results and business developments of the Company, IPT or Enlarged IRP and/or its competitors.

Dividend growth on the Ordinary Shares will depend principally on growth in rental income received from the underlying assets. There is no guarantee that the expected dividends will be paid. In the absence of capital and/or income growth in the Combined Portfolio, the expected dividend policy of Enlarged IRP will lead to a reduction in the net asset value per Ordinary Share.

The Rental income derived from properties is generally affected by overall conditions in the relevant 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 occupier demand for premises. Both rental income and market values may also be affected by other factors specific to the commercial property 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 which will have a material adverse impact on the financial condition and performance of the Company and/or the level of dividend cover.

## **RISKS RELATING TO THE NATURE OF THE COMPANY'S INVESTMENTS**

The Company, IPT and/or Enlarged IRP may need to incur additional capital expenditure on a property to attract tenants. The assumptions made by the Valuer regarding the length of void periods may underestimate the actual void periods suffered by the Company, IPT and/or Enlarged IRP. If the vacancy continues for a longer period of time, the Company, IPT and/or Enlarged IRP may suffer reduced revenues resulting in less income available to be distributed to Shareholders. In addition, the market value of a property could be diminished because the value of a particular property will depend principally upon the value of the leases of such property.

Where there are lease expiries within the IPT Property Portfolio, the IRP Property Portfolio and/or the Combined Portfolio, there is a risk that a significant proportion of leases may be re-let at rental values lower than those prevailing under the current leases, or that void periods may be experienced on a significant proportion of the IRP Property Portfolio, the IPT Property Portfolio and/or the Combined Portfolio which would have an adverse effect on the market value of a property.

The Company, IPT and/or Enlarged IRP may face significant competition from UK or other foreign property companies or funds. Competition in the property market may lead either to an over-supply of commercial premises through over-development or to prices for existing properties 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, IPT's and/or Enlarged IRP's ability to secure tenants for its properties at satisfactory rental rates and on a timely basis and to acquire properties.

The Company, IPT and/or Enlarged IRP may undertake development (including redevelopment) of property or invest in property that requires refurbishment prior to renting the property. The risks of development or refurbishment include, but are not limited to, delays in timely completion of the project, cost overruns, poor quality workmanship, and inability to rent or inability to rent at a rental level sufficient to generate profits.

As the owner of real property, the Company, IPT and/or Enlarged IRP is subject to environmental regulations that can impose liability for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination. If the Company, IPT and/or Enlarged IRP owns or acquires contaminated land, it could also be liable to third parties for harm caused to them or their property as a result of the contamination. If the Company, IPT and/or Enlarged IRP is found to be in violation of environmental regulations, it could face reputational damage, regulatory compliance penalties, reduced letting income and reduced asset valuation, which could have a material adverse effect on the Company's, IPT's and/or Enlarged IRP's business, financial condition, results of operations, future prospects and/or the price of the Ordinary Shares.

### ***The economic environment***

There has been significant pressure on income from commercial property in the UK, particularly since the start of 2009, as a result of increased voids and other factors. Any material decrease in the income of the Company, IPT and/or Enlarged IRP may hinder the Company's, IPT's and/or Enlarged IRP's ability to pay dividends at the current rate or at all.

Global market uncertainty and the weakened economic conditions in the United Kingdom and elsewhere and, in particular, the restricted availability of credit have impacted and are likely to continue to impact the value of the IPT Property Portfolio, the IRP Property Portfolio and/or the Combined Portfolio and may reduce liquidity in the commercial property market. A lack of liquidity in commercial property assets may prevent the Company, IPT and Enlarged IRP from taking advantage of occupational demand and rental growth or disposing of lower growth or riskier assets, thereby adversely affecting the Company's, IPT's or Enlarged IRP's net asset value. As a result, the Company, IPT and Enlarged IRP may be unable to sell property or, alternatively, might be forced to sell property at less than the value stated in the valuation of the IPT Property Portfolio, the IRP Property Portfolio and/or the Combined Portfolio, which could have a material adverse effect on its business, financial condition, results of operations, future prospects or the price of the Ordinary Shares.

The downturn in the economy has caused considerable levels of write-downs, reduced output and an unwillingness to spend by various industries, which could result in a decrease in tenant demand for existing and future properties in the Company's, IPT's and/or Enlarged IRP's respective property portfolios. The performance of the Company, IPT and/or Enlarged IRP would be adversely affected by

a further downturn in the property markets in terms of market value or a weakening of investment yields. In the event of default by a tenant, or during any other void period, the Company, IPT and/or Enlarged IRP may 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 which will have a material adverse impact on the financial condition and performance of the Company and/or the level of dividend cover.

### ***Risks relating to valuations***

The IRP Property Portfolio and the IPT Property Portfolio have been independently valued by the Valuer on the basis of "Market Value" in accordance with the Red Book. In determining Market Value, the Valuer is required to make certain assumptions. Such assumptions may prove to be inaccurate. The valuations of IPT's and the Company's wholly owned properties are opinions of value only as of their valuation date. Market volatility following the date of publication of this document may cause significant changes in the value of the IPT Group's properties and the IRP Group's properties. The value of the property is inherently subjective due to the individual nature of each property. There can also be no assurance that these valuations will be reflected in actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and annual rental income will prove to be attainable.

The value of the IPT Group's properties and the IRP Group's properties may be affected by factors outside of the Company's, IPT's and/or Enlarged IRP's control, including declining demand for industrial, office and retail estate, the attractiveness of property to other investment choices, a further decline in general economic conditions and changing local supply. Currently a significant amount of UK commercial property, and loans secured against UK commercial property, is being held on the balance sheets of certain banks in the UK. As these banks reduce their holding of UK commercial properties or such properties are sold to repay the loans, this could result in an oversupply of UK commercial property which could have an adverse impact on property valuations and the time taken to dispose of a property. Failure to achieve successful sales of properties in the future at acceptable prices could have an adverse effect on the Company's, IPT's and/or Enlarged IRP's business, financial condition, results of operations, future prospects or the price of the Ordinary Shares.

## IMPORTANT INFORMATION

This document should be read in its entirety. Shareholders should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Investment Manager or the Property Manager or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules neither the delivery of the Prospectus nor any subscription made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Shareholders must not treat the contents of the document or any subsequent communications from the Company, the Investment Manager or the Property Manager or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

Apart from the liabilities and responsibilities (if any) which may be imposed on Dickson Minto by FSMA or the regulatory regime established thereunder, Dickson Minto makes no representations, express or implied, or accepts any responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by it or on its behalf in connection with the Company, the New Shares, the Issue or the Scheme. Dickson Minto accordingly disclaims all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which it might otherwise have in respect of this document or any such statement.

If you are in doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant, legal or professional adviser or other financial adviser.

### **Data protection**

The information that a prospective investor provides to the Company (if it is an individual) or a third party individual ("personal data") will be held and processed by the Company (and any third party in Guernsey, Jersey or the United Kingdom to whom it may delegate certain administrative functions in relation to the Company) and/or the Secretary in compliance with the relevant data protection legislation and regulatory requirements of Guernsey, Jersey and/or the United Kingdom (as applicable). Each prospective investor acknowledges and consents that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company), the Investment Manager, and/or the Secretary for the following purposes:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- contacting the prospective investor with information about other products and services provided by the Investment Manager, or its affiliates, which may be of interest to the prospective investor;
- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in Guernsey or elsewhere; and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Each prospective investor acknowledges and consents that where appropriate it may be necessary for the Company (or any third party, functionary, or agent appointed by the Company) and/or the Secretary to:

- disclose personal data to third party service providers, agents or functionaries appointed by the Company or its agents to provide services to prospective investors; and

- transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as Guernsey and/or the United Kingdom (as applicable).

If the Company (or any third party, functionary or agent appointed by the Company), the Investment Manager, the Registrar and/or the Secretary discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

### **Regulatory information**

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, New Shares in any jurisdiction in which such offer or solicitation is unlawful. The issue or circulation of the Prospectus may be prohibited in some countries.

### **Selling Restrictions**

This Prospectus does not constitute, any may not be used for the purposes of, an offer or an invitation to subscribe for New Shares by any person in the United States or in any jurisdiction (i) in which such offer or invitation is not authorised, or (ii) in which the person making such offer or invitation is not qualified to do so, or (iii) to any person to whom it is unlawful to make such offer or invitation.

### **Investment considerations**

The contents of this document are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory, investment decisions or any other matter. Prospective investors must inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of the Placing Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of the Placing Shares which they might encounter; and
- the income and other tax consequences which may apply to them as a result of the purchase, holding, transfer, redemption or other disposal of the Placing Shares.

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's investment objectives will be achieved.

It should be remembered that the price of the Ordinary Shares, and the income from such Ordinary Shares (if any), can go down as well as up. An investment in Ordinary Shares is only suitable for investors who are capable of evaluating the merits and risk of such an investment and who have sufficient resources to be able to bear any losses which may arise therefrom (which may be equal to the whole amount invested).

This document should be read in its entirety. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Memorandum and Articles of Incorporation of the Company which investors should review. A summary of the memorandum of incorporation and the Articles is contained in Part VIII of this document under the section headed "Summary of the memorandum of incorporation and Articles".

### **Forward-looking statements**

To the extent that this document includes "forward looking statements" concerning the Company, IPT and/or Enlarged IRP, those statements are based on the current expectations of the Board and are naturally subject to uncertainty and changes in circumstances. Forward looking statements include, without limitation, statements typically containing words such as "targets", "plans", "believes", "expects",

“aims”, “intends”, “will”, “may”, “anticipates”, “estimates”, “projects”, “continues”, “should” or “considers”, and words or terms of similar substance or the negative thereof or of similar import. Forward looking statements include statements relating to the following: (i) future capital expenditure, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of the Company’s or IPT’s operations and potential synergies resulting from the Scheme; and (iii) the effects of government regulation on the Company’s or Enlarged IRP’s business.

Such forward looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. The Company disclaims any obligation to update any forward looking or other statements contained herein, except as required by applicable law.

By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Given these risks and uncertainties, investors should not place undue reliance on forward looking statements as a prediction of actual results. The Company does not undertake any obligation to update publicly or revise forward looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

Nothing in this document is intended, or is to be construed, as a profit forecast or to be interpreted to mean that earnings per Ordinary Share for the current or future financial periods will necessarily match or exceed the historical published earnings per Ordinary Share.

Information in this document will be updated as required by the Prospectus Rules, Listing Rules, CISX Listing Rules and Disclosure and Transparency Rules, as appropriate.

Nothing in this section headed “Forward looking statements” qualifies the working capital statement set out in paragraph 7 of Part V of this document.

## EXPECTED TIMETABLE

	2013
Latest time and date for receipt of letters of direction for the General Meeting of IRP	9.45 a.m. on 2 April
Ex dividend date for third interim dividend	3 April
Record date for third interim dividend	5.00 p.m. on 5 April
Latest time and date for receipt of forms of proxy for the General Meeting	9.45 a.m. on 9 April
Suspension of listing of IPT Shares	7.30 a.m. on 11 April
<b>General Meeting of IRP</b>	<b>9.45 a.m. on 11 April</b>
<b>IPT General Meeting</b>	<b>10.00 a.m. on 11 April</b>
<b>Effective Date for the Scheme and IPT in liquidation</b>	<b>11 April</b>
Listing of IPT Shares cancelled	8.00 a.m. on 12 April
<b>Admission and dealings commence in New Shares</b>	<b>8.00 a.m. on 12 April</b>
CREST accounts credited in respect of New Shares in uncertificated form	12 April
Certificates for New Shares issued in certificated form despatched	By 26 April
Payment date for third interim dividend	28 June
Payment of first interim dividend in respect of New Shares	27 September

### Notes:

- (i) The dates set out in the expected timetable above may be adjusted by the Company, in which event details of the new dates will be notified to the UK Listing Authority and the London Stock Exchange, and an announcement will be made through a Regulatory Information Service.
- (ii) All references to time in this document are to time in London.
- (iii) In this document, where the context requires, references to 8 March 2013 should be treated as being references to the latest practicable date prior to the publication of this document.

## ISSUE STATISTICS

Net Asset Value per IRP Share*	72.0p
Net Asset Value per IPT Share*	92.8p
ISIN for Ordinary Shares	GB00B012T521

\* Unaudited, as at 31 December 2012.

## CHECKLIST OF DOCUMENTATION INCORPORATED BY REFERENCE

The following documents which have previously been filed with the GFSC, shall be deemed to be incorporated in, and form part of this document.

*Document incorporated  
by reference*

Annual Report and Accounts of IRP  
for the year 30 June 2012

*Information incorporated by reference*

Historical financial information relating to the Company referred to at page 84 of this document.

Selected audited historical consolidated financial information relating to the Company which summarises the financial condition of the Company for the financial years ended 30 June 2012 referred to at page 85 of this document.

Operating and financial review in respect of the Company referred to at page 85 of this document.

Cash inflows and outflows for the IRP Group and the sources and amounts of those cashflows set out in the Consolidated Income Statement, Consolidated Cash Flow Statement and related notes referred to at page 86 of this document.

Information in respect of the capitalisation and indebtedness of the Company referred to at page 87 of this document.

Annual Report and Accounts of IRP  
for the year 30 June 2011

Historical financial information relating to the Company referred to at page 84 of this document.

Selected audited historical consolidated financial information relating to the Company which summarises the financial condition of the Company for the financial years ended 30 June 2012 referred to at page 85 of this document.

Operating and financial review in respect of the Company referred to at page 85 of this document.

Annual Report and Accounts of IRP  
for the year 30 June 2010

Historical financial information relating to the Company referred to at page 84 of this document.

Selected audited historical consolidated financial information relating to the Company which summarises the financial condition of the Company for the financial years ended 30 June 2012 referred to at page 85 of this document.

Operating and financial review in respect of the Company referred to at page 85 of this document.

Half yearly report of IRP for the six  
months ended 31 December 2012

Selected audited historical financial information relating to the Company for the six months ended 31 December 2011 (including comparative financial information for the six months ended 31 December 2012) referred to at page 85 of this document.

Operating and financial review in respect of the Company referred to at page 85 of this document.

Half yearly report of IRP for the six  
months ended 31 December 2011

Selected audited historical financial information relating to the Company for the six months ended 31 December 2011 (including comparative financial information for the six months ended 31 December 2012) referred to at page 85 of this document.

*Document incorporated  
by reference*

Independent Auditor's Report  
in respect of the  
Annual Report and Accounts of IPT  
for the year 31 December 2011  
at page 23

Independent Auditor's Report  
in respect of the  
Annual Report and Accounts of IPT  
for the year 31 December 2010  
at page 21

Independent Auditor's Report  
in respect of the  
Annual Report and Accounts of IPT  
for the year 31 December 2009  
at page 21

*Information incorporated by reference*

Independent Auditor's Report in respect of the Annual Report  
and Accounts of IPT and the IPT Property Subsidiary for the  
year ended 31 December 2011 referred to at page 84 of this  
document.

Independent Auditor's Report in respect of the Annual Report  
and Accounts of IPT and the IPT Property Subsidiary for the  
year ended 31 December 2010 referred to at page 84 of this  
document.

Independent Auditor's Report in respect of the Annual Report  
and Accounts of IPT and the IPT Property Subsidiary for the  
year ended 31 December 2009 referred to at page 84 of this  
document.

The documents incorporated by reference can be obtained from the Company's website, [www.irppropertyinvestments.com](http://www.irppropertyinvestments.com), and as set out in paragraph 17 of Part VIII of this document. The parts of the above document which are not being incorporated by reference are not relevant for the investor.

## DIRECTORS, PROPOSED DIRECTORS, MANAGERS AND ADVISERS

<b>Directors and Proposed Directors</b>	Quentin Spicer Andrew Gulliford Christopher Sherwell Christopher Spencer Giles Weaver Graham Harrison ( <i>Proposed Director</i> ) Vikram Lall ( <i>Proposed Director</i> ) Michael Soames ( <i>Proposed Director</i> )  all non-executive and of Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL
<b>Investment Manager</b>	F&C Investment Business Limited 80 George Street Edinburgh EH2 3BU
<b>Property Manager</b>	F&C REIT Property Asset Management plc 5 Wigmore Street London W1U 1PB
<b>UK legal adviser and sponsor</b>	Dickson Minto W.S. Broadgate Tower 20 Primrose Street London EC2A 2EW
<b>Administrator, Secretary and Registrar</b>	Northern Trust International Fund Administration Services (Guernsey) Limited Trafalgar Court Les Banques St. Peter Port Guernsey GY1 3QL
<b>Guernsey legal adviser</b>	Carey Olsen PO Box 98 Carey House Les Banques St Peter Port Guernsey GY1 4BZ
<b>Auditors</b>	Ernst & Young LLP PO Box 9 Royal Chambers St. Julian's Avenue St. Peter Port Guernsey GY1 4AF
<b>Reporting accounts and tax adviser</b>	Ernst & Young LLP Ten George Street Edinburgh EH2 2DZ
<b>Property valuers</b>	DTZ Debenham Tie Leung Limited 125 Old Broad Street London EC2N 2BQ
<b>Principal banker</b>	Lloyds TSB Bank plc 25 Gresham Street London EC2V 7HN
<b>UK transfer agent</b>	Computershare Investor Services (Jersey) Limited PO Box 329 Queensway House Hilgrove Street St. Helier Jersey JE4 9XY
<b>CISX Sponsor</b>	Mourant Ozannes Securities Limited 1 Le Marchant Street St Peter Port Guernsey GY1 4HP

## DEFINITIONS

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

<b>“Acquisition”</b>	the proposed acquisition of the business and assets of IPT (including the IPT Property Subsidiary) by the Company pursuant to the Scheme on the terms to be set out in the Transfer Agreement
<b>“Admission”</b>	the admission of the New Shares to the Official List and to trading on the London Stock Exchange
<b>“Admission Condition”</b>	(i) the UKLA and the CISX having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New Shares arising under the Issue to the Official List (with a premium listing) has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject (“listing conditions”)) will become effective as soon as a dealing notice has been issued by the Financial Services Authority, a grant of listing letter has been issued by the CISX and any listing conditions having been satisfied and (ii) the London Stock Exchange and the CISX having acknowledged to the Company or its agent (and such acknowledgement not having been withdrawn) that the New Shares will be admitted to trading
<b>“AIC Code”</b>	the Association of Investment Companies Code of Corporate Governance, as amended from time to time
<b>“Articles” or “Articles of Incorporation”</b>	the articles of incorporation of the Company, a summary of which is set out in paragraph 5 of Part VIII of this document
<b>“Australia”</b>	the Commonwealth of Australia, its territories and possessions and all areas under its jurisdiction and political sub-divisions thereof
<b>“Audit Committee”</b>	the audit committee of the Company which is described in more detail on page 45
<b>“Average Total Assets”</b>	the aggregate of the Total Assets of IPT, IRP or Enlarged IRP as appropriate as at a particular valuation date divided by the number of valuation dates in the relevant period
<b>“Bank”</b>	Lloyds TSB Bank plc, a company incorporated in England and Wales with registered number 00002065
<b>“Board” or “Directors”</b>	the directors of the Company
<b>“Canada”</b>	Canada, its provinces and territories and all areas under its jurisdictions and political sub-divisions thereof

<b>“CESR”</b>	the Commission of European Securities Regulators
<b>“Circular” or “IRP Circular”</b>	the circular to Shareholders published by the Company on 12 March 2013 containing details of the Proposals and the Resolutions required to implement them
<b>“CISX”</b>	the Channel Islands Stock Exchange, LBG
<b>“CISX Listing Rules”</b>	the listing rules of the CISX
<b>“Combined Portfolio”</b>	the IRP Property Portfolio and the IPT Property Portfolio
<b>“Company” or “IRP”</b>	IRP Property Investments Limited, a company incorporated in Guernsey with registered number 41870
<b>“Continuing Shareholders”</b>	the IPT Shareholders and IRP Shareholders
<b>“CREST”</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the UK Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
<b>“Disclosure and Transparency Rules”</b>	the disclosure and transparency rules made by the Financial Services Authority under Part VI of FSMA as amended from time to time
<b>“EEA States”</b>	the member states of the European Economic Area
<b>“Effective Date”</b>	the date on which the Scheme becomes effective pursuant to its terms which is expected to be on 11 April 2013
<b>“Enlarged IRP”</b>	the Company as enlarged following the Acquisition
<b>“Enlarged IRP Group”</b>	the IRP Group as enlarged following the Acquisition
<b>“Estimated Net Annual Rent”</b>	is based on the current rental value of a property: <ul style="list-style-type: none"> <li>(i) ignoring any special receipts or deductions arising from the property;</li> <li>(ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans);</li> <li>(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; and</li> <li>(iv) where a property, or part of it, is let at the date of valuation, the rental value reflects the terms of the lease and, where a property, or part of it, is vacant at the date of valuation, the rental value reflects the rent the relevant valuer considers would be obtainable on an open market letting as at the valuation date</li> </ul>

<b>“F&amp;C REIT” or “Property Manager”</b>	F&C REIT Property Asset Management plc
<b>“F&amp;C”</b>	F&C Asset Management plc
<b>“F&amp;C Group”</b>	F&C and its subsidiary undertakings from time to time
<b>“Finance Subsidiary”</b>	F&C UK Real Estate Finance Limited
<b>“FSMA”</b>	the UK Financial Services and Markets Act 2000 (as amended)
<b>“General Meeting”</b>	the general meeting of the Company to be held at 9.45 a.m. on 11 April 2013 (or any adjournment thereof)
<b>“GFSC”</b>	Guernsey Financial Services Commission
<b>“HMRC”</b>	HM Revenue & Customs
<b>“Investment Management Agreement”</b>	the investment management agreement dated 12 May 2004 (as amended by an amendment agreement dated 3 September 2009) between the Company and the Investment Manager further details of which are set out in paragraph 8.1.1 of Part VIII of this document
<b>“Investment Manager”</b>	F&C Investment Business Limited
<b>“IPD”</b>	Investment Property Databank Limited
<b>“IPD IRIS”</b>	the IPD Rental Information Service
<b>“IPT”</b>	ISIS Property Trust Limited, a company incorporated in Guernsey with registered number 41195
<b>“IPT Articles”</b>	the articles of association of IPT
<b>“IPT Board” or “IPT Directors”</b>	the board of directors of IPT
<b>“IPT Circular”</b>	the circular to be sent to the IPT Shareholders setting out the terms of the Scheme and convening the IPT General Meeting
<b>“IPT Facility”</b>	the term loan facility between IPT and the Bank for £50 million which is repayable in January 2017
<b>“IPT Facility Agreement”</b>	the existing facility agreement dated 8 January 2007 between among others the Bank (in various capacities) and IPT in relation to the IPT Facility (as amended, varied, supplemented, restated and novated from time to time), further details of which are set out in paragraph 8.2.3 of Part VIII of this document
<b>“IPT General Meeting”</b>	the general meeting of IPT to be held at 10.00 a.m. on 11 April 2013 (or any adjournment thereof)
<b>“IPT Group”</b>	IPT and its subsidiary undertakings from time to time

<b>“IPT Investment Management Agreement”</b>	the investment management agreement dated 10 October 2003 as amended on 3 September 2009 between IPT and the Investment Manager further details of which are set out in paragraph 8.2.1 of Part VIII in this document
<b>“IPT Property Portfolio”</b>	the direct and indirect property assets of IPT as at the date of this document
<b>“IPT Property Subsidiary”</b>	IPT Property Holdings Limited, a company incorporated in Guernsey with registered number 41194
<b>“IPT Resolutions”</b>	the resolutions to be proposed at the IPT General Meeting
<b>“IPT Shareholders”</b>	the holders of IPT Shares
<b>“IPT Shares”</b>	ordinary shares with a par value of 1p each in the capital of IPT
<b>“IRP Facility”</b>	the existing term loan facility between IRP and the Bank for £75 million which is repayable in January 2017
<b>“IRP Facility Agreement”</b>	the existing facility agreement dated 8 January 2007 between, among others the Bank (in various capacities) and the Company in relation to the IRP Facility (as amended, varied supplemented, restated and novated from time to time), further details of which are set out in paragraph 8.1.3 of Part VIII of this document
<b>“IRP Group”</b>	the Company and its subsidiary undertakings from time to time
<b>“IRP Property Portfolio”</b>	the direct and indirect property assets of the Company as at the date of this document
<b>“ISA”</b>	Individual Savings Account for the purposes of section 694 Income Tax (Trading and Other Income) Act 2005
<b>“Issue”</b>	the issue of New Shares pursuant to the Scheme
<b>“Japan”</b>	Japan, its cities, prefectures, territories and possessions
<b>“Law”</b>	The Companies (Guernsey) Law, 2008
<b>“LIBOR”</b>	London Inter-bank Offered Rate
<b>“Liquidators”</b>	the proposed joint liquidators of IPT (if more than one) jointly and severally namely Michael Roland Bane and Derek Neil Hyslop of Ernst & Young LLP
<b>“Listing Rules”</b>	the listing rules made by the Financial Services Authority under Part VI of FSMA as amended from time to time
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Main Market”</b>	the London Stock Exchange’s main market for listed securities

<b>“Managers”</b>	the Investment Manager and the Property Manager
<b>“Management Engagement and Remuneration Committee”</b>	the management and remuneration committee of the Company which is described in more detail on page 45
<b>“Market Value”</b>	the aggregate of the market value of the Properties comprising the IRP Property Portfolio, the IPT Property Portfolio and/or the Combined Portfolio, as the context requires, as at 28 February 2013, as set out in the Valuers’ reports in Part IV of this document, or the aggregate market value of part only of such portfolios or an individual property within such portfolios, as the context requires
<b>“NAV” or “net asset value”</b>	in relation to an IPT Share, a IRP Share and/or a New Share, as the case may be, means its net asset value on the relevant date as calculated on the basis of the relevant company’s normal accounting policies
<b>“New Facility”</b>	the £115 million facility to be provided to the Finance Subsidiary by the Bank pursuant to the New Facility Agreement
<b>“New Facility Agreement”</b>	the facility agreement dated 30 January 2013 between Lloyds TSB Bank Plc (in various capacities) and the Finance Subsidiary, details of which are set out in paragraph 8.3 of Part VIII of this document
<b>“New Shares”</b>	the Ordinary Shares to be issued by the Company to IPT Shareholders pursuant to the Scheme
<b>“Nomination Committee”</b>	the nomination committee of the Company which is described in more detail on page 45
<b>“Official List”</b>	the Official Lists of the UK Listing Authority and/or the Official List of the CISX, as the context requires
<b>“Ordinary Shares” or “IRP Shares” or “Shares”</b>	ordinary shares with a par value of 1p each in the capital of the Company
<b>“POI Law”</b>	The Protection of Investors (Bailiwick of Guernsey) Law, 1987
<b>“Properties”</b>	the properties comprising the IRP Property Portfolio, the IPT Property Portfolio and/or the Combined Portfolio, as more fully described in Part III of this document, or any of them as the context requires (each a “Property”)
<b>“Property Subsidiary”</b>	IRP Holdings Limited, a company incorporated in Guernsey with registered number 41869
<b>“Property Valuation Committee”</b>	the property valuation committee of the Company which is described in more detail on page 45
<b>“Proposals”</b>	the Acquisition and the issue of New Shares
<b>“Proposed Directors”</b>	Graham Harrison, Vikram Lall and Michael Soames

<b>“Prospectus”</b>	this document
<b>“Prospectus Directive”</b>	Directive 2003/71 and any implementing measure in each EEA State which has implemented this directive
<b>“Prospectus Rules”</b>	the prospectus rules made by the Financial Services Authority under Part VI of FSMA as amended from time to time
<b>“Red Book”</b>	RICS Appraisal and Valuation Standards, 6th Edition
<b>“Regulatory Information Service”</b>	a regulatory information service that is on the list of regulatory information services maintained by the Financial Services Authority
<b>“REIT”</b>	a company qualifying as a real estate investment trust under Part 12 of the Corporation Tax Act 2010
<b>“Resolution 1”</b>	the ordinary resolution to be proposed at the General Meeting, approving the Acquisition for the purpose of the Listing Rules
<b>“Resolution 2”</b>	the special resolution to be proposed at the General Meeting approving the change of name of the Company to F&C UK Real Estate Investments Limited
<b>“Resolutions”</b>	Resolution 1 and Resolution 2
<b>“Restricted Jurisdiction”</b>	any jurisdiction where local law or regulations may result in a risk of civil, regulatory or criminal exposure or prosecution if information or documentation concerning the Issue or the Prospectus is sent or made available to a person in that jurisdiction
<b>“Scheme”</b>	the proposed scheme for the reconstruction and solvent winding up of IPT
<b>“Secretary”</b>	Northern Trust International Fund Administration Services (Guernsey) Limited
<b>“Secretarial Agreement”</b>	the administration agreement between the Company, the Property Subsidiary and the Secretary dated 12 May 2004
<b>“Shareholders” or “IRP Shareholders”</b>	the holders of the Ordinary Shares
<b>“Supplemental Investment Management Agreement”</b>	the supplemental agreement to the IRP Investment Management Agreement, further details of which are set out in paragraph 8.1.2 of Part VIII of this document
<b>“Takeover Code”</b>	The City Code on Takeovers and Mergers
<b>“Takeover Panel”</b>	The Panel on Takeovers and Mergers
<b>“Total Assets”</b>	in respect of each of IPT, the Company and/or Enlarged IRP as appropriate, the aggregate value of the assets of its group less current liabilities of such group (which shall

exclude any proportion of the principal amounts borrowed for investment or amounts borrowed for working capital treated as current liabilities and any liability of an intra-group nature and save that any interest rate swap liability shall not be deducted from the Total Assets and any interest rate swap asset shall be excluded from the Total Assets) and any proportion of the principal amounts borrowed for investment which are drawn down but not invested in accordance with the relevant company's investment policy

<b>“Total Expense Ratio”</b>	the percentage of the total costs of managing and operating a group per annum divided by such group's total assets, including management fees, administration fees, directors' fees, regulatory fees, valuation fees, audit fees and legal fees but excluding the direct costs incurred in the acquisition and disposal of assets and direct property related costs
<b>“Transfer Agreement”</b>	the agreement to be entered into on or about the Effective Date among, <i>inter alia</i> , the Liquidators (in his personal capacity and on behalf of IPT) and the Company, further details of which are set out in paragraph 8.1.4 of Part VIII of this document
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UKLA” or “UK Listing Authority”</b>	the UK Listing Authority, being the Financial Services Authority, acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>“United States”</b>	the United States of America (including the District of Columbia), its territories and possessions, any state of the United States of America and all other areas subject to its jurisdiction or any political sub-division thereof
<b>“US Securities Act”</b>	the United States Securities Act of 1933, as amended
<b>“Valuation Report”</b>	the report prepared by the Valuer stated as at 28 February 2013 and set out in Part IV of this document
<b>“Value Added Tax” or “VAT”</b>	value added tax
<b>“Valuer”</b>	DTZ Debenham Tie Leung Limited

## PART I

### The Company

#### Introduction

IRP Property Investment Limited is a Guernsey incorporated non-cellular company limited by Shares which was launched in June 2004. The Company is authorised by the Guernsey Financial Services Commission as an authorised closed-ended collective investment scheme under section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended), and The Authorised Closed-ended Investment Schemes Rules 2008 made thereunder. The Company invests in UK commercial properties, which are principally held through a property holding subsidiary. The Company has a single class of ordinary shares in issue which are listed on the premium segment of the UKLA's Official List and traded on the London Stock Exchange's Main Market. The Company has an indefinite life.

The IRP Group owns a portfolio comprising of 33 UK commercial properties and has total assets of £162.3 million.

The Board announced on 7 February 2013 that the Company had reached agreement with IPT on the terms of a recommended acquisition of the business and assets of IPT (including the IPT Property Subsidiary which holds the IPT Property Portfolio) by the Company. The Acquisition is to be effected through a voluntary solvent liquidation of IPT and the issue of New Shares by the Company. The Company and IPT have identical investment objectives and policies, complementary property businesses and are both managed by F&C Investment Business Limited and F&C REIT Property Asset Management plc. The IPT Property Portfolio comprises 23 UK commercial properties.

The Board believes that the merger of the Company with IPT will create a larger and more liquid investment company which will be more attractive to existing and new investors particularly given the significant changes that the UK wealth management sector is currently undergoing.

#### Details of the terms of the Scheme

The acquisition of IPT's business and assets (including the IPT Property Subsidiary which holds the IPT Property Portfolio) by the Company will be achieved through a voluntary solvent liquidation of IPT which requires, amongst other things, the approval of IRP Shareholders and IPT Shareholders and the issue of New Shares by IRP. In the event that the Scheme becomes effective, it is proposed that the Company changes its name to "F&C UK Real Estate Investments Limited".

Upon the liquidation of IPT, the Liquidators will implement the Scheme by distributing IPT's assets (other than an amount estimated by the Liquidators to be sufficient to meet the actual and contingent liabilities of IPT which are not transferred to the Company) to a newly incorporated Guernsey company which is wholly owned by IRP, F&C UK Real Estate Finance Limited, in return for the issue of New Shares to IPT Shareholders. The Scheme will result in the IPT Property Subsidiary being transferred to the Finance Subsidiary and IPT then being wound up.

Further details of the Scheme are set out in Part II of this document.

#### Benefits of the Scheme

The Board believes that the Scheme offers significant benefits for all Shareholders as noted below:

- Enlarged IRP is expected to have a market capitalisation (based on the average share prices for the previous 12 months) in excess of £130 million, which should enhance the liquidity in the shares and increase the attractiveness of Enlarged IRP to new investors. Enlarged IRP is therefore expected to be well placed to take advantage of the current changes in the retail distribution market.
- The Scheme will result in a substantial increase in the size of Enlarged IRP's property portfolio to approximately £280 million, which will:
  - diversify further the property and tenant exposure which also provides greater flexibility in respect of certain bank facility covenants;
  - enable Enlarged IRP, over time, to obtain exposure to assets with a larger lot size; and

- provide complementary geographic and sector exposures whilst maintaining an overweight position in London and the South East.
- There will also be a material reduction in the Total Expense Ratio of both IPT and IRP, as a result of fixed costs being spread over a larger asset base and a reduction in the management fees payable to the Managers.

### **Shareholder support**

The Board, the IPT Board and each of their advisers have consulted with a number of Shareholders and IPT Shareholders respectively to ascertain their views on the outline proposals and they have indicated that they are supportive of these Proposals.

### **General Meeting**

The Proposals are conditional, *inter alia*, on the approval of Shareholders. A General Meeting has been convened for 9.45 a.m. on 11 April 2013 at which two resolutions will be proposed. Resolution 1, an ordinary resolution, will be proposed to approve the proposed Acquisition in accordance with the Listing Rules. Resolution 2, a special resolution, will be proposed to approve, conditional on Resolution 1 being passed, the change in the Company's name to F&C UK Real Estate Investments Limited.

Further details of the Resolutions and the conditions to the Scheme becoming effective are set out in Part II of this document.

### **Investment policy**

The Company's investment objective is to provide ordinary shareholders with an attractive level of income together with the potential for income and capital growth from investing in a diversified UK commercial property portfolio.

The Company holds a diversified portfolio of freehold and predominantly long leasehold (over 60 years remaining at the time of acquisition) UK commercial properties. It invests principally in three commercial property sectors: office, retail (including retail warehouses) and industrial.

The Company invests predominantly in income producing investments. Investment decisions are based on analysis of, amongst other things, prospects for future income and capital growth, sector and geographic prospects, tenant covenant strength, lease length, initial and equivalent yields and the potential for development or redevelopment of the property. The Company will not invest in other investment companies or funds.

Investment risks are spread through investing in a range of geographical areas and sectors, and through letting properties, where possible, to low risk tenants. The Company has not set any maximum geographic exposures, but the maximum weightings in the principal property sectors (stated as a percentage of total assets) are: office: 60 per cent.; retail: 60 per cent.; and industrial: 50 per cent. No single property may exceed 15 per cent. of total assets at the time of acquisition and the five largest properties may not exceed 45 per cent. of total assets at the time of acquisition. Income receivable from any one tenant (other than the Government of the United Kingdom), or tenants within the same group, in any one financial year shall not exceed 20 per cent. of the total rental income of the Group in that financial year. At least 90 per cent. by value of properties held shall be in the form of freehold, feuhold or long lease (over 60 years remaining at the time of acquisition) properties or the equivalent.

The Company uses gearing to enhance returns over the long term. Gearing, represented by borrowings as a percentage of investment properties, may not exceed 60 per cent. However, it is the Board's present intention that borrowings will be limited to a maximum of 40 per cent. of total assets at the time of borrowing. The Board receives recommendations on gearing levels from the Managers and is responsible for setting the gearing range within which the Managers may operate.

