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This document is an admission document required by the rules of the AIM market of the London Stock Exchange plc (“AIM”). This document does not comprise a prospectus for the purposes of the Prospectus Rules made by the Financial Services Authority and it has not been seen and will not be examined or approved by the Financial Services Authority in accordance with such rules. Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Stephenson Harwood, One, St. Paul’s Churchyard, London EC4M 8SH from the date of this document until one month from the date of Admission in accordance with rule 3 of the AIM Rules.

The Directors of the Company, whose names appear on page 7 of this document, accept responsibility for all the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made for the Ordinary Shares, issued and to be issued pursuant to the Placing, to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Further, the London Stock Exchange plc has not itself examined or approved the contents of this document. It is expected that Admission will take place, and dealings in the Ordinary Shares will commence on AIM, on 31 May 2006.

The whole text of this document should be read and in particular, your attention is drawn in particular to the section entitled “Risk Factors” in Part 1 of this document.

Develica Deutschland Limited

(Incorporated and registered in Guernsey under the Companies (Guernsey) Laws, 1994 to 1996, as amended with registered number 44810)

Placing of 250 million ordinary shares of €0.01 each at €1 per share and Admission to trading on AIM Nominated Adviser Grant Thornton Corporate Finance Financial Adviser and Broker Fairfax I.S. Limited

Consent under The Control of Borrowing (Bailiwick of Guernsey) Ordinances, 1959 to 1989, has been obtained for the issue of this document and the associated raising of funds. Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Counsel takes any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or the opinions expressed with regard to it.

Grant Thornton Corporate Finance, a division of Grant Thornton UK LLP which is authorised and regulated by the Financial Services Authority, is acting exclusively for the Company and no one else in connection with the Placing and the proposed Admission. Grant Thornton Corporate Finance will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of Grant Thornton Corporate Finance nor for providing advice in relation to the transactions and arrangements detailed in this document for which the Company and the Directors are solely responsible and, without limiting the statutory rights of any recipient of this document, no liability is accepted by Grant Thornton Corporate Finance for the accuracy of any information or opinions contained in this document or for any omission of any material information for which it is not responsible. Grant Thornton Corporate Finance is not making any representation or warranty, express or implied, as to the contents of this document. The responsibilities of Grant Thornton Corporate Finance as the Company’s nominated adviser for the purposes of the AIM Rules are owed solely to the London Stock Exchange plc and are not owed to the Company or any Director or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any parts of this document.

Fairfax I.S. Limited, which is authorised and regulated by the Financial Services Authority and is a member of the London Stock Exchange, is acting exclusively for the Company and no-one else in connection with the Placing and the proposed Admission. Fairfax I.S. Limited will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of Fairfax I.S. Limited nor for providing advice in relation to the transactions or arrangements detailed in this document. The responsibilities of Fairfax I.S. Limited as the Company’s broker for the purposes of the AIM Rules are owed solely to the London Stock Exchange plc and are not owed to the Company or any Director or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this document. Fairfax I.S. Limited is not making any representation or warranty, express or implied, as to the contents of this document and accordingly without limiting the statutory rights of any recipient of this document, no liability is accepted by Fairfax I.S. Limited for the accuracy of any information or opinions contained in this document or for any omission of any material information for which it is not responsible.

This document does not constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular the Ordinary Shares offered by this document have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Canada, Australia or Japan and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia or Japan. Neither this document nor any copy of it may be distributed directly or indirectly to any persons with addresses in the United States of America (or any of its territories or possessions), Canada, Australia or Japan, or to any corporation, partnership or other entity created or organised under the laws thereof, or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement.

This document has not been approved by the Financial Regulator as the competent authority in Ireland under Directive (2003/71/EC) (the “Prospectus Directive”) as implemented into Irish law pursuant to Irish Prospectus Law (as defined in the Investment Funds, Companies and Miscellaneous Provisions Act, 2005) nor has it been approved, where appropriate, by a competent authority in another Member State and notified to the Financial Regulator pursuant to such Irish Prospectus Law and therefore this document does not constitute a “prospectus” for the purposes thereof. As a result, no Ordinary Shares may be offered or sold in Ireland in circumstances that would constitute an offer to the public within the meaning of Irish Prospectus Law at any time other than in circumstances which do not require the publication by the Company of a prospectus pursuant to the Irish Prospectus Law.