Any material change to the investment policy of the Company may only be made with the prior approval of IRP Shareholders by way of an ordinary resolution at a general meeting.

### **The property portfolios**

#### *The IRP Property Portfolio*

The IRP Property Portfolio currently comprises 33 properties with an aggregate Market Value, as determined by the Valuer, of £157.9 million. The IRP Property Portfolio generates a current net annual rent of approximately £11.5 million (being a net initial yield of 6.9 per cent.).

### *The IPT Property Portfolio*

IRP through its newly incorporated subsidiary, F&C UK Real Estate Finance Limited, has agreed to acquire the business and assets of IPT, including the IPT Property Portfolio, pursuant to the Scheme. The IPT Property Portfolio currently comprises 23 properties with an aggregate Market Value, as determined by the Valuer, of £118.9 million. The IPT Property Portfolio generates a current net annual rent of approximately £8.6 million (being a net initial yield of 6.8 per cent.).

### *The Combined Portfolio*

In the event that the Proposals are approved by Shareholders and IPT Shareholders and all of the IPT Property Portfolio is acquired, Enlarged IRP will hold the Combined Portfolio comprising 56 properties with an aggregate Market Value of £276.8 million (on the basis of the valuations, as determined by the Valuer, of the IRP Property Portfolio and the IPT Property Portfolio). The Combined Portfolio would generate a current net annual rent of approximately £20.1 million (being a net initial yield of 6.9 per cent.).

The Directors believe that the Combined Portfolio provides a stable capital base with the potential for both capital and income growth.

Further details of the IRP Property Portfolio, the IPT Property Portfolio and the Combined Portfolio are set out in Part III of this document. The valuation report of the IRP Property Portfolio and the IPT Property Portfolio is set out in Part IV of this document.

### **Investment performance**

The Company generated a property income return of 6.8 per cent. from the IRP Property Portfolio compared to the IPD Quarterly Universe Index of 5.8 per cent. in respect of the year ended 31 December 2012. The Company's property total return in the twelve months to 31 December 2012 was 2.0 per cent. compared to the IPD Quarterly Universe Index of 2.8 per cent.

The Company's record of long term investment performance is illustrated in the table below:

<i>Period</i>	<i>IRP</i>	<i>IPD</i>
Three months	0.8%	0.9%
One year	2.0%	2.8%
Three years*	6.5%	8.4%
Five years*	2.0%	0.4%

Source: Investment Property Databank Limited

\* Annualised

Information about the past and future performance of the Company and the Ordinary Shares can be obtained from the Company's website, [www.irppropertyinvestments.com](http://www.irppropertyinvestments.com). The Company's website nor the content of any website accessible from hyperlinks on that website (or any other website) is not (or is not deemed to be) incorporated into, or forms (or is deemed to form) part of this document.

### **The commercial property market in the UK**

The UK commercial property market provided moderate returns in 2012 in the light of ongoing concerns with the economic outlook in both the UK and overseas. According to the Investment Property Databank Quarterly Index, the twelve months to 31 December 2012 saw portfolio total returns of 2.8 per cent. The market continues to polarise with prime property generally out-performing poorer quality secondary stock and the London market being stronger than the regions. The office market out-performed the retail and industrial sectors during the period with strength in central London being offset by negative total returns in the rest of the South East and the regions. The retail sector saw the most pronounced slowdown as cyclical weakness was reinforced by structural changes such as the continued growth of online retailing. The investment market saw a slight increase in transaction levels during 2012, buoyed by large inflows of money from overseas which further benefited London.

Subdued economic growth prospects are expected to constrain both rental and capital growth in most parts of the UK commercial property market in 2013. Performance is likely to remain income driven as capital values moderate, with the security and longevity of income a key element in management initiatives.

In the longer-term, and in the absence of major policy changes or external shocks, the market is expected to stage a gradual but sustained and more broadly based recovery.

## **Borrowings**

### *IRP borrowings*

The Company has the power under the Articles to borrow an amount up to 65 per cent. of the IRP Group's gross assets (as defined in the Articles) at the time of borrowing. The Company's investment policy provides that gearing, represented by borrowings as a percentage of investment properties, may not exceed 60 per cent. However, the Board currently intends that borrowings at the time of draw down will be limited to a maximum of 40 per cent. of total assets.

The Company currently has the IRP Facility under which it is entitled to draw down an aggregate principal amount of £75 million, of which £68 million was drawn down as at 28 February 2013.

The IRP Facility is repayable on 10 January 2017. Interest on the IRP Facility is payable at a rate equal to the aggregate of LIBOR, mandatory costs of the Bank and a margin of 0.45 per cent. per annum if the loan to value percentage is 40 per cent. or less. If the loan to value percentage is between 40 per cent. and 50 per cent. or between 50 per cent. and 60 per cent. the margin would be calculated at 47.5 bps or 55 bps per annum respectively. The Company has entered into an interest rate swap agreement with the Bank which fixed the aggregate interest rate, excluding the margin, at 5.55 per cent. per annum on £60 million of the amount drawn down for the remaining term of the IRP Facility. The IRP Facility is secured by fixed and floating charges over the assets of the Company and the Property Subsidiary.

Further details of the IRP Facility Agreement are set out in paragraph 8.1.3 of Part VIII of this document.

### *IPT borrowings*

IPT currently has the IPT Facility under which it is entitled to draw down an aggregate principal amount of £50 million, of which £43 million was drawn down as at 28 February 2013.

The IPT Facility is repayable on 10 January 2017. Interest on the IPT Facility is payable at a rate equal to the aggregate of LIBOR, mandatory costs of the Bank and a margin of 0.45 per cent. per annum if the loan to value percentage is 40 per cent. or less. If the loan to value percentage is between 40 per cent. and 50 per cent. or between 50 per cent. and 60 per cent., the margin would be calculated at 47.5 bps or 55 bps per annum respectively. The Company has entered into an interest rate swap agreement with the Bank which fixed the aggregate interest rate, excluding the margin, at 5.55 per cent. per annum on £40 million of the amount drawn down for the remaining term of the IPT Facility. The IPT Facility is secured by fixed and floating charges over the assets of the IPT Group.

Further details of the IPT Facility Agreement are set out in paragraph 8.2.3 of Part VIII of this document.

### *The New Facility*

The implementation of the Scheme required the consent of Lloyds TSB Bank plc in respect of both the IPT Facility and the IRP Facility. The Bank has agreed to consent to the implementation of the Scheme and it has agreed to replace the existing IPT Facility and IRP Facility with a new term and revolving credit loan facility. The borrower under the New Facility will be the Finance Subsidiary.

The New Facility will permit a maximum amount of £115 million to be drawn down. The existing interest rate swaps, which fix the interest payable in respect of £100 million in aggregate of the existing borrowings, will be novated to the Finance Subsidiary without any amendments to their commercial terms or additional cost. As a condition of obtaining the consent of the Bank to the Scheme, the margin under the New Facility with £110 million drawn down will increase by 0.18 per cent. per annum (based on the current loan to value and drawn down amounts) giving a fixed interest rate payable on £100 million of the New Facility of 5.75 per cent. per annum (including the margin increase referred to above) and a floating rate which is currently around 1 per cent. per annum on the balance. The New Facility will be repayable on 10 January 2017, the same repayment date as applies under the existing IPT Facility and IRP Facility. The other terms of the New Facility and related security and finance documents will be substantially similar to the terms of the existing IPT Facility and IRP Facility.

The New Facility is conditional on certain conditions precedent including, *inter alia*, the Scheme becoming effective and the property holding subsidiaries of both IPT and IRP becoming wholly owned subsidiaries of the Finance Subsidiary.

Enlarged IRP will not be a party to, or guarantor of, the New Facility.

Further details of the New Facility Agreement are set out in paragraph 8.3 of Part VIII of this document.

## **Dividends**

### *Revised dividend policy*

Since launch each of IPT and IRP has followed a policy of paying out dividends which are not fully covered by net rental income. The IRP Board has been considering their respective dividend policies and, following consultation with larger shareholders, it is proposed that Enlarged IRP's dividend will be set at a sustainable level, which is expected to be fully covered by its rental income (net of revenue expenses when Enlarged IRP is fully invested).

In the absence of unforeseen circumstances and on the assumption that the Scheme becomes effective, it is expected that IRP's existing dividend of 1.80p per Share per quarter will reduce to 1.25p per Share per quarter with effect from 1 April 2013 (this is not a dividend forecast). This proposed level of dividend would equate to a reduction in the current dividends paid of 30.6 per cent. in respect of an IRP Share and 19.4 per cent. in respect of an IPT Share (based on the illustrative share exchange ratio set out in the paragraph headed "Illustrative financial effects" on page 47 of Part II of this document).

### *Payment of dividends*

It is intended that each of IRP and IPT will pay an interim dividend in respect of the period up to 31 March 2013 at the current dividend level to ensure that all IPT and IRP Shareholders are treated equally. IPT's final interim dividend (expected to be 2.00p per IPT Share) will be paid immediately prior to the Effective Date of the Scheme. IRP's third interim dividend (expected to be 1.80p per IRP Share) is expected to be paid in June to IRP Shareholders on IRP's register as at a record date prior to the Effective Date. Accordingly, the first interim dividend paid by Enlarged IRP to all Shareholders will be paid in September 2013 in respect of the period from 1 April 2013 to 30 June 2013 at the rate of 1.25p per Share.

Save as referred to above, the New Shares will rank *pari passu* with the existing Ordinary Shares.

There is no guarantee that the Company will be able to pay the dividends as referred to above. The Board will have regard to the level of cover of the dividend and will only pay a dividend to the extent that it may be fully covered.

For information on the tax treatment of an investment in the Company, please refer to the paragraphs headed "Taxation" on pages 135 to 138 of this document.

## **Share buy backs**

Although it is unlikely that the Board will implement an active buy back policy given the illiquid nature of the Company's investments, the Board has authority to buy back up to 16,563,950 Ordinary Shares (being 14.99 per cent. of the number of IRP Shares in issue as at 14 November 2012 being the date on which such authority was granted by special resolution) and will seek annual renewal of this authority from Shareholders. Any buy back of Ordinary Shares will be made subject to the Law and within guidelines established from time to time by the Board (which will take into account the income and cash flow requirements of the Company) and the making and timing of any buy backs will be at the absolute discretion of the Board.

Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing published net asset value of an Ordinary Share (as last calculated) where the Board believe such purchases will enhance shareholder value. Such purchases will also only be made in accordance with the Listing Rules which provide that the price to be paid must not be more than five per cent. above the average of the middle market quotations for the Ordinary Shares for the five business days before the purchase is made.

The Law also provides, among other things, that any purchase is subject to the Company satisfying the solvency test contained in the Law at the relevant time.

### **Taxation status of the IRP Group and REIT conversion**

The Company may, in the future provided that the Board considers it in the best interests of Shareholders to do so, wish to apply to qualify as a REIT for UK tax purposes. If the Company qualifies as a REIT, it will have a tax efficient corporate structure for UK tax purposes on the basis that a REIT does not suffer UK corporation tax on the profits (income and capital gains) derived from its qualifying property rental businesses in the UK and elsewhere, provided that certain conditions are satisfied. Additionally the Company may, once it has become a REIT, be able to offer vendors of property in corporate structures with unrealised capital gains a higher price than other potential purchasers may be prepared to pay for the corporate entity which owns the underlying property. This is because those gains will be extinguished following acquisition of the relevant corporate entity by the Company.

### **Capital structure**

#### *Share capital*

The Company's share capital structure consists solely of, and following Admission will continue to consist solely of, Ordinary Shares. The New Shares will rank *pari passu* with the existing Ordinary Shares save that holders of the New Shares will not be entitled to the third interim dividend to be paid by the Company to existing Shareholders.

#### *Further issues of Ordinary Shares*

In accordance with the Articles and the Law, the directors have authority to allot an unlimited number of Shares.

However, other than the Ordinary Shares to be issued in connection with the Proposals, the Board does not presently intend to issue any further Ordinary Shares and will not use this unlimited authority to issue Ordinary Shares on a pre-emptive basis beyond the recommended threshold of 33 per cent. of the issued share capital of the Company. The Board will consider opportunities to acquire further commercial properties where it believes to do so would enhance returns to Shareholders and it may consider issuing further shares to fund any such further acquisitions of commercial properties where the Directors consider it to be in the best interests of Shareholders to do so.

As required by the Listing Rules, the Directors will only issue Ordinary Shares at prices which are not less than the net asset value of the Ordinary Shares unless such Ordinary Shares are first offered on a pre-emptive basis to existing Shareholders or otherwise with the approval of Shareholders. The Shareholders have resolved, at the annual general meeting of the Company held on 14 November 2012 to disapply pre-emption rights in relation to the issue of Shares up to a maximum aggregate nominal amount of £110,500 for the period concluding on the earlier of 14 February 2014 or at the conclusion of the next annual general meeting of the Company. The Directors intend to request that the authority to allot and issue Ordinary Shares on a non pre-emptive basis is renewed at each subsequent annual general meeting of the Company.

### **Group structure**

#### *The Company*

The Company is a Guernsey incorporated non-cellular company limited by shares without a fixed life. The Company is authorised by the GFSC as an authorised closed-ended collective investment scheme under section 8 of the POI Law and the Rules made thereunder. The share capital of the Company, consisting solely of Ordinary Shares, is listed on the premium segment of the Official List and traded on the Main Market of the London Stock Exchange and on the CISX.

#### *The Finance Subsidiary*

The Finance Subsidiary is wholly owned by the Company. If the Proposals become effective the Finance Subsidiary will become the holding company of the Property Subsidiary. The Finance Subsidiary will, subject to the Scheme becoming effective, also be the holding company of the IPT Property Subsidiary. Its directors will be the same as those of the Company and it is intended that, subject to the Scheme becoming effective, the directors of the Finance Subsidiary will be the same as

those of Enlarged IRP and Enlarged IRP will therefore be able to control the investment policy of the Finance Subsidiary to ensure that it complies with the investment policy of Enlarged IRP and the investment restrictions that apply to Enlarged IRP.

#### *The Property Subsidiary*

The Property Subsidiary is the property investment holding company for the Company and will continue to acquire properties and indirect property holdings in accordance with the Company's investment policy. The Company funds the Property Subsidiary by way of share and/or loan capital in amounts that are determined from time to time.

The Property Subsidiary is a Guernsey incorporated company which is wholly owned by the Company. Its directors are the same as those of the Company. It is intended that, subject to the Scheme becoming effective, the Property Subsidiary will be wholly owned by the Finance Subsidiary and the directors of the Property Subsidiary will be the same as those of the Finance Subsidiary and Enlarged IRP. IRP is and Enlarged IRP will continue to be able to control the investment policy of the Property Subsidiary to ensure that it complies with the investment policies of Enlarged IRP and the investment restrictions that apply to Enlarged IRP.

#### *The IPT Property Subsidiary*

The IPT Property Subsidiary is the property investment holding company for IPT. The IPT Property Subsidiary is a Guernsey incorporated company and will, subject to the scheme becoming effective, be wholly owned by the Finance Subsidiary. Its directors will, subject to the scheme becoming effective, be the same as those of the Finance Subsidiary and Enlarged IRP and Enlarged IRP will be able to control the investment policy of the IPT Property Subsidiary to ensure that it complies with the investment policy of Enlarged IRP and the investment restrictions that apply to Enlarged IRP.

#### *Further subsidiaries and investment structures*

The structure to be used for any future acquisition of property assets will be reviewed at the time of acquisition and Enlarged IRP may invest in property assets by means of any structure which is considered to be appropriate in the circumstances of the proposed acquisition. Accordingly, Enlarged IRP may, without limit, incorporate further subsidiaries to hold property assets or may acquire the share capital of companies, partnership interests in partnerships or units in unit trusts (or similar vehicles) which own one or more properties, all of which would be wholly owned by Enlarged IRP. Enlarged IRP will also be permitted to forward fund purchases of properties, make development loans and acquire options over properties.

#### **Directors and Proposed Directors**

It is intended that Graham Harrison, Vikram Lall and Michael Soames will join the Board on the Effective Date and that Christopher Spencer and Giles Weaver will resign from the Board. It is therefore expected that, following the Effective Date, the Board of Enlarged IRP will comprise six Directors. Quentin Spicer will remain as Chairman.

All of the Directors and Proposed Directors, are non-executive directors and independent of the Managers. Although the management of the Company has been delegated to the Managers, the Directors are responsible for the determination of the investment policy of the Company and have the overall responsibility for the Company and its activities. The Directors and Proposed Directors are as follows:

**Quentin Spicer, Chairman** is a resident of Guernsey and chairman of a number of companies including the Guernsey Housing Association LBG, RAB Special Situations Company Limited, Quintain (Guernsey) Limited and Squarestone Brasil Limited. He is also a non executive director of a number of other property investment funds.

**Andrew Gulliford** is a UK resident. He is a chartered surveyor and was, until 1 January 2006, deputy senior partner of Cushman & Wakefield Healey & Baker. He joined one of its predecessor firms in 1972 and was a head of the firm's investment group for twelve years until the end of 2002. He advises a number of institutions on property matters and is also a non-executive director of Helical Bar plc and McKay Securities plc which are listed property companies.

**Christopher Sherwell** is a resident of Guernsey. He worked with the Financial Times for thirteen years before becoming a Far East Regional Strategist for Smith New Court Securities in 1990. In 1993 he joined Schroders in the Channel Islands as investment director of Schroders (C.I.) Limited and was managing director from April 2000 to January 2004. He continued as a non-executive director of Schroders (C.I.) Limited before standing down at the end of 2008. He is currently a non-executive director of various investment companies.

**Christopher Spencer** is a resident of Guernsey. He is a chartered accountant and was managing director of Pannell Kerr Forster (Guernsey) Limited until May 2000. He is a non-executive director of a number of listed companies, including JP Morgan Private Equity Limited, John Laing Infrastructure Fund Limited, Real Estate Credit Investments PCC Limited, Tamar European Industrial Fund Limited, Dexion Trading Limited and Ruffer Investment Company Limited.

**Giles Weaver** is a UK resident. He is a chartered accountant and was, until January 2013 a non-executive director of Aberdeen Asset Management plc and until 2000 managing director and chairman of Murray Johnstone Limited. He has over 25 years' experience as a fund manager. He is chairman of Tamar European Industrial Fund Limited and is a non-executive director of a number of other investment companies.

**Graham Harrison** is a resident of Guernsey. He is co-founder and managing director of Asset Risk Consultants Limited, an investment consulting practice. He is a non-executive director of a number of investment and asset management companies.

**Vikram Lall** is a UK resident. He is a qualified chartered accountant and was, until 2003, an executive director of Brewin Dolphin Holdings plc with responsibility for corporate finance. Prior to joining Brewin Dolphin, he worked as a corporate financier for many years. He is a non-executive director of a number of companies.

**Michael Soames** is a UK resident. He is a qualified chartered surveyor and worked for Knight Frank, chartered surveyors, for 29 years. He was appointed as a partner of Knight Frank in 1981 and was appointed to the executive and divisional boards of Knight Frank in 1995. He was appointed as global corporate development director of Regus plc from 2001 to 2003 and was surveyor to The Mercers' Company from 2003 to 2008.

### **The Manager**

F&C Investment Business Limited is the Company's investment manager and F&C REIT Property Asset Management plc is the Company's property manager. Both the Investment Manager and the Property Manager are part of the F&C Group.

F&C is a leading asset manager in both the UK and Europe and had, as at 31 December 2012, approximately £95.2 billion of funds under management. The shares of F&C are traded on the Main Market of the London Stock Exchange. F&C provides investment management and other services to a range of investment companies. In addition it is one of the largest property managers in the UK, with property funds under management of £7.5 billion (as at 31 December 2012) and manages property investments on behalf of a wide range of clients.

### *Key personnel*

The property team of the Property Manager comprises 35 investment professionals. The key property personnel who are responsible for managing the IRP Property Portfolio, the IPT Property Portfolio and will, following implementation of the Proposals, be responsible for managing the Combined Portfolio, Ian McBryde is the key property manager.

**Ian McBryde** is a director of the Property Manager having joined in 1982 and is a member of the Executive Committee. Ian is also a director of F&C Property Asset Management plc.

During Ian's time at F&C REIT he has worked in property investment and management on life, pensions and segregated funds and has direct responsibility for portfolios totalling approximately £750 million.

Ian has been involved with the Surrey Branch of the RICS and served as Branch Chairman and was previously an external examiner for surveying courses at Kingston University.

Prior to joining F&C REIT, Ian worked in private practice and the public sector gaining experience in residential and commercial property management for private and institutional clients. Ian is a Fellow of the Royal Institution of Chartered Surveyors, a member of the Investment Property Forum and sits on the Property Investment Committee of the ABI.

As property manager, Ian is principally supported by five Heads of Sector each providing investment advice and dealing with acquisition, disposal and asset management of the IRP Property Portfolio and the IPT Property Portfolio,

#### *Current investment management arrangements*

The IRP Group has entered into an Investment Management Agreement with the Investment Manager under which the Investment Manager has been appointed with responsibility for the management of the IRP Group's assets, subject to the overall supervision of the Directors, and to provide certain administrative services to the IRP Group. The Investment Manager manages the IRP Group's investments in accordance with the policies laid down by the Directors and in accordance with the investment restrictions referred to in the Investment Management Agreement.

Under the current Investment Management Agreement, the Investment Manager receives from the IRP Group an aggregate annual fee, payable quarterly in arrears, at the rate of 0.7 per cent. per annum of the total assets which includes any cash held by the Company provided that no fee is payable on any cash held in excess of 5 per cent. of the net assets of the Company. The Investment Manager is also entitled to an administrative fee of £73,000 per annum currently (which increases annually in line with inflation). The fees of the Property Manager are payable out of the investment management fee. The Investment Management Agreement is terminable by any of the parties to it on six months' notice. Further details of the Investment Management Agreement are set out in paragraph 8.1.1 of Part VIII of this document.

#### *Reduction in management fees*

F&C Investment Business Limited will continue as the investment manager of Enlarged IRP and F&C REIT Property Asset Management plc will continue as the property manager.

In connection with the Scheme, the Investment Manager has agreed to reduce its basic management fee from 0.70 per cent. per annum of IRP's Total Assets to a basic management fee of 0.60 per cent. per annum of the Total Assets of Enlarged IRP (which is the level of the basic management fee currently paid by IPT).

In addition, the Investment Manager will be entitled to a performance fee of 15 per cent. of the amount by which the total return of Enlarged IRP's directly held properties exceeds 115 per cent. of the total return on the IPD Quarterly and Monthly Funds Index.

The performance fee will be measured over a rolling three year period, commencing from the Effective Date, and the total fees payable in any financial year will be capped at 0.75 per cent. of Average Total Assets.

The Investment Manager also currently receives an administration fee from each of IPT and IRP of £63,000 and £73,000 respectively (both of which increase annually in line with inflation). If the Scheme becomes effective, the Investment Manager will receive an administration fee from Enlarged IRP of £100,000 per annum (which will increase annually in line with inflation).

The Property Manager's fees will continue to be payable out of the investment management fees.

#### *Conflicts of interest*

The Managers and their officers and employees may be involved in other financial, investment or professional activities, that may on occasion give rise to conflicts of interest with the IRP Group. In particular, the Managers may provide investment management, investment advice or other services in relation to a number of funds that may have similar investment policies to that of the IRP Group. The Managers will have regard to their obligations under the Investment Management Agreement or otherwise to act in the best interests of the IRP Group, so far as is practicable having regard to its obligations to other clients or funds, should potential conflicts of interest arise.

The Managers have in place an allocation policy to ensure that they are able to resolve fairly any potential conflicts between the various property funds that they manage. This policy will generally allocate an investment opportunity to the fund whose investment criteria most closely match the investment opportunity. The Managers will take into consideration the appropriateness for investments for inclusion in the Company's portfolio, the level of uninvested cash held by the Company and the size of the investments available such that allocations of investments which are *de minimus* in size will normally not be made. In the event that the Managers are not able to resolve a significant conflict of interest on the basis described above, such matter will be referred to the Board for approval.

### **Administration and secretarial arrangements**

The Investment Manager has delegated the secretarial services to Northern Trust International Fund Administration Services (Guernsey) Limited. In such capacity, the Secretary is responsible for general secretarial functions required by the Law and for ensuring that the Company complies with its continuing obligations as a company listed on the Official List. The Secretary is also responsible for the Company's general administrative functions as set out in the Secretarial Agreement.

The Company utilises, and Enlarged IRP will continue to utilise, the services of Computershare Investor Services (Jersey) Limited as its agent in relation to the transfer and settlement of IRP Shares held in uncertificated form and as UK transfer agent.

Solicitors appointed by the IRP Group will hold the property deeds on behalf of the IRP Group.

### **Annual expenses**

The principal annual expenses that the Company has incurred and Enlarged IRP will continue to incur, will be the fees payable to the Managers, the Secretary, the Valuer and the Directors. Enlarged IRP will also continue to incur regulatory fees, insurance costs, professional fees, audit fees and other expenses. For the financial year ending 30 June 2012 these annual expenses of the Company amounted to £2.4 million. It is estimated that the Total Expense Ratio of Enlarged IRP (excluding property expenses) will be 0.86 per cent. per annum of total assets less current liabilities (excluding the impact of any performance fee). IPT and IRP currently have Total Expense Ratios of 1.00 per cent. and 1.08 per cent. respectively.

### **Accounting policies**

The audited accounts of the Company and IPT are, and the audited accounts of Enlarged IRP will be, prepared under International Financial Reporting Standards ("IFRS"). Financial statements prepared by Enlarged IRP in accordance with IFRS will include an income statement, which is not required to differentiate between revenue and capital items and which also includes realised and unrealised investment gains/losses. Enlarged IRP's management and administration fees, finance costs and all other expenses will be charged through the income statement.

### **Shareholder information**

Enlarged IRP's annual report and accounts (which will consolidate the accounts of Enlarged IRP's Group) will be prepared up to 30 June each year and it is expected that copies will be sent to Shareholders by the following October. Shareholders will also receive an unaudited half yearly report covering the six months to 31 December each year, expected to be despatched in the following February.

Properties are valued by an external valuer quarterly in accordance with The Red Book. The net asset value attributable to the IRP Shares is published quarterly based on the Properties' most recent valuation and in accordance with IFRS. The net asset value will be calculated by the Investment Manager and published through a Regulatory Information Service as soon as practicable after the end of the relevant quarter. The calculation of the net asset value per IRP Share will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service. Such suspension in the calculation of the net asset value per IRP Share will result in the suspension of the listing of the New Shares on the Official List of the CISX during the period in which such suspension in the calculation of the net asset value per IRP Share occurs.

## Corporate governance

The Company is subject to the GFSC's Finance Sector Code of Corporate Governance ("CGFSC"), which applies to all companies that hold a licence from the GFSC under the regulatory laws or which are registered or authorised as collective investment schemes. The CGFSC requires the Company to confirm that the Directors have considered the effectiveness of their corporate governance practices and are satisfied with their degree of compliance with the principles set out in the CGFSC, or the alternative codes accepted by the GFSC, in the context of the nature, scale and complexity of the business. The Company reports against the UK Corporate Governance Code and the AIC Code of Corporate Governance as explained in more detail below. It is therefore, deemed to meet the requirements of and comply with the CGFSC.

The Listing Rules require that the Directors must "comply or explain" against the UK Corporate Governance Code. In addition the DTRs require the Company to: (i) make a corporate governance statement in its annual report and accounts based on the corporate governance code to which it is subject or with which it voluntarily complies; and (ii) describe its internal control and risk management arrangements.

The Directors recognise the value of the UK Corporate Governance Code and the Company complies with the provisions of the UK Corporate Governance Code in all material respects except as described below:

- (i) there is no chief executive position within the Company which is not in accordance with A.2.1. of the UK Corporate Governance Code. However, this provision is not relevant to the Company as all the Directors are non-executive directors and the Company has no employees;
- (ii) the Company does not have a senior independent director which is not in accordance with A.4.1 of the UK Corporate Governance Code. However, the Company does not have a senior independent director because all of its directors are non-executive and the Company has a Chairman; and
- (iii) the Board does not consider that it is appropriate for the Directors to be appointed for a specified term as recommended by B.2.3 in the light of all of the Directors being non executive directors and the requirement in the Articles that one-third of Directors retire by rotation at each annual general meeting.

As a member of the Association of Investment Companies, the Company complies with the AIC Code produced by the AIC and, as a result, in accordance with the AIC Code the Company meets its obligations in relation to the UK Corporate Governance Code and the associated disclosure requirements of the Listing Rules.

The Company is also obliged to comply with the Model Code under the Listing Rules. The Board is responsible for taking all proper and reasonable steps to ensure compliance with the Model Code by the Directors.

### *Independence*

As explained in the section entitled "Directors and Proposed Directors" of this Part I, the Board will consist of six non-executive Directors following the implementation of the Scheme. On 1 September 2010 F&C completed its purchase of Thames River Capital LLP. Christopher Spencer is also a non-executive director of a number of TRC Funds which are listed in Dublin and, since 1 September 2010, are all within the F&C Group. Mr Spencer is not therefore regarded as an independent Director and is subject to annual re-election by Shareholders. All of the other Directors and Proposed Directors are considered by the Board to be independent of the Managers. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed. The Board has decided that all Directors will retire annually at each annual general meeting of the Company. New Directors will receive an induction from the Investment Manager and the Secretary on joining the Board and all Directors receive other relevant training as necessary.

### *Performance*

The performance of the Board committees and individual Directors is evaluated through an assessment process led by the Chairman. The performance of the Chairman is evaluated each year by the other Directors. The Articles require that Directors submit themselves for re-election at least every three years and the Board has decided that all Directors will retire annually at each annual general meeting of the Company. Further details of the provisions in the Articles relating to the Directors are given at paragraph 5.11 of Part VIII of this document.

### *The Property Valuation Committee*

The Property Valuation Committee comprises the full Board (and will include the Proposed Directors) and is chaired by Andrew Gulliford. The Property Valuation Committee is responsible for reviewing the quarterly independent property valuation reports produced by the Valuer prior to their submission to the Board.

### *The Nomination Committee*

The Nomination Committee comprises the full Board (and will include the Proposed Directors) and is chaired by Quentin Spicer.

The Nomination committee is responsible for reviewing the size, structure and skills of the Board and considering whether any changes are required or new appointments are necessary to meet the requirements of the Company's business or to maintain a balanced Board.

### *The Audit Committee*

The Audit Committee comprises the full Board (and will include the Proposed Directors) and is chaired by Christopher Spencer. The Audit Committee is responsible for reviewing the annual and half yearly accounts, the system of internal controls, and the terms of appointment and remuneration of the auditor. It is also the forum through which the auditor reports to the Board. The Audit Committee meets twice yearly. The Audit Committee also reviews the objectivity of the external auditor and the terms under which the external auditor is appointed to perform non-audit services. The Audit Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the external auditor, with particular regard to non-audit fees. Such fees amounted to £13,000 for the year ended 30 June 2012 and related principally to the provision of taxation services and reviewing the interim report.

### *The Management Engagement and Remuneration Committee*

The Management Engagement and Remuneration Committee comprises the full Board (and will include the Proposed Directors) and is chaired by Quentin Spicer. The Management Engagement and Remuneration Committee is responsible for reviewing the appropriateness of the continuing appointment of the Managers together with the terms conditions of their continuing appointment on a regular basis.

### **Taxation**

A guide to the general UK taxation position as at the date of this document is set out in paragraph 12 of Part VIII of this document. If you are in any doubt as to your taxation position, or are subject to taxation in a jurisdiction other than the UK, you should consult a professional adviser without delay.

## PART II

### Details of the Issue

#### Background

On 7 February 2013, the Board announced that the Company had reached agreement with IPT on the terms of a recommended acquisition of the business and assets of the IPT (including the IPT Property Subsidiary which holds the IPT Property Portfolio) by the Company through its wholly owned subsidiary, F&C UK Real Estate Finance Limited. The Acquisition is to be effected through a voluntary solvent liquidation of IPT and the issue of New Shares to IPT Shareholders by the Company. Subject to the conditions of the Scheme being satisfied, the Proposals are expected to become effective on 11 April 2013. The Company has an identical investment objective and policy to IPT and both are managed by F&C Investment Business Limited and F&C REIT Property Asset Management plc.

The New Shares are only available to IPT Shareholders under the Scheme. The Directors believe that the profile of a typical investor in the Ordinary Shares is an institutional investor or private sophisticated investor wishing exposure to an investment in UK commercial companies and who is capable of evaluating the risks and merits of an investment in the Ordinary Shares and who has sufficient resources to bear any loss which may result from an investment in the Ordinary Shares.

#### Details of the Scheme

##### *Introduction*

The Scheme will result in IPT's undertaking and assets, including the IPT Property Subsidiary, being transferred to the Finance Subsidiary and IPT then being wound up. The consideration for this transfer will be New Shares which are to be issued by the Company to IPT Shareholders. The Liquidators will retain an amount estimated by the Liquidators to be sufficient to meet the actual and contingent liabilities of IPT. To the extent that any assets of IPT remain after the satisfaction of IPT's liabilities, the balance will be paid, in due course, in cash to the Company and/or the Finance Subsidiary without any further New Shares being issued in respect of such amounts.

The Company, the Finance Subsidiary, the Liquidators, IPT and the Investment Manager have each undertaken to enter into the Transfer Agreement and use their respective reasonable endeavours to implement the Scheme in accordance with its terms provided that the conditions of the Scheme (as set out below) are satisfied.

##### *NAVs and property valuation*

New Shares will be issued to IPT Shareholders on a NAV for NAV basis. The NAV per IPT Share and the NAV per IRP Share will be calculated as at 31 March 2013 on the basis of the valuation of the IPT Property Portfolio and IRP Property Portfolio as at that date. The calculation of the NAVs per IPT Share and per IRP Share will be notified to the CISX as soon as practicable after calculation.

The NAV of each share will be calculated using each company's respective accounting policies (which are identical). The property valuations will be determined by the independent Valuer, who is the same for both portfolios, and the existing interest rate swap will be valued at fair market value. The NAVs of each of IPT and IRP will be subject to adjustments for any dividends that have been declared with a record date in the period from the date of the calculation of the respective NAVs to the completion of the Scheme.

The existing IPT Facility will be repaid by IRP by drawing down under the New Facility and IPT's existing interest rate swap will be transferred to the Finance Subsidiary at fair market value.

The costs of the proposed Scheme (as set out below) will be borne by all IPT and IRP Shareholders *pro rata* to their shareholding in IPT and the Company respectively. The calculation of the NAVs will be adjusted for any transaction costs already incurred by the respective companies prior to the calculation of the NAVs.

### *Illustrative financial effects*

Based on the unaudited net asset values per IPT Share and per IRP Share as at 31 December 2012 of 92.8p and 72.0p respectively, adjusted for dividends expected to be paid in respect of the quarter to 31 December 2012 but not yet paid as at that date, an IPT Shareholder would receive 1.29 New Shares in respect of each IPT Share held.

### **Conditions of the Scheme**

To become effective, the Scheme requires, amongst other things, the following events to occur:

- the passing of an ordinary resolution of the Company (requiring a simple majority of the votes cast by the Company's Shareholders in respect of it at the General Meeting) approving the Acquisition in accordance with the Listing Rules;
- the passing of a special resolution of the Company (requiring approval of at least 75 per cent. of the votes cast in respect of it by the Shareholders at the General Meeting) approving the change of name of the Company to F&C UK Real Estate Investments Limited;
- the passing of special resolutions of IPT (requiring approval of at least 75 per cent. of the votes cast in respect of them by IPT Shareholders at the IPT General Meeting) approving amendments to its articles of incorporation, the winding up of IPT and the appointment of the Liquidators;
- the Admission Condition being satisfied prior to 8 a.m. on 12 April 2013 (or such later time and/or date, not being later than 8 a.m. on 30 April 2013 as the Board may determine).
- the IPT Directors and the Directors not resolving to abandon the Scheme.

Subject to the requirements of the Listing Rules, any of the conditions referred to above may be waived by the Company and IPT jointly (or, where appropriate, by the party for whose benefit the relevant condition exists), in whole or in part on or before 30 April 2013. The Scheme will only become effective if all of the conditions referred to above are satisfied or waived (as the case may be) on or before 30 April 2013.

### **The General Meeting and the IPT General Meeting**

#### *The General Meeting*

The Proposals are conditional on the approval of Shareholders at the General Meeting. The General Meeting has been convened for 9.45 a.m. on 11 April 2013 at which the following resolutions will be proposed.

#### *Resolution 1*

##### *The Acquisition*

The Listing Rules require the Company to seek Shareholder approval for the Acquisition. An ordinary resolution will therefore be proposed to approve the Acquisition. This resolution will require the approval of a simple majority of the votes cast in respect of it.

#### *Resolution 2*

##### *Change of name*

The Law requires the Company to seek Shareholder approval, by way of a special resolution, prior to changing its name. Resolution 2 therefore, if passed, will authorise the Directors to change the Company's name to "F&C UK Real Estate Investments Limited".

Resolution 2 will be proposed as a special resolution requiring the approval of at least 75 per cent. of the votes cast in respect of it. Resolution 2 will be conditional on Resolution 1 being passed.

#### *The IPT General Meeting*

The IPT General Meeting has been convened for 10.00 a.m. on 11 April 2013 at which an ordinary resolution and three special resolutions will be proposed.

The ordinary resolution will be proposed at the IPT General Meeting to sanction the Scheme and to give certain directions to the Liquidators (when appointed). The special resolutions will be proposed to amend the IPT Articles for the purposes of the Scheme's implementation and to approve the winding up of IPT, the appointment of the Liquidators and to cancel the listing of the IPT Shares on the Official List and trading on the Main Market.

The first resolution to be proposed at the IPT General Meeting will require the approval of more than 50 per cent. of the votes cast in respect of it and each of the second, third and fourth resolutions require the approval of at least 75 per cent. of the votes cast in respect of them.

The second resolution is conditional upon the passing of the first resolution at the IPT General Meeting and upon the conditions of the Scheme being satisfied. The third resolution is conditional upon the passing of the first and second resolutions and upon the second resolution having become unconditional in all respects save for the passing of the third resolution itself. The fourth resolution is conditional upon the passing of the first, second and third resolutions at the IPT General Meeting and upon the conditions of the Scheme being satisfied.

If the Proposals are approved, they will bind all IPT Shareholders whether or not they have voted in favour of the Proposals at the IPT General Meeting.

### **Costs and expenses of the Scheme**

It is estimated that the costs of the Scheme incurred by the Company and IPT will, in aggregate, be approximately £800,000, which is approximately 0.5 per cent. of the net assets of Enlarged IRP. These costs and expenses will be borne equally by all Continuing Shareholders.

In the event that the Scheme does not become effective, it is estimated that the costs incurred by the Company and IPT will, in aggregate up to £750,000. The Company and IPT have agreed to bear these costs in proportion to their respective unaudited net assets as at 31 December 2012, being 46.9 per cent. and 53.1 per cent. respectively. It is estimated that the Total Expense Ratio of Enlarged IRP will be 0.86 per cent. per annum of total assets less current liabilities (excluding the impact of any performance fee). IPT and IRP currently have Total Expense Ratios of 1.00 per cent. and 1.08 per cent. respectively. Based on the reduced Total Expense Ratio and taking into account the increased margin under the New Facility it is estimated that the costs of the Scheme will be recovered within a period of two and a half years.

### **Dealings and settlement**

Applications have been made to the UK Listing Authority and the CISX for the New Shares to be admitted to the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the Main Market. If the Scheme becomes effective, it is expected that the New Shares will be issued on 12 April 2013 conditional upon the Admission Condition being satisfied prior to 8 a.m. on 12 April 2013 (or such later time and/or date, not being later than 8 a.m. on 30 April 2013 as the Board may determine). No dealings will commence before this date.

The New Shares will be issued in registered form and may be held in either certificated or uncertificated form. The New Shares will be credited as fully paid. Those IPT Shareholders who held their IPT Shares in certificated form will receive their New Shares under the Scheme in certificated form. It is expected that certificates in respect of such New Shares will be despatched to the IPT Shareholders entitled thereto by 26 April 2013. No temporary documents of title will be despatched in respect of New Shares issued in certificated form and, pending the despatch of definitive share certificates, transfers will be certified against the register of members of the Company.

IPT Shareholders who hold their IPT Shares in uncertificated form will receive their New Shares under the Scheme in uncertificated form. Notwithstanding the foregoing however, the Company reserves the right to issue such shares in certificated form (which, in normal circumstances, is only likely to be exercised in the event of an interruption, failure or breakdown of CREST or of the facilities or system operated by the Company's registrar in connection with CREST). The Company will procure that Euroclear UK & Ireland Limited is instructed, on the date on which the Admission of the New Shares to the Official List becomes effective, to credit the appropriate accounts in CREST with the respective entitlements to New Shares in uncertificated form.

The ISIN (International Securities Identification Number) code of the New Shares will be GB00B012T521.

### **Overseas investors**

The New Shares have not been, nor will be, registered under the US Securities Act or under the securities legislation of any state or other political sub-division of the United States and the relevant clearances have not been and will not be, obtained from the securities commission of any province or territory of Canada, Australia or Japan and they may not, subject to certain exceptions, be offered or sold directly or indirectly in, into or within the USA, Canada, Australia or Japan or to, or for the account or benefit of, a US Person (as defined in the US Securities Act) or any national, citizen or resident of the USA, Canada, Australia or Japan.

This document does not constitute, and may not be used for the purpose of, an offer to sell or issue, or the solicitation of an offer to purchase or subscribe for, the New Shares in any jurisdiction in which such offer or solicitation is unlawful.

The availability of the Scheme to IPT Shareholders who are not resident in the United Kingdom, the Channel Islands and the Isle of Man may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. The Liquidators shall sell, as soon as reasonably practicable, the New Shares issued in respect of IPT Shares that are held by Overseas Shareholders and shall ensure that the monies received from such sale, net of associated costs, are paid to the relevant Overseas Shareholders. IPT Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

### **Further information on the Scheme**

The Company will announce, through a Regulatory Information Service, the number of New Shares to be allotted for each IPT Share and the total number of New Shares to be issued pursuant to the Scheme as soon as practicable and, in any event, prior to the commencement of dealings in the New Shares on the Main Market (which is expected to be on 12 April 2013).

The New Shares will rank *pari passu* in all respects with the existing IRP Shares save in respect of the third interim dividend. This third interim dividend will be paid on 28 June 2013 to IRP Shareholders on IRP's register as at a record date prior to the Effective Date. Holders of New Shares will not be entitled to this dividend. The first interim dividend paid by Enlarged IRP to all of its Shareholders will be paid in September 2013 in respect of the period from 1 April 2013 to 30 June 2013 at the rate of 1.25p per Share.

The New Shares are only being made available to IPT Shareholders pursuant to the Scheme. The New Shares are not otherwise being offered to the existing holders of IRP Shares or to the public.

## PART III

### DETAILS OF THE COMBINED PORTFOLIO

#### SUMMARY OF THE IRP PROPERTY PORTFOLIO, THE IPT PROPERTY PORTFOLIO AND THE COMBINED PORTFOLIO

The information contained in this Part III provides an analysis of the IRP Property Portfolio, the IPT Property Portfolio and the Combined Portfolio. The information contained in this Part III is unaudited. Unless otherwise stated, the information provided in this Part III in relation to the Market Value, the net initial yield and the current net annual rent is derived from the Valuation Report, as set out in Part IV of this document and is stated as at 28 February 2013. No material changes have occurred since the date of the valuation of the IPT Property Portfolio and the IRP Property Portfolio which occurred on 28 February 2013. The information sourced from IPD is as at 31 December 2012.

#### 1. Summary description of the Combined Portfolio

Property	Sector	Region	Current net annual rent receivable <sup>(1)</sup>	Net initial yield	Market Value
<b>IRP Property Portfolio</b>					
Banbury, 3663 Echo Park	Industrials	South East	£1,247,711	7.15%	£16,500,000
Bellshill, Mercury House, Strathclyde Business Park	Offices	Scotland	£872,000	10.50%	£7,850,000
Brighton, 2-3 Pavilion Buildings	Retail	South East	£160,500	10.11%	£1,500,000
Brookwood, The Clock Tower, Cemetery Pales	Offices	South East	£423,000	8.98%	£4,450,000
Colnbrook, Units 1-8 Lakeside Road	Industrials	South East	£625,002	4.99%	£11,850,000
Croydon, 17/21 George Street	Retail	South East	£196,000	6.59%	£2,810,000
Eastleigh, Southampton International Park	Industrials	South East	£840,000	7.50%	£10,585,000
Edinburgh, 100A Princes Street	Retail	Scotland	£154,310	5.25%	£2,780,000
Edinburgh, 1-2 Lochside Way, Edinburgh Park	Offices	Scotland	£837,380	11.73%	£6,750,000
Gateshead, B&Q Sands Road	Retail Warehouse	North East	£171,828	7.50%	£2,165,000
Guildford, 7/11 Bridge Street	Retail	South East	£102,000	5.42%	£1,780,000
Guildford, 51-53 High Street	Retail	South East	£302,500	5.45%	£5,250,000
Hemel Hempstead, Units A & B Hemel Gateway	Industrials	South East	£475,549	6.05%	£7,425,000
Leamington Spa, 30/40 The Parade & 47/57 Warwick Street	Retail	West Midlands	£666,950	6.21%	£10,150,000
London SW1, 24 Haymarket & 1-2 Panton Street	Retail	West End	£221,246	5.08%	£4,120,000
Marlow, Unit GP9 Globe Park	Offices	South East	£300,000	20.25%	£1,400,000
Milton Keynes, Site E Chippenham Drive	Industrials	South East	£262,400	6.99%	£3,550,000
Nelson, Churchill Way	Retail Warehouse	North West	£390,474	6.75%	£5,470,000
Newbury, 25 Northbrook Street	Retail	South East	£40,000	7.07%	£535,000
Northallerton, Homebase & Halfords, Willowbeck Road	Retail Warehouse	York & Humberside	£429,000	6.10%	£6,650,000

Property	Sector	Region	Current net annual rent receivable <sup>(1)</sup>	Net initial yield	Market Value
Nottingham, 25/27 Bridlesmithgate	Retail	East Midlands	£205,000	6.00%	£3,230,000
Nottingham, No 1 Royal Standard Place	Offices	East Midlands	£201,000	4.06%	£4,675,000
Rayleigh, 81/87 High Street	Retail	Eastern	£156,450	6.43%	£2,300,000
Rochdale, 40 Yorkshire Street	Retail	North West & Merseyside	£0	0.00%	£300,000
Rugby, Swift House, Cosford Lane	Industrials	West Midlands	£523,574	9.00%	£5,500,000
South Shields, 67/69 King Street	Retail	North East	£26,000	6.14%	£400,000
Southampton, Units 1 & 2 Above Bar Church	Retail	South East	£16,380	0.70%	£2,200,000
Sunningdale, 53/79 Chobham Road	Retail	South East	£220,969	6.54%	£3,195,000
Sutton Coldfield, 63/67 The Parade	Retail	West Midlands	£269,500	5.87%	£4,340,000
Swindon, Unit 5 Newcombe Drive	Industrials	South West	£55,690	4.58%	£1,150,000
Wickford, 12/20 High Street	Retail	South East	£152,846	8.76%	£1,650,000 <sup>(2)</sup>
Winchester, 7-8 High Street & 50 Colebrook Street	Retail	South East	£384,000	5.46%	£6,650,000
York, Clifton Moor	Retail Warehouse	York & Humberside	£554,000	6.00%	£8,725,000
<b>IRP Property Portfolio Total</b>			<b>£11,483,259<sup>(4)</sup></b>	<b>6.87%</b>	<b>£157,885,000</b>
<b>IPT Property Portfolio</b>					
Andover, Keens House, Anton Mill Road	Offices	South East	£382,372	4.75%	£7,600,000
Birmingham, 155a/163 High Street	Retail	West Midlands	£222,555	6.09%	£3,450,000
Bracknell, Eastern Road	Industrials	South East	£531,175	7.55%	£6,650,000
Bury, Hope Mill Retail Park	Retail Warehouse	North West	£518,000	6.64%	£7,375,000
Chelmsford, County House, County Square	Offices	South East	£688,000	7.65%	£8,500,000
Eastleigh, Wide Lane	Industrials	South East	£315,500	6.21%	£4,800,000
Horsham, Units A, B & C Foundry Lane	Industrials	South East	£541,250	10.77%	£4,750,000
Hull, King William House, Market Place	Offices	York & Humberside	£486,097	7.78%	£5,900,000
Kingston-upon-Thames, 11/11a Church Street	Retail	Rest London	£100,000	3.86%	£2,450,000
London W1, 14 Berkeley Street	Offices	West End	£865,388	4.61%	£17,750,000
Luton, Enterprise Way	Retail Warehouse	South East	£570,000	7.00%	£7,700,000
Middlesbrough, 47/49 Linthorpe Road	Retail	North East	£12,000	1.19%	£950,000
New Malden, 7 Beverly Way	Retail Warehouse	Real London	£514,472	6.70%	£7,250,000
Newbury, Gowrings Dealership, Pinchington Lane	Retail Warehouse	South East	£313,004	7.21%	£4,100,000
Nottingham, 21-22 Long Row East & 2/6 King Street	Retail	East Midlands	£253,772	6.71%	£3,575,000 <sup>(3)</sup>
Rayleigh, 41/55 High Street	Retail	South East	£255,400	7.00%	£3,450,000

Property	Sector	Region	Current net annual rent receivable <sup>(1)</sup>	Net initial yield	Market Value
Redhill, 15 London Road	Offices	South East	£244,782	8.56%	£2,700,000
Romford, Unit 1 King Georges Close	Industrials	Rest London	£92,500	3.75%	£2,330,000
Southend-on-sea, 49/57 High Street	Retail	Eastern	£41,650	3.28%	£1,200,000
St Albans, Marlborough House, 16/20 Upper Marlborough St	Offices	Eastern	£467,189	7.48%	£5,900,000
Swindon, 18-19 Regent Street	Retail	South West	£551,000	11.57%	£4,500,000
Theale, Maxi Centre, Brunel Road	Industrials	South East	£535,001	10.42%	£4,850,000
York, 6 St James Street	Industrials	York & Humberside	£110,000	8.66%	£1,200,000
<b>IPT Property Portfolio Total</b>			<b>£8,611,107<sup>(4)</sup></b>	<b>6.84%</b>	<b>£118,930,000</b>
<b>Combined Portfolio Total</b>			<b>£20,094,366</b>	<b>6.86%</b>	<b>£276,815,000</b>

- (1) Current net annual rent receivable is the total income reserved by leases at the date of valuation, less head rent where applicable as at 28 February 2013.
- (2) The Valuers have notionally apportioned the value of this property between the freehold and leasehold interests as follows: (i) Freehold £1,235,000; and (ii) Leasehold £415,000. These apportionments do not necessarily reflect the Market Values of the individual interests should they be sold separately.
- (3) The Valuers have attributed a nominal value only to the leasehold element of this property.
- (4) The Estimated Net Annual Rent in respect of the IRP Property Portfolio is £11.9 million. The Estimated Net Annual Rent in respect of the IPT Property Portfolio is £8.4 million. If the Scheme becomes effective the Estimated Net Annual Rent of the IRP Property Portfolio is expected to increase by £8.4 million.

## 2. Details of the ten largest Properties

Set out below is a brief description of the ten largest Properties in the Combined Portfolio.

<b>14 Berkeley Street, London W1</b>			
<i>The building comprises an air-conditioned office building with a ground floor and basement car showroom and is arranged on basement ground and six upper floors. The building which was constructed in the 1930s has a total net internal floor area of 1,293 sq m (13,922 sq ft).</i>			
Top five tenancies	Lease term	Lease expiry/ break option	Rent review
Pendragon Motor Group Limited	30 years	22 March 2020*	N/A
Digital World Capital LLP	5 years	17 November 2014**	N/A
Approved Inspector Services Limited	10 years	24 December 2019	25 December 2014
Approved Inspector Services Limited	10 years	24 December 2019	25 December 2014
Centamin UK Limited	5 years	4 October 2014***	N/A
Current net annual rent for this property: £865,388		Market Value: £17,750,000	

\* Tenant's option 22 March 2020

\*\* Tenant's option 17 November 2014

\*\*\* Tenant's option 4 October 2014

<b>3663 Unit, Echo Park, Banbury</b>			
<i>A distribution warehouse with three-storey integral offices totalling approximately 17,619 sq m (189,647 sq ft). Built in the 1990s.</i>			
Top five tenancies	Lease term	Lease expiry/ break option	Rent review
BFS Group Limited	20 years	24 December 2025	25 December 2015
Current net annual rent for this property: £1,247,711		Market Value: £16,500,000	

<b>Units 1 – 8, Lakeside Road, Colnbrook</b>			
<i>A terrace of eight industrial units with a total areas of 9,128 sq m (98,254 sq ft). Each unit has approximately 10 per cent. of the total area being used as offices. Built in the 1970s.</i>			
<b>Top five tenancies</b>	<b>Lease term</b>	<b>Lease expiry/ break option</b>	<b>Rent review</b>
Imperial Polythene Products Limited	1 year	26 December 2013*	N/A
Freightnet (Handling Limited)	5 years	1 June 2016	2 December 2015
Global Warehousing Services Limited	10 years	26 October 2016	N/A
Imperial Polythene Products Limited	1 year	25 June 2013**	N/A
Seabridge Freight Services UK Limited	10 years	23 June 2014***	23 June 2016
Current net annual rent for this property: £625,002		Market Value: £11,850,000	

\* Tenant's option 26 December 2013

\*\* Tenant's option 25 June 2013

\*\*\* Tenant's option 23 June 2014

<b>Southampton International Park, Eastleigh</b>			
<i>Two warehouse units, one of which has eaves height of approximately 8m, a total area of 5,095 sq m (54,840 sq ft) and 165 car parking spaces. The second unit has an eaves height of 6.5m, a floor area of 4,334 sq m (46,647 sq ft) and 142 car parking spaces. Built in the 1990s.</i>			
<b>Top five tenancies</b>	<b>Lease term</b>	<b>Lease expiry/ break option</b>	<b>Rent review</b>
HTEC Limited	20 years	28 September 2020	29 September 2015
PEI Genesis (UK) Limited	20 years	10 February 2020	11 February 2015
Current net annual rent for this property: £840,000		Market Value: £10,585,000	

<b>30/40 The Parade &amp; 47/57 Warwick Street, Leamington Spa</b>			
<i>A Georgian period corner building with more modern rear extensions comprising a parade of 6 retail units fronting The Parade with a further 6 units fronting Warwick Street. The shops have ground floor sales areas with ancillary accommodation on the upper floors. The property has a total floor area of approximately 2,954 sq m (31,797 sq ft).</i>			
<b>Top five tenancies</b>	<b>Lease term</b>	<b>Lease expiry/ break option</b>	<b>Rent review</b>
McDonald's Real Estate LLP	10 years	23 June 2017	24 June 2012*
Paperchase Products Limited	10 years	21 October 2019	22 October 2014
Phones 4U Limited	10 years	1 September 2014**	1 September 2014
Moss Bros Group plc	10 years	7 December 2014	N/A
Evans Retail Properties Limited	10 years	23 June 2014	N/A
Current net annual rent for this property: £666,950		Market Value: £10,150,000	

\* Rent review outstanding

\*\* Tenant's option 1 September 2014

<b>Clifton Moor Gate, York</b>			
<i>Five single storey car showrooms and workshop built in the mid 1990s and having a total floor area of about 4,719 sq m (50,795 sq ft).</i>			
<b>Top five tenancies</b>	<b>Lease term</b>	<b>Lease expiry/ break option</b>	<b>Rent review</b>
Inchcape Estates Limited	35 years	30 September 2030	1 October 2015
Current net annual rent for this property: £554,000		Market Value: £8,725,000	

<b>County House, County Square, Chelmsford</b>			
<i>This property comprises an air-conditioned office building. The offices are arranged on ground three upper floors with 83 basement and 4 surface car spaces. The building has a total net internal floor area of 3,354 sq m (36,102 sq ft) and was built about 1992.</i>			
<b>Top five tenancies</b>	<b>Lease term</b>	<b>Lease expiry/ break option</b>	<b>Rent review</b>
Secretary of State for the Environment	25 years	29 March 2019	30 March 2014
Current net annual rent for this property: £688,000		Market Value: £8,500,000	

<b>Mercury House, Strathclyde Business Park, Belshill</b>			
<i>A detached office and workshop building with approximately 5,959 sq m (64,146 sq ft) of accommodation on ground and two upper floors. Built in the 1990s.</i>			
<b>Top five tenancies</b>	<b>Lease term</b>	<b>Lease expiry/ break option</b>	<b>Rent review</b>
Cable & Wireless UK	25 years	5 August 2018*	5 August 2018
Current net annual rent for this property: £872,000		Market Value: £7,850,000	

\* Tenant's option 5 August 2018

<b>Enterprise Way, Luton</b>			
<i>The property comprises a retail warehouse with a floor area of about 3,785 sq m (40,745 sq ft) and has some 246 parking spaces. The building was constructed in the 1980s.</i>			
<b>Top five tenancies</b>	<b>Lease term</b>	<b>Lease expiry/ break option</b>	<b>Rent review</b>
Homebase Limited	20 years	19 December 2020	20 December 2015
Current net annual rent for this property: £570,000		Market Value: £7,700,000	

<b>Keens House, Anton Mill Road, Andover</b>			
<i>A centrally heated office building built in two phases with accommodation arranged over ground to third floors. The building was constructed in the late 1970s/early 1980s. The building has a total floor area of approximately 6,281 sq m (67,613 sq ft).</i>			
<b>Top five tenancies</b>	<b>Lease term</b>	<b>Lease expiry/ break option</b>	<b>Rent review</b>
Lloyds TSB General Insurance Holdings Limited	98 years	25 April 2076	28 April 2013
Lloyds TSB General Insurance Holdings Limited	98 years	25 April 2076	28 April 2018
Current net annual rent for this property: £382,372		Market Value: £7,600,000	

### 3. Tenant concentration

The tenants that contribute in excess of 2 per cent. of the current net annual rent of the Combined Portfolio can be summarised as follows:

Lease Name	Sector	Current net annual rent	Percentage of current net annual rent of Combined Portfolio
Cable & Wireless Group	Offices and Industrials	£1,347,548	6.7%
BFS Group Limited	Industrials	£1,247,711	6.2%
HSBC Bank plc	Offices and Retail	£1,146,880	5.7%
Public Sector	Offices	£932,782	4.6%
Homebase Limited	Retail Warehouse	£894,000	4.4%
B&Q plc	Retail Warehouse	£562,302	2.8%
Inchcape Estates Limited	Retail Warehouse	£554,000	2.7%
Bunzl UK Limited	Industrials	£535,000	2.7%
Premier Food Groups Limited	Industrials	£523,574	2.6%
Halfords Limited	Retail Warehouse	£494,349	2.4%
AECOM Limited	Offices	£467,189	2.3%
PEI Genesis (UK) Limited	Industrials	£431,000	2.1%
Retail Decisions Europe Limited	Offices	£423,000	2.1%
Applied Materials UK Limited	Industrials	£417,500	2.1%
HTEC Limited	Industrials	£409,000	2.0%

### 4. Summary of tenure

As a percentage of the aggregate Market Value, the tenure of Properties can be summarised as follows:

	Freehold/heritable title	Leasehold
IRP Portfolio	85.4%	14.6%
IPT Portfolio	95.0%	5.0%
Combined Portfolio	89.6%	10.4%

### 5. Lease length

The Properties in the IRP Property Portfolio have a total of 93 tenants (excluding car parking spaces, wayleaves and substations). The Properties in the IPT Property Portfolio have a total of 56 tenants (excluding car parking spaces). The length of the occupational leases of the Properties can be summarised as follows:

Length of leases	As a percentage of current gross annual rent		
	IRP Property Portfolio	IPT Property Portfolio	Combined Portfolio
0-5 years	33.2%	32.8%	33.0%
5-10 years	35.2%	54.4%	43.4%
10-15 years	24.8%	8.4%	17.8%
15-20 years	6.8%	0.0%	3.9%
20+ years	0.0%	4.4%	1.9%

The average lease length of the Properties in the IRP Property Portfolio is 7 years and 6 months, in the IPT Property Portfolio is 8 years and 10 months and in the Combined Portfolio is 8 years and 1 month (weighted by current gross annual rent as at 28 February 2013). This has been calculated on the earlier of the expiry date of the lease and the first break option. The equivalent figure for the average commercial property portfolio, as represented by IPD, is 10 years and 4 months.

## 6. Lease expiries and break options

The occurrence of the earlier of lease expiries and break options of the Combined Portfolio can be summarised as follows:

Year of expiry or break option	No. of leases	Current gross annual rent	Percentage of current gross annual rent	Cumulative percentage of
2013 & prior	33	£1,241,109	6.15%	6.15%
2014	21	£2,256,620	11.18%	17.33%
2015	16	£809,422	4.01%	21.34%
2016	10	£723,820	3.59%	24.93%
2017	17	£1,548,890	7.67%	32.60%
2018	11	£2,403,737	11.91%	44.51%
2019	11	£2,054,084	10.17%	54.68%
2020	6	£2,069,500	10.25%	64.93%
2021	5	£655,404	3.25%	68.18%
2022	8	£1,671,286	8.28%	76.46%
2023	1	£390,474	1.93%	78.39%
2024	4	£355,963	1.76%	80.15%
2025	3	£1,349,711	6.69%	86.84%
2026	6	£835,750	4.14%	90.98%
2027	5	£654,000	3.24%	94.22%
2028	—	—	—	—
2029	—	—	—	—
2030+	10	£1,168,375	5.78%	100%

## 7. Voids

The voids in the IRP Property Portfolio, the IPT Property Portfolio and the Combined Portfolio can be summarised as follows:

	Void rate as a percentage of current net annual rent
IRP Property Portfolio	4.3%
IPT Property Portfolio	2.8%
Combined Portfolio	3.7%

The equivalent figure for the average commercial property portfolio, as represented by IPD as at 31 December 2012, is 9.1 per cent.

## 8. Covenants

The covenant strength of the tenants of the Properties can be summarised as follows:

Covenant strength <sup>†</sup>	As a percentage of current gross annual rent			
	IRP Property Portfolio	IPT Property Portfolio	Combined Portfolio	IPD
Negligible and government risk	58.75%	52.87%	56.23%	50.91%
Low risk	22.52%	9.44%	16.92%	20.66%
Low-medium risk	1.99%	11.05%	5.87%	7.28%
Medium-high risk	0.18%	4.09%	1.85%	2.24%
High risk	5.50%	9.41%	7.18%	4.65%
Maximum	9.81%	8.25%	9.14%	9.65%
Unmatched	1.25%	4.89%	2.81%	3.36%
Ineligible	0.00%	0.00%	0.00%	1.25%

<sup>†</sup>Source: IPD. In calculating the covenant strength of the tenants, IPD takes into account the Experian credit rating of the tenants.

IPD placed the Properties in the IRP Property Portfolio, the IPT Property Portfolio and the Combined Portfolio in the 37.1, 67.9 and 49.0 percentiles respectively for covenant strength of the portfolios that are in the IPD universe as at 31 December 2012.

## 9. Lease terms

The occupational leases of the Properties are on terms which could reasonably be expected for properties of the type in the Combined Portfolio. Subject to the above and viewing the Combined Portfolio as a whole, the occupational leases of the Properties in the Combined Portfolio are in general terms institutionally acceptable.

## 10. Property condition

Independent building surveys, mechanical and electrical surveys and environmental surveys have been undertaken for each of the Properties on acquisition. Reports and/or summaries of the surveys have been reviewed by the Investment Manager and it is considered that the condition of the Properties is acceptable having regard to the Properties' age, use, type and lease terms.

## 11. Regional weightings

The regional weightings of the IRP Property Portfolio, the IPT Property Portfolio and the Combined Portfolio can be summarised as follows:

Region	As a percentage of market value			
	IRP Property Portfolio	IPT Property Portfolio	Combined Portfolio	IPD Quarterly Universe
City	0%	0%	0%	3.8%
Mid-Town	0%	0%	0%	3.1%
West End	2.61%	14.92%	7.90%	16.5%
Rest London	1.78%	10.12%	5.36%	13.3%
South East	48.69%	36.96%	43.64%	17.4%
South West	0.73%	3.78%	2.05%	5.7%
Eastern	2.50%	15.34%	8.02%	7.3%
East Midlands	5.01%	3.01%	4.15%	3.3%
West Midlands	12.66%	2.90%	8.47%	6.3%
York and Humberside	9.74%	5.97%	8.11%	4.5%
North West and Merseyside	3.65%	6.20%	4.75%	7.8%
North East	1.62%	0.80%	1.27%	2.5%
Scotland	11.01%	0%	6.28%	6.1%
Wales	0%	0%	0%	1.9%
Northern Ireland	0%	0%	0%	0.3%
Other	0%	0%	0%	0.1%
Offshore	0%	0%	0%	0.0%

## 12. Sectoral weightings

The sectoral weightings of the IRP Property Portfolio, the IPT Property Portfolio and the Combined Portfolio can be summarised as follows:

Sector	As a percentage of market value			
	IRP Property Portfolio	IPT Property Portfolio	Combined Portfolio	IPD Quarterly Universe
Retail	33.69%	16.46%	26.30%	28.7%
Retail Warehouses	14.57%	22.22%	17.86%	18.5%
Offices	15.91%	40.65%	26.54%	28.6%
Industrial	35.82%	20.67%	29.31%	16.9%
Other	—	—	—	7.3%

### 13. Sub-sector weightings

The sub-sector weightings of the IRP Property Portfolio, the IPT Property Portfolio and the Combined Portfolio can be summarised as follows:

Sub-sector	As a percentage of market value			
	IRP Property Portfolio	IPT Property Portfolio	Combined Portfolio	IPD Quarterly Universe
Retail – South East	20.26%	5.84%	14.31%	9.4%
Retail – Rest of UK	13.43%	10.62%	12.17%	8.1%
Shopping Centres	0%	0%	0%	11.2%
Retail Warehouses	14.57%	22.22%	17.85%	18.5%
Offices – City (including Mid-Town)	0%	0%	0%	3.7%
Offices – West End	0%	14.92%	6.41%	12.2%
Offices – South East	3.71%	20.77%	11.03%	7.9%
Offices – Rest of UK	12.21%	4.96%	9.09%	4.8%
Industrials – South East	31.61%	19.66%	26.47%	10.3%
Industrials – Rest of UK	4.21%	1.01%	2.85%	6.7%
Other	0%	0%	0%	7.3%

### 14. Costs of acquiring UK property

The typical costs of acquiring a UK property is 5.80 per cent. of the purchase price.

## PART IV

# VALUATION REPORT ON THE IRP PROPERTY PORTFOLIO AND IPT PROPERTY PORTFOLIO



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12 March 2013

Dear Sirs

### **PROPERTY PORTFOLIOS HELD BY ISIS PROPERTY TRUST LIMITED AND IRP PROPERTY INVESTMENTS LIMITED (the "Funds")**

#### **1 Introduction**

In accordance with our engagement letter dated 23 January 2013 and addendum dated 6 March 2013, we have considered the properties referred to in Schedule 1 and Schedule 2 (the "Schedules") attached to this report (the "Properties") in order to advise you of our opinion of the Market Value of the freehold and leasehold interests in each of the Properties as at 28 February 2013. We confirm that there have been no material changes since 28 February 2013 being the valuation date of the Properties.

The Properties comprise a mixture of retail, office and industrial uses and are held as investments.

The Schedules comprise brief details of each of the Properties including its value as at 28 February 2013. The Schedules also include the values of the Properties as at 31 December 2011 in respect of the Properties held by ISIS Property Trust Limited and 30 June 2012 in respect of the Properties held by IRP Property Investments Limited. We are required to include the values at these dates by paragraph 130 of CESR's recommendations for the consistent implementation of the European's Commission Regulation on Prospectuses no 8:09/2004 (referred to in 3 below) as they represent the valuations included in the latest published accounts.

We are also required to include an explanation of the differences between the valuations as at 28 February 2013 and as at 31 December 2011 in respect of the Properties held by ISIS Property Trust Limited and 30 June 2012 in respect of the Properties held by IRP Property Investments Limited. This explanation is included in the Schedules.

## **2 Inspection**

We inspect the Properties annually in connection with our valuations for accounts purposes. They have all been inspected within the last 12 months.

## **3 Compliance with RICS Valuation – Professional Standards 2012**

We confirm that the valuations have been prepared in accordance with the appropriate sections of the Valuation Standards (“VS”) and United Kingdom Valuation Standards (“UKVS”) contained within the RICS Valuation – Professional Standards 2012, (the “Red Book”) as well as Rule 5.6.5G of the Prospectus Rules published by the Financial Services Authority and paragraphs 128 to 130 of CESR’s recommendations for the consistent implementation of the European Commission’s Regulation on Prospectuses no 809/2004.

## **4 Status of valuer and conflicts of interest**

We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake these valuations competently. We also confirm that where more than one valuer has contributed to the valuations the requirements of VS 1.6.4 of the Red Book have been satisfied. We confirm that John Bareham has overall responsibility for the valuation. Finally, we confirm that we have undertaken the valuations acting as External Valuers, qualified for the purpose of the valuation.

As you are aware, we value the Properties on a quarterly basis for the purposes of the quarterly publication of the net asset value of shares in ISIS Property Trust Limited and IRP Property Investments Limited.

You are aware that we undertook valuations for loan purposes of the Properties at Gateshead and Northallerton; 25/27 Bridlesmithgate, Nottingham; Hope Mill Retail Park, Bury and Homebase, Enterprise Way, Luton for Lloyds TSB Scotland plc.

Other than as stated above, we confirm that we have no current, anticipated or previous recent involvement with any of the Properties.

## **5 Purpose of the valuation**

We understand the valuations are required for inclusion in (i) a prospectus in connection with the acquisition of the Properties and business of ISIS Property Trust Limited by IRP Property Investments Limited by way of the issue of new shares in IRP Property Investments Limited and (ii) the issue of a circular in connection with the winding up of ISIS Property Trust Limited and the acquisition of its business by IRP Property Investments Limited.

## **6 Disclosures required under the provisions of VS 1.9 and UKVS 4.3**

### **6.1 Name of signatory**

This is the first time that John Bareham has been the signatory of Valuation Reports provided to the Funds for the same purpose as the purpose of this Valuation Report. DTZ Debenham Tie Leung has been carrying out valuation instructions for ISIS Property Investments Limited for a continuous period since December 2003 and for IRP Property Investments Limited (formerly ISIS Property Investment Trust 2 Limited) for a continuous period since June 2004.

### **6.2 DTZ’s relationship with client**

As you are aware, we value the Properties on a quarterly basis for the purposes of the quarterly publication of the net asset value of shares in ISIS Property Trust Limited and IRP Property Investments Limited.

You are aware that we undertook valuations for loan purposes of the Properties at Gateshead and Northallerton; 25/27 Bridlesmithgate, Nottingham; Halls Mill Retail Park, Bury and Homebase, Enterprise Way, Luton for Lloyds TSB Scotland plc.

We confirm that, other than mentioned above, we have no current, anticipated or previous recent fee earning involvement with any of the Properties.

### **6.3 Fee income from the funds**

DTZ Debenham Tie Leung was a wholly owned subsidiary of DTZ Holdings plc (the “Group”) until 5 December 2011, when all the trading subsidiaries of the Group (the “Subsidiaries”) were sold to UGL Limited (“UGL”). The proportion of fees payable by the Funds to the Subsidiaries in the financial year to 30 June 2012 was less than 5%.

## **7 Basis of valuation**

Our opinion of the Market Value of each of the Properties has been primarily derived using comparable recent market transactions on arm’s length terms.

The valuations for accounts purposes as at 31 December 2011 and 30 June 2012 were undertaken on the basis of Fair Value. We can confirm that, had the valuations been undertaken on the basis of Market Value, the values would be unchanged.

### **7.1 Market value**

The value of each of the properties has been assessed in accordance with the relevant parts of the current RICS Valuation Standards – Global and UK. In particular, we have assessed Market Value in accordance with VS 3.2. Under these provisions, the term “Market Value” means “The estimated amount for which a property should exchange on the valuation date 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”.

If undertaking our valuations on the basis of Market Value, we have applied the conceptual framework which has been settled by the International Valuation Standards Committee and which is included in VS 3.2.

### **7.2 Taxation and costs**

We have not made any adjustments to reflect any liability to taxation that may arise on disposals, nor for any costs associated with disposals incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposals.

We have made a deduction to reflect a purchaser’s acquisition costs.

## **8 VAT**

From previous advice provided to us by F&C REIT Property Asset Management plc, we understand that that the Funds have exercised their option to tax in respect of the Properties as follows:

Within the ISIS Property Trust Limited portfolio, the Properties at Bracknell, Chelmsford, Eastleigh, Horsham, Kingston-upon-Thames, London, New Malden, Southend-on-Sea, Swindon and Theale.