No Ordinary Shares have been offered or sold, or will be offered or sold, to the public in any Member State of the European Economic Area which has implemented Directive 2003/71/EC (the “Prospectus Directive”) prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the relevant Member State or, where appropriate, approved by the competent authority in another Member State and notified to the competent authority in the relevant Member State, all in accordance with the Prospectus Directive except: (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 €43,000,000; and (iii) an annual net turnover of more than €50,000,000 as shown in its last 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 Prospectus Directive.

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PLACING STATISTICS

Placing Price	€1.00
Number of Ordinary Shares being issued pursuant to the Placing	250 million
Estimated expenses of the Placing payable by the Company	€10.9 million
Estimated net proceeds of the Placing receivable by the Company	€239.1 million
Market capitalisation at the Placing Price	€250 million

EXPECTED TIMETABLE

	2006
Payment from Places in uncertificated form through CREST	31 May
Admission to trading on AIM and commencement of dealings	31 May
CREST stock accounts credited (as applicable)	31 May
Definitive share certificates despatched (as applicable)	Week commencing 12 June

DEFINITIONS

“Act”	the Companies Act 1985 (as amended)
“Acquisition”	the acquisition of the Proposed Portfolio
“Admission”	the admission of the Ordinary Shares, issued and to be issued pursuant to the Placing, to trading on AIM becoming effective in accordance with the AIM Rules
“Administrator”	Kleinwort Benson (Channel Islands) Fund Services Limited, or such other administrator as may be appointed by the Company from time to time
“Advisory Committee”	the advisory committee established by the Manager, further details of which are set out in paragraph 4 of Part 3 of this document
“AIM”	the AIM market of the London Stock Exchange
“AIM Rules”	the rules of AIM
“Articles”	the articles of association of the Company
“Assumptions”	the principal bases and assumptions as set out in Part 7 of this document
“Board” or “Directors”	the board of directors of the Company including a duly constituted committee thereof
“the Company”	Develica Deutschland Limited
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form
“CRESTCo”	CRESTCo Limited, a company incorporated under the laws of England and Wales and the operator of CREST
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
“Custodian”	Kleinwort Benson (Channel Islands) Limited or such other custodian as may be appointed by the Company from time to time
“Develica”	Develica Management Limited, the manager of Develica 1 LLP and associated entities
“Develica Holdings”	Develica Holdings Limited, the holding company of the Manager
“EU”	the European Union
“€” or “Euro”	the common currency of the euro area
“Fairfax” or “Placing Agent” or “Broker”	Fairfax I.S. Limited
“FSA”	Financial Services Authority
“GDP”	gross domestic product
“G7”	group of seven nations
“GFSC”	Guernsey Financial Services Commission
“Gross Asset Value”	the Net Asset Value plus an amount equal to long term borrowings invested by the Company and its subsidiaries from time to time
“Group”	the Company and its subsidiaries from time to time

“IFRS”	International Financial Reporting Standards
“Law”	the Companies (Guernsey) Laws, 1994 to 1996, as amended and subordinate legislation made thereunder and every modification or re-enactment thereof for the time being in force
“London Stock Exchange”	London Stock Exchange plc
“Major Portfolio”	the portfolio of 38 properties to be acquired as part of the Proposed Portfolio more particularly described in Part 5 of this document
“Management Agreement”	the agreement dated 25 May 2006 between the Manager, the Company and MacNiven & Cameron Equity Holdings Limited as described in paragraph 7 as Part 9 of this document
“Manager”	Develica Deutschland Management Limited
“Net Asset Value” and “Net Asset Value per Ordinary Share”	respectively the net asset value of the Company and the net asset value per Ordinary Share
“Net Proceeds of the Placing”	the gross proceeds of the Placing less the expenses of Admission
“Nominated Adviser” or “Grant Thornton Corporate Finance”	the corporate finance division of Grant Thornton UK LLP which is authorised by the Financial Services Authority in the conduct of investment business
“OECD”	Organisation for Economic Co-operation and Development
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	ordinary shares of €0.01 each in the capital of the Company
“Placing”	the placing by Fairfax of the Placing Shares at the Placing Price pursuant to the Placing Agreement and as described in this document
“Placing Agreement”	the conditional agreement dated 25 May 2006 between the Company, Fairfax, the Manager, MacNiven & Cameron Equity Holdings Limited, Grant Thornton Corporate Finance and the Directors relating to the Placing, as described in paragraph 7 of Part 9 of this document
“Placing Price”	€1 per Ordinary Share
“Placing Shares”	the 250 million Ordinary Shares to be issued pursuant to the Placing
“Property Manager” or “DTZ”	DTZ International
“Property Portfolio”	the portfolio of property investments of the Company from time to time held by the Company whether directly or indirectly through SPVs
“Proposed Portfolio”	the proposed initial portfolio of properties as described in Part 5 of this document
“Registrar”	Capita IRG (CI) Limited, or such other registrar as may be appointed by the Company from time to time
“Regulatory Information Service”	a service provided by the London Stock Exchange for the distribution to the public of announcements and included within the list maintained at the London Stock Exchange’s website
“Rental Shortfall Cover”	the cash reserve, currently anticipated to be around €130 million, that, under the current proposed terms of the acquisition of the Major Portfolio, the Seller has agreed shall be made available to the Company in relation to the rental voids in the Major Portfolio as more particularly described in paragraph 4 of Part 2 of this document