Within the IRP Property Investments Limited portfolio, the Properties at Banbury; Bellshill; Brookwood; Colnbrook; Croydon; Eastleigh; 7/11 Bridge Street and 51/53 High Street, Guildford; Hemel Hempstead; Milton Keynes; Nottingham; Rochdale; Rugby; Sutton Coldfield and York.

The capital valuations and rentals included in this Valuation Report are net of value added tax at the prevailing rate.

## **9 Assumptions and sources of information**

An Assumption is stated in the Glossary to the Red Book to be a “supposition taken to be true” (“Assumption”). In this context, Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of Assumptions and have relied on certain sources of information. Where appropriate, F&C REIT Property Asset Management plc has confirmed that our Assumptions are correct so far as they are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The Assumptions we have made for the purposes of our valuations are referred to below:-

## **9.1 Title**

We have not had access to the title deeds of any of the Properties. We have made an Assumption that the Funds are possessed of good and marketable freehold or leasehold title in each case and that the Properties are free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. We have also assumed that the Properties are free from mortgages, charges or other encumbrances.

## **9.2 Condition of structure and services, deleterious materials, plant and machinery and goodwill**

Due regard has been paid to the apparent state of repair and condition of each of the Properties, but condition surveys have not been undertaken, nor have woodwork or other parts of the structures which are covered, unexposed or inaccessible, been inspected. Therefore, we are unable to report that the Properties are structurally sound or free from any defects. We have made an Assumption that the Properties are free from any rot, infestation, adverse toxic chemical treatments, and structural or design defects.

We have not arranged for investigations to be made to determine whether high alumina cement concrete, calcium chloride additive or any other deleterious materials have been used in the construction or any alterations, and therefore we cannot confirm that the Properties are free from risk in this regard. For the purposes of these valuations, unless otherwise informed by F&C REIT Property Asset Management plc, we have made an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

We have not carried out an asbestos inspection and have not acted as an asbestos inspector in completing the valuation inspection of properties that may fall within the Control of the Asbestos at Work Regulations 2002. We have not made an enquiry of the duty holder (as defined in the Control of Asbestos at Work Regulations 2002), of the existence of an Asbestos Register or of any plan for the management of asbestos to be made. Where relevant, we have made an Assumption that there is a duty holder, as defined in the Control of Asbestos at Work Regulations 2002 and that a Register of Asbestos and Effective Management Plan is in place, which does not require any immediate expenditure, or pose a significant risk to health, or breach the HSE regulations. We advise that such enquiries be undertaken by a lawyer during normal pre-contract enquiries.

No mining, geological or other investigations have been undertaken to certify that the sites are free from any defect as to foundations. We have made an Assumption that the load bearing qualities of the sites of the Properties are sufficient to support the buildings constructed thereon. We have also made an Assumption that there are no services on, or crossing the sites in a position which would inhibit development or make it unduly expensive and that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of any of the Properties.

No tests have been carried out as to electrical, electronic, heating, plant and machinery, equipment or any other services nor have the drains been tested. However, we have made an Assumption that all services, including gas, water, electricity and sewerage, are provided and are functioning satisfactorily.

No allowance has been made in this valuation for any items of plant or machinery not forming part of the service installations of the buildings. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with the occupants' businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools.

Further, no account has been taken in our valuations of any business goodwill that may arise from the present occupation of any of the Properties.

It is a condition of DTZ Debenham Tie Leung Limited or any related company, or any qualified employee, providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services.

### **9.3 Environmental matters**

There is high voltage electrical supply equipment close to the Properties at Bracknell, Hull, Kings Heath and Romford in the ISIS Property Trust Limited portfolio and close to the Property at Rugby in the IRP Property Investments Limited portfolio. The possible effects of electromagnetic fields have been the subject of media coverage. The National Radiological Protection Board (NRPB), an independent body with responsibility for advising on electromagnetic fields, has advised that, following studies in 2000 and 2001, there may be a risk in specified circumstances, to the health of certain categories of people. Public perception may, therefore, affect marketability and future value of the Properties.

We have made enquiries of F&C REIT Property Asset Management plc and the Environmental Health Officer for the purposes of earlier valuations in order, so far as reasonably possible, to establish the potential existence of contamination arising out of previous or present uses of the sites of the Properties and any adjoining sites. We have also been provided with copies of environmental reports dated September and October 2003, prepared by Landmark Information Group Limited and Wilbourn Associates on behalf of ISIS Property Trust Limited and with copies of desktop environmental audits dated April 2004, prepared by Watts and Partners on behalf of IRP Property Investment Limited (formerly known as ISIS Property Trust 2 Limited) (the "Environmental Reports").

Other than as referred to above, we have not made any investigations into past or present uses, either of the Properties or any neighbouring land to establish whether there is any contamination or potential for contamination to the subject Properties. Commensurate with our Assumptions set out above we have made no allowance in these valuations for any effect in respect of actual or potential contamination of land or buildings. A purchaser in the market might, in practice, undertake further investigations than those undertaken. If it is subsequently established that contamination exists at any of the Properties or on any neighbouring land or that any of the premises have been, or are being, put to any contaminative use then this might reduce the values now reported.

#### **Flooding**

We have made enquiries of the Environment Agency website and are advised that all of the Properties fall outside the extent of the extreme flood. This is categorised as being a chance of flooding equivalent to 5% (1 in 200).

If any of the Properties lie within or close to a flood plain, or has a history of flooding, we have made the Assumption that building insurance is in place regarding flooding and available to be renewed to the current or any subsequent owners of the Properties, without payment of an excessive premium or excess.

You should be aware that the Association of British Insurers has issued guidance on insurance issues in which they state that, subject to Government commitment to have a long-term strategy to manage flood risk, insurers have committed to provide flood insurance for existing buildings until June 2013; however, no commitments have been made for buildings built after 1 January 2009.

### **9.4 Areas**

In preparing the Valuations for the Prospectus, we measured the Properties either on site or by scaling from floor plans provided and have calculated the floor areas in accordance with the current Code of Measuring Practice prepared by the Royal Institution of Chartered Surveyors. In respect of the Property at Nottingham, the lease states that the areas set out in the lease are to be used for rent review purposes. We have therefore adopted these areas in our valuation. There have been parts of some other Properties where access was not available and we have relied on areas provided to us by F&C REIT Property Asset Management plc.

### **9.5 Statutory requirements and planning**

For the purposes of earlier valuations, verbal or written enquiries have been made of the relevant planning authority in whose area each of the Properties lies as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values.

Save as otherwise disclosed, we have made an Assumption that the buildings have been constructed in full compliance with valid town planning and building regulation approvals, that where necessary they have the benefit of current Fire Risk Assessments compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005. Similarly, we have also made an Assumption that the Properties are not subject to any outstanding statutory notices as to their construction, use or occupation. Unless disclosed to the contrary, we have made a further Assumption that the existing uses of the Properties are duly authorised or established and that no adverse planning conditions or restrictions apply.

No allowances have been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and save as otherwise disclosed we have made an Assumption that the Properties comply with all relevant statutory requirements.

We would draw your attention to the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required. We assume that, if you should need to rely upon the information given about town planning matters, your solicitors would be instructed to institute such formal searches.

In England and Wales, the Government has implemented the Energy Performance of Buildings Directive requiring Energy Performance Certificates ("EPC") to be made available for all properties, when bought or sold, subject to certain exemptions. In respect of any of the subject Properties which are not exempt from the requirements of this Directive, we have made an Assumption that an EPC is made available, free of charge, to the purchasers of the interests which are the subject of our valuation.

## **9.6 Leasing**

We have read copies of headleases where they have been made available to us for the purposes or earlier valuations. We have not read copies of occupational leases or other related documents but have relied, for the purposes of our valuations, on information provided by F&C REIT Property Asset Management plc and their other advisers.

We have not undertaken investigations into the financial strength of the tenants. Unless we have become aware by general knowledge, or we have been specifically advised to the contrary, we have made an Assumption that the tenants are financially in a position to meet their obligations. Unless otherwise advised we have also made an Assumption that there are no material arrears of rent or service charges, breaches of covenants, current or anticipated tenant disputes.

However, our valuations reflect the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation, and the market's general perception of their creditworthiness.

We have also made an Assumption that wherever rent reviews or lease renewals are pending or impending, with anticipated reversionary increases, all notices have been served validly within the appropriate time limits.

## **9.7 Information**

We have made an Assumption that the information that F&C REIT Property Asset Management plc and its professional advisors have supplied to us in respect of the Properties is both full and correct.

It follows that we have made an Assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

## **10 Valuation**

We are of the opinion that the aggregate of the Market Values as at 28 February 2013 of the individual freehold or leasehold interests in the Properties described in the Schedules, subject to the Assumptions and comments in this Valuation Report was follows:-

### **ISIS Property Trust Limited**

Freehold (21 properties)	£109,455,000	(One hundred and nine million, four hundred and fifty five thousand pounds)
Part Freehold/Part Long Leasehold (1 property)	£3,575,000	(Three million, five hundred and seventy five thousand pounds)
Long Leasehold (1 property)	£5,900,000	(Five million, nine hundred thousand pounds)
<b>TOTAL</b>	<b>£118,930,000</b>	<b>(One hundred and eighteen million, nine hundred and thirty thousand pounds)</b>

### **IRP Property Investments Limited**

Freehold (26 properties)	£133,655,000	(One hundred and thirty three million, six hundred and fifty five thousand pounds)
Part Freehold/Part Long Leasehold (1 property)	£1,650,000	(One million, six hundred and fifty thousand pounds)
Long Leasehold (5 properties)	£21,080,000	(Twenty one million and eighty thousand pounds)
Short Leasehold (1 property)*	£1,500,000	(One million, five hundred thousand pounds)
<b>TOTAL</b>	<b>£157,885,000</b>	<b>(One hundred and fifty seven million, eight hundred and eighty five thousand pounds)</b>

\* A short leasehold interest is defined as having less than 50 years unexpired

We are of the opinion that the aggregate of the Market Values of the combined portfolios as at 28 February 2013 of the individual freehold or leasehold interests in the Properties described in the Schedules, subject to the Assumptions and comments in this Valuation Report was follows:-

<b>TOTAL</b>	<b>£276,815,000</b>	<b>(Two hundred and seventy six million, eight hundred and fifteen thousand pounds)</b>
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## **11 Consent and responsibility**

DTZ Debenham Tie Leung Limited hereby gives its consent to the inclusion of this Valuation Report in the Prospectus and for it to be incorporated by reference in the IRP Circular and to the references to this Valuation Report and DTZ Debenham Tie Leung Limited in the Prospectus and the IRP Circular in the form and context in which they appear. DTZ Debenham Tie Leung Limited authorises, and accordingly takes responsibility for, the contents of this Valuation Report for the purposes of Rule 5.5.3(2)(f) of the Prospectus Rules and confirms that the information contained in this Valuation Report is, to the best of our knowledge and having taken all reasonable care to ensure that is the case, in accordance with the facts and contains no omission likely to affect its import.

## **12 Confidentiality and disclosure**

The contents of this Valuation Report may be used only for the purpose of this Valuation Report. DTZ Debenham Tie Leung Limited hereby gives its consent to the inclusion of this Valuation Report in the Prospectus and for it to be incorporated by reference in the IRP Circular and to the references to this Valuation Report in the Prospectus and the IRP Circular in the form and context in which they appear. DTZ Debenham Tie Leung Limited authorises, and accordingly takes responsibility for, the contents of this Valuation Report for the purposes of Rule 5.5.3(2)(f) of the Prospectus Rules and confirms that the information contained in this Valuation Report is, to the best of our knowledge and having taken all reasonable care to ensure that is the case, in accordance with the facts and contains no omission likely to affect its import. Consequently, no responsibility is accepted to any party in respect of the whole or any part of its contents other than in connection with the purpose of this Valuation Report. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, the Valuer's written approval as to the form and context of such publication or disclosure must first be obtained. For the avoidance of doubt such approval is required whether or not DTZ Debenham Tie Leung Limited is referred to by name and whether or not the contents of our Valuation Report are combined with others.

Yours faithfully

**John Bareham BSc (Hons) MRICS**

**Senior Director**

**RICS Registered Valuer**

For and on behalf of

DTZ Debenham Tie Leung Limited

**SCHEDULE 1 TO THE VALUATION REPORT  
THE IPT PROPERTY PORTFOLIO**

Address	Description and tenure	Occupational tenancies	Current net annual rent receivable <sup>(1)</sup>	Fair Value as at 31 December 2011 <sup>(2)</sup>	Explanation for change in valuation between 31 December 2011 and 28 February 2013 <sup>(3)</sup>	Market Value as at 28 February 2013
ANDOVER Keens House, Anton Mill Road	A centrally heated office building built in two phases with accommodation arranged over ground to third floors. The building was constructed in the late 1970s/early 1980s. The building has a total floor area of approximately 6,281 sq m (67,613 sq ft). FREEHOLD.	Let on two leases to Lloyds TSB General Insurance Holdings Limited expiring in April 2076. The rent on Phase I is subject to review in April 2013 and 5 yearly. The rent on Phase II is subject to review in April 2018 and 10 yearly and is geared to 10% of the rental value of Phase I. The leases are both on a full repairing basis with the landlord recovering the costs of insurance from the tenant.	£382,372	£7,375,000	Yield adjustment	£7,600,000
BIRMINGHAM 155a/163 High Street, Kings Heath	The premises comprise four ground floor retail units with ancillary first floor accommodation. One unit has additional attic storage. One of the units was built in the early 1900s, one in the 1950s and two in the 1960s. The property has an aggregated total net internal floor area of 1,609 sq m (17,317 sq ft). The access road to the rear of the property is held on a lease expiring in March 2024. FREEHOLD.	The retail units are let on four leases expiring between April 2016 and June 2022 with rent reviews between June 2015 and June 2017. The tenants are Grabal Alok (UK) Limited, Barclays Bank plc, Santander UK plc and Zone Retail. The rent in respect of the lease to Santander UK plc rises from £36,500 per annum to £73,000 per annum in June 2014. The leases are on effective full repairing and insuring terms. There is a right of way to the rear of 153 High Street in favour of Allmid Limited and an electricity sub-station let to Midland Electricity Board.	£222,555	£3,730,000	Yield adjustment	£3,450,000
BRACKNELL 1/2 Network, Eastern Road	The property comprises two detached industrial buildings each with two storey offices and car parking at the front and shared gate access to a rear service yard. Unit 1 comprises a gross internal area of 3,244 sq m (34,917 sq ft) and Unit 2 comprises 2,481 sq m (26,701 sq ft). The property was constructed in the mid 1990's. FREEHOLD.	Unit 1 is let to Robert Horne Group Limited until July 2022 with a rent review in July 2017. Unit 2 is let to Proctor & Gamble Technical Centres Limited until January 2022 with a rent review and a tenant's option to break in January 2017. Both leases are on effective full repairing and insuring terms.	£531,175	£6,050,000	Vacant unit let.	£6,650,000

Address	Description and tenure	Occupational tenancies	Current net annual rent receivable <sup>(1)</sup>	Fair Value as at 31 December 2011 <sup>(2)</sup>	Explanation for change in valuation between 31 December 2011 and 28 February 2013 <sup>(3)</sup>	Market Value as at 28 February 2013
BURY Halls Mill Retail Park, Foundry Street	The property comprises three recently constructed retail warehouses with 137 associated car spaces. The total aggregate floor area is 3,252 sq m (35,000 sq ft). FREEHOLD.	Let on three effective full repairing and insuring leases to Dreams plc, Pets at Home Limited and Smyths Toys (UK) Limited. The leases expire between April and June 2026 and are all subject to rent reviews in 2016.	£518,000	£7,615,000	Yield adjustment	£7,375,000
CHELMSFORD County House, County Square	The property comprises an air-conditioned office building. The offices are arranged on ground and three upper floors with 83 basement and 4 surface car spaces. The building has a total net internal floor area of 3,354 sq m (36,102 sq ft) and was built about 1992. FREEHOLD	Let on a single over-riding lease to the Secretary of State for the Environment expiring in March 2019. The rent is subject to review in March 2014.	£688,000	£9,500,000	Yield adjustment.	£8,500,000
EASTLEIGH 1/2 Wide Lane	The property comprises a terrace of two industrial units with two storey air conditioned offices integrated in to the front of each and additional offices constructed by the occupier of Unit 1. Car parking and loading is at the front. Unit 1 comprises a gross internal area of 3,032 sq m (32,638 sq ft) and Unit 2 comprises 2,864 sq m (30,823 sq ft ). The property was built in 1999. FREEHOLD.	Unit 1 is let on a full repairing and insuring lease to Specsavers Optical Superstores Ltd until May 2027 with rent reviews in 5 May 2017 and five yearly thereafter. The tenant is paying half rent until April 2016. Unit 2 is let on a full repairing and insuring lease to ATY Automotive & Industrial Components Ltd until April 2019 with a rent review in April 2014.	£315,500	£4,600,000	Lease renewal on Unit 1.	£4,800,000

Address	Description and tenure	Occupational tenancies	Current net annual rent receivable <sup>(1)</sup>	Fair Value as at 31 December 2011 <sup>(2)</sup>	Explanation for change in valuation between 31 December 2011 and 28 February 2013 <sup>(3)</sup>	Market Value as at 28 February 2013
HORSHAM Units A/C, Foundry Lane	<p>The property comprises three industrial buildings, known as units A, B and C, situated on an irregular shaped site which partially surrounds an electricity substation. We understand the units were constructed in the 1960/70s.</p> <p>Units A and B comprise two detached light industrial units with office accommodation at ground and first floor levels.</p> <p>Unit C is arranged on ground, mezzanine and two upper floors. To the rear of the warehouse is a yard area and an extension to the ground floor which provides loading access to the warehouse.</p> <p>The property has a total gross internal floor area of 6,979 sq m (75,125 sq ft). FREEHOLD.</p>	<p>Unit A is let to Foundry Press Limited until December 2019 with a rent review in December 2014.</p> <p>Unit B is let to Howden Joinery Properties Limited until November 2019 with a rent review in November 2014.</p> <p>Unit C is let to Applied Materials UK Limited until July 2018 with a rent review in July 2013.</p> <p>The leases are on effective full repairing and insuring terms.</p> <p>There is a cable easement in favour of Hanson Quarry Products Europe Limited.</p>	£541,250	£5,150,000	Yield adjustment	£4,750,000
HULL King William House Market Place	<p>The property comprises a banking hall/offices and retail store on the ground floor with three upper floors of offices and a multi-storey car park which provides over 600 parking spaces above. The retail unit has a warehouse at first floor level and a rear loading bay/yard.</p> <p>The building has a total floor area of 7,558 sq m (81,358 sq ft) and was built in about 1975.</p> <p>LEASEHOLD for a term of 150 years expiring October 2125. The rent is subject to review in October 2022 and at 14 year intervals to 4.325% of rental value.</p>	<p>The ground floor banking hall and part of the first floor offices are let to HSBC Bank plc until September 2015. The remainder of the ground floor retail together with first floor storage is let to Argos Limited until September 2017. The car park is let to Apcoa Parking (UK) Limited until September 2017 with an outstanding rent review from October 2012.</p> <p>The first and second floor offices are currently vacant.</p> <p>There is an electricity sub-station occupied by Yorkshire Electricity Board.</p>	£486,097	£6,325,000	Yield adjustment.	£5,900,000

Address	Description and tenure	Occupational tenancies	Current net annual rent receivable <sup>(1)</sup>	Fair Value as at 31 December 2011 <sup>(2)</sup>	Explanation for change in valuation between 31 December 2011 and 28 February 2013 <sup>(3)</sup>	Market Value as at 28 February 2013
KINGSTON UPON THAMES 11 Church Street	The property comprises a retail unit, originally constructed in the early 1900's with accommodation arranged over basement, ground and first floors totalling 126 sq m (1,355 sq ft). The basement is accessed through a trap door and is unusable. FREEHOLD.	Let on an effective full repairing and insuring lease to The Kooples UK Limited until March 2022 with an outstanding rent review from March 2012. The reviewed rent is to be a minimum of £130,000 per annum. There is a further rent review in 2017.	£100,000	£2,450,000		£2,450,000
LONDON W1 14 Berkeley Street	The property comprises an air-conditioned office building with a ground floor and basement car showroom and is arranged on basement ground and six upper floors. The building which was constructed in the 1930s has a total net internal floor area of 1,293 sq m (13,922 sq ft). FREEHOLD.	The ground floor and basement showroom is let to Pendragon Motor Group Limited under a lease and reversionary lease expiring in March 2025 with a tenant's option to break in March 2020. The rent is subject to a fixed increase in March 2013.  The offices are let on six leases with expiries or tenant's options to break between October 2014 and December 2019.  All landlord's outgoing are recoverable.	£865,388	£16,550,000	Refurbishment, yield adjustment and increased rental levels.	£17,750,000
LUTON Enterprise Way	The property comprises a retail warehouse with a floor area of about 3,785 sq m (40,745 sq ft) and has some 246 parking spaces. The building was constructed in the 1980s. FREEHOLD.	Let on a full repairing and insuring lease until December 2020. The lease is subject to a rent review in December 2015.	£570,000	£8,300,000	Yield adjustment.	£7,700,000
MIDDLESBROUGH 47/49 Linthorpe Road	The property is a modern building within a parade of retail units with accommodation on basement, ground and two upper floors. The ground floor comprises two retail units and there is a disused former nightclub on the upper floors. The property was built in the late 1970s.  The property has a total floor area of about 823 sq m (8,858 sq ft). FREEHOLD.	49 Linthorpe Road is let to Phones 4U Limited on an effective full repairing and insuring lease until October 2019 with a rent review in November 2014. There is a rent free period expiring in December 2013. 47 Linthorpe Road is let to Collectables Retail Limited on a temporary licence to October 2013.  The first and second floors are vacant.  There are rights of way over land to the rear of the property in favour of Legal & General UK Property Trust and Aviva Staff Pension Trustee Limited.	£12,000	£1,600,000	Fall in rental levels and yield adjustment.	£950,000

Address	Description and tenure	Occupational tenancies	Current net annual rent receivable <sup>(1)</sup>	Fair Value as at 31 December 2011 <sup>(2)</sup>	Explanation for change in valuation between 31 December 2011 and 28 February 2013 <sup>(3)</sup>	Market Value as at 28 February 2013
NEWBURY The Triangle, Pinchington Lane	The property is a modern car showroom with ancillary workshops and extends to a total floor area of about 1,476 sq m (15,885 sq ft). Built in the 1990s. FREEHOLD	Let on a full repairing and insuring lease to City Motor Holdings Limited expiring in June 2021. The rent is subject to review in June 2016 in line with the increase in the Retail Price Index from June 2011 compounded annually. The increase is subject to a maximum uplift of 3% per annum and a minimum of 2.25% per annum.	£313,004	£4,100,000		£4,100,000
NEW MALDEN 7 Beverley Way	The property comprises two retail warehouses arranged over ground and mezzanine floors totalling 1,353 sq m (14,567 sq ft) gross internal area, excluding tenants' additional mezzanine areas. There are 47 car parking spaces. The property was built in 1990. FREEHOLD.	Unit A is let to Halfords Limited until March 2027 with rent reviews in March 2017 and March 2022. The tenant has an option to break in March 2022. Unit B is let to Paul Simon (London) Limited until March 2022 with a rent review in March 2017. Both leases are on effective full repairing and insuring terms.	£514,472	£7,700,000	Yield adjustment.	£7,250,000
NOTTINGHAM 21/22 Long Row and 2/6 King Street	The property comprises two distinct buildings, No. 21 comprises five storeys including a basement, No. 22 is arranged over four storeys including basement. No. 21 dates from the early 1900s, No. 22 dates from the mid-late 1800s. The ground floors comprise retail areas whilst all of the upper floors comprise serviced offices. The building has a total net internal floor area of 1,395 sq m (15,014 sq ft). FREEHOLD AND LEASEHOLD. The majority of the property is held freehold with the exception of the vaults which are held on a 999 year lease from 25 March 1893 at a fixed ground rent of £10 per annum.	21 & 22 Long Row is let to C & J Clark International Limited until June 2017 without further rent review. 4 King Street is let to Thorntons plc who have exercised the tenant's option to break in May 2013. 6 King Street is vacant. The offices are let to King Street Business Centres Limited until February 2018 with a fixed increase from £51,870 per annum to £60,131 per annum in February 2013.	£253,772	£4,000,000	One vacant shop and yield adjustment.	£3,575,000 <sup>(4)</sup>

Address	Description and tenure	Occupational tenancies	Current net annual rent receivable <sup>(1)</sup>	Fair Value as at 31 December 2011 <sup>(2)</sup>	Explanation for change in valuation between 31 December 2011 and 28 February 2013 <sup>(3)</sup>	Market Value as at 28 February 2013
RAYLEIGH 41/47 and 55/55a High Street	<p>The property comprises two adjoining retail buildings constructed in the 1960s. One building provides retail accommodation on ground floor and offices on the first floor and the other has ground floor retail and two upper floors of ancillary accommodation.</p> <p>The property has a total net internal floor area of approximately 2,500 sq m (26,907 sq ft).</p> <p>FREEHOLD.</p>	<p>The retail units are let on five leases expiring between September 2019 and March 2022 with two units having tenants' options to break in September 2014 and September 2015. The leases are subject to rent reviews between September 2014 and March 2017. The tenants are National Westminster Bank plc, C &amp; J Clark International Limited, Cancer Research UK, Grabal Alok (UK) Limited and Holland &amp; Barrett Limited.</p> <p>The first floor offices are let to National Westminster Bank plc until September 2014 and there is a wayleave in favour of Essex County Council.</p> <p>The leases are on effective full repairing and insuring terms.</p>	£255,400	£3,625,000	Yield adjustment	£3,450,000
REDHILL 15 London Road	<p>The property comprises a three- storey building dating from the mid 1970s originally designed as a ground floor shop with two floors of offices. The ground floor is currently used as a job centre. The property has a total net internal floor area of 1,263 sq m (13,598 sq ft).</p> <p>FREEHOLD.</p>	<p>Let to the First Secretary of State on two co-terminus leases expiring in March 2018 with rent reviews in September 2015.</p> <p>The leases are on effective full repairing and insuring terms.</p>	£244,782	£2,850,000	Yield adjustment.	£2,700,000
ROMFORD Unit 1 King Georges Close	<p>The property comprises an end of terrace industrial unit, with ancillary offices on two floors and was built around 1980. There are 27 marked car spaces at the front of the unit.</p> <p>The unit has a total gross internal floor area of 2,399 sq m (25,823 sq ft). The office content comprises approximately 20% of the total area.</p> <p>FREEHOLD.</p>	<p>Let to Crystal Windows &amp; Doors Limited on a full repairing and insuring lease until March 2027.</p> <p>The rent increases to £185,000 per annum from September 2013.</p>	£92,500	£2,100,000	Lease extension agreed	£2,330,000

Address	Description and tenure	Occupational tenancies	Current net annual rent receivable <sup>(1)</sup>	Fair Value as at 31 December 2011 <sup>(2)</sup>	Explanation for change in valuation between 31 December 2011 and 28 February 2013 <sup>(3)</sup>	Market Value as at 28 February 2013
SOUTHEND 49/57 High Street	<p>The property comprises two adjacent shop units. 49/55 High Street is arranged with retail on ground and first floor levels with some ancillary accommodation at first and second floor levels over the front part of 57 High Street. The building was constructed about 1995.</p> <p>57 High Street is arranged with retail on ground floor and a small ancillary area to the rear of the building at first floor level. The property dates from about 1911.</p> <p>The property has a total net internal floor area of 645 sq m (6,948 sq ft). FREEHOLD.</p>	<p>49/55 High Street and the 1st and 2nd floors above 57 High Street is let to Waterstone's Booksellers Limited on an effective full repairing and insuring lease until June 2017. The rent increases in May 2015 from £41,650 per annum to £83,300 per annum.</p> <p>123 Leeds Ltd, the tenant The ground floor and basement of 57 High Street is in administration and rent is not being paid.</p>	£41,650	£1,950,000	One vacant shop and falling rental levels.	£1,200,000
ST ALBANS Marlborough House, 16/20 Upper Marlborough Road	<p>The property comprises two linked 1960s office buildings.</p> <p>Building A provides office accommodation on ground to third floors and also incorporates the reception area serving both buildings. Building B provides office accommodation arranged on first to fourth floors.</p> <p>There are 84 car spaces and two garages.</p> <p>The building has a total net internal floor area of 3,371 sq m (36,287 sq ft). FREEHOLD.</p>	Let to AECOM Limited on a full repairing and insuring lease until March 2022. The rent is subject to a fixed increase to £522,167 per annum from March 2017.	£467,189	£6,075,000	Yield adjustment.	£5,900,000
SWINDON 18-19 Regent Street	<p>The property forms part of a purpose built block of retail units reconstructed in the late 1980s/early 1990s. The property comprises two retail units, one with ground floor sales and ancillary accommodation above and the other has sales on ground and first floors with ancillary second floor accommodation. The property has a total floor area of 1,675 sq m (18,031 sq ft). FREEHOLD.</p>	<p>18 Regent Street is let to DSG Retail Limited until September 2014 without further rent review.</p> <p>19 Regent Street is let to Poundland Limited until June 2014 without further rent review.</p> <p>Both leases are on effective full repairing and insuring terms.</p> <p>There is a rear service yard and fire escape in favour of BNP Paribas Security Services Trust Co Ltd.</p>	£551,000	£5,750,000	Falling rental levels and yield adjustment.	£4,500,000

Address	Description and tenure	Occupational tenancies	Current net annual rent receivable <sup>(1)</sup>	Fair Value as at 31 December 2011 <sup>(2)</sup>	Explanation for change in valuation between 31 December 2011 and 28 February 2013 <sup>(3)</sup>	Market Value as at 28 February 2013
THEALE Maxi Centre Brunel Road	The property was built in the mid 1990s and comprises a warehouse with a two-storey office building to the front. The building has a total floor area of about 5,668 sq m (61,007 sq ft). FREEHOLD.	Let to Bunzl UK Limited on a full repairing and insuring lease expiring in October 2013. There are two sub-stations let to SSE Services plc until March 2015 and July 2037.	£535,001	£4,850,000		£4,850,000
YORK 6 James Street	The property comprises a two bay industrial unit occupied as a car repair workshop and was built in the late 1960s. The property has a total floor area of about 2,112 sq m (23,272 sq ft). FREEHOLD.	Let to Alton Cars York Limited on a full repairing and insuring lease until November 2021.	£110,000	£1,090,000	Lease renewal agreed at increased rent.	£1,200,000

<sup>(1)</sup> Current net annual rent receivable is the total income reserved by leases at the date of valuation, less head rent where applicable as at 28 February 2013.

<sup>(2)</sup> The Fair Values as at 31 December 2011 are the same as the values that would have been attributed to the Properties under the Market Value definition.

<sup>(3)</sup> References to "yield" refer to Equivalent Yield (NEY (Ann in arr)).

<sup>(4)</sup> We have attributed a nominal value only to the leasehold element of this Property.

**SCHEDULE 2 TO THE VALUATION REPORT  
THE IRP PROPERTY PORTFOLIO**

Address	Description and tenure	Occupational tenancies	Current net annual rent receivable <sup>(1)</sup>	Fair Value as at 30 June 2012 <sup>(2)</sup>	Explanation for change in valuation between 30 June 2012 and 28 February 2013 <sup>(3)</sup>	Market Value as at 28 February 2013
BANBURY Echo Park	A distribution warehouse with three-storey integral offices and totalling approximately 17,619 sq m (189,647 sq ft). Built in the 1990s. FREEHOLD.	Let to BFS Group Limited on a single full repairing and insuring lease expiring in December 2025. The lease is subject to rent reviews in September 2015 and 2020.	£1,247,711	£17,500,000	Yield adjustment	£16,500,000
BELLSHILL Mercury House, 1 Dove Wynd, Strathclyde Business Park	A detached office and workshop building with approximately 5,959 sq m (64,146 sq ft) of accommodation on ground and two upper floors. Built in the 1990s. FREEHOLD.	Let to Cable & Wireless UK on a single full repairing and insuring lease expiring in August 2018. The tenant has the option to renew the lease for a further term of 25 years from expiry. The lease is subject to a rent review in 2013.	£872,000	£8,250,000	Yield adjustment	£7,850,000
BRIGHTON 2-3 Pavilion Buildings	The property comprises a mixed use four storey building built in the 1930s. The ground floor of the premises is used as a restaurant/bar with ancillary storage on basement level and offices on the upper floors. There is car parking for 14 cars. The building has a total floor area of 1,013 sq m (10,908 sq ft). LEASEHOLD expiring in January 2042 at a current rent of £25,500 per annum. The rent is reviewable in January 2014 and 14 yearly to 25% of the rental value of the building.	The ground floor and basement is let to Ha Ha Bar and Grill Limited until March 2024 with rent reviews in March 2014 and March 2019. The first floor offices are let to Technopolis Limited until March 2018 with a rent review in March 2013 and a tenant's option to break in March 2015. The second floor offices are let to Begbies Traynor (Central) LLP until June 2019 with a rent review and tenant's option to break in June 2015. All landlord's outgoing are recoverable.	£160,500	£1,500,000		£1,500,000
BROOKWOOD The Clock Tower, Cemetery Pales	The property is a headquarters office building constructed in the late 1990s and provides three floors of accommodation. There is parking for about 80 cars. The property has total net internal floor area of 1,818 sq m (19,571 sq ft). FREEHOLD.	Let on a single full repairing and insuring lease expiring in January 2020. The lease is subject to a rent review in February 2015.	£423,000	£4,575,000	Yield adjustment	£4,450,000

Address	Description and tenure	Occupational tenancies	Current net annual rent receivable <sup>(1)</sup>	Fair Value as at 30 June 2012 <sup>(2)</sup>	Explanation for change in valuation between 30 June 2012 and 28 February 2013 <sup>(3)</sup>	Market Value as at 28 February 2013
COLNBROOK Units 1-8 Lakeside Road	A terrace of eight industrial units with a total area of 9,128 sq m (98,254 sq ft). Each unit has approximately 10% of the total area being used as offices. Built in the 1970s. FREEHOLD.	Let on six effective full repairing and insuring leases with expiries or tenant's options to break between June 2013 and June 2017.  Two units are available to let although are currently occupied under short term licences at nil rent.	£625,002	£12,190,000	Falling rental levels.	£11,850,000
CROYDON 17/21 George Street	The property was built in the early 1900s and is arranged over six floors. The ground floor and ancillary accommodation in the basement are used as a public house. The first to fourth floors are used as both office and residential accommodation.  There is an unlet area to the rear of the first floor which can only be accessed via the public house. FREEHOLD.	The ground floor and basement public house is let to J D Wetherspoon plc until March 2022 with an outstanding rent review from March 2012 and a further rent review in March 2017.  The upper floors are let to Surrey Estates UK Limited until December 2027 with fixed uplifts in 2017 and 2022.  All landlord's outgoings are recoverable.	£196,000	£2,865,000	Yield adjustment	£2,810,000
EASTLEIGH Southampton International Park Road	Two warehouse units, one of which has an eaves height of approximately 8m, a total area of 5,095 sq m (54,840 sq ft) and 165 car parking spaces. The second unit has an eaves height of 6.5m, a floor area of 4,334 sq m (46,647 sq ft) and 142 car parking spaces. Built in the 1990s. FREEHOLD.	One unit is let to HTEC Limited on full repairing and insuring terms until September 2020 with a rent review in September 2015.  The other unit is let to PEI Genesis (UK) Limited on full repairing and insuring terms until February 2020 with a rent review in February 2015.	£840,000	£10,875,000	Yield adjustment	£10,585,000
EDINBURGH 100A Princes Street	A retail shop comprising the ground floor and basement of a six-storey terraced building. The property was built during the 19th century and has a total floor area of about 147 sq m (1,587 sq ft). FREEHOLD.	Let to Swarovski UK Limited on effective full repairing and insuring terms until October 2026 with rent reviews in October 2016 and 2021.	£154,310	£2,780,000		£2,780,000

Address	Description and tenure	Occupational tenancies	Current net annual rent receivable <sup>(1)</sup>	Fair Value as at 30 June 2012 <sup>(2)</sup>	Explanation for change in valuation between 30 June 2012 and 28 February 2013 <sup>(3)</sup>	Market Value as at 28 February 2013
EDINBURGH Units 1 and 2 Lochside Way Edinburgh Park	Two adjoining three storey modern office buildings on a business park. The buildings are air-conditioned and extend to about 2,323 sq m (25,006 sq ft) and 1,616 sq m (17,395 sq ft) respectively. FREEHOLD.	Let to HSBC Securities Services (UK) Limited on two co-terminus full repairing and insuring leases expiring in August 2014.	£837,380	£7,825,000	Yield adjustment.	£6,750,000
GATESHEAD Sands Road, Swalwell	A retail warehouse built in the early 1980s and extending to an area of about 2,475 sq m (26,640 sq ft). FREEHOLD.	Let to B & Q plc on a full repairing and insuring lease expiring in June 2024 with rent reviews in June 2014 and 2019.	£171,828	£2,250,000	Yield adjustment.	£2,165,000
GUILDFORD 7/11 Bridge Street	A ground floor and basement retail unit with the first and second floors occupied as a music school.  The ground floor and basement extend to about 667 sq m (7,178 sq ft) and the upper floors to about 406 sq m (4,366 sq ft).  Built in the late 1990s. FREEHOLD.	The retail unit is let to Tesco Stores Limited until January 2025. The rent is subject to review in January 2015 and 2020 in line with the increase in the Retail Price Index subject to a maximum of 4% and a minimum of 1%.  The music school is let to ACM Commercial Limited until May 2025. The rent is subject to fixed increases in May 2013 and May 2014 and market rent reviews in May 2015 and 2020.  The leases are on effective full repairing and insuring terms.	£102,000	£1,780,000		£1,780,000
GUILDFORD 51/53 High Street	A single retail unit on ground and mezzanine floors extending to about 378 sq m (4,065 sq ft) with offices on the two upper floors having an area of about 183 sq m (1,965 sq ft). Built in the 1960s. FREEHOLD.	The retail unit is let to Vision Express (UK) Limited until May 2022 with a rent review and tenant's option to break in May 2017.  The first and second floor offices are let to Reed Specialist Recruitment Limited and RASASC Guildford Limited expiring or with tenant's break options in March and October 2014.  All landlord's outgoings are recoverable.	£302,500	£5,250,000		£5,250,000

Address	Description and tenure	Occupational tenancies	Current net annual rent receivable <sup>(1)</sup>	Fair Value as at 30 June 2012 <sup>(2)</sup>	Explanation for change in valuation between 30 June 2012 and 28 February 2013 <sup>(3)</sup>	Market Value as at 28 February 2013
HEMEL HEMPSTEAD Units A and B, Hemel Gateway, Boundary Way	The property comprises two modern warehouse distribution units having a total floor area of about 8,255 sq m (88,858 sq ft). Substantially rebuilt in 2006. FREEHOLD.	Unit A is let on an effective full repairing and insuring lease to Thus plc until December 2019 with a rent review in December 2014.  Unit B is let to Photologic Limited who are in liquidation.	£475,549	£7,700,000	Yield adjustment.	£7,425,000
LEAMINGTON SPA 30/40 The Parade and 47/59A Warwick Street	A Georgian period corner building with more modern rear extensions comprising a parade of six retail units fronting The Parade with a further six units fronting Warwick Street. The shops have ground floor sales areas with ancillary accommodation on the upper floors. The property has a total floor area of approximately 2,954 sq m (31,797 sq ft). FREEHOLD.	Let on 12 leases, 11 of which expire or have tenant's options to break between October 2013 and June 2030. The tenant of 57 Warwick Street is holding over under a lease which expired in December 2010.  Three leases have rent reviews between September 2014 and June 2015 and one lease is subject to an outstanding rent review from June 2012.  All landlord's outgoing are recoverable.	£666,950	£10,460,000	Yield adjustment.	£10,150,000
LONDON SW1 24 Haymarket and 1-2 Panton Street	A six-storey building with a restaurant at basement, ground and first floor levels and three floors of offices above. The building was probably constructed in the 1920s and has a total floor area of about 602 sq m (6,479 sq ft) LEASEHOLD expiring in February 2109 at a fixed rent of a peppercorn.	The restaurant is let to ATFC Limited until February 2026 with rent reviews in February 2016 and 2021.  The offices are let on three leases with expiries between March 2015 and February 2026.  All landlord's outgoing are recoverable.	£221,246	£4,120,000		£4,120,000
MARLOW Unit GP9, Globe Park	An office building built in 1998 and arranged on ground and one upper floor. The building has a total floor area of about 1,327 sq m (14,282 sq ft). There are 50 car parking spaces. FREEHOLD.	Let to Vehicle Leasing (4) Limited on a full repairing and insuring lease expiring in June 2013.	£300,000	£1,600,000	Yield adjustment	£1,400,000

Address	Description and tenure	Occupational tenancies	Current net annual rent receivable <sup>(1)</sup>	Fair Value as at 30 June 2012 <sup>(2)</sup>	Explanation for change in valuation between 30 June 2012 and 28 February 2013 <sup>(3)</sup>	Market Value as at 28 February 2013
MILTON KEYNES Crown House, Chippenham Drive	A warehouse building with three floors of offices and ancillary accommodation having a total floor area of about 6,881 sq m (74,064 sq ft). There is car parking for 74 cars and a loading area. Built in the mid 1990s. FREEHOLD.	Let to Actona Company A/S on a full repairing and insuring lease expiring in September 2015.  The rent rises annually to a maximum of £406,000 per annum in September 2014.	£262,400	£3,750,000	Yield adjustment.	£3,550,000
NELSON Churchill Way	A retail warehouse on ground floor with ancillary first floor accommodation and extending to approximately 3,457 sq m (37,210 sq ft). In addition the property has a garden centre extending to approximately 790 sq m (8,500 sq ft). There are 210 car parking spaces. Built in the 1980s. FREEHOLD.	Let to B & Q plc on a full repairing and insuring lease expiring in June 2023 with rent reviews in June 2013 and June 2018.	£390,474	£5,590,000	Yield Adjustment.	£5,470,000
NEWBURY 25 Northbrook Street	The property comprises a ground floor retail unit forming part of a two-storey building. Built in the mid-nineteenth century, the property has a total floor area of about 51 sq m (554 sq ft). LEASEHOLD expiring in June 2095 at a fixed rent of a peppercorn.	Let to Ernest Jones Limited on an effective full repairing and insuring lease until November 2017 with a tenant's option to break in February 2015.	£40,000	£625,000	Falling rental levels and yield adjustment.	£535,000
NORTHALLERTON Willow Beck Road	Two adjoining retail warehouses one of which incorporates a garden centre and which have 146 car spaces. The properties extend to 2,230 sq m (24,000 sq ft) and 697 sq m (7,500 sq ft). Both tenants have installed mezzanines in the units. Built in 2007. FREEHOLD.	The larger unit and garden centre is let to Homepage Limited on a lease expiring in December 2027 with an outstanding rent review from December 2012 and five yearly thereafter.  The smaller unit is let to Halfords Limited on a lease expiring in December 2027 with rent reviews in December 2017 and 2022. The rent reviews are in line with the increase in the Retail Price Index, compounded annually subject to a maximum of 3.5%. The increase from December 2012 has not yet been implemented.  Both leases are on effective full repairing and insuring terms.	£429,000	£6,650,000		£6,650,000

Address	Description and tenure	Occupational tenancies	Current net annual rent receivable <sup>(1)</sup>	Fair Value as at 30 June 2012 <sup>(2)</sup>	Explanation for change in valuation between 30 June 2012 and 28 February 2013 <sup>(3)</sup>	Market Value as at 28 February 2013
NOTTINGHAM No 1 Royal Standard Place, Standard Hill	Royal Standard Place comprises an office building built in the mid 1990s and arranged over ground and two upper floors. The property has a total floor area of about 2,574 sq m (27,704 sq ft) and has 38 car parking spaces. FREEHOLD.	Let to Eversheds Properties Limited on a full repairing and insuring lease expiring in November 2021 with a tenant's option to break in November 2016. The rent is subject to a fixed uplift to £402,000 in March 2014.	£201,000	£4,650,000	Reducing concessionary rent period.	£4,675,000
NOTTINGHAM 25/27 Bridlesmith Gate	A retail unit with ground floor sales, and basement storage. The first, second and third floors comprise self-contained office/salon accommodation. The total floor area extends to about 688 sq m (7,401 sq ft). Built in the early 1900s. FREEHOLD.	Let to Hobbs Limited on a full repairing and insuring lease expiring in October 2019 with a rent review in October 2014.	£205,000	£3,230,000		£3,230,000
RAYLEIGH 81/87 High Street	A parade of three ground floor retail units with four self-contained office suites on two upper floors. Built in the 1960s, the property has a total retail area of about 601 sq m (6,474 sq ft) and a total office area of about 473 sq m (5,088 sq ft). FREEHOLD.	The retail units are let to Boots Opticians Professional Services Limited, AG Retail Cards Limited and Greggs plc on leases with expiries or tenant's options to break between September 2014 and September 2019. Three of the office suites are let on leases with expiries or tenant's options to break between June 2015 and January 2016. Part of the second floor is currently vacant. With the exception of the vacant accommodation, all landlord's outgoing are recoverable.	£156,450	£2,300,000		£2,300,000
ROCHDALE 40 Yorkshire Street	The property is a mid terrace building with a retail unit at ground level and ancillary accommodation on two upper floors. Built in the nineteenth century. The premises have a total net internal floor area of about 242 sq m (2,610 sq ft). FREEHOLD.	The property is let on a temporary lease until March 2013.	£0	£380,000	Falling rental levels and yield adjustment.	£300,000

Address	Description and tenure	Occupational tenancies	Current net annual rent receivable <sup>(1)</sup>	Fair Value as at 30 June 2012 <sup>(2)</sup>	Explanation for change in valuation between 30 June 2012 and 28 February 2013 <sup>(3)</sup>	Market Value as at 28 February 2013
RUGBY Swift House, Cosford Lane	A single-storey warehouse with two-storey offices. The property was constructed in 1991 and has a total floor area of about 9,346 sq m (100,597 sq ft). LEASEHOLD for 999 years from April 2000 at an annual rent of a peppercorn. There is an option for the fund to purchase the freehold reversion after the expiry of 20 years for the sum of £1.	Let to Premier Foods Group Limited on a full repairing and insuring lease until December 2018 with a rent review in April 2015.	£523,574	£5,650,000	Yield adjustment.	£5,500,000
SOUTH SHIELDS 67/69 King Street	The building is arranged over basement, ground and three upper floors. The ground floor is a retail unit with ancillary storage on part of the first floor. The property was constructed in the late 1800s and has a total floor area of about 672 sq m (7,236 sq ft). FREEHOLD.	Let to Greenwoods Menswear Limited on a full repairing and insuring lease until August 2022 with a tenant's option to break in February 2018. There is a single rent review in August 2017. The rent rises to £27,000 per annum in August 2013 and annually to £30,000 per annum in August 2016.	£26,000	£500,000	Yield adjustment	£400,000
SOUTHAMPTON Units 1, 2 and 3 Above Bar Church	A building on basement, ground and three upper floors. The building provides two retail units with accommodation on basement and ground floors and a church auditorium on the upper floors. The retail units have a total floor area of about 614 sq m (6,614 sq ft) and were built in about 1978. LEASEHOLD expiring in March 2131 at a current rent of £18,620 per annum subject to review in March 2016 and five yearly to 7% of market rental value.	Unit 1 is let to The Works Stores Limited until October 2022 with a rent review and tenant's option to break in October 2017. The rent increases to £110,000 per annum on expiry of the rent free period in April 2013 and at further intervals to £130,000 per annum in October 2016. Unit 2 is let to Trespass Europe Limited until March 2021 with a rent review and tenant's option to break in March 2016. The rent increases from £35,000 per annum to £70,000 per annum in March 2013. The auditorium is let to Above Bar Church on a lease expiring in March 2131 at a peppercorn rent. All landlord's outgoings are recoverable.	£16,380	£2,000,000	Vacant unit now let.	£2,200,000

Address	Description and tenure	Occupational tenancies	Current net annual rent receivable <sup>(1)</sup>	Fair Value as at 30 June 2012 <sup>(2)</sup>	Explanation for change in valuation between 30 June 2012 and 28 February 2013 <sup>(3)</sup>	Market Value as at 28 February 2013
SUNNINGDALE 53/79 Chobham Road	A parade of six ground floor retail units with seven separately accessed two-storey residential units above. There is parking together with ten garages at the rear. The retail area extends to about 359 sq m (3,867 sq ft) and the property was built in the 1960s. FREEHOLD.	The shops are let on six effective full repairing and insuring leases with expiries or tenant's break options between March 2016 and November 2021.  The residential units are all let on Assured Shorthold Tenancies.  The garages are let on annual licences with one vacant.	£220,969	£3,195,000		£3,195,000
SUTTON COLDFIELD 63/6/ The Parade	Two adjoining retail units on ground level with ancillary storage on basement and first floors. Built in the 1950s the property has a total floor area of about 767 sq m (8,253 sq ft). FREEHOLD.	Let to Superdrug Stores plc and HSBC Bank plc on two full repairing and insuring leases until December 2017 and July 2018. Both leases are subject to five yearly rent reviews. One unit has an outstanding rent review from December 2012 and the other has a rent review in July 2013.	269,500	£4,430,000	Yield adjustment	£4,340,000
SWINDON Unit 5 Newcombe Drive	A 1980s warehouse building incorporating two-storey offices and having a total floor area of about 2,248 sq m (24,195 sq ft). FREEHOLD.	Let to Doeflex Limited on a full repairing and insuring lease expiring in December 2024 with a rent review in March 2017.  The rent rises to £111,380 per annum in June 2013.	£55,690	£1,200,000	Yield adjustment.	£1,150,000
WICKFORD 12/20 High Street	The property comprises a parade of five ground floor retail units with self-contained offices at first floor level. The retail accommodation has a total floor area of about 1,434 sq m (15,435 sq ft) and the offices have an area of 518 sq m (5,573 sq ft). Built in the 1970s. PART FREEHOLD PART LEASEHOLD expiring in March 2097 at a current rent of £15,655 per annum.	Four retail units are let on effective full repairing and insuring leases with expiries or tenant's options to break between December 2013 and September 2018. The remaining unit is vacant.  The offices are let on an effective full repairing and insuring lease expiring in March 2014.	£152,846	£1,850,000	One unit now vacant and yield adjustment.	£1,650,000 <sup>(4)</sup>

Address	Description and tenure	Occupational tenancies	Current net annual rent receivable <sup>(1)</sup>	Fair Value as at 30 June 2012 <sup>(2)</sup>	Explanation for change in valuation between 30 June 2012 and 28 February 2013 <sup>(3)</sup>	Market Value as at 28 February 2013
WINCHESTER 7-8 High Street and 50 Colebrook Street	A retail unit fronting High Street which has accommodation on ground and two upper floors and a restaurant with accommodation on basement and ground floors. There is an additional retail unit fronting Colebrook Street. The property has a total floor area of about 1,912 sq m (20,581 sq ft). Originally built in the early 1800s and extended in the 1950s. FREEHOLD.	The shop is let to C & H Fabrics Limited until December 2021 with a fixed rental increase in December 2016 to £225,000 per annum.. The restaurant is let to Jamie Bianco Limited until January 2037 with a tenant's option to break in January 2027 and rent reviews in January 2017 and five yearly. The retail unit fronting Colebrook Street is let to Regis UK Limited until March 2016. The leases are on effective full repairing and insuring terms.	£384,000	£6,575,000	Rent free period expired.	£6,650,000
YORK Clifton Moor Gate	Five single-storey car showrooms and workshop built in the mid 1990s and having a total floor area of about 4,719 sq m (50,795 sq ft). LEASEHOLD expiring in March 2244 at a fixed rent of a peppercorn.	Let to Inchcape Estates Limited on a full repairing and insuring lease until September 2030 with rent reviews in October 2015 and five yearly thereafter. The rent on review is to be in line with the annual increase in the Retail Prices Index, subject to a minimum of 2.0% and a maximum of 3.0%, compounded annually.	£554,000	£8,725,000		£8,725,000

<sup>(1)</sup> Current net annual rent receivable is the total income reserved by leases at the date of valuation, less head rent where applicable as at 28 February 2013.

<sup>(2)</sup> The Fair Values as at 30 June 2012 are the same as the values that would have been attributed to the Properties under the Market Value definition.

<sup>(3)</sup> References to "yield" refer to Equivalent Yield (NEY (Ann in arr)).

<sup>(4)</sup> We have notionally apportioned the value of this Property between the freehold and leasehold interests as follows: (i) Freehold £1,235,000; and (ii) Leasehold £415,000. These apportionments do not necessarily reflect the Market Values of the individual interests should they be sold separately.

## PART V

### Financial Information on the Company

#### 1. Introduction

The statutory accounts of the Company for the three financial years ended 30 June 2012 in respect of which the Company's auditors, Ernst & Young LLP of Royal Chambers, St Julian's Avenue, St. Peter Port, Guernsey GY1 4AF, which is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales, made unqualified reports under The Companies (Guernsey) Laws 1994 to 1996 and the Law have been, in each case, prepared in accordance with IFRS and filed with the GFSC. Such reports are together with a copy of the Company's half yearly report and accounts for the six months ended 31 December 2012 and 31 December 2011 are incorporated into this document by reference and can be obtained from the Company's website [www.irppropertyinvestments.com](http://www.irppropertyinvestments.com). Copies of them are also available for inspection at the addresses set out in paragraph 18 of Part VIII of this document.

#### 2. Historical financial information

Historical financial information relating to the Company on the matters referred to below is included in the published consolidated annual reports and audited accounts of the Company as set out in the table below and is expressly incorporated by reference into this document.

<i>Nature of information</i>	<i>Accounts for year ended</i>		
	<i>30 June 2010 Page No.</i>	<i>30 June 2011 Page No.</i>	<i>30 June 2012 Page No.</i>
Financial Highlights and Performance Summary	1	1	1
Consolidated Income Statement	20	20	23
Consolidated Statement of Changes in Equity	22	22	25
Consolidated Balance Sheet	21	21	24
Consolidated Cash Flow Statement	23	23	26
Notes to the Accounts	24-38	24-38	27-42
Independent Auditors' Report	19	19	22

Unaudited financial highlights and unaudited financial statements relating to the Company for the six months ended 31 December 2012 (including comparative financial information for the six months ended 31 December 2011) are set out on page 1 and pages 7 to 12 respectively of the published half yearly report of the Company relating to that period and are expressly incorporated by reference into this document.

### 3. Selected financial information

The information in this paragraph 3 is information on the Company and has been extracted directly on a straight forward basis from the financial information referred to in paragraph 2 of this Part V.

- 3.1. Selected audited historical consolidated financial information relating to the Company which summarises the financial condition of the Company for the financial years ended 30 June 2012 is set out in the following table:

	<i>Year ended 30 June 2010</i>	<i>Year ended 30 June 2011</i>	<i>Year ended 30 June 2012</i>
<b>Net asset value</b>			
Net assets (£000)	94,328	94,485	84,185
Equity shareholders' funds (£000)	94,328	91,485	84,185
Net asset value per Share (p)	85.4	82.8	76.2
	<i>30 June 2010</i>	<i>30 June 2011</i>	<i>30 June 2012</i>
<b>Consolidated income statement</b>			
Total revenue (£000)	11,651	11,241	11,788
Profit/(loss) for the period (£000)	26,084	3,684	3,171
Earnings per Share (p)	23.6	3.3	2.9

- 3.2. Selected audited historical financial information relating to the Company for the six months ended 31 December 2012 (including comparative financial information for the six months ended 31 December 2011) is set out in the following table:

	<i>31 December 2011</i>	<i>31 December 2012</i>
<b>Net asset value</b>		
Net assets (£000)	88,272	79,513
Equity shareholders funds (£000)	88,272	79,513
Net asset value per Share (p)	79.9	72.0
	<i>31 December 2011</i>	<i>31 December 2012</i>
<b>Consolidated Income Statement</b>		
Total revenue (£000)	5,708	5,817
Profit/(loss) for the period (£000)	3,679	(1,585)
Earnings per Share (p)	3.3	(1.4)

### 4. Operating and financial review

A description of changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments are set out in the sections headed "Chairman's Statement", "Managers' Review" and "Property Portfolio" in the published statutory accounts of the Company as follows and are expressly incorporated by reference into this document.

	<i>Accounts for period ended</i>			<i>Half yearly report for the 6 months ended</i>
	<i>30 June 2010</i>	<i>30 June 2011</i>	<i>30 June 2012</i>	<i>31 December 2012</i>
	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
<b>Nature of information</b>				
Chairman's Statement	2-3	2-3	2-3	2-3
Managers' Review	5-7	5-7	5-7	—
Property Portfolio	10	10	10	6
Report of the Directors	12-17	12-17	12-17	—

## **5. Significant gross change**

The Issue will constitute a significant gross change in relation to the IRP Group.

## **6. Significant change**

Since 31 December 2012 (being the end of the last financial period of the Company for which half yearly financial information has been published), there has been no significant change in the financial or trading position of the IRP Group.

## **7. Working Capital**

The Company is of the view that the working capital available to the IRP Group is sufficient for its present requirements, that is, for at least the next 12 months from the date of this document.

## **8. Net Asset Values**

The most recent, published, unaudited net asset value of an IRP Share, calculated in accordance with the Company's accounting policies as at 31 December 2012 was 72.0p per IRP Share.

The most recent, published, unaudited net asset value of an IPT Share, calculated in accordance with IPT's accounting policies as at 31 December 2012 was 92.8p per IPT Share.

## **9. Capital resources**

The Company currently has 110,500,000 IRP Shares in issue. IPT currently has 75,650,000 IPT shares in issue. On the assumption that 97,588,500 New Shares are issued pursuant to the Scheme, the Company will have 208,088,500 IRP Shares in issue.

The IRP Group had cash, held in sterling, available of £2.1 million at 28 February 2013. IRP also had a special distributable reserve of £89.4 million as at 28 February 2013. The IPT Group had cash, held in sterling, available of £0.6 million as at 28 February 2013. IPT also had a special distributable reserve of £66.3 million as at 28 February 2013. Cash inflows and outflows for the IRP Group in the year ended 30 June 2012 and the sources and amounts of those cashflows are set out in the Consolidated Income Statement, Consolidated Cash Flow Statement and related notes in the audited reports and accounts of the Company to 30 June 2012 (pages 23, 26 and 27 to 42) which are expressly incorporated by reference into this document.

The Company currently has the IRP Facility under which it is entitled to draw down an aggregate principal amount of £75 million, of which £68 million was drawn down as at 28 February 2013. IPT currently has the IPT Facility under which it is entitled to draw down an aggregate principal amount of £50 million of which £43 million was drawn down as at 28 February 2013. The aggregate drawn down borrowings of IPT and IRP are therefore £111 million under aggregate equity facilities of £125 million.

Net gearing of the IRP Group, as at 28 February 2013, was 42.5 per cent.

The IRP Facility is repayable on 10 January 2017. Interest on the IRP Facility is payable at a rate equal to the aggregate of LIBOR, mandatory costs of The Bank and a margin of 0.45 per cent. if the loan to value percentage is 40 per cent. or less. If the loan to value percentage is between 40 per cent. and 50 per cent. or between 50 per cent. and 60 per cent., the margin would be calculated at 47.5 bps or 55 bps per annum respectively.

On 10 January 2007 the Company entered into an interest rate swap agreement with the Bank which fixed the aggregate interest rate, excluding the margin, at 5.55 per cent. per annum on £60 million of the amount drawn down for the remaining term of the IRP Facility. The IRP Facility is secured by floating charges over the assets of the the Company and the Property Subsidiary.

Subject to the Scheme becoming effective, the IRP Facility (and the existing IPT Facility) will be replaced with a new term loan and revolving credit loan facility.

The New Facility will permit a maximum amount of £115 million to be drawn down. The amount of drawn down borrowings of Enlarged IRP will therefore continue to be £111 million but the liquidity available to Enlarged IRP will decrease by £10 million from the total liquidity currently available to IRP and IPT. The existing interest rate swaps, which fix the interest payable in respect of £100 million in aggregate of the existing borrowings, will be novated to the Finance Subsidiary without any amendments or additional cost. As a condition of obtaining the consent of the Bank to the Scheme, the margin under the New

Facility with £111 million drawn down will increase by 0.18 per cent. per annum (based on the current loan to value and drawn down amounts) giving a fixed interest rate payable on £100 million of the New Facility of 5.75 per cent. per annum (including the margin increase referred to above) and a floating rate which is currently around 1 per cent. per annum on the balance. The New Facility will be repayable on 10 January 2017, the same repayment date as applies under the existing IPT Facility and IRP Facility. The other terms of the New Facility and related security and finance documents will be substantially similar to the terms of the existing IPT Facility and IRP Facility.

It is expected that Enlarged IRP Group will be approximately 39 per cent. geared.

## 10. Capitalisation and Indebtedness

The following table shows the capitalisation of the IRP Group (distinguished between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 30 June 2012, the last date in respect of which audited financial information on the Company has been published and as at 31 December 2012:

	<i>As at 30 June 2012 £'000</i>	<i>As at 31 December 2012 £'000</i>
<b>Current debt</b>		
Guaranteed	–	–
Secured	423	438
Unguaranteed/Unsecured	–	–
<b>Total non-current debt</b>		
Guaranteed	–	–
Secured	65,000	68,000
Unguaranteed/Unsecured	–	–
<b>Shareholders' equity funds</b>		
Share capital	1,105	1,105
Legal reserve	94,518	88,955
Other reserves	(11,438)	(10,547)
<b>Total equity</b>	<u>84,185</u>	<u>79,513</u>

The information in the table above is: (i) unaudited financial information on the IRP Group as at 31 December 2012, extracted from the unaudited half yearly reports and accounts of the Company, and (ii) audited financial information as at 30 June 2012, extracted from the audited annual reports and accounts of the Company.

The following table shows the IRP Group's net indebtedness at 31 December 2012.

	<i>£'000</i>
A. Cash	3,136
B. Cash equivalent	–
C. Trading securities	–
<b>D. Liquidity (A + B + C)</b>	<b>3,136</b>
<b>E. Current financial receivable</b>	<b>3,105</b>
F. Current bank debt	–
G. Current portion of non-current debt	438
H. Other current financial debt	3,808
<b>I. Current financial indebtedness (F + G + H)</b>	<b>4,246</b>
J. Net current financial indebtedness (I – E – D)	(1,995)
K. Non-current bank loans	68,000
L. Bonds issued	–
M. Other non-current loans	–
<b>N. Non-current financial indebtedness (K + L + M)</b>	<b>68,000</b>
<b>O. Net financial indebtedness (J + N)</b>	<b>66,005</b>
Indirect indebtedness	–
Contingent indebtedness	–

The information in the table above is unaudited financial information of the IRP Group and has been extracted from the unaudited half yearly reports and accounts of the Company as at 31 December 2012 and has not been reported on by an accountant.

## PART VI

### Financial Information on IPT and the IPT Property Subsidiary for the three years ended 31 December 2011

#### 1. Introduction

The statutory accounts of IPT and the IPT Property Subsidiary for the three financial years ended 31 December 2011 in respect of which IPT's auditors, Ernst & Young LLP of Royal Chambers, St Julian's Avenue, St. Peter Port, Guernsey GY1 4AF, which is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales, made unqualified reports under The Companies (Guernsey) Laws 1994 to 1996 and the Law have been, in each case, prepared in accordance with IFRS and filed with the GFSC. Such reports are incorporated into this document by reference and can be obtained from IPT's website [www.isispropertytrust.com](http://www.isispropertytrust.com). Copies of these reports are also available for inspection at the addresses set out in paragraph 17 of Part VIII of this document.

#### 2. Historical financial information

The following financial information on IPT and IPT Property Holdings Limited has been prepared on the basis set out in note 1 of the notes to the accounts which are set out in pages 92 to 108 of this Part VI.

#### Consolidated income statement

For the three years ended 31 December 2009, 31 December 2010 and 31 December 2011

	Note	2009 £'000	2010 £'000	2011 £'000
<b>Revenue</b>				
Rental income		8,548	8,988	9,252
<b>Total revenue</b>		8,548	8,988	9,252
Gains/(losses) on investments	8	1,659	6,562	(258)
Investment management fee	2	(944)	(482)	(764)
Other expenses	3	(839)	(780)	(979)
<b>Operating profit/(loss) before finance costs</b>		8,424	14,288	7,251
<b>Net finance costs</b>				
Interest receivable		174	30	16
Finance costs	4	(2,321)	(2,292)	(2,313)
<b>Profit/(loss) before taxation</b>		6,277	12,026	4,954
Taxation	5	(324)	(231)	(479)
<b>Profit for the year</b>		5,953	11,795	4,475
<b>Other comprehensive income</b>				
Net gains/(loss) on cash flow hedges net of tax		837	(1,359)	(1,957)
<b>Total comprehensive income for the year</b>		6,790	10,436	2,518
Basic and diluted earnings/(losses) per share	7	7.87p	15.59p	5.92p

## Consolidated balance sheet

As at 31 December 2009, 31 December 2010 and 31 December 2011

	Note	2009 £'000	2010 £'000	2011 £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Investment properties	8	106,920	121,935	126,850
		<u>106,920</u>	<u>121,935</u>	<u>126,850</u>
<b>Current assets</b>				
Trade and other receivables	10	3,487	3,595	3,087
Cash and cash equivalents	11	11,731	1,907	3,456
		<u>15,218</u>	<u>5,502</u>	<u>6,543</u>
<b>Total assets</b>		<u>122,138</u>	<u>127,437</u>	<u>133,123</u>
<b>Non-current liabilities</b>				
Interest bearing bank loan	12	(40,192)	(40,224)	(47,259)
Interest rate swap	12	(2,886)	(4,194)	(6,225)
Deferred taxation	5	(240)	—	—
		<u>(43,318)</u>	<u>(44,418)</u>	<u>(53,484)</u>
<b>Current liabilities</b>				
Trade and other payables	13	(3,299)	(3,062)	(3,291)
Interest rate swap	12	(1,689)	(1,741)	(1,666)
<b>Total liabilities</b>		<u>(48,306)</u>	<u>(49,221)</u>	<u>(58,441)</u>
<b>Net assets</b>		<u>73,832</u>	<u>78,216</u>	<u>74,682</u>
<b>Represented by:</b>				
Share capital	14	756	756	756
Special reserve		68,483	67,664	66,345
Capital reserve		9,055	15,617	15,359
Other reserve		(4,462)	(5,821)	(7,778)
<b>Equity shareholders' funds</b>		<u>73,832</u>	<u>78,216</u>	<u>74,682</u>
Net asset value per share		97.60p	103.39p	98.72p

## Consolidated cash flow statement

For the years ended 31 December 2009, 31 December 2010 and 31 December 2011

	Note	2009 £'000	2010 £'000	2011 £'000
<b>Cash flows from operating activities</b>				
Net operating profit for the year before taxation		6,277	12,026	4,955
Adjustments for:				
(Gains)/losses on investment properties		(1,659)	(6,562)	258
Decrease/(increase) in operating trade and other receivables		563	(107)	507
Increase/(decrease) in operating trade and other payables		173	(559)	379
Net finance costs		2,147	2,262	2,296
		<u>7,501</u>	<u>7,060</u>	<u>8,395</u>
Taxation paid		(172)	(117)	(597)
<b>Net cash inflow from operating activities</b>		<u>7,329</u>	<u>6,943</u>	<u>7,798</u>
<b>Cash flows from investing activities</b>				
Purchase of investment properties		—	(8,442)	(7,459)
Sale of investment properties		—	—	2,960
Capital expenditure	8	(26)	(11)	(404)
Interest received		174	30	16
<b>Net cash inflow/(outflow) from investing activities</b>		<u>148</u>	<u>(8,423)</u>	<u>(4,887)</u>
<b>Cash flows from financing activities</b>				
Dividends paid	6	(6,052)	(6,052)	(6,052)
Bank loan drawn down		—	—	7,000
Bank loan interest paid		(1,235)	(419)	(523)
Payments under interest rate swap arrangement		(1,086)	(1,873)	(1,787)
<b>Net cash outflow from financing activities</b>		<u>(8,373)</u>	<u>(8,344)</u>	<u>(1,362)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(896)</u>	<u>(9,824)</u>	<u>1,549</u>
Opening cash and cash equivalents		12,627	11,731	1,907
<b>Closing cash and cash equivalents</b>		<u>11,731</u>	<u>1,907</u>	<u>3,456</u>

## Consolidated statement of changes in equity

	<i>Share capital</i>	<i>Special reserve</i>	<i>Capital Reserve</i>	<i>Other Reserve</i>	<i>Revenue reserve</i>	<i>Total</i>
<i>Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>At 1 January 2011</b>	756	67,664	15,617	(5,821)	—	78,216
Profit for the year	—	—	—	—	4,475	4,475
Other comprehensive losses	—	—	—	(1,957)	—	(1,957)
Total comprehensive income for the year	—	—	—	(1,957)	4,475	2,518
Dividends paid	6	—	—	—	(6,052)	(6,052)
Transfer in respect of losses on investment properties	—	—	(258)	—	258	—
Transfer of net deficit for year	—	(1,319)	—	—	1,319	—
<b>At 31 December 2011</b>	<u>756</u>	<u>66,345</u>	<u>15,359</u>	<u>(7,778)</u>	<u>—</u>	<u>74,682</u>

	<i>Share capital</i>	<i>Special reserve</i>	<i>Capital Reserve</i>	<i>Other Reserve</i>	<i>Revenue reserve</i>	<i>Total</i>
<i>Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>At 1 January 2010</b>	756	68,483	9,055	(4,462)	—	73,832
Profit for the year	—	—	—	—	11,795	11,795
Other comprehensive losses	—	—	—	(1,359)	—	(1,359)
Total comprehensive income for the year	—	—	—	(1,359)	11,795	10,436
Dividends paid	6	—	—	—	(6,052)	(6,052)
Transfer in respect of gains on investment properties	—	—	6,562	—	(6,562)	—
Transfer of net deficit for year	—	(819)	—	—	819	—
<b>At 31 December 2010</b>	<u>756</u>	<u>67,664</u>	<u>15,617</u>	<u>(5,821)</u>	<u>—</u>	<u>78,216</u>

	<i>Share capital</i>	<i>Special reserve</i>	<i>Capital Reserve</i>	<i>Other Reserve</i>	<i>Revenue reserve</i>	<i>Total</i>
<i>Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>At 1 January 2009</b>	756	70,241	7,396	(5,299)	—	73,094
Profit for the year	—	—	—	—	5,953	5,953
Other comprehensive income	—	—	—	837	—	837
Total comprehensive income for the year	—	—	—	837	5,953	6,790
Dividends paid	—	—	—	—	(6,052)	(6,052)
Transfer in respect of gains on investment properties	—	—	1,659	—	(1,659)	—
Transfer of net deficit for year	—	(1,758)	—	—	1,758	—
<b>At 31 December 2009</b>	<u>756</u>	<u>68,483</u>	<u>9,055</u>	<u>(4,462)</u>	<u>—</u>	<u>73,832</u>

## Notes to the Accounts

### 1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the periods, is set out below.

#### (a) Basis of preparation

##### (i) *Statement of compliance*

The consolidated accounts have been prepared and approved 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 The Companies (Guernsey) Law, 2008 and the Listing Rules of the UK Listing Authority. The consolidated accounts give a true and fair view and are also in compliance with The Companies (Guernsey) Law, 2008.

##### (ii) *Functional and presentation currency*

The notes and financial statements are presented in pounds sterling (functional and presentational currency) and are rounded to the nearest thousand except where otherwise indicated.

##### (iii) *Use of estimates and judgements*

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the period. The nature of the estimation means that actual outcomes could differ from those estimates.

The valuation of investment properties requires the use of estimates and judgements and the methodology for doing this is detailed in note 1(f) and note 8.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 8.

##### (iv) *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year, except that the following amendments to existing standards have been adopted in the current year.

- In May 2010, the IASB issued improvements to IFRS for 2010 which became effective for periods commencing on or after 1 January 2011. These covered eleven amendments to six standards and one interpretation, none of which materially affected the Group.

Two of the amendments have been adopted:

- IAS 24 Related Party Transactions. The amendment clarifies the definitions of a related party. The adoption of the amendment did not have any impact on the financial position of the Group but the appropriate disclosures are included in note 16.
- IAS 32 Financial Instruments: Presentation – Classification of Risks Issues. The amendment did not have any impact on the financial position of the Group but the appropriate disclosures are included in note 17.