“Seller”	the seller of the Major Portfolio
“Shareholders”	holders of Ordinary Shares
“SPV”	special purpose vehicle
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland
“UKLA” or “United Kingdom Listing Authority”	The Financial Services Authority acting in its capacity as the competent authority for the purposes of Part 8 of the Financial Services and Markets Act 2000
“VAT”	value added tax

DIRECTORS AND ADVISERS

Directors

Derek Michael Butler (*Chairman*)
Lord Charles Russell Sanderson of Bowden
Alan David Gravett
John Edward Hallam
Quentin Spicer
Peter John Hereward De Lacey Le Cheminant
Grant Neville Tromans

all of:

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Company Secretary, Administrator and Registered Office

Kleinwort Benson (Channel Islands) Fund Services Limited
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Investment Manager

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Nominated Adviser

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SUMMARY

THE FOLLOWING INFORMATION IS EXTRACTED FROM, AND SHOULD BE READ AS AN INTRODUCTION TO, THE ADMISSION DOCUMENT.

Any investment decision relating to the Placing should be based on the consideration of this document as a whole.

The Company

Develica Deutschland Limited is a newly incorporated closed-ended Guernsey registered company which has been established to take advantage of potential opportunities that exist in the German commercial property market. The Company's objective is to provide Shareholders with an attractive level of income together with the prospect of long term capital growth.

The Company has raised €250 million (before expenses) pursuant to the Placing conditional on Admission. The Company will issue one class of Euro denominated Ordinary Shares which will be admitted to trading on AIM.

Proposed Portfolio

Develica Holdings has, on behalf of the Group, entered into heads of terms granting exclusivity for the acquisition of, in aggregate, 39 commercial investment properties located throughout Germany with a total asset value of approximately €1.1 billion including costs. Subject to due diligence and agreeing suitable financing terms, it is expected that legally binding agreements for the acquisition of the Proposed Portfolio may be entered into within four weeks of the date of Admission with completion of the Acquisition expected to take place by no later than September 2006.

If acquired by the Company, the Proposed Portfolio is expected to achieve a net initial yield of approximately 6.7 per cent. based upon the aggregate of the actual rental income on the Proposed Portfolio and the Rental Shortfall Cover. **It should be emphasised that the yield estimate, and the Assumptions upon which it is based, may or may not materialise and is for illustrative purposes only. There is no guarantee that the Property Portfolio will generate this yield.**

Market opportunity

Germany is the world's third largest economy by GDP and the largest economy within the European Union. After a decade of under-performance following re-unification in 1990, the German economy has recently shown signs of recovery. Estimates for economic growth for 2006 have been revised upwards from 1.5 per cent. to 2 per cent. per annum which is more than double the growth rate in 2005. Business confidence is now at a 15 year high due to optimism about prospects for growth in the German economy.

The Manager believes that the German commercial property market currently offers an attractive opportunity to acquire property assets with significant yield and capital growth prospects. Due to lack of demand and oversupply in the German commercial property market since 1990, vacancy rates have risen throughout the period but have recently shown signs of falling, a trend that is forecast to continue. As a result, the Manager anticipates that rents will rise in the short to medium term.

The Manager further believes that there are significant acquisition opportunities in the German commercial property market principally as a result of pressure on major property owners (state and federal governments, banks and large corporations) to release large holdings from their property portfolios and realignments of property portfolios by open ended property funds.