(v) *New Standards and interpretations not yet adopted*

The following new standards have been issued but are not effective for this accounting period and have not been adopted early:

- In October 2010, the IASB issued IFRS 9 (2010) '*Financial Instruments*' which, following an amendment in December 2011, becomes effective for accounting periods commencing on or after 1 January 2015. This represents part of a project to replace IAS 39 '*Financial Instruments: Recognition and Measurement*'. The objective of the standard is to enhance the ability of investors and other users of financial information to understand the accounting of financial assets and to reduce complexity.
- In June 2011, the IASB issued '*Presentation of Items and Other Comprehensive Income*' (Amendments to IAS 1 '*Presentation of Financial Statements*'). The amendments to IAS 1 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.
- In December 2010, the IASB issued '*Deferred Tax: Recovery of Underlying Assets*' (Amendments to IAS 12 '*Income Taxes*'). The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis on the asset. The amendment becomes effective for annual periods beginning on or after 1 January 2012.
- In May 2011, the IASB issued IFRS 10 '*Consolidated Financial Statements*'. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013.
- In May 2011, the IASB issued IFRS 12 '*Disclosure of Involvement with Other Entities*'. IFRS 12 includes all the disclosures which were previously required by IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interest in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after 1 January 2013.
- As a consequence of the new IFRS 10 and IFRS 12 above, what remains of IAS 27 '*Separate Financial Statements (2011)*' is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements. The Group does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.
- In May 2011, the IASB issued IFRS 13 '*Fair Value Measurement*'. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. This standard becomes effective for accounting periods beginning on or after 1 January 2013.

The Group does not consider that the future adoption of any new standards, in the form currently available, will have any material impact on the financial statements as presented.

(b) **Basis of consolidation**

The consolidated accounts comprise the accounts of the Company and its subsidiary drawn up to 31 December each year. The financial statements of the subsidiary are prepared for the same accounting period as the parent company, using consistent accounting policies.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

(c) **Revenue recognition**

Rental income, excluding VAT, arising on investment properties is accounted for in the Statement of Comprehensive Income on a straight-line basis over the lease term of ongoing leases. Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option.

Interest income is accounted for on an accruals basis.

(d) **Expenses**

Expenses are accounted for on an accruals basis. The IPT Group's investment management and administration fees, finance costs and all other expenses are charged through the Statement of Comprehensive Income.

(e) **Taxation**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation are periodically evaluated and provisions established where appropriate.

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. In determining the expected manner of realisation of an asset the directors considered that the Group will recover the value of investment property through sale. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

(f) **Investment properties**

Investment properties consist of land and buildings (principally offices, industrial properties, commercial warehouses and retail property) which are not occupied by, or in the operations or, the IPT Group, nor for sale in the ordinary course of business but are held to earn rental income together with the potential for capital and income growth.

Investment properties are initially recognised at cost, being the fair value of consideration given, including associated transaction costs. Any subsequent capital expenditure incurred in improving investment properties is capitalised in the period during which the expenditure is incurred and included within the book cost of the properties.

After initial recognition, investment properties are measured at fair value, with unrealised gains and losses recognised in the Statement of Comprehensive Income. Fair value is based on the open market valuation provided by DTZ Debenham Tie Leung Limited, chartered surveyors, at the balance sheet date using recognised valuation techniques suitably adjusted for unamortized lease incentive and lease surrender premiums. These techniques comprise both the Yield Method and the Discounted Cash Flow Method. In some cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of IPT's Group assets.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. In addition, development risks (such as construction and letting risks) are also taken into consideration when determining the fair value of investment properties under construction. These estimates are based on local market conditions existing at the balance sheet date.

#### *Techniques used for valuing investment property*

The Traditional Method converts anticipated future cash flow benefits in the form of rental income into present value. This approach requires careful estimation of future benefits and application of investor yield or return requirements. One approach to value the property on this basis is to capitalise net rental income on the basis of an Initial Yield, generally referred to as the 'All Risks Yield' approach or 'Net Initial Yield' approach.

The Discounted Cash Flow Method involves the projection of a series of periodic cash flows either to an operating property or a development property. To this projected cash flow series an appropriate market-derived discount rate is applied to establish an indication of the present value of the income stream associated with the property. The calculated periodic cash flow is typically estimated as gross income less vacancy and collection losses and less operating expenses/outgoings. A series of periodic net operating incomes, along with an estimate of the reversion/terminal/exit value (which uses the traditional valuation approach) anticipated at the end of the projection period, are discounted to present value. The aggregate of the net present values equals the market value of the property.

Investment properties held under finance leases and leased out under operating leases are classified as investment properties and stated at fair value.

On derecognition, realised gains and losses on disposals of investment properties are recognised in the Income Statement and transferred to the Capital Reserve.

Recognition and derecognition occurs on the completion of a sale between a willing buyer and a willing seller.

#### (g) **Derivative financial instruments**

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

Derivations instructions are initially recognised in the Balance Sheet at their fair value and remeasured at fair value at the year end. Fair value is determined by Lloyds Banks plc who use a model for the valuation. Transaction costs are expenses immediately.

Gains or losses arising in the fair value of cash flow hedges in the form of derivative instruments are excluded from the profit and included in Other Comprehensive Income in the Statement of Comprehensive Income. Such gains and losses are taken to a reserve created specifically for that purposes, described as the Other Reserve in the Balance Sheet.

On maturity or early redemption the unrealised gains or losses arising from cash flow hedges in the form of derivative instruments are recognised in the Statement of Comprehensive Income.

The Group considers its interest rate swap qualifies for hedge accounting when the following criteria are satisfied:

- The instrument must be related to an asset or liability;
- It must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa;
- It must match the principal amounts and maturity date of the hedged item; and
- As a cash-flow hedge the forecast transaction (incurring interest payable on the bank loan) that is subject the hedge must be highly probable and must be present an exposure to variations in cash flows that could ultimately affect the profit or loss. The effectiveness of the hedge must be capable of reliable measurement and must be assessment as highly effective on an ongoing basis throughout the financial reporting periods for which the hedge was designated.

(h) **Share issue expenses**

Incremental external costs directly attributable to an equity transaction that would have otherwise been avoided are deducted from issue proceeds and written off against the special reserve.

(i) **Cash and cash equivalents**

Cash in banks and short-term deposits are carried at cost. Cash and cash equivalents consist of cash in hand and short-term deposits in banks with an original maturity of three months or less.

(j) **Trade and other receivables**

Trade receivables, which are generally due for settlement at the relevant quarter end, are recognised and carried at the original invoice amount less an allowance for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Reverse lease premia and other capital incentives paid to tenants are recognised as a current asset and amortised over the period from the date of lease commencement to the earliest termination date.

(k) **Interest-bearing bank loans and borrowings**

All bank loans and borrowings are initially recognised at cost, being fair value of the consideration received, net of arrangement costs associated with the borrowing. After initial recognition, all interest-bearing bank loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any loan arrangement costs and any discount or premium on settlement.

(l) **Reserves**

**Special reserve**

The special reserve is a distributable reserve to be used for all purposes permitted under Guernsey law, including the buy back of shares and the payment of dividends.

**Capital reserve**

The following are accounted for in this reserve:

- gains and losses on the disposal of investment properties
- increases and decreases in the fair value of investment properties held at the year-end.

### Other reserve

The following are accounted for in this reserve:

- movements relating to the interest rate swap arrangement accounted for as a cash flow hedge.

### Revenue reserve

Any surplus arising from the net profit on ordinary activities after taxation, after adding back capital gains or losses and after payment of dividends, is taken to this reserve, with any deficit charged to the special reserve.

## 2. Investment management fee

	2009	2010	2011
	£'000	£'000	£'000
Investment management fee	944	482	764

The Group's Investment Managers receive a fee at an annual rate of 0.60 per cent. of the invested assets and 0.15 per cent. on cash held less current liabilities. The fees of any managing agents appointed by the Managers are payable out of the investment management fee.

From 1 April 2009 a performance fee is payable equal to 20 per cent. of the amount by which the total return of the Group's directly held properties exceeds 120 per cent. of the total return on the Group's benchmark and multiplied by the Group's total assets. The Group's benchmark for direct property performance is the IPD total return on direct UK commercial property held by all quarterly and monthly measured funds in the IPD universe. The performance fee therefore excludes the impact of cash and/or gearing.

The performance fee payable in each financial year is capped at an amount which, when taken with the aggregate base management fee payable in each financial year, equals 0.85 per cent. of the total assets (less current liabilities) of the Group, being the same level as the previous base management fee. Performance fees in excess of this capped return can be carried forward for up to two subsequent financial years subject to the annual 0.85 per cent. cap.

The performance fee is measured over a rolling three year period and the performance fee payable in respect of any one financial year is equal to the total performance fee earned over that the three year period less any performance fees already paid in the previous two years. In the event the amount already paid in the previous two years is in excess of the amount earned over the rolling three year period, such excess shall be repaid to the Group by the Managers. A performance fee is payable in the event of outperformance of the benchmark event if the total return is negative.

Although the portfolio has outperformed the benchmark since 1 April 2009, the full performance fee paid for 2009 of £255,000 was paid back during the year ended 31 December 2010 under the three year rolling arrangement.

The notice period in relation to the termination of the investment management agreement is six months by either party.

The investment management agreement may be terminated earlier provided that a payment in lieu of notice, equivalent to the amount the Investment Management would otherwise have received during the notice period, is made.

In addition, the Investment Managers receive an administration fee (see note 3), payable in arrears.

### 3. Other expenses

	2009	2010	2011
	£'000	£'000	£'000
Direct operating expenses of rental property	149	162	462
Bad debts	133	64	(70)
Valuation and other professional fees	102	106	106
Amortisation of lease surrender premium	154	154	154
Directors' fees	106	106	127
Administration fee	59	60	63
Auditor's remuneration for:			
– statutory audit	34	36	38
– taxation services	13	10	14
Other	89	82	85
	<u>839</u>	<u>780</u>	<u>979</u>

The valuers, DTZ Debenham Tie Leung Limited, provide valuation services in respect of the property portfolio. An annual fee equal to 0.0225 per cent. (2009 and 2010: 0.0225 per cent.) of the aggregate value of the property portfolio was paid quarterly.

Direct property expenses were higher than previous years, primarily due to the increased level of vacant property costs amounting to £191,000 (2010: £8,000, 2009: £6,000). There were also increased costs in re-letting the vacant property.

### 4. Finance costs

	2009	2010	2011
	£'000	£'000	£'000
Interest on principal loan amount	1,067	436	541
Interest in respect of interest rate swap arrangement	1,202	1,804	1,730
Amortisation of loan set up costs	32	31	32
Other interest/fees	20	21	10
	<u>2,321</u>	<u>2,292</u>	<u>2,313</u>

### 5. Taxation

	2009	2010	2011
	£'000	£'000	£'000
Current income tax charge	194	498	479
Income tax in relation to prior period	130	(27)	—
<i>Deferred income tax</i>			
Reversal of over-provision from previous years	—	(240)	—
Total tax charge	<u>324</u>	<u>231</u>	<u>479</u>

A reconciliation of the income tax charge applicable to the results from ordinary activities at the statutory income tax rate to the charge for the period is as follows:

	<i>2009</i>	<i>2010</i>	<i>2011</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Net profit before taxation	6,277	12,026	4,955
UK income tax at a rate of 20 per cent.	1,255	2,405	991
Effects of:			
Capital gains/(losses) on revaluation of investment properties not taxable	(332)	(1,312)	52
Income not taxable, including interest receivable	(35)	(6)	(3)
Expenditure not allowed for income tax purposes (including set-up costs)	104	92	99
Inter-company loan interest	(767)	(697)	(696)
Deferred tax assets not provided for	(31)	(20)	(19)
Reversal of over provision for deferred tax from prior years	—	(240)	—
Adjustments to previous periods tax returns	—	9	55
Current year income tax charge	194	231	479
Income tax relating to prior periods	130	—	—
Total tax charge	<u>324</u>	<u>231</u>	<u>479</u>

The Company and its subsidiary are exempt from Guernsey taxation under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. A fixed annual fee of £600 per company is payable to the States of Guernsey in respect of this exemption. No charge to Guernsey taxation will arise on capital gains. At 31 December 2011, the Group has not provided for deferred tax as no Guernsey tax will be applied on recovery of the carrying amount of its assets through sale.

The enquiry into the tax computations from tax years 2004/05 to 2008/09 was resolved with HMRC and final settlement has been made.

The IPT Directors intend to conduct the IPT Group's affairs such that the management and control is not exercised in the United Kingdom and so that neither IPT nor any of its subsidiaries carries on any trade in the United Kingdom. Accordingly, IPT and its subsidiaries will not be liable for United Kingdom taxation on their income or gains other than certain income deriving from a United Kingdom source.

IPT and its subsidiaries are subject to United Kingdom income tax on net rental income arising on the property portfolio after deduction of its allowable debt financing costs and other allowable expenses.

## 6. Dividends

	<i>2009</i>	<i>2010</i>	<i>2011</i>
	<i>Total</i>	<i>Total</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Dividends on ordinary shares:			
Fourth interim dividend	1,513	1,513	1,513
First interim dividend	1,513	1,513	1,513
Second interim dividend	1,513	1,513	1,513
Third interim dividend	1,513	1,513	1,513
	<u>6,052</u>	<u>6,052</u>	<u>6,052</u>
Dividends paid per share	<u>8.0p</u>	<u>8.0p</u>	<u>8.0p</u>

## 7. Earnings/(losses) per share

The IPT Group's basic and diluted earnings per Ordinary Share are based on the profit for the year of £4,475,000 (2010: profit of £11,795,000 and on 75,650,000; 2009: profit of £5,953,000 and on 75,650,000) and on 75,650,000 Ordinary Shares, being the weighted average number of shares in issue during the year.

## 8. Investment properties

	2009 £'000	2010 £'000	2011 £'000
<b>Freehold and leasehold properties</b>			
Opening market value	107,474	109,005	124,920
Purchase of investment property	—	8,442	7,459
Sale of investment property	—	—	(2,960)
Capital expenditure	26	11	404
Gains on investment properties realised	—	—	825
Gains/(losses) on investment properties	1,659	6,562	(1,083)
Movement in lease incentive receivable	(154)	900	(255)
Closing market value	109,005	124,920	129,310
Adjustment for lease incentives	(2,085)	(2,985)	(2,730)
Balance sheet carrying	<u>106,920</u>	<u>121,935</u>	<u>126,580</u>

All the Group's investment properties were valued as at 31 December 2011 and 31 December 2010 by qualified professional valuers working the company of DTZ Debenham Tie Leung Limited ("DTZ"), Chartered Surveyors. All such valuers are chartered surveyors, being members of the Royal Institution of Chartered Surveyors ("RICS"). DTZ completed a valuation of Group investment properties at 31 December 2011 and 31 December 2010 on an open market basis in accordance with the requirements of the Appraisal and Valuation Manual published by the RICS. Fair value is determined on a market value basis in accordance with International Valuation Standards (IVS), as set out by the International Valuation Standards Committee (IVSC). The valuations are prepared on an aggregate ungeared basis. They are also determined using market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction as at the valuation date. The market value of these investment properties amounts to £129,310,000 (2010: £124,290,000, 2009: £109,005,000), however an adjustment has been made for lease incentives of £2,730,000 (2010: £2,985,000, 2009: £2,085,000) that are already accounted for as an asset.

The property valuer is independent and external to the Group and the Managers.

The property valuer takes account of deleterious materials included in the construction of the investment properties in arriving at their estimate of Market Value, when the Managers advise the presence of such materials. In arriving at their estimates of market values, the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparables.

The Group has entered into leases on its property portfolio as lessor (see note 19 for further information). No one property accounts for more than 12.9 per cent. of total assets less current liabilities of the Group. The market values of the properties are shown on pages 67 to 74. All leasehold investment properties have more than 60 years remaining on the lease term.

There are no restrictions on the realisability of the Group's investment properties or on the remittance of income or proceeds of disposal. However, the Group's investments comprise UK commercial property, which may be difficult to realise, as described in Liquidity risk, note 17. There is also uncertainty in respect of valuations as detailed in Market risk, note 17.

The Group is under not contractual obligations to purchase, construct or develop any investment property. The majority of leases are on a full repairing basis and as such the Group is not liable for costs in respect of repairs, maintenance or enhancements to those investment properties.

## 9. Investment in subsidiary undertaking

The Company owns 100 per cent. of the issued ordinary share capital of IPT Property Holdings Limited ("IPH"), a company incorporated in Guernsey whose principal business is that of an investment and property company.

In addition to its investment in the shares of IPH, the Company had lent £97,082,000 to IPH as at 31 December 2011 (2010: £97,082,000, 2009: £97,082,000). This is particularly offset by a loan from IPH of £9,700,000 (2010: £9,700,000, 2009: £9,700,000). Both loans are repayable on 10 October 2013 and are unsecured. Interest is payable quarterly in arrears at a fixed rate of 7.473 per cent. per annum or such other interest rate that may be agreed from time to time between IPH and the Company.

<i>Name of subsidiary undertaking</i>	<i>Class of Share</i>	<i>% of class held</i>	<i>Country of incorporation</i>
IPT Property Holdings Limited	Ordinary	100*	Guernsey

\*The Company's holding represents all the voting rights of the subsidiary undertaking.

## 10. Trade and other receivables

	<i>2009</i>	<i>2010</i>	<i>2011</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Rents receivable	1,284	1,534	1,268
Provision for doubtful debts	—	(81)	(1)
Investment Managers' performance fee recoverable	—	255	—
Other debtors and prepayments	2,203	1,887	1,820
	<u>3,487</u>	<u>3,595</u>	<u>3,087</u>

Rents receivable, which are generally due for settlement at the relevant quarter end, are recognised and carried at the original invoice amount less an allowance for any uncollectable amounts. A provision for doubtful debts is made when the amount is more than three months overdue.

Included within rent receivable is the prepayment for rent-free periods recognised over the life of the lease. At 31 December 2011 this amounted to £953,000 (2010: £1,054,000, 2009: £897,000). Included within other debtors and prepayments is £1,777,000 (2010: £1,931,000, 2009: £2,089,000) relating to the reverse lease surrender premium paid at New Malden and St. Albans.

## 11. Cash and cash equivalents

All cash balances were held in cash, current accounts or in banks on short-term deposits with an original maturity of three months or less at the year end.

## 12. Bank loan and interest rate swap liability

	<i>2009</i>	<i>2010</i>	<i>2011</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Facility	50,000	50,000	50,000
Draw down	40,000	40,000	40,000
Set up costs	(317)	(317)	(317)
Accumulated amortisation of set-up costs	96	127	159
Accrued variable rate interest on bank loan	413	414	417
Total due	<u>40,192</u>	<u>40,224</u>	<u>47,259</u>

The Company has a £50 million facility with Lloyds Bank plc (Lloyds), of which £47 million is drawn down as at 31 December 2011.

The bank loan is secured on the property portfolio of the Group. Under the bank covenants related to the loan, the Company has to ensure that at all times:

- the loan to value percentage does not exceed 60 per cent. (this is defined as the ration of the loan compared to the aggregate of the open market property valuations plus any cash deposits);
- the qualifying adjusted net rental income for any calculation period (any three month period) is not less than 150 per cent. of the projected finance costs for that period;
- no single tenant accounts for more than 20 per cent. of the total net rental income;\*
- the five largest tenants do not account for more than 40 per cent. of the total net rental income;\*
- no single property accounts for more than 15 per cent. of the gross secured asset value (this is defined as the sum of the value of the properties as stated on the latest valuation plus any cash deposits)\*;
- the five most valuable properties do not account for more than 45 per cent. of the gross secured asset value\*; and
- the gross secured asset value of any group of properties should not exceed 50 per cent. for industrial properties, 60 per cent. for offices and 60 per cent. for retail properties\*.

\* applicable only on acquisition or disposal of a property, but monitored on an ongoing basis.

The Company met the covenant tests during the year.

Interest rate exposure has been partially hedged by the purchase of an interest rate swap contract. The hedge has been achieved by matching the notional amount of the swap with part of the loan principal and matching the swap term to the loan term.

Interest on the swap is receivable at a variable rate calculated on the same LIBOR basis as for the bank loan (as detailed below but excluding margins) and payable at a fixed rate of 5.555 per cent. per annum.

The fair value of the liability in respect of the interest rate swap contract at 31 December 2011 is £7,891,000 of which £1,666,000 is treated as current liability (2010: £5,935,000 of which £1,741,000 is treated as current liability, 2009: £4,575,000 of which £1,689,300 is treated as a current liability). This is based on the marked to market value.

Interest accrues on the bank loan at a variable rate, based on LIBOR plus margin and mandatory lending costs and is payable quarterly. The LIBOR rate used is the screen rate available for sterling at 11 am on the date of commencement of each investment period of one month. The margin is 0.45 per cent. per annum, save that if the loan to value percentage is more than 40 per cent, the margin is increased to 0.475 per cent. per annum and if more than 50 per cent. the margin is increased to 0.55 per cent. per annum. The amount payable by the Company in respect of the variable LIBOR part of the bank loan is fixed through an interest rate swap against £40 million of the loan drawn down arrange with Lloyds. £7 million of the loan drawn down is not fixed with a hedge. Interest on the swap is payable quarterly. The interest rate swap is due to expire on 10 January 2017. The loan is repayable on 10 January 2017.

### 13. Trade and other payables

	2009	2010	2011
	£'000	£'000	£'000
Rental income received in advance	1,498	1,576	1,612
VAT payable	296	357	397
Investment Managers' fees payable	434	200	212
Income tax payable	375	489	371
Other payables and accruals	696	440	699
	<u>3,299</u>	<u>3,062</u>	<u>3,291</u>

The Company's payment policy is to ensure settlement of supplier invoices in accordance with stated terms.

#### 14. Share capital

	2009	2010	2011
	£'000	£'000	£'000
Authorised share capital:			
150,000,000 ordinary shares of 1 pence each:	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>
Issued share capital:			
75,650,000 ordinary shares of 1 peach each, fully paid	<u>756</u>	<u>756</u>	<u>756</u>

#### Capital management

The Group's capital is represented by Ordinary shares, capital reserve, special reserve and other reserve. The Group is not subject to any externally-imposed capital requirements.

The capital of the Group is managed in accordance with its investment policy, in pursuit of its investment objective.

#### Capital risk management

The objective of the Company is to provide ordinary shareholders with an attractive level of income together with the potential for income and capital growth from investing in a diversified UK commercial property portfolio. In pursuing this objective, the Board has responsibility for ensuring the Company's ability to continue as a going concern. This involves the ability to issue and buy back share capital within limits set by shareholders in general meeting; borrowing monies in the short and long term; and pay dividends out of reserves all of which are considered and approved by the Board on a regular basis. Dividends are set out in note 6 to the accounts and borrowings are set out in note 12.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2011, 31 December 2010 or 31 December 2009.

#### 15. Net asset value per share

The IPT Group's net asset value per Ordinary Share is based on net assets of £74,682,000 (2010: £78,216,000, 2009: £73,832,000) and on 75,650,000 (2010: 75,650,000, 2009: 75,650,000) Ordinary Shares, being the number of shares in issue at the year end.

#### 16. Related party transactions

No Director has an interest in any transactions which are or were unusual in their nature or significant to the nature of the Group.

F&C Investment Business Limited received fees for its services as Investment Manager. Further details are provided in notes 2 and 3 on pages 97 and 98. The charge to the Consolidated Statement of Comprehensive Income during the year was £764,000 (2010: £482,000, 2009: £944,000) of which £196,000 (2010: £185,000, 2009: £419,000) remained payable at the year-end. Included within debtors for the year ended 31 December 2010 is £255,000 due from the Investment Manager in respect of 2009 performance fee which has now paid back under the three year rolling arrangement. The Investment Manager also received an administration fee of £63,000 (2010: £60,000, 2009: £59,000) for the year, of which £16,000 (2010: £15,000, 2009: £15,000) remained payable at the year-end.

The Directors of the Company received fees for their services. Further details are provided in the Directors Remuneration Report on page 19 in the accounts for the period ended 30 June 2012 and in note 3 on page 98. Total fees for the year were £127,000 (2010: £106,000, 2009: £106,000) of which £nil (2010: £nil) remained payable at the year-end.

#### 17. Financial instruments and investment property

IPT's investment objective is to provide ordinary shareholders with an attractive level of income together with the potential for capital and income growth from investing in a diversified UK commercial property portfolio.

Consistent with that objective, the IPT Group holds UK commercial property investments (investment property). In addition, the IPT Group's financial instruments comprise cash, receivables, a bank loan, an interest swap and payables.

The IPT Group is exposed to various types of risk that are associated with financial instruments and investment property. The most important types are credit risk, liquidity risk, interest rate risk and market price risk (those relating to interest rate changes and pricing movements).

There was no foreign currency risk as at 31 December 2009, 2010 or 2011 as assets and liabilities of the IPT Group are maintained in sterling.

### Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the IPT Group.

At the reporting date, the maturity of the IPT Group's financial assets was:

	<i>Three months or less £'000</i>	<i>More than three months but less than one year £'000</i>	<i>More than one year £'000</i>	<i>Total £'000</i>
<b>Financial assets</b>				
<b>As at 31 December 2009</b>				
Cash	11,731	—	—	11,731
Rent receivable	420	102	762	1,284
Provision for bad debt	—	—	—	—
Other debtors	156	116	1,931	2,203
	<u>12,307</u>	<u>218</u>	<u>2,693</u>	<u>15,218</u>
<b>As at 31 December 2010</b>				
Cash	1,907	—	—	1,907
Rent receivable	352	81	—	433
Provision for bad debt	—	(81)	—	(81)
Other debtors	211	—	—	211
	<u>2,470</u>	<u>—</u>	<u>—</u>	<u>2,470</u>
<b>As at 31 December 2011</b>				
Cash	3,456	—	—	3,456
Rent receivable	314	1	—	315
Provision for bad debt	—	(1)	—	(1)
Other debtors	43	—	—	43
	<u>3,813</u>	<u>—</u>	<u>—</u>	<u>3,813</u>

In the event of default by an occupational tenant, the IPT Group will suffer a rental shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property. The IPT Board receives regular reports on concentrations of risk and any tenants in arrears. The Managers monitor such reports in order to anticipate, and minimise the impact of, defaults by occupational tenants.

The IPT Group has a diversified tenant portfolio. The maximum credit risk from the rent receivables of the IPT Group at 31 December 2011 was £315,000 (2010: £433,000; 2009: £1,284,000).

As at 31 December 2011, £1,000 of rent receivable that was greater than three months overdue. It is the practice of the IPT Group to provide for rental debtors greater than three months overdue. As at 31 December 2011 the provision was £1,000 (2010: £81,000, 2009: £6,000).

All of the IPT Group's cash is placed with financial institutions with a credit rating of AA or above. Bankruptcy or insolvency may cause the IPT Group's ability to access cash placed on deposit to be delayed or limited. Should the credit quality or the financial position of the banks currently employed

significantly deteriorate, the Managers would move the cash holdings would be moved to another financial instruction.

The IPT Group can also spread counterparty risk by placing cash with more than one financial institution.

### Liquidity risk

Liquidity risk is the risk that the IPT Group will encounter in realising assets or otherwise raising funds to meet financial commitments. Property in which the IPT Group invests is not traded in an organised public market and may be illiquid. As a result, the IPT Group may not be able to liquidate quickly its investments in these properties at an amount close to their fair value in order to meet its liquidity requirements.

The IPT Group's liquidity risk is managed on an ongoing basis by the Managers and monitored on a quarterly basis by the Board.

In certain circumstances, the terms of the IPT Group's bank loan 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. As at 31 December 2011 the cash balance was £3,456,000 (2010: £1,907,000, 2009: £11,731,000).

At the report date, the maturity of the Group's liabilities was:

### Financial liabilities

	<i>Three months or less £'000</i>	<i>More than three months but less than one year £'000</i>	<i>More than one year £'000</i>	<i>Total £'000</i>
<b>As at 31 December 2009</b>				
Non-current liabilities				
Bank loan and interest rate swap	568	1,705	51,309	53,582
Current liabilities				
Other creditors	2,497	56	75	2,628
	<u>3,065</u>	<u>1,761</u>	<u>51,384</u>	<u>56,210</u>
<b>As at 31 December 2010</b>				
Non-current liabilities				
Bank loan and interest rate swap	568	1,705	47,664	49,937
Current liabilities				
Other creditors	602	37	—	639
	<u>1,170</u>	<u>1,742</u>	<u>47,664</u>	<u>50,576</u>
<b>As at 31 December 2011</b>				
Non-current liabilities				
Bank loan and interest rate swap	666	1,998	52,364	55,028
Current liabilities				
Other creditors	874	37	—	911
	<u>1,540</u>	<u>2,035</u>	<u>52,364</u>	<u>55,939</u>

## Interest rate exposure

Some of the IPT Group's financial instruments are interest-bearing. They are a mix of both fixed and variable rate instruments with differing maturities. As a consequence, the IPT Group is exposed to interest rate risk due to fluctuations in the prevailing market rate.

The following table sets out the carrying amount of the IPT Group's financial instruments that are exposed to interest rate risk:

Type	Within one year £'000	More than five years £'000	Total £'000
<b>As at 31 December 2011</b>			
<i>Floating rate</i>			
Cash	3,456	—	3,456
Bank loan	—	(47,000)	(47,000)
Interest rate swap	(1,666)	(6,225)	(7,891)
	<u>1,790</u>	<u>(53,225)</u>	<u>(51,435)</u>
<b>As at 31 December 2010</b>			
<i>Floating rate</i>			
Cash	1,907	—	1,907
Bank loan	—	(40,000)	(40,000)
Interest rate swap	(1,741)	(4,194)	(5,935)
	<u>166</u>	<u>(44,194)</u>	<u>(44,028)</u>
<b>As at 31 December 2009</b>			
<i>Floating rate</i>			
Cash	11,731	—	11,731
Bank loan	—	(40,000)	(40,000)
Interest rate swap	(1,689)	(2,886)	(4,575)
	<u>10,042</u>	<u>(42,886)</u>	<u>(32,844)</u>

Interest is receivable on cash at a variable rate. At the year-end, rates received ranged from 0.375 per cent. on current account balances to 0.65 per cent. for deposit account balances. Interest is payable on the £47 million bank loan at a variable rate of LIBOR plus a margin of 0.45 per cent. £40 million of the loan is fixed with an interest rate swap, the effect of which is to fix interest payable at 5.555 per cent. Interest on financial instruments classified as floating rate is repriced at intervals of less than one year.

Exposure varies throughout the year as a consequence of changes in the composition of the net assets of the Group arising out of the investment and risk management policies.

In addition, tenant deposits are held in interest-bearing bank accounts. These accounts earn interest at base rate less 1 per cent. and received no interest at this time as the base rate is too low. Interest accrued on these accounts is paid to the tenant.

The Group's exposure to interest rate risk relates primarily to the Group's long-term debt obligations. The Group's policy is to manage its interest rate risk using an interest rate swap, in which the Group has agreed to exchange the difference between fixed and variable interest amounts, calculated by reference to an agreed upon notional principal amount. The swap is designed to fix the interest payable on £40 million of the loan. The interest rate swap covers £40 million of the loan and has the same duration. Interest fixing periods are identical and on this basis the swap contract complies with IAS 39's criteria for hedging accounting.

## Market price risk

The IPT Group's strategy for the management of market price risk is driven by the investment policy. The management of market price risk is part of the investment management process and is typical of commercial property investment. The portfolio is managed with an awareness of the effects of adverse valuation movements through detailed and continuing analysis, with an objective of maximising overall

returns to shareholders. Investments in 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. Such risk is minimised through the appointment of external property valuers. The Directors and Managers regularly review the principles applied by the valuer to ensure they comply with the IPT Group's accounting policies and fair value principles. The basis of valuation of the property portfolio is set out in detail in the accounting policies and note 9.

Any changes in market conditions will directly affect the profit or loss reported through the Consolidated Statement of Comprehensive Income. A 10 per cent. increase in the value of the investment properties at 31 December 2011 would have increased net assets and income for the year by £12.7 million (2010: £12.2 million; 2009: £10.7 million) an equal change in the opposite direction would have decreased net assets and decreased net income by an equivalent amount.

The calculations above are based on the investment property and indirect property fund valuations at the respective balance sheet dates and are not representative of the year as a whole nor reflective of future market conditions.

### Fair value hierarchy

The following table shows an analysis of the fair values of financial instruments recognised in the balance sheet by level of the fair value hierarchy\*:

	<i>Level 1</i> £'000	<i>Level 2</i> £'000	<i>Level 3</i> £'000	<i>Total</i> <i>fair value</i> £'000
<b>31 December 2011</b>				
Interest rate swap	—	7,891	—	7,891
<b>31 December 2010</b>				
Interest rate swap	—	5,935	—	5,935
<b>31 December 2009</b>				
Interest rate swap	—	4,575	—	4,575

\*Explanation of fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – The use of a model with inputs (other than quotes prices included at Level 1) that are directly or indirectly observable market data.

Level 3 – The use of a model with inputs that are not based on observable market data.

### 18. Capital commitments

The IPT Group had no capital commitments as at 31 December 2011 (2010: £7,050,000; 2009: £nil).

### 19. Lease length

The IPT Group leases out its investment properties under operating leases.

The future income based on the unexpired lessor lease length at the year end was as follows (based on annual rentals):

	<i>2009</i> £'000	<i>2010</i> £'000	<i>2011</i> £'000
Less than one year	8,320	8,713	9,036
Between two and five years	29,343	29,615	29,646
Over five years	45,705	43,928	43,873
Total	<u>83,368</u>	<u>82,256</u>	<u>82,555</u>

The largest single tenant at the year end accounted for 10.0 per cent. (2010: 9.9 per cent.; 2009: 7.8 per cent.) of the current annual rental income.

The unoccupied property expressed as a percentage of estimated total rental value was 4.8 per cent. (2010: 2.1 per cent.; 2009: 0.7 per cent.) at the year end.

The IPT Group has entered into commercial property leases on its investment property portfolio. These properties, held under operating leases, are measured under the fair value model as the properties are held to earn rentals. The majority of these non-cancellable leases have remaining non-cancellable lease terms of between 5 and 15 years.

## **20. Operating segments**

The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the view that the Group is engaged in a single segment of business, being property investment, and in one geographical area, the United Kingdom, and that therefore the Group has only a single operating segment. The Board of Directors, as a whole, has been identified as constituting the chief operating decision maker of the Group. The key measure of performance used by the Board to assess the Group's performance is the total return on the Group's net asset value, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the consolidated accounts.

## PART VII

### SECTION A: Unaudited Pro Forma Financial Information relating to the Company

IRP Property Investments Limited, a property investment company, has reached an agreement with ISIS Property Trust Limited, another property investment company with a property portfolio complementary to that of IRP, on the terms of a recommended acquisition of the business and assets of IPT by IRP. The Acquisition is to be effected through a voluntary solvent liquidation of IPT and the issue of New Shares by IRP.

The following unaudited pro forma statements of net assets and income of the Company ("Pro Forma Financial Information") is provided to show the effect on the net assets and income of the Enlarged IRP Group. The Pro Forma Financial Information has been prepared for illustrative purposes only to show the effect of the proposed transaction on the net assets as if the transaction had occurred as at 30 June 2012 and income statement of the Company as if the transaction had occurred on 1 July 2011. On the basis of its nature, the Pro Forma Financial Information, addresses a hypothetical situation and therefore does not represent the actual financial position or results of the Enlarged IRP Group.

The Pro Forma Financial Information has been prepared in accordance with IFRS and using the accounting policies adopted by the Company in its published financial statements for the year ended 30 June 2012.

As the Company prepares the Pro Forma Financial Information in accordance with IFRS the Company has applied IFRS 3: Business Combinations. The accounting policy applied is as follows:

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition-date fair value and the amount of any non-controlling interest in the acquiree. Acquisition costs incurred are expensed and included in administrative expenses.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination.

If the aggregate of the acquisition-date fair value of the consideration transferred is lower than the fair value of the assets, liabilities and contingent liabilities and the fair value of any pre-existing interest held in the business acquired, the difference is recognised in profit and loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. As a result of the application of the above accounting policy to the Pro Forma Financial Information and the terms of the transaction, goodwill in relation to the business combination has been calculated to be nil.

## Unaudited pro forma statement of net assets of the Company as at 30 June 2012

### Net Asset Statement

	<i>Company's net assets as at 30 June 2012 £'000 Note A1</i>	<i>Adjustments for IPT's net assets as at 30 June 2012 £'000 Note A2</i>	<i>Other Adjustments £'000</i>	<i>Pro Forma Adjusted £'000</i>
<b>Non-current assets</b>				
Investment properties	160,310	119,490	—	279,800
<b>Current assets</b>				
Trade and other receivables	3,133	3,300	—	6,433
Cash and cash equivalents	1,396	2,832	(800) <sup>A3</sup>	3,428
	4,529	6,132	(800) <sup>A3</sup>	9,861
<b>Total assets</b>	<u>164,839</u>	<u>125,622</u>	<u>(800)<sup>A3</sup></u>	<u>289,661</u>
<b>Non-current liabilities</b>				
Interest-bearing bank loan	(65,423)	(42,266)	—	(107,689)
Interest rate swap	(8,825)	(5,863)	—	(14,688)
	<u>(74,248)</u>	<u>(48,129)</u>	<u>—</u>	<u>(122,377)</u>
<b>Current liabilities</b>				
Trade and other payables	(3,793)	(2,824)	—	(6,617)
Interest rate swap	(2,613)	(1,762)	—	(4,375)
	<u>(6,406)</u>	<u>(4,586)</u>	<u>—</u>	<u>(10,992)</u>
<b>Total Liabilities</b>	<u>(80,654)</u>	<u>(52,715)</u>	<u>—</u>	<u>(133,369)</u>
<b>Net assets</b>	<u>84,185</u>	<u>72,907</u>	<u>(800)<sup>A3</sup></u>	<u>(156,292)</u>
<b>Shareholders' funds</b>	<u>84,185</u>	<u>72,907</u>	<u>(800)<sup>A3</sup></u>	<u>(156,292)</u>

**Unaudited pro forma statement of comprehensive income of the Company for the year ended 30 June 2012**

**Statement of Comprehensive Income**

	<i>Company's Income for the year ended 30 June 2012</i> £'000 Note A1	<i>Adjustments for IPT's Income for the year ended 30 June 2012</i> £'000 Note A2	<i>Other Adjustments</i> £'000 Note A3	<i>Pro Forma Adjusted</i> £'000
<b>Revenue</b>				
Rental income	11,788	9,476	—	21,264
<b>Total revenue</b>	<u>11,788</u>	<u>9,476</u>	<u>—</u>	<u>21,264</u>
(Losses)/gains on investment properties	(2,483)	(784)	—	(3,267)
	<u>9,305</u>	<u>8,692</u>	<u>—</u>	<u>17,997</u>
<b>Expenditure</b>				
Investment management fee	(1,137)	(762)	—	(1,899)
Other expenses	(1,253)	(1,039)	(800)	(3,092)
<b>Total expenditure</b>	<u>(2,390)</u>	<u>(1,801)</u>	<u>(800)</u>	<u>(4,991)</u>
<b>Net operating profit before finance costs</b>	<u>6,915</u>	<u>6,891</u>	<u>(800)</u>	<u>13,006</u>
<b>Net finance costs</b>				
Interest receivable	12	19	—	31
Finance costs	(3,453)	(2,342)	—	(5,795)
	<u>(3,441)</u>	<u>(2,323)</u>	<u>—</u>	<u>(5,764)</u>
<b>Net profit from ordinary activities before taxation</b>	3,474	4,568	(800)	7,242
Taxation on profit on ordinary activities	(303)	(457)	—	(760)
<b>Profit for the year</b>	<u>3,171</u>	<u>4,111</u>	<u>(800)</u>	<u>6,482</u>
<b>Other comprehensive income</b>				
Net loss on cash flow hedge net of tax	(2,515)	(1,676)	—	(4,191)
<b>Total comprehensive income for the year</b>	<u>656</u>	<u>2,435</u>	<u>(800)</u>	<u>2,291</u>
<b>Basic and diluted earnings per share</b>	<u>2.9p</u>	<u>5.4p</u>	<u>—</u>	<u>3.1p<sup>A4</sup></u>

*Note A1*

The net assets and statement of comprehensive income of the Company as at 30 June 2012 have been extracted without adjustment from the last audited financial statements of the Company dated 30 June 2012.

*Note A2*

The net assets of IPT as at 30 June 2012 have been extracted without adjustment from the last unaudited interim financial statements dated 30 June 2012.

The statement of comprehensive income of IPT for the period from 1 July 2011 to 30 June 2012 has been extracted without adjustment from the last audited financial statements of IPT dated 31 December 2011 less the unaudited interim financial statements for the period ended 30 June 2011, before adding the results from the unaudited interim financial statements for the period ended 30 June 2012.

*Note A3*

Based on the current fee estimates and agreements entered into for the purposes of the transaction the expenses of the transaction are estimated at approximately £800,000 which are deducted from the cash balance at the period end and charged against 'Other expenses' in the statement of comprehensive income. It is expected that some part of this amount will ultimately be charged to special reserves to the extent that it relates to the direct cost of the shares issued.

*Note A4*

Basic and diluted earnings per share for the enlarged Company has been calculated on a net profit for the year of £6,482,000 as shown above, and on an average number of shares in issue of 206,478,357 calculated as follows:

Average number of IRP shares	110,500,000
Average number of IPT shares	75,650,000
Conversion factor:	1.2687
New IRP shares to be issued	95,978,357
Average number of shares for the purposes of the pro forma	206,478,357

## **SECTION B: Report by Ernst & Young on the Unaudited Pro Forma Financial Information relating to Enlarged IRP**

The Directors and Proposed Directors  
IRP Property Investments Limited  
Trafalgar Court  
Les Banques  
St. Peter Port  
Guernsey GY1 3QL



12 March 2013

Dear Sirs

We report on the unaudited pro forma financial information relating to the Enlarged IRP Group (the “Pro Forma Financial Information”) set out in Part VII and in the summary at B.8 of the Prospectus dated 12 March 2013 and which is incorporated by reference into the circular published by the Company on 12 March 2013 which has been prepared on the basis described in notes A1 to A4, for illustrative purposes only, to provide information about how the Acquisition and the Issue might have affected the financial information presented on the basis of the accounting policies adopted by IRP Property Investments Limited (the “Company”) in preparing the financial statements for the period ended 30 June 2012. This report is required by item 20.2 of Annex I of Commission Regulation (EC) No 809/2004 and is given for the purpose of complying with that item and for no other purpose.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to Commission Regulation (EC) No 809/2004, consenting to its inclusion in the Prospectus.

### **Responsibilities**

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with item 20.2 of Annex I of Commission Regulation (EC) No 809/2004.

It is our responsibility to form an opinion, as required by item 7 of Annex II of the Commission Regulation (EC) No 809/2004, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion**

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

### **Declaration**

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I of Commission Regulation (EC) No 809/2004.

Yours faithfully

Ernst & Young LLP

## PART VIII

### General Information

#### 1. General

- 1.1. The Company is a non-cellular company limited by shares and was incorporated in Guernsey under The Companies (Guernsey) Laws, 1994 (replaced with the Law) with registered number 41870 on 10 May 2004. The Company operates under the Law and the regulations made thereunder and its registered office is Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL (telephone number: 01481 745 001). The Company is authorised by the Guernsey Financial Services Commission as an authorised closed-ended collective investment scheme under section 8 of The Protection of Investors Bailiwick of Guernsey Law, 1987 (as amended) and The Authorised Closed-ended Investment Schemes Rules 2008 made thereunder. The Company is regulated by the Guernsey Financial Services Commission. As the Ordinary Shares are admitted to the Official List, the Company is also required to comply with the Listing Rules, the Disclosure and Transparency Rules, the Prospectus Rules and the CISX Listing Rules.
- 1.2. The Finance Subsidiary was incorporated with limited liability in Guernsey under the Law with registered number 56170 on 25 January 2013 with the name "IPT Finance Limited". On 11 March 2013, the Finance Subsidiary changed its name by special resolution to "F&C UK Real Estate Finance Limited". The Finance Subsidiary operates under the Law and the regulations made thereunder and its registered office is Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL (telephone number: 01481 745 001). The Finance Subsidiary is a wholly owned subsidiary of the Company.
- 1.3. The Property Subsidiary was incorporated with limited liability in Guernsey under The Companies (Guernsey) Laws, 1994 (replaced with the Law) with registered number 41869 on 10 May 2004. The Property Subsidiary operates under the Law and the regulations made thereunder and its registered office is Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL (telephone number: 01481 745 001). The Property Subsidiary is a wholly owned subsidiary of the Company and will, subject to the Scheme becoming effective, become a wholly owned subsidiary of the Finance Subsidiary.
- 1.4. The IPT Property Subsidiary was incorporated with limited liability in Guernsey under The Companies (Guernsey) Laws, 1994 (replaced with the Law) with registered number 41194 on 26 September 2003. The IPT Property Subsidiary operates under the Law and the regulations made thereunder and its registered office is Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL (telephone number: 01481 745 001). The IPT Property Subsidiary is currently a wholly owned subsidiary of IPT and will, subject to the Scheme becoming effective, become a wholly owned subsidiary of the Finance Subsidiary.
- 1.5. The Investment Manager was incorporated with limited liability in Scotland under the UK Companies Act 1985 with registered number SC151198 on 1 June 1994. The Investment Manager operates under the UK Companies Act 2006 (as amended) and its registered office is 80 George Street, Edinburgh EH2 3BU (telephone number: 0131 718 1000). The Investment Manager is authorised and regulated by the Financial Services Authority.
- 1.6. The Property Manager was incorporated with limited liability in England and Wales under the UK Companies Act 1948 with registered number 01133893 on 12 September 1973. The Property Manager operates under the UK Companies Act 2006 (as amended) and its registered office is 5 Wigmore Street, London W1U 7PB (telephone number: 0207 499 2244).
- 1.7. The Valuer was incorporated in England and Wales under the UK Companies Act 1985 with registered number 02757768 on 16 October 1992. The Valuer operates under the UK Companies Act 2006 (as amended) and its registered office is 125 Old Broad Street, London EC2N 2BQ (telephone number: 0207 408 1161).

#### 2. Share capital

- 2.1. The Company may issue an unlimited number of shares which may be issued with a par value or with no par value.

- 2.2. The Company was incorporated with an authorised share capital of £2,000,000 divided into 200 million Ordinary Shares. At incorporation, two Ordinary Shares were subscribed for, nil paid, by the subscribers to the memorandum of incorporation of the Company and on 1 June 2004 110,499,998 Ordinary Shares were issued by the Company. By special resolution dated 14 November 2012 the memorandum of incorporation and Articles of incorporation of the Company were amended to permit the Company to issue an unlimited number of shares which may be issued with a par value or with no par value. The total issued share capital of the Company has not changed during the three financial years ended 30 June 2012 or during the six months ended 31 December 2012.
- 2.3. As at 8 March 2013 (being the latest practicable date prior to the publication of this document), the issued share capital of the Company was £1,105,000 divided into 110,500,000 Ordinary Shares (all of which are fully paid) and the Company did not hold any Ordinary Shares in treasury. Following the Scheme becoming effective, (on the assumption that 97,588,500 New Shares will be issued pursuant to the Proposals) the issued share capital of Enlarged IRP will be £2,080,855 divided into 208,088,500 Ordinary Shares.
- 2.4. No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 2.5. The Company does not have in issue any securities not representing share capital. No convertible securities, exchangeable securities or securities with warrants have been issued by the Company.
- 2.6. No Ordinary Shares are currently in issue with a fixed date on which entitlement to a dividend arises or within a time limit after which entitlement to a dividend will lapse in accordance with the Articles and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 2.7. The Finance Subsidiary was incorporated with a share capital of 1 ordinary share with no par value. The Finance Subsidiary does not have an authorised share capital. The Finance Subsidiary has 1 ordinary share in issue which was issued for £1.00 and is held by the Company.
- 2.8. The Property Subsidiary has an authorised share capital of £10,000.00 divided into 10,000 ordinary shares of £1.00 each, of which 3,364 shares are in issue. The Property Subsidiary is wholly owned by the Company.
- 2.9. The IPT Property Subsidiary has an authorised share capital of £100.00 divided into 10,000 ordinary shares of 1p each, of which 5,000 shares are in issue. The IPT Property Subsidiary is wholly owned by the Company.

### **3. Share capital authorities**

- 3.1. Under the Law, there are no statutory pre-emption rights equivalent to those contained in section 561(1) of the UK Companies Act 2006. However, as a company incorporated in Guernsey, the Company is an overseas company for the purposes of the Listing Rules and is, therefore, required to give pre-emption rights to existing Shareholders before making a new offer of equity shares for cash unless one of the exemptions contained in the Listing Rules applies (including the exemption that applies when there has been prior shareholder consent to disapply pre-emption rights). As the New Shares are not being issued in return for cash consideration the pre-emption rights contained within the Listing Rules do not apply to the issue of New Shares pursuant to the Issue.
- 3.2. The Company has authority to make market purchases (within the meaning of section 316 of the Law) of up to 14.99 per cent. of its total issued share capital as at 14 November 2012. The Company may retain any shares so purchased as treasury shares for future re-issue and re-sale or transfer or may cancel any such shares.
- 3.3. It is expected that the New Shares will be issued in accordance with the Law and pursuant to a resolution of the Board on 11 April 2013 (subject to the Admission Condition being satisfied).

#### **4. Related party transactions**

The Company was not a party to, nor had any interest in, any related party transaction (as defined in the Standards adopted according to the Regulation (EC) No 1606/2002) at any time during the three financial years ended 30 June 2012 in respect of which the Company has published statutory accounts or during the period from 31 December 2012 to the date of this document except that the Company is party to the Investment Management Agreement and the Supplemental Investment Management Agreement (further details of each agreement are set out in paragraphs 8.1.1 and 8.1.2 of this Part VIII respectively).

#### **5. Summary of the memorandum of incorporation and the Articles**

The Memorandum of Incorporation, at paragraph 3, provides that the objects of the Company are unrestricted.

The Articles contain provisions, *inter alia*, to the following effect.

##### *5.1. Votes of shareholders*

Subject to the restrictions referred to below and subject to any special rights or restrictions for the time being attached to any class of shares, every shareholder (being an individual) present in person or by proxy or (being a corporation) present by a duly authorised representative (other than the Company itself where it holds its own shares as treasury shares) at a general meeting has, on a show of hands, one vote and, on a poll, one vote for every share held by him. There are not any different voting rights for major shareholders.

##### *5.2. Dividends*

Subject to compliance with section 304 of the Law, the Directors may at any time declare and pay such dividends as appear to be justified by the position of the Company. The Directors may also, if they think fit, at any time declare and pay such interim dividends as appear to be justified by the position of the Company.

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 in respect thereof. No dividend or other monies payable on or in respect of shares shall bear interest against the Company. Any dividend unclaimed after a period of six years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.

The Directors are empowered to create reserves (out of profits or otherwise) before recommending any dividend. The Directors may also carry forward any profits or other sums which they think prudent not to distribute by dividend.

##### *5.3. Issue of shares*

Subject to the provisions of the Articles and without prejudice to any special rights conferred on the holders of any class of shares, any share (or option, warrant or other right in respect of a share) in the Company may be issued with such preferred, deferred or other special rights, or such restrictions whether in regard to dividends, return of capital, voting or otherwise as the Board may determine.

Subject to the provisions of the Articles, unissued shares shall be at the disposal of the Directors, and they may allot, grant options, warrants or other rights over or otherwise dispose of such shares to such persons, at such times and generally on such terms and conditions as they determine.

The Company may on any issue of shares pay such commission as may be fixed by the Board and disclosed in accordance with the Law. The Company may also pay brokerages.

Subject to the provisions of the Articles and in accordance with the Law, at the discretion of the Board, shares may 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 as the Board may determine.

Subject to the provisions of the Articles and in accordance with the Law, at the discretion of the Board, the Company and any of its subsidiary companies may give financial assistance directly or indirectly for the purpose or in connection with the acquisition of shares in the capital of the Company.

#### 5.4. *Variation of rights*

If at any time the share capital of the Company is divided into separate classes of shares, the rights attached to any class of shares (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 (excluding any shares held as treasury shares) or with the sanction of a special resolution passed at a separate meeting of the holders of such shares. The necessary quorum for a variation of class rights meeting shall be as follows:

- (i) for a meeting other than an adjourned meeting, two persons holding or representing by proxy at least one third of the voting rights of the relevant class;
- (ii) for an adjourned meeting, one person holding, or representing by proxy, shares of the relevant class; and
- (iii) where the relevant class of shares has only one member, that member.

Every holder of shares of the relevant class being present in person or by proxy or by a duly authorised representative (as appropriate), shall be entitled to, on a show of hands, one vote and, on a poll, one vote for every share held. The rights conferred upon the holders of any shares or class of shares issued with preferred or other rights shall not (unless otherwise expressly provided by the terms of issue of the shares of that class) be deemed to be varied by the creation of or issue of further shares ranking *pari passu* therewith.

#### 5.5. *Restrictions on voting*

A member of the Company shall not be entitled in respect of any share held by him to be present or take part in any proceedings or vote (either personally or by proxy or by a duly authorised representative) at any general meeting of the Company unless all calls due from him in respect of that share have been paid.

A member of the Company shall not, if the Directors so determine, be entitled in respect of any share held by him to attend or vote (either personally or by proxy or by a duly authorised representative) at any general meeting or separate class meeting of the Company or to exercise any other right conferred by membership in relation to any such meeting if he has failed to comply with a notice requiring the disclosure of shareholders' interests and given under the Articles (as detailed in paragraph 5.6 of this Part VIII below) within 14 days, in the case where the shares in question represent at least 0.25 per cent. of their class, or within 28 days, in any other case, from the date of such notice. The restrictions will continue until the information required by the notice is supplied to the Company or until the shares in question are transferred or sold in circumstances specified for this purpose in the Articles.

#### 5.6. *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 an 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 one tenth of the paid up capital of the Company carrying the right to vote at general meetings. 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 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”) and any other shares held by the member, 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 to a *bona fide* unconnected third party) shall be registered until the default is rectified.

#### 5.7. *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 UK 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 UK 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 UK 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 UK system and as provided in the CREST Guernsey Requirements. No provision of the Articles shall require the Company to issue a certificate to any person holding such shares in uncertificated form. 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 Company’s 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 also 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.

#### 5.8. *Alteration of capital and purchase of shares*

The Company may issue an unlimited number of shares.

The Company may from time to time, subject to the provisions of the Law, purchase its own shares (including any redeemable shares) to the extent permitted by the Law. Shares repurchased by the Company may be held as treasury shares and dealt with by the Directors to the fullest extent permitted by the Law.

The Company may by ordinary resolution: (i) consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares; (ii) subdivide all or any of its shares into shares of a smaller amount than is fixed by the Memorandum of Incorporation; and (iii) 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 share capital by the amount of shares so cancelled.

The Company may reduce its share capital, any capital account or any share premium account in any manner and with and subject to any authorisation or consent required, by the Law.

#### 5.9. *Interests of Directors*

A Director who is, to the best of his knowledge, in any way directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company shall disclose to the Board the nature and extent of that interest and, if the monetary value of such interest is quantifiable, the nature and monetary value of that interest.

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 Board) 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).

A Director shall be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

- (i) 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;
- (ii) 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;
- (iii) 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 participate;
- (iv) any proposal concerning any other company in which he is interested, directly or indirectly, as an officer or shareholder or otherwise, provided that he 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 the voting rights of such company;
- (v) 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
- (vi) any proposal for the purchase or maintenance of insurance for the benefit of the Director or persons including the Directors.

Any Director may act by himself or by his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director provided that no Director or his firm shall be authorised by the provisions of the Articles to act as auditor to the Company.

Any Director may continue to be or become a director, managing director, manager 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 pursuant to such role.

#### 5.10. *Directors*

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 £200,000 per annum (or as may otherwise be approved by the Company in general meeting). The Directors shall also be entitled to be paid all reasonable expenses properly incurred by them in attending general

meetings, meetings of the Board or committee meetings or otherwise in connection with the performance of their duties.

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 the Directors may determine.

The Directors may from time to time appoint one or more of their body to the office of managing director or to any other executive office for such periods and upon such terms as they determine.

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 or any remuneration (including pension or other benefits) is to be paid to him, and he may vote on any such appointment or arrangement other than his own appointment or the terms thereof.

The Directors may, in accordance with section 137 of the Law, at any time appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors (provided that the total number of Directors shall not exceed ten). Any Director so appointed shall hold office only until, and shall be eligible for re-election at, the next general meeting following his appointment but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting if such meeting is an annual general meeting. 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.

The maximum number of Directors shall be ten and the minimum number of Directors shall be two. The majority of the Directors shall at all times be resident outside the United Kingdom.

Unless otherwise fixed by the Company in general meeting, a Director shall not be required to hold any qualification shares.

#### 5.11. *Retirement of Directors*

There is no age limit at which a Director is required to retire.

At each annual general meeting, one-third of the Directors or, if their number is not three or an integral multiple of three, the number nearest to, but (except where there are less than three Directors) not greater than one-third, shall retire from office.

Subject to the provisions of the Articles, the Directors to retire by rotation on each occasion shall be those of the Directors who have been longest in office since their last appointment or re-appointment but, as between persons who became or were last re-appointed Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director who would not otherwise be required to retire at any annual general meeting which is the third annual general meeting after the later of his appointment by the Company in general meeting and re-election as a Director of the Company in general meeting, shall nevertheless be required to retire at such annual general meeting.

The office of Director shall be vacated if a Director:

- (i) resigns his office by written notice;
- (ii) shall have absented himself from meetings of the Board for a consecutive period of six months (such absence not being absence with leave or by arrangement with the Board in respect of the Company's affairs) and the Board resolves that his office shall be vacated;
- (iii) becomes of unsound mind or incapable;
- (iv) becomes insolvent, suspends payment or compounds with his creditors;
- (v) is requested to resign by written notice signed by all his co-Directors;
- (vi) becomes resident in the United Kingdom and, as a result, a majority of the Directors are resident in the United Kingdom; or

(vii) becomes ineligible to be a Director in accordance with section 137 of the Law.

The office of Director shall also be vacated if the Company declares in general meeting by ordinary resolution that the Director shall cease to be a Director.

#### 5.12. *Winding up*

On a winding up, the surplus assets remaining after payment of all creditors, including payment of bank borrowings, shall be divided *pari passu* among the members in proportion to number of the shares held by each member at the commencement of the winding up, subject to the rights of any shares which may be issued with special rights or privileges.

On a winding up the liquidators may, with the authority of a special resolution, divide amongst the members *in specie* any part of the assets of the Company. The liquidators may with like authority vest any part of the assets in trustees upon such trusts for the benefit of members as he shall think fit but no member shall be compelled to accept any assets in respect of which there is any liability.

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 liquidators may, with the sanction of an ordinary resolution, receive in compensation, or part compensation, for the transfer or sale, shares, policies or other like interests for distribution among the members or may enter into any other arrangements whereby the members may, in lieu of receiving cash, shares, policies or other like interests, participate in the profits of or receive any other benefit from the transferee.

#### 5.13. *Borrowing powers*

The Board may exercise all the powers of the Company to borrow money up to an amount equal to 65 per cent. of the gross assets of the IRP Group at the time of borrowing 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.

#### 5.14. *General meetings*

Not less than fourteen days' notice specifying the time and place of any general meeting (including annual general meetings but not adjourned meetings) and specifying also, in the case of any special business, the general nature of the business to be transacted shall be given to shareholders in writing. Every shareholder shall be entitled to attend and vote (other than the Company itself where it holds its own shares as treasury shares) and to speak at every general meeting. The quorum for a general meeting shall be two shareholders holding five per cent. or more of the voting rights applicable at such meeting (other than the Company itself where it holds its own shares as treasury shares) present in person or by proxy.

#### 5.15. *Amendments to the Articles of Incorporation*

In accordance with the provisions of the Law, the Articles may be amended by the passing of a special resolution by shareholders.

## 6. Directors' and Proposed Directors' letters of appointment and interests in Ordinary Shares

- 6.1. The Directors who served the Company during the year ended 30 June 2012 received their remuneration in the form of the following rates:

	<i>Year ended</i> <i>30 June 2012</i> £
Quentin Spicer	30,000
Andrew Gulliford	25,000
Christopher Sherwell	25,000
Christopher Spencer	25,000
Giles Weaver	25,000

It is proposed that each of the Proposed Directors will be paid £25,000 per annum in respect of their appointment as a non-executive director of Enlarged IRP following the Scheme becoming effective.

- 6.2. None of the Directors have service contracts with the Company and no such contracts are proposed. Each of Quentin Spicer, Andrew Gulliford, Christopher Sherwell, Christopher Spencer and Giles Weaver has entered into a letter of appointment with the Company dated 10 May 2004. The letters of appointment provide that after an initial period of service, which commenced on 10 May 2004 and expired at the first annual general meeting of the Company, the Directors' appointments and re-appointments are subject to the Articles (as may be amended from time to time), including those provisions in relation to retirement by rotation and early cessation. The Board has decided that all of the Directors shall retire annually at each annual general meeting of the Company.

The Company has the right to terminate each appointment without compensation if the relevant Director is required to vacate office in accordance with the Articles and/or the Law and, subject thereto, the letters of appointment do not contain any contractual provisions regarding the compensation which would be payable upon early termination by the Company. The letters of appointment do not provide for a notice period in respect of a Director's termination. None of the Directors receive any pension benefits from the Company, nor do they participate in any bonus or incentive schemes. Accordingly, there are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits to the Directors. The Company pays insurance premiums in respect of directors' and officers' insurance taken out on behalf of the Directors.

It is proposed that each of the Proposed Directors will enter into a letter of appointment with the Company following the Scheme becoming effective and will commence their period of service on 11 April 2013. Each of the Proposed Directors will resign and stand for re-election at the annual general meeting of the Company in 2013, being the first annual general meeting after they join the Board.

- 6.3. No Director has any interest in any transactions which are or were unusual in their nature or conditions or significant to the business of the IRP Group and which were effected by any member of the IRP Group since its date of incorporation or remain in any respect outstanding or unperformed.
- 6.4. No loan or guarantee has been granted or provided by any member of the IRP Group for the benefit of any Director.
- 6.5. As at the date of this document and immediately following the Scheme becoming effective, other than as disclosed in paragraph 6.6 of this Part VIII below, there are no interests of any Director, including any connected persons of any Director, 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 or any options in respect of such capital.

- 6.6. (i) As at 8 March 2013 (being the latest practicable date prior to the publication of this document), the interests of the Directors and the Proposed Directors in the issued share capital of the Company, all of which are beneficial, are as follows:

	<i>Number of Ordinary Shares as at 8 March 2013</i>	<i>Percentage of current issued Ordinary Shares</i>
Quentin Spicer	220,000	0.20%
Andrew Gulliford	144,030	0.13%
Christopher Sherwell	20,000	0.02%
Christopher Spencer	38,000	0.03%
Giles Weaver	50,000	0.05%
Graham Harrison	10,000	0.01%
Vikram Lall	47,000	0.04%
Michael Soames	20,000	0.02%

- (ii) As at 8 March 2013 (being the latest practicable date prior to the publication of this document), none of the Directors or Proposed Directors have any options over shares in the capital of the Company.

- (iii) None of the current Directors have any interest in the IPT Shares.

- (iv) The interests of the Directors and the Proposed Directors, or their immediate families and related trusts, in the issued share capital of the Company (all of which are beneficial unless otherwise stated) immediately following the implementation of the Proposals will be as follows:

<i>Name</i>	<i>Number of Ordinary Shares as at 8 March 2013</i>	<i>Number of New Shares to be acquired under the Proposals<sup>(1)</sup></i>	<i>Percentage of issued Ordinary Shares following the Issue and Admission</i>
Quentin Spicer	220,000	Nil	0.11%
Andrew Gulliford	144,030	Nil	0.07%
Christopher Sherwell	20,000	Nil	0.01%
Christopher Spencer	38,000	Nil	0.02%
Giles Weaver	50,000	Nil	0.02%
Graham Harrison	10,000	12,900	0.01%
Vikram Lall	47,000	90,300	0.07%
Michael Soames	20,000	54,180	0.04%

**Note:**

- (1) In compiling the above table of interests it has been assumed that 1.29 New Share are issued for each IPT Share held. On this basis 97,588,500 New Shares would be issued pursuant to the Scheme.

- 6.7. Details of those companies and partnerships of which the Directors and Proposed Directors have been a member of the administrative, management or supervisory body or a partner, at any time during the five years immediately preceding the date of this document (other than any IRP Group or IPT Group companies or the subsidiaries of any issuers of which the Directors or Proposed Directors are or have been members of the administrative, management or supervisory bodies) are as follows:

- (i) *Quentin Spicer*
- Present directorships and partnerships: Alderney Housing Association Limited  
FTSE UK Commercial Property Fund Index Limited  
Guernsey Housing Association LBG  
IGA LP GP Limited  
Laurium General Partner Limited  
MGI (Guernsey) Limited  
MGI Golf & Leisure Opportunities Fund Limited  
Phoenix Spree Deutschland Limited  
PINE Trustee (Jersey) Limited  
Quintain (Guernsey) Limited  
RAB Special Situations Company Limited  
Squarestone Brasil Limited
- Past directorships and partnerships: Atlas Estates Limited  
AUB General Partner (Guernsey) Limited  
Bizspace Management (Jersey) Limited  
Collins Stewart No. III Fund PCC Limited  
Develica Asia Pacific Limited  
Develica Deutschland Limited  
Dova Limited  
European Value and Income Fund Limited  
Farley Investments Enterprises Limited  
Farley Property Company Limited  
Laurium Resources Limited  
Mercator Group Holdings Limited  
O Twelve Estates Limited  
Property Acquisition and Management Limited  
Protego Industrial Limited  
Redford GP Guernsey Limited  
Safeland Management Guernsey Limited  
South African Property Holdings PLC  
Spicer and Partners Guernsey LLP  
Summit Germany Limited  
Wedlake Bell
- (ii) *Andrew Gulliford*
- Present directorships and partnerships: Helical Bar plc  
McKay Securities PLC  
Property Nominees Limited.
- Past directorships and partnerships: Frankton House Limited  
Glenstone Property plc.
- (iii) *Christopher Sherwell*
- Present directorships and partnerships: Alternative Liquidity Solutions Limited  
Baker Steel Resources Trust Limited  
Burnaby Insurance (Guernsey) Limited  
Goldman Sachs Dynamic Opportunities Limited (in liquidation)  
Guernsey Community Foundation LBG  
NB Private Equity Partners Limited  
NB Distressed Debt Investment Fund Limited  
Raven Russia Limited  
Renshaw Bay Limited  
Rufford & Ralston PCC Limited

Schroder Oriental Income Fund Limited  
Strategic Investment Portfolio GP Limited  
The Clifford Estate (Chattels) Limited  
The Clifford Estate Company Limited  
The Prospect Japan Fund Limited

Past directorships and partnerships:

Alternative Asset Opportunities PCC Limited  
BskyB Guernsey Limited  
Cayuga Global Macro Fund Limited  
Ciel Bleu Limited  
Ciel Clair Limited  
Ciel Gris Limited  
Ciel Naugeux Limited  
Ciel Orageux Limited  
Ciel Voile Limited  
Collins Stewart (CI) Limited  
Consulta (Channel Islands) Limited  
Consulta Alternative Strategy Fund PCC Ltd  
Consulta Canadian Energy Fund  
Consulta Capital Fund PCC Limited  
Consulta Collateral Fund PCC Limited  
Consulta High Yield Fund PCC Limited  
Corazon Capital Group Limited  
Dexion Equity Alternative Limited  
DP Property Europe Limited  
EMP Europe (CI) Limited  
FF&P Alternative Strategy PCC Ltd  
Fox Paine Guernsey GP Limited  
Henderson Global Property Companies Ltd  
Hermes Absolute Return Fund (Guernsey)  
Limited  
Hermes Alternative Investments Funds plc  
JP Morgan Progressive Multi Strategy Fund  
Limited  
Mid Europa II Management Limited  
NB PEP GP Limited  
New Star RBC Hedge 250 Index Exchange  
Traded Securities PCC Limited  
Prodesse Investment Limited  
Schroders (C.I.) Limited

(iv) *Christopher Spencer*

Present directorships and partnerships:

ABL Holdings Jersey Limited  
Alpha Asset Finance CI Ltd  
Carib Golf Limited  
Dexion Trading Limited  
Generali International Limited  
Generali Portfolio Management (CI) Limited  
Generali Portfolio Management (UK) Limited  
Generali Worldwide Insurance Company  
Limited  
Hillside Apex Fund Limited  
John Laing Infrastructure Fund Limited  
JP Morgan Private Equity Limited  
KAAN Limited  
Low Carbon Accelerator Limited  
Olivant Limited  
Opportunity Investment Co. Limited  
Real Estate Credit Investments PCC Limited

RIL Insurance Limited  
Ruffer Investment Company Limited  
Rutley Russia Property Fund Limited  
Sitex Insurance PCC Limited  
Spencer Holdings Limited  
Tamar European Industrial Fund Limited  
TEIF Luxembourg Investments SARL  
TEIF Luxembourg SARL  
TEIF Luxembourg Scandi SARL  
Thames River Hillside Apex Fund II Limited  
Thames River Hillside Apex Fund SPC  
Thames River ISIS Fund Limited  
Thames River Longstone Limited  
Thames River Property Growth & Income Fund Limited

Past directorships and partnerships:

Advance Focus Fund Limited  
Alpha Bank Jersey Limited  
Grenfell PIA Guernsey Limited  
Henderson Far East Income Limited  
Henderson Far East Income (Malta) Limited  
Kingsway Fund Limited  
PSolve Alternatives PCC Ltd  
Rutley East African Property Limited  
Safedataco.com Limited  
Tacus Fund Limited  
Thames River 2X Currency Alpha Fund Limited  
Thames River Argentum Fund Limited  
Thames River EDO Limited  
Thames River Kingsway Fund Limited  
Thames River Kingsway Plus Fund Limited  
Thames River Legion Fund Limited  
Thames River Origin Fund Limited  
Thames River Tybourne Fund Limited  
Thames River ZeCo Fund Limited

(v) *Giles Weaver*

Present directorships and partnerships:

CPET plc  
EP Global Opportunities Trust plc  
Greywalls LLP  
James Finlay Limited  
Tamar European Industrial Fund Limited  
The Fleming-Wyfold Art Foundation

Past directorships and partnerships:

Aberdeen Asset Management plc  
AH Medical Properties Limited  
AH Scarborough Health Park Limited  
Anglo & Overseas plc  
Anglo & Overseas Trust plc  
Charter European Trust plc  
Helical Bar plc  
Investec High Income Securities plc  
Investec High Income Trading Limited  
Investec High Income Trust plc.

(vi) *Graham Harrison*

Present directorships and partnerships:

Absolute Return Trust Limited  
Asia Altitude Master Fund

	Avoca Credit Alpha Master Fund Avoca International Funds (Luxembourg) SICAV BH Global Limited Close Enhanced Commodities Fund II Limited HAL Limited Liontrust Guernsey Fund Limited Liontrust International (Guernsey) Limited Marguerite Limited New Wine Guernsey LBG Real Estate Credit Investments Limited Westminster Theological Centre
Past directorships and partnerships:	Advance Focus Fund Limited DP Fund Management Limited Ermitage Opportunities Fund Ermitage Thematic Fund SICAV Hamilton Capital Limited Hamilton Group Holdings Limited Liontrust Alternative Funds PCC Limited Omni Capital Loans (Guernsey) Limited Syndicate Asset Management (CI) Limited The Professional Investor Fund PCC Limited The Stuff Your Rucksack Foundation Zenith International Bond Funds Limited Zenith International Growth Limited Zenith International Multi-Manager Funds Limited Zenith International Reserves Limited
(vii) <i>Vikram Lall</i>	
Present directorships and partnerships:	Elephant Capital PLC Findrack (Hostels) Limited Findrack (Investments) Limited Findrack (Properties) Limited Heriot Services Limited Ramco Holdings Limited Volo Holdings Limited
Past directorships and partnerships:	Brewin Dolphin Holdings PLC Corsie Group PLC CP1 VCT PLC CP2 VCT PLC Crown Place VCT PLC Findrack (UK) Limited QMC Properties Limited Queen Margaret University College Limited Royal Lyceum Theatre Company Limited, The Ryden LLP
(viii) <i>Michael Soames</i>	
Present directorships and partnerships:	Linepark Ltd The Healthcare REIT Limited
Past directorships and partnerships:	Development Securities plc

6.8. As at the date of this document, none of the Directors or the Proposed Directors:

- (i) save as disclosed in paragraph 6.7, has been a member of any administrative, management or supervisory body or partner of any company or partnership at any time during the five years preceding the date of this document;
- (ii) has had any convictions in relation to fraudulent offences in the five years preceding the date of this document;
- (iii) save as disclosed in paragraph 6.9 below, has been the subject of any bankruptcies, receiverships or liquidations when acting in the capacity of a member of the administrative, management or supervisory body or a partner of the companies and/or partnerships referred to in paragraph 6.7 above in the five years preceding the date of this document; or
- (iv) has any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court 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 in the five years preceding the date of this document (for this purpose, "issuer" has the meaning ascribed to it by Appendix I to the Prospectus Rules).