Investment Objective

The investment strategy of the Company is to invest in a diverse portfolio of German commercial property assets. The Company intends to achieve its objective by the acquisition, active management and disposal of its assets over an appropriate time cycle. The Company intends to

undertake selective improvement and refurbishment of properties to increase the value of the portfolio. The Company will hold its assets through separate SPVs, which are intended to utilise gearing with a view to generating enhanced returns.

The Company currently anticipates that it will be fully invested within 12 months of Admission.

Investment Policy

The Company will primarily target office, retail and distribution properties in Germany with a principal focus on large cities in western Germany where the Manager believes economic conditions and prospects are stronger and more stable. The Company will principally seek to acquire assets with strong covenants, potential for rental growth through indexation and which have a good level of maintenance, therefore requiring little refurbishment. It is intended that no single asset will account for more than 20 per cent. of Gross Asset Value once fully invested.

The Manager and Property Manager

The Company has appointed Develica Deutschland Management Limited as its investment manager to be responsible for the day-to-day management of the Property Portfolio and the introduction and facilitation of new investment opportunities. DTZ will provide property management and advisory services to the Manager. Further details on the Manager and the Property Manager are contained in Part 3 of this document.

Management Fees

The Manager will be paid an annual management fee of 0.5 per cent. of the Gross Asset Value as reduced by any uncommitted Placing Proceeds, payable quarterly in advance. The Gross Asset Value will be assessed by reference to an external valuation of properties held by the Group as at 31 March each year.

In addition, the Manager is entitled to be paid a performance fee calculated as 20 per cent. of the excess of the Net Asset Value per Ordinary Share (after adding back dividends and other distributions and ignoring any accrued performance fee) as at the end of each third financial year of the Company or at such other time in circumstances where, in the reasonable opinion of the Board, a significant disposal of assets and return of capital or distribution of cash to Shareholders has occurred over the benchmark multiplied by the time weighted average number of Ordinary Shares in issue.

Further details of the terms of the Management Agreement are set out in Part 3 of this document.

Anticipated Dividends

The Directors will determine the Company's dividend policy. As at the date of this document, dividends on the Ordinary Shares are expected to be declared and paid semi-annually. The Company intends to distribute substantially all of its net income in the form of dividends. On the basis of the Assumptions, and in the absence of any unforeseen circumstances, the Company is targeting an annualised dividend yield of 6 per cent. on the Placing Price. **This target relates to dividends only, is not a forecast and is based on the Assumptions. It must be emphasised that there can be no guarantee that this target will be achieved or that the Company will be able to pay dividends at the rate indicated or at all. The Directors may revise the dividend policy from time to time.**

Life of the Company

The Company does not have a fixed life. However, the Board considers it desirable that Shareholders should have an opportunity to review the future of the Company at appropriate intervals. Accordingly, the Board intends to propose an ordinary resolution at the annual general meeting of the Company in 2012 that the Company cease to continue as presently constituted. If the resolution is not passed, the Board intends that a similar resolution will be proposed at every third annual general meeting thereafter. If the resolution is passed, the Directors will be required to formulate proposals to be put to Shareholders to re-organise, unitise or reconstruct the Company or for the Company to be wound up. The Board may at its discretion prior to 2012 convene an extraordinary general meeting to propose a special resolution to wind up the Company and distribute surplus assets to Shareholders if during this time it concludes that an early liquidation of the Property Portfolio will be to the advantage of Shareholders.

Borrowings

There is no limit in the Articles to the amount of borrowings that the Company may incur. As is typical with property investment, the SPVs will use leverage for the acquisition of individual properties. The Company expects to be able to secure senior debt finance equivalent to approximately 85 per cent. of the value of property acquisitions.

Risk factors

Potential investors should consider carefully the risk factors set out in Part 1 of this document, together with all information set out in this document and their own circumstances, before deciding to invest in the Company.

PART 1

Risk factors

In addition to the other relevant information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. This is a high risk investment and investors may lose a substantial proportion or even all of the money they invest in the Company. If you are in any doubt about the contents of this document or the action you should take, you should consult an appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

The Directors believe the risks set out below to be the most significant for potential investors. The risks listed, however, do not necessarily comprise all those associated with an investment in the Company and are not intended to be presented in any assumed order of priority. In particular, the Company's performance may be affected by changes in legal, regulatory and tax requirements in any of the jurisdictions in which it or its subsidiary companies operate or intend to operate as well as overall global financial conditions.

Any persons considering whether to acquire Ordinary Shares should take their own tax advice as to the consequences of their owning shares in the Company as well as receiving returns from it. Tax commentary in this document is provided for information only and no representation or warranty, express or implied, is given to any recipient of this document as to the tax consequences of acquiring, owning or disposing of Ordinary Shares and neither the Company, the Directors, the Manager, the Property Manager, the Broker nor the Nominated Adviser will be responsible for any tax consequences of any investment in the Company.

General

An investment in the Ordinary Shares is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment, or other investors who have been professionally advised with regard to 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). Such an investment should be seen as complementary to existing investments in a wide spread of other financial assets and should not form a major part of an investment portfolio. Investors should not consider investing in the Ordinary Shares unless they already have a diversified investment portfolio.

Acquisition may not be completed

Develica Holdings, on behalf of the Group, has entered into non-legally binding heads of terms for the acquisition of the Proposed Portfolio. There can be no guarantee that the Acquisition will be completed by the parties whether on the same or similar terms or at all or that the Group will acquire the underlying properties. In addition, there is no guarantee that funds will be available to be drawn down under its senior loan facilities, or at all, to complete the Acquisition. If the Acquisition is not completed, there is likely to be a significant delay in investing the funds raised as the Manager seeks alternative property investments and it cannot be guaranteed that a dividend will be payable in the amount or on the dates described in this document.

New company

The Company was incorporated on 18 May 2006 and has no operating history. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that the Company will not achieve its investment objective and that the value of a Shareholder's investment in the Company could decline substantially. There can be no assurance that the Company will be able to achieve the returns referred to in this document.

Possible adverse economic and political conditions

The financial operations of the Company may be adversely affected by general economic conditions in Germany, by conditions within the German property market or by the particular financial

condition of other parties doing business with the Company. In particular, changes in the rates of inflation and/or interest in Germany may affect the income generated by, and capital value of, the Property Portfolio.

Risks of property ownership

Investments in property may be difficult, slow or impossible to realise. The Ordinary Shares will be subject to the general risks incidental to the ownership of real property, including changes in the supply of or demand for competing investment properties in an area, changes in interest rates and the availability of mortgage funds, changes in property tax rates and landlord/tenant or planning laws, credit risks of tenants and borrowers and environmental factors. The marketability and value of any properties owned by the Company will, therefore, depend on many factors beyond the control of the Company and there is no assurance that there will be either a ready market for any properties held within the Property Portfolio or that such properties will be sold at a profit or will yield a positive cash flow.

Property investment risk

The performance of the Company would be adversely affected by a downturn in the German property market in terms of capital value or weakening of rental income. In the event of default by a tenant or the expiry of a lease, additional costs will be incurred including legal expenses in maintaining, insuring and re-letting the property and there may be an interruption to, or reduction in, the rental income from such property. Any future property market recession could materially adversely affect the value of the properties held within the Property Portfolio.

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 changes in its market value.

Both rental income and property values may also be affected by other factors relevant to the real estate market, such as competition from other property owners and developers, the perceptions of prospective tenants on 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 or re-lease space and the costs thereof, the costs of maintenance and insurance, and increased operating costs. In addition, the owner must meet certain significant expenditures, including operating expenses, even if the property is vacant.

Land and property ownership rights

Whilst the Company will use its reasonable endeavours to operate property owning structures that comply with the German laws and regulations, as well as with a view to mitigating the tax effect of local tax regulations, there can be no guarantee that in the future Germany will not adopt laws and regulations which adversely impact on the Company's ability to own and operate land and property. Accordingly, in such circumstances, the returns to the Company may be materially and adversely affected.

Property interests may be held either directly by the Company or through SPVs controlled by the Company and will not form part of the assets for which the Custodian is responsible under the terms of the Custody Agreement. Accordingly, the protection offered by having assets held by the Custodian will not be available in respect of those assets.