6.9. 6.91 Christopher Sherwell is a director of Goldman Sachs Dynamic Opportunities Limited which was placed into members' voluntary liquidation pursuant to a special resolution passed by the company's shareholders on 31 December 2012. Christopher Sherwell was also a director of the companies in the table below which were placed into members' voluntary liquidation pursuant to a special resolution passed by the companies shareholders on the dates indicated in the table and they remain in liquidation except Hermes Absolute Return Fund (Guernsey) Limited which completed liquidation proceedings on 10 February 2010.

Cayuga Global Macro Fund Limited	12 February 2013
Consulta Alternative Strategy Fund PCC Ltd	23 November 2012
Consulta Collateral Fund PCC Limited	23 November 2012
Dexion Equity Alternative Limited	8 November 2012
Consulta High Yield Fund PCC Limited	30 December 2010
Consulta Capital Fund PCC Limited	13 May 2010
Prodesse Investment Limited	26 April 2010
JP Morgan Progressive Multi-Strategy Fund Limited	11 December 2009
New Star RBC Hedge 250 Index Exchange Traded Securities PCC Limited	15 October 2009

6.9.2 Christopher Spencer was a director of the companies in the table below which were placed into members' voluntary liquidation pursuant to a special resolution passed by the companies shareholders on the dates indicated in the table and they remain in liquidation.

Advance Focus Fund Limited	22 April 2008
Thames River Tybourne Fund Limited	3 July 2008
Henderson Far East Income (Malta) Limited	31 August 2008
Thames River EDO Fund Limited	12 November 2008
Thames River Kingsway Plus Fund Limited	4 June 2009
Thames River Argentum Fund Limited	2 September 2009
Thames River 2X Currency Alpha Fund Limited	10 December 2009
Rutley East African Property Limited	8 February 2010
Grenfell PIA Guernsey Limited	30 November 2011
Thames River Legion Fund Limited	20 November 2011

6.9.3 Giles Weaver is a director of CPET plc which was placed into members' voluntary liquidation pursuant to a special resolution passed by the company's shareholders on 25 April 2002 and remains in liquidation. He was also a director of Anglo & Overseas plc, Anglo & Overseas Trust plc and Charter European Trust plc which were placed into members' voluntary liquidation on 10 March 2011, 9 July 2002 and 24 April 2012 respectively.

- 6.10. Save for the potential conflict of interest between Mr Spencer's duties as a non-executive director on the board of directors of a number of TRC Funds, further details which are set out on page 44 Part I of this document, and his duties as a Director, there are no potential conflicts of interest between any duties of the Directors or the Proposed Directors to the Company and their private interests and/or other duties. All of the Directors and the Proposed Directors, other than Mr Spencer, are independent of the Managers and any other company in the same group of companies as the Manager.

## 7. Substantial Share interests

- 7.1. So far as is known to the Company by virtue of notifications made pursuant to the Disclosure and Transparency Rules, the following persons were, directly or indirectly, interested in three per cent. or more of the issued share capital of the Company as at the close of business on 8 March 2013 (being the latest practicable date prior to publication of this document), or are expected to be so interested immediately following the Scheme becoming effective:

	<i>Number of Ordinary Shares as at 8 March 2013<sup>(2)(3)</sup></i>	<i>Percentage of current issued Ordinary Shares<sup>(1)(2)(3)</sup></i>	<i>Number of New Shares to be acquired under the Proposals<sup>(1)</sup></i>	<i>Percentage of issued Ordinary Shares following Admission<sup>(1)</sup></i>
F&C Asset Management plc	17,506,000	15.84%	21,024,097	18.52%
Lloyds Banking Group plc	8,838,780	8.00%	14,467,529	11.20%
Deutsche Bank AG	8,824,043	7.99%	8,781,694	8.46%
Rathbone Brothers plc	5,490,325	4.97%	nil	2.64%
Investec Wealth & Investors	3,395,311	3.07%	2,633,373	2.90%

### Notes:

- (1) In compiling the above table of interests it has been assumed that 1.29 New Shares are issued for each IPT Share held. On this basis, 97,588,500 New Shares would be issued pursuant to the Scheme. For the purposes of the above table of interests, it has been assumed that Rathbone Brothers plc does not hold any IPT Shares.
- (2) The number of Ordinary Shares stated in the above table in which Lloyds Banking Group plc (8,838,780) and Deutsche Bank AG (8,824,043) have an interest includes 5,000,000 Ordinary Shares owned by Deutsche Bank AG but managed by Lloyds Banking Group plc.
- (3) 8,756,687 of the Ordinary Shares held by Lloyds Banking Group plc (representing approximately 7.92% of the Company's issued share capital) are under the control of Scottish Widows Investment Partnership Ltd. All of the issued share capital of Scottish Widows Investment Partnership Ltd is ultimately owned by Lloyds Banking Group plc.
- 7.2. As at the close of business on 8 March 2013 (being the latest practicable date prior to the publication of this document), the Directors are not aware of any person who could, directly or indirectly, jointly or severally, own or exercise control over the Company or of any arrangements, the operation of which may result in a change of control of the Company.
- 7.3. No person has voting rights that differ from those of other Shareholders.

## 8. Material contracts

### 8.1. IRP Group

The following contracts (not being contracts entered into in the ordinary course of business), have been entered into by members of the IRP Group: (i) within the two years immediately preceding the date of this document and are, or may be, material to the IRP Group; or (ii) which contain provisions under which any member of the IRP Group has any obligation or entitlement which is, or may be, material to the IRP Group as at the date of this document.

- 8.1.1. The Investment Management Agreement pursuant to which the Investment Manager is appointed to act as investment manager of the IRP Group, to manage the assets of the IRP Group in accordance with the investment policy of the Company and to implement the borrowing policy from time to time approved by the Directors. Under the terms of the Investment Management Agreement, subject to the overall supervision of the Directors and certain transactional limits as set by the Board from time to time, the Investment Manager has discretion to buy, sell, retain, lease or otherwise deal in property assets make cash deposits, take all day to day decisions and otherwise act as the Investment Manager

judges appropriate in relation to the management of the IRP Group's property or other assets. Under the terms of the Investment Management Agreement, the Investment Manager has also agreed to provide certain administrative services to the IRP Group. The Investment Manager shall be entitled to receive a quarterly fee (payable in arrears) from the Company at the rate of 0.175 per cent. of the Total Assets including cash held by the Company provided that no fee is payable on any cash held in excess of 5 per cent. of the net assets of the Company at the close of business of the relevant Valuation Date plus an administration fee of £73,000 per annum currently (which increases annually in line with inflation). The IRP Group shall pay insurance premiums and all commission will accrue to the Investment Manager. The Investment Manager is entitled to delegate any of its duties under the Investment Management Agreement to its associates. Under the terms of the Investment Management Agreement, the Investment Manager has agreed to act in good faith and with the reasonable skill and diligence expected of a competent and prudent property investment manager and to act in the best interests of the IRP Group. The Investment Management Agreement contains an unlimited indemnity in favour of the Investment Manager against claims by third parties except to the extent that the claim is due to a breach by the Investment Manager of the Investment Management Agreement or to the negligence, wilful default or fraud of the Investment Manager or any party to whom the Investment Manager has delegated any of its functions. The Investment Management Agreement may be terminated by any party giving to the others not less than six months' notice or otherwise forthwith in circumstances, *inter alia*, where one of the parties has a receiver appointed over its assets or if an order is made or an effective resolution passed for the winding up of one of the parties or if the Investment Manager is the subject of a change of control. The Investment Manager has agreed to delegate the property management function under the Investment Management Agreement to F&C REIT Property Asset Management plc. The delegation is without prejudice to any of the rights of the IRP Group against the Investment Manager under the Investment Management Agreement. The fees of the Property Manager are payable out of the investment management fee.

- 8.1.2 F&C Investment Business Limited will continue as the investment manager of Enlarged IRP. In connection with the Scheme, the Investment Manager, the Company and Property Subsidiary have entered into a supplemental investment management agreement to the Investment Management Agreement dated 12 March 2013. Under the terms of this Supplemental Investment Management Agreement, the Investment Manager has agreed to reduce its basic management fee from 0.70 per cent. per annum of the Company's Total Assets to a basic management fee of 0.60 per cent. per annum of the Total Assets of Enlarged IRP (which is the level of the basic management fee currently paid by IPT).

In addition, the Investment Manager will be entitled to a performance fee of 15 per cent. of the amount by which the total return of Enlarged IRP's directly held properties exceeds 115 per cent. of the total return on the IPD Quarterly and Monthly Funds Index.

The performance fee will be measured over a rolling three year period, commencing from the Effective Date, and the total fees payable in any financial year will be capped at 0.75 per cent. of Average Total Assets. The first payment of the performance fee, if earned, will be due in respect of the period from the Effective Date to 30 June 2014, subject to claw back to the extent that its property portfolio underperforms over the following two financial years.

- 8.1.3. By the IRP Facility Agreement, Lloyds TSB Bank plc agreed to make available to IRP a term facility of up to £75 million. Interest is payable by IRP at a rate equal to the aggregate of LIBOR, mandatory costs of the Bank and a margin. The applicable margin depends on the percentage of all loans made available to IRP under the IRP Facility Agreement to the "Gross Secured Assets Value" expressed as a percentage (the "LTV Percentage").

The IRP Facility Agreement contains financial covenants which require the Company to comply with financial tests to ensure that (i) the LTV Percentage does not exceed 60%; and (ii) the adjusted net rental income is not less than 150% of the amount of finance costs (including interest payable and all related costs and expenses) payable under the IRP Facility Agreement over the period the adjusted net rental income is calculated.

The IRP Facility Agreement also contains certain other covenants which, among other things, cover restrictions on (i) the creation of security (with permitted exceptions); (ii) other financial indebtedness (with permitted exceptions); (iii) the disposal of assets (with permitted exceptions); (iv) mergers; and (v) change of business. It also contains customary events of default upon the occurrence of which the Bank may terminate and demand repayment of all amounts outstanding under the IRP Facility Agreement. The consents required from the Bank under the IRP Facility Agreement to implement the Proposals have been obtained.

The IRP Facility is secured by fixed and floating charges over the assets of certain members of the IRP Group. Under the IRP Facility Agreement, the Company is permitted to purchase its own shares without requiring the Bank's consent provided that it can demonstrate that after such redemption the LTV Percentage will continue to be below 50 per cent.

- 8.1.4. By a letter of undertaking dated 12 March 2013 from the Company to the Finance Subsidiary, the Investment Manager, IPT and the Liquidators, the Company has irrevocably undertaken, in connection with the Scheme, to enter into a Transfer Agreement between the Company, the Liquidators (in their personal capacity and on behalf of IPT) the Finance Subsidiary, the Investment Manager and IPT as soon as is practicable on the Effective Date, pursuant to which part of the undertaking and assets of IPT will be transferred to the Finance Subsidiary in consideration for the issue of New Shares to IPT Shareholders. The Liquidators will retain an amount estimated by the Liquidators to be sufficient to meet the actual and contingent liabilities of IPT. Under the Transfer Agreement, each of the parties will undertake to use its or his respective reasonable endeavours to implement the Scheme, provided that the conditions to the Transfer Agreement have been satisfied. Under the terms of the Transfer Agreement, the Company will agree to indemnify and hold harmless each of IPT and the Liquidators, in terms customarily given in an agreement of this nature, against any unknown liabilities of IPT up to a capped amount of £75,000.

## 8.2. *IPT Group*

The following contracts (not being contracts entered into in the ordinary course of business), have been entered into by members of the IPT Group: (i) within the two years immediately preceding the date of this document and are, or may be, material to the IPT Group; or (ii) which contain provisions under which any member of the IPT Group has any obligation or entitlement which is, or may be, material to the IPT Group as at the date of this document.

- 8.2.1. An agreement dated 10 October 2003 between IPT, the IPT Property Subsidiary and the Investment Manager under which the Investment Manager provides management services to IPT and the IPT Property Subsidiary (as amended on 3 September 2009). Pursuant to the IPT Investment Management Agreement, the Investment Manager is appointed to act as investment manager of the IPT Group, to manage the assets of the IPT Group in accordance with the investment policy of the IPT Group or any part of it, as relevant and to implement the borrowing policy from time to time of the IPT Group or any part of it as relevant. Under the terms of the IPT Investment Management Agreement, subject to the overall supervision of and directions from the IPT Directors, the Investment Manager has discretion to buy, sell, retain, manage, lease, exchange or otherwise deal in property assets and indirect property related assets of the IPT Group. Under the terms of the IPT Investment Management Agreement, the Investment Manager has also agreed to provide certain administrative services to the IPT Group.

Under the IPT Investment Management Agreement, the Investment Manager receives an aggregate base management fee from the IPT Group, payable quarterly in arrears, in an amount equal to 0.60 per cent. per annum of the invested assets and 0.15 per cent. on cash held less current liabilities. The fees of any managing agents appointed by the Investment Manager are payable out of the investment management fee. The Investment Manager is also entitled to a performance fee equal to 20 per cent. of the amount by which the total return on the directly held properties of the IPT Group exceeds 1.20 per cent. of the total return on IPT Group's benchmark and multiplied by the IPT Group's average total assets (as adjusted) over the relevant performance period (excluding any indirect property

funds or listed investments of the IPT Group). The benchmark for measuring the comparative performance of directly held properties is the IPD total return on direct UK commercial property held by all quarterly and monthly measured funds in the IPD Universe. The performance fee payable in respect of the relevant financial year is capped at an amount which, when added to the aggregate base management fee payable in each financial year, equals 0.85 per cent. of the Average Total Assets (less current liabilities) during the relevant financial year. Performance fees in excess of this capped return can be carried forward for up to two subsequent financial years subject to the 0.85 per cent. cap. The performance fee is measured over a rolling three year period and the performance fee payable in respect of any one financial year is equal to the total performance fee earned over that three year period less any performance fees already paid in the previous two years. In the event that the amount already paid in the previous two years is in excess of the amount earned over the rolling three year period, such excess shall be repaid to the IPT Group by the Investment Manager.

The Investment Manager is also entitled to an administration fee of £63,000 per annum currently (which increases annually in line with inflation), payable quarterly in arrears.

The IPT Investment Management Agreement may be terminated by any party giving to the other not less than six months' notice, or otherwise forthwith in circumstances, *inter alia*, where the Investment Manager has a receiver appointed over its assets or if an order is made or an effective resolution passed for the winding up of the Investment Manager or if the Investment Manager or any holding company or undertaking of the Investment Manager is the subject of any change of control which has not been consented to by the Board or if the Investment Manager commits a material breach of its obligations under the IPT Investment Management Agreement. The IPT Investment Management Agreement may also be terminated by the IPT Group on less than six months' notice upon payment of compensation to the Investment Manager.

The Investment Manager has agreed to delegate the property management function under the IPT Investment Management Agreement to F&C REIT Property Asset Management plc. The delegation is without prejudice to any rights of the IPT Group against the Investment Manager under the IPT Investment Management Agreements. The fees of the Property Manager are payable out of the investment management fee.

- 8.2.2. By a letter of undertaking dated 12 March 2013 from IPT to the Company, the Finance Subsidiary, the Investment Manager and the Liquidators, IPT has irrevocably undertaken, in connection with the Scheme, to enter into the Transfer Agreement, further details of which are set out in paragraph 8.1.4 of this Part VIII.
- 8.2.3. By the IPT Facility Agreement, Lloyds TSB Bank plc has agreed to make available to IPT a term facility of up to £50 million. Interest is payable by IPT at a rate equal to the aggregate of LIBOR, mandatory costs of the Bank and a margin. The applicable margin depends on the percentage of all loans made available to IPT under the IPT Facility Agreement to the "Gross Secured Assets Value" expressed as a percentage (the "LTV Percentage").

The IPT Facility Agreement contains financial covenants which require IPT to comply with financial tests to ensure that (i) the LTV Percentage does not exceed 60%; and (ii) the adjusted net rental income is not less than 150% of the amount of finance costs (including interest payable and all related costs and expenses) payable under the IPT Facility Agreement over the period the adjusted net rental income is calculated.

The IPT Facility Agreement also contains certain other covenants which, among other things, cover restrictions on (i) the creation of security (with permitted exceptions); (ii) other financial indebtedness (with permitted exceptions); (iii) the disposal of assets (with permitted exceptions); (iv) mergers; and (v) change of business. It also contains customary events of default upon the occurrence of which the Bank may terminate and demand repayment of all amounts outstanding under the IPT Facility Agreement. The consents required from the Bank under the IPT Facility Agreement to implement the Proposals have been obtained.

The IPT Facility is secured by fixed and floating charges over the assets of certain members of the IPT Group. Under the IPT Facility Agreement, the Company is permitted to purchase its own shares without requiring the Bank's consent provided that it can demonstrate that after such redemption the LTV Percentage will continue to be below 50 per cent.

### 8.3. *The New Facility Agreement*

By the New Facility Agreement, Lloyds TSB Bank plc has agreed to make available term and revolving credit facilities of up to an aggregate amount of £115 million to assist in funding the Proposals and for general working capital purposes. Interest is payable by Finance Subsidiary at a rate equal to the aggregate of LIBOR, mandatory costs of the Bank and a margin. A term facility of £12.5 million and a revolving credit facility of up to £102.5 million are provided. The applicable margin in respect of the revolving credit facility depends on the percentage of all loans made available to Finance Subsidiary under the New Facility Agreement to the "Gross Secured Assets Value" expressed as a percentage (the "LTV Percentage"). The existing interest rate swaps which fix the interest payable in respect of £100 million in aggregate of the existing IRP Facility and IPT Facility will be novated to the Finance Subsidiary without any amendments to their commercial terms or additional cost. The aggregate margin under the New Facility with £110 million drawn down will increase by 0.18 per cent. per annum (based on the current loan to value and drawn down amounts) giving a fixed interest rate payable on £100 million of the New Facility of 5.75 per cent. (including the margin increase referred to above) and a floating rate which is currently around 1 per cent. per annum on the balance. The New Facility will be repayable on 10 January 2017, the same repayment date as applies under the existing IRP Facility and IPT Facility. The other terms of the New Facility and related security and finance documents will be substantially similar to the terms of the existing IPT Facility and IRP Facility.

The New Facility Agreement contains financial covenants which require the Company to comply with financial tests to ensure that (i) the LTV Percentage does not exceed 60%; and (ii) the adjusted net rental income is not less than 150% of the amount of finance costs (including interest payable and all related costs and expenses) payable under the New Facility Agreement over the period the adjusted net rental income is calculated.

The New Facility Agreement also contains certain other covenants which, among other things, cover restrictions on (i) the creation of security (with permitted exceptions); (ii) other financial indebtedness (with permitted exceptions); (iii) the disposal of assets (with permitted exceptions); (iv) mergers; and (v) change of business. It also contains customary events of default upon the occurrence of which the Bank may terminate and demand repayment of all amounts outstanding under the New Facility Agreement.

The New Facility is to be secured by fixed and floating charges over the assets of the Finance Subsidiary, the Property Subsidiary and the IPT Property Subsidiary (which will, subject to the Scheme becoming effective, be wholly owned by the Finance Subsidiary). Under the New Facility Agreement, the Company is permitted to purchase its own shares without requiring the Bank's consent provided that it can demonstrate that after such redemption the LTV Percentage will continue to be below 50 per cent.

## 9. **Litigation**

There are no governmental, legal or arbitration proceedings (including in so far as the Company is aware any governmental, legal or arbitration proceedings which are pending or threatened) during the period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the Company and/or IRP Group's or which may have significant effects on Enlarged IRP Group's financial position or profitability.

## 10. **Consents**

10.1. Dickson Minto W.S. has given and has not withdrawn its written consent to the issue of this document and the inclusion herein of its name and the references to it in the form and context in which they appear.

- 10.2. Ernst & Young LLP of Royal Chambers, St. Julian's Avenue, St. Peter Port, Guernsey G71 4AF which is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales and has given and not withdrawn its written consent to the inclusion of its report in Part VII of this document and name and reference to it in the form and context in which it appears and has authorised the contents of Part VII of this document which comprises its report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.
- 10.3. DTZ Debenham Tie Leung Limited of 125 Old Broad Street, London EC2N 2BQ has given and has not withdrawn its written consent to the inclusion of its Valuation Report and name and reference to it in the form and context in which they appear and has authorised the content of its report for the purposes of PR 5.5.3R(2)(f) of the Prospectus Rules.

## **11. Investment restrictions**

In addition to those restrictions set out in Part I of this document and in accordance with the requirements of the Listing Rules, the Company will comply with the investment restrictions set out below and will continue to do so for so long as they remain requirements of the UK Listing Authority:

- (i) neither the Company nor any of its subsidiaries will conduct any trading activity which is significant in the context of its group as a whole;
- (ii) the Company will avoid cross-financing between businesses forming part of its investment portfolio;
- (iii) the Company will avoid the operation of common treasury functions as between the Company and investee companies;
- (iv) not more than 10 per cent., in aggregate, of the value of the total assets of the Company will be invested in other listed closed-ended investment funds other than closed-ended investment funds which themselves have published investment policies to invest no more than 15 per cent. of their total assets in other listed closed-ended investment funds; and
- (v) the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with the published investment policy.

In the event of any material breach of the Company's investment policy or of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company and/or the Investment Manager (at the time of such breach) through an announcement via a Regulatory Information Service.

## **12. Taxation**

**The information below, which is of a general nature only and which relates only to United Kingdom and Guernsey taxation, is applicable to the Company, the Finance Subsidiary, the Property Subsidiary, the IPT Property Subsidiary and to persons who are resident or ordinarily resident in the United Kingdom (except where indicated) and who hold IRP Shares as an investment. It is based on existing law and practice and is subject to subsequent changes therein. Any change in the tax status of the Company, the Finance Subsidiary, the Property Subsidiary's or the IPT Property Subsidiary's tax status or in taxation legislation in Guernsey or the United Kingdom or any other tax jurisdiction affecting Shareholders or investors could affect the value of the investments held by the Company, the Finance Subsidiary, the Property Subsidiary or the IPT Property Subsidiary and could affect the Company's ability to achieve its investment objective for the Ordinary Shares or alter the post tax returns to Shareholders. If you are in any doubt as to your tax position, you should consult your own professional adviser without delay.**

### **(i) The IRP Group**

In response to the review carried out by the European Union Code of Conduct Group, the States of Guernsey abolished exempt tax status for the majority of companies and introduced a zero rate of tax for companies carrying on all but a few specified types of regulated business from January 2008. However, as collective investment schemes were not one of the regimes in Guernsey that were classified by the EU Code of Conduct Group as being harmful, collective

investment schemes continued to be able to apply for exempt status for Guernsey tax purposes after 31 December 2007. The Company, the Finance Subsidiary, the Property Subsidiary and the IPT Property Subsidiary will apply on an annual basis for tax exempt status in Guernsey pursuant to the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 (the "Ordinance"). A fee (currently £600 per annum) is payable in respect of each company's exempt status.

If exempt status is granted, the Company, the Finance Subsidiary, the Property Subsidiary, the IPT Property Subsidiary will not be considered resident in Guernsey for Guernsey income tax purposes. A company that has exempt status for Guernsey tax purposes is exempt from tax in Guernsey on both bank deposit interest and any income that does not have its source in Guernsey. It is not anticipated that any income other than bank interest will arise in Guernsey and therefore the Company, the Finance Subsidiary, the Property Subsidiary and the IPT Property Subsidiary are not expected to incur any additional liability to Guernsey income tax. Payments of dividends and interest by a company that has exempt status for Guernsey tax purposes are regarded as having their source outside Guernsey and hence are payable without deduction of tax in Guernsey.

Guernsey currently does not levy taxes upon capital inheritances, capital gains, 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. No stamp duty is chargeable in Guernsey on the issue, transfer, switching or redemption of shares in the Company.

No capital gains tax or similar tax is levied in Guernsey on realised and unrealised gains resulting from the IRP Group's investment activities.

It is the intention of the Directors to conduct the affairs of the IRP Group so that the management and control of the Company, the Finance Subsidiary, the Property Subsidiary and the IPT Property Subsidiary, is not exercised in the United Kingdom so that they are not resident in the United Kingdom for taxation purposes and so that they do not carry on any trade in the United Kingdom (whether or not through a permanent establishment situated there). Accordingly, the Company, the Finance Subsidiary, the Property Subsidiary and the IPT Property Subsidiary, will not be liable for United Kingdom taxation on their income or gains other than certain income deriving from a United Kingdom source.

The Property Subsidiary and the IPT Property Subsidiary and any other subsidiaries incorporated by the IRP Group which hold UK property will be subject to United Kingdom income tax on income arising on the Combined Portfolio after deduction of allowable debt financing costs and other allowable expenses. The Property Subsidiary and the IPT Property Subsidiary have received approval from HMRC to receive rental income gross.

## **(ii) Investors**

### **(a) Taxation of dividends on Ordinary Shares**

Shareholders will receive dividends without deduction of Guernsey income tax. UK resident individual Shareholders will be liable to income tax on the dividends received.

UK resident individual Shareholders who own less than 10 per cent. of the Company's issued share capital will be deemed to be entitled to tax credits in respect of dividends paid by the Company. The notional tax credits will be 10 per cent. of the aggregate of the dividend and the tax credit itself (equivalent to one-ninth of the cash dividend). UK resident individual Shareholders, including those who hold their Ordinary Shares through an ISA, who are not liable to income tax in respect of their dividends, will not be entitled to reclaim any part of the tax credit. The income tax charge in respect of dividends for lower and basic rate tax payers will be at the rate of 10 per cent. and such Shareholders will have no further liability to tax on their dividends. A higher rate tax payer will be liable to income tax on the sum of the dividend plus the tax credit (to the extent that, taking that sum at the top slice of his/her income, it falls above the threshold for the higher rate of income tax) at the rate of 32.5 per cent., against which he/she can offset the 10 per cent. tax credit resulting in an effective tax rate of 25 per cent. No UK tax credit will be attached to dividends received by any other Shareholders.

The additional rate of income tax of 50 per cent. has applied with effect from 6 April 2010 to UK resident individuals with taxable income in excess of £150,000 per annum. This rate falls to 45 per cent. from 6 April 2013. Accordingly, an additional rate tax payer will be liable to income tax on the sum of the dividend plus the tax credit (to the extent that, taking that sum at the top slice of his/her income, it falls above the threshold for the additional rate of income tax) at the rate of 42.5 per cent., against which he/she can offset the 10 per cent. tax credit (falling to 37.5 per cent. from 6 April 2013), resulting in an effective tax rate of 36.11 per cent. (falling to 30.6 per cent. from 6 April 2013).

Dividends paid by the Company to UK resident corporate Shareholders will be exempt from UK corporation tax, provided the corporate Shareholder meets certain conditions.

Any Shareholders who are resident for tax purposes in the states of Guernsey will incur Guernsey income tax on any dividends paid on Ordinary Shares owned by them but will suffer no deduction of tax by the Company from any such dividends payable by the Company where the Company is granted exempt status. The Company is required to provide details of distributions made to Shareholders resident in the the states of Guernsey to the Director of Income Tax in Guernsey.

(b) *Taxation of capital gains*

The Company is a closed-ended investment company and should not, as at the date of this Prospectus, be treated as an “offshore fund” for the purposes of United Kingdom taxation. Accordingly, the provisions of sections 757 to 764 of the Income and Corporation Taxes Act 1988 (the “Taxes Act”) and the Offshore Funds (Tax) Regulations 2009 should not apply. Any gains on disposals by UK resident or ordinarily resident holders of the Ordinary Shares may, depending on their individual circumstances, give rise to a liability to United Kingdom taxation on capital gains.

Shareholders will not be subject to Guernsey tax on the redemption or disposal of their holding of Ordinary Shares in the Company.

(c) *Individual Savings Accounts*

Ordinary Shares will be eligible to be held in the stocks and shares component of an ISA, subject to applicable subscription limits and provided the ISA manager has acquired the shares by purchase in the market or by application for shares publicly offered for sale. Gains on, and dividends received in respect of, shares held within an ISA are exempt from capital gains tax and income tax.

It is the intention of the Directors that the Company will operate so as to ensure that the IRP Shares continue to qualify for inclusion within an ISA.

(d) *Stamp duty and stamp duty reserve tax*

The following comments are intended as a guide to the general stamp duty and stamp duty reserve tax position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with voluntary arrangements or clearance services, to whom special rules apply. No Guernsey or UK stamp duty, or stamp duty reserve tax, will be payable on the issue of the Ordinary Shares. Regardless of whether Ordinary Shares are held in certificated or uncertificated form, United Kingdom stamp duty (at the rate of 0.5 per cent. of the amount of the value of the consideration for the transfer rounded up where necessary to the nearest £5) is payable on any instrument of transfer of the Ordinary Shares executed within, or in certain cases brought into, the United Kingdom. Provided that the Ordinary Shares are not registered in any register of the Company kept in the United Kingdom, any agreement to transfer the Ordinary Shares will not be subject to United Kingdom stamp duty reserve tax. In the event of the death of a sole holder of Ordinary Shares, a Guernsey grant of probate or administration may be required in respect of which certain fees will be payable to the Ecclesiastical Registrar in Guernsey.

(e) *Other United Kingdom tax considerations*

The attention of individuals ordinarily resident in the United Kingdom is drawn to the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007 under which the income accruing to the Company may be attributed to such a shareholder and may (in certain circumstances) be liable to UK income tax in the hands of the shareholder. However, the provisions do not apply if such a shareholder can satisfy HMRC that, either:

- (1) the purpose of avoiding liability to UK taxation was not the purpose or one of the purposes of his investment in the Company; or
- (2) the investment was a *bona fide* commercial transaction and was not designed for the purpose of avoiding UK taxation.

As it is probable that the Company will be owned by a majority of persons resident in the UK, the legislation applying to controlled foreign companies may apply to any corporate Shareholders who are resident in the UK. Under these rules, part of any undistributed income accruing to the Company, the Finance Subsidiary, the Property Subsidiary or the IPT Property Subsidiary may be attributed to such a Shareholder, and may in certain circumstances be chargeable to UK corporation tax in the hands of the shareholder. However, this will only apply if the apportionment to that shareholder (when aggregated with persons connected or associated with them) is at least 25 per cent. of the Company's, the Finance Subsidiary's, the Property Subsidiary's or the IPT Property Subsidiary's relevant chargeable profits.

In the event that the Company would be treated as "close" if it were resident in the UK, then part of any chargeable gain accruing to the Company, the Finance Subsidiary, the Property Subsidiary or the IPT Property Subsidiary may be attributed to a Shareholder and may (in certain circumstances) be liable to UK tax on capital gains in the hands of the Shareholder. The part attributed to the Shareholder corresponds to the Shareholder's proportionate interest in the Company. This paragraph applies only to Shareholders who are resident or ordinarily resident in the UK and whose interest (when aggregated with persons connected with them) in the chargeable gains of the Company exceeds one-tenth.

(f) *EU Savings Tax Directive*

Guernsey has introduced measures that are equivalent to the EU Savings Tax Directive (2003/48/EC). However, paying agents located in Guernsey are not currently required to operate the measures on distributions made to shareholders by closed-ended investment companies established in Guernsey. No retentions or exchanges of information under the EU Savings Tax Directive are expected to apply to holdings of IRP Shares.

### **13. Mandatory bids, squeeze-out and sell-out rules**

#### **13.1. Mandatory bids**

As a company incorporated in Guernsey with shares admitted to trading on the London Stock Exchange, the Company is subject to the provisions of the Takeover Code. The Takeover Code is issued and administered by the Takeover Panel. Under Rule 9 of the Takeover Code, any person or group of persons acting in concert with each other which, taken together with shares already held by that person or group of persons, acquires an interest in shares which carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code or holds not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company and acquires additional shares which increase the percentage of their voting rights, would normally be required to make a general offer in cash at the highest price paid by the acquiror or its concert parties within the preceding 12 months for all the remaining equity share capital of the company.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9. A shareholder who is neither a director or acting in concert with a director will not normally incur an obligation to make an offer under Rule 9. However, under note 2 to Rule 37, where a shareholder has acquired shares at a time when it had reason to believe that a purchase by the company of its own voting shares may take place, an obligation to make a mandatory bid under

Rule 9 may arise in certain circumstances. The buy back by the Company of IRP Shares could, therefore, have implications for Shareholders with significant shareholdings.

#### 13.2. *Squeeze-out and sell-out rules*

Other than as provided by the Law, there are no rules or provisions relating to squeeze-out and sell-out rules in relation to the IRP Shares.

13.3. As at the close of business on 8 March 2013 (being the latest practicable date prior to the publication of this document), there have been no public takeover bids by third parties in respect of the Company's share capital which have occurred during the Company last financial year to 30 June 2012 or the current financial year.

### 14. **Disclosure requirements and notification of interest in shares**

14.1. Under Chapter 5 of the Disclosure and Transparency Rules, subject to certain limited exceptions, a person must notify the Company (and, at the same time, the Financial Services Authority) of the percentage of voting rights he holds (within two trading days) if he acquires or disposes of shares in the Company to which voting rights are attached and if, as a result of the acquisition or disposal, the percentage of voting rights which he holds as a shareholder (or, in certain cases, which he holds indirectly) or through his direct or indirect holdings of certain types of financial instruments (or a combination of such holdings):

14.1.1. reaches, exceeds or falls below three per cent. and each one per cent. Threshold thereafter; or

14.1.2. reaches, exceeds or falls below an applicable threshold in paragraph 14.1.1 of this Part VIII as a result of events changing the breakdown of voting rights and on the basis of the total voting rights notified to the market by the Company.

14.2. The Financial Services Authority may take enforcement action against a person holding voting rights who has not complied with Chapter 5 of the Disclosure and Transparency Rules.

14.3. A notification must be made using the prescribed form TR1 available from the Financial Services Authority's website at <http://www.fsa.gov.uk>. Under the Disclosure and Transparency Rules, the Company must announce the notification to the public as soon as possible and in any event by not later than the end of the trading day following receipt of a notification in relation to voting rights.

### 15. **Restrictions on transfer**

#### 15.1. *General*

The distribution of this document and offer of Ordinary Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions, including those in the paragraph 15.2 of this Part VIII. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

#### 15.2. *European Economic Area*

15.2.1. In relation to each of the EEA States (other than the UK) which has implemented the Prospectus Directive (each, a "relevant member state"), with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the "relevant implementation date") no Ordinary Shares have been offered or will be offered pursuant to an offer to the public in that relevant member state, except that with effect from and including the relevant implementation date, offers of Ordinary Shares may be made to the public in that relevant member state at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than

€43 million; and (iii) an annual net turnover of more than €50 million as shown in its annual or consolidated accounts; or

- (c) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospective Directive,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a relevant member state.

- 15.2.2. For the purpose of the expression an “offer of any Ordinary Shares to the public” in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the issue of any Ordinary Shares, so as to enable a potential investor to decide to purchase or subscribe for the Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

## **16. Sources of information**

Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced, the source of such information has been identified and, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Unless otherwise stated, such information has not been audited.

## **17. Documents available for inspection**

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW and at the Company’s registered office until close of business on 12 April 2013:

- (i) the memorandum of incorporation of the Company and the Articles;
- (ii) a draft (subject to non-material updating and amendment) of the Transfer Agreement and undertakings to enter into the Transfer Agreement;
- (iii) the written consents referred to in paragraphs 10 above;
- (iv) the Valuation Report referred to in Part IV of this document;
- (v) the Company’s reports and accounts for the three financial periods to 30 June 2012;
- (vi) the Company’s half yearly reports and accounts for the two financial periods ended 31 December 2011 and 31 December 2012;
- (vii) IPT’s reports and accounts for the three financial periods to 31 December 2011;
- (viii) IPT’s half yearly reports and accounts for the two financial periods ended 30 June 2011 and 30 June 2012;
- (ix) the Circular;
- (x) the IPT Circular; and
- (xi) this document.

## **18. Availability of Prospectus**

Copies of the Prospectus are available free of charge via the National Storage Mechanism at <http://www.morningstar.co.uk/uk/nsm>, on the Company’s website, [www.irppropertyinvestments.com](http://www.irppropertyinvestments.com) and, until 12 April 2013, are available for collection, free of charge, from the offices of: F&C Investment Business Limited, 80 George Street, Edinburgh EH2 3BU; Dickson Minto W.S., 20 Primrose Street, London EC2A 2EW; and Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL.

12 March 2013