Difficulty of Identifying and securing suitable investments

The activity of identifying and securing attractive investments may from time to time be highly competitive and involve a high degree of uncertainty. The Company will be competing for investments with other real estate investment vehicles as well as individuals, financial institutions and other institutional investors. Recently a number of real estate funds have been formed for the purpose of investing in German real estate assets and additional funds with similar investment objectives as the Company may be formed in the future. There can be no assurance that the Company will be able to identify and secure investments that satisfy its rate of return objective or realise their values or that it will be able to fully invest its available capital within 12 months of Admission as stated in this document or at all.

Controlling person liability

The Company is expected to have controlling interests in some of its investments through special purpose companies, limited partnerships or other entities or may own such properties directly. The exercise of control over an entity (or the property itself) can impose additional risks of liability for environmental damage, failure to supervise management, violation of government regulations (including securities laws) or other types of liability in which the limited liability characteristic of business ownership may be ignored. If these liabilities were to arise, the Company might suffer a significant loss.

Potential environmental liability

Under German national and local laws and regulations, an owner of property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence or removal of these substances. The owner's liability as to any property is generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure properly to remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, all of which could have an adverse effect on the return on the investment made by the Company in any such property.

Borrowings

The Company will use borrowings in relation to its investments. The debt to equity ratio is expected to be approximately 85 per cent. of the value of property acquisitions. The extent of the borrowings and the terms thereof will depend on the Company's ability to obtain credit facilities and the lenders' estimate of the stability of each property's cash flow. Any delay or failure in obtaining suitable or adequate financing from time to time may impair the Company's ability to invest in suitable properties and achieve its intended portfolio size within the anticipated timeframe or at all, which may impact negatively on the Company's investment performance and the return to Shareholders.

The Company's borrowings will generally be secured against some or all of the assets held within each SPV. Whilst the use of borrowings should enhance the Net Asset Value per Ordinary Share, where the value of the Company's underlying assets are rising, it will have the opposite effect where the underlying asset value is falling.

To the extent that the Company incurs floating rate indebtedness, changes in interest rates may increase its cost of borrowing, impacting on its profitability and having an adverse effect on the Company's ability to pay dividends to Shareholders. Furthermore, the Company's cash available for distribution to Shareholders may be reduced to the extent that changes in market conditions, increases in interest rates and/or levels of amortisation imposed by its lenders cause the Company's cost of borrowing to increase relative to the income that can be derived from its portfolio of properties.

Bank facility agreements into which the Company or SPV's enter may contain financial covenants. In particular, such agreements may require that the value of assets held exceed a fixed percentage of the value of any loan drawn down. If therefore, the value of relevant assets was to fall such that any such financial covenant is breached, or if any other covenant is breached, associated borrowings may become repayable in whole or in part. In such circumstances it may become necessary to sell, in a limited time, part or all of the Property Portfolio, potentially in circumstances where there has been a downturn in property values generally, such that the realisation proceeds do not reflect the valuation of the investment properties.

Impact of law and governmental regulation

The Company, and developers with whom the Company deals, will need to comply with the laws and regulations relating to planning, land use and development standards. The institution and enforcement of such laws and regulations could have the effect of increasing the expense and

lowering the income or rate of return from, as well as adversely affecting the value of, the Property Portfolio. Changes in law relating to ownership of land could have an adverse effect on the value of the Ordinary Shares. New laws may be introduced, which may be retrospective and affect environmental planning, land use and development regulations.

Tax related risk

The tax regime in Germany may change, thereby affecting the Company's ability to invest in German assets without suffering a material and adverse effect on its investments.

The tax regimes applying in the UK and Guernsey may change, thereby affecting the Company's tax treatment in these jurisdictions.

Shareholder tax risk

Shareholders should take their own tax advice as to the consequences of owning Ordinary Shares as well as receiving returns from it. In particular, Shareholders should be aware that ownership of shares in the Company may be treated in different ways in different jurisdictions.

Regulatory regime and permits

The profitability of the Company will be in part dependent upon the continuation of a favourable regulatory climate with respect to its investments. The failure to obtain or to continue to comply with all necessary approvals, licences or permits, including renewals thereof or modifications thereto, may adversely affect the Company's performance, as could delays caused in obtaining such consents due to objections from third parties.

Valuation risk

Property assets are inherently difficult to value as there is no liquid market or pricing mechanism. 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 date of the valuation.

Investors should be aware that the Company intends to perform valuations of its assets on an annual basis only. As a result, the Company's share price may not accurately reflect the value of its underlying assets between such valuations.

Dividends

Once the Company is fully invested, it is the intention of the Directors to pay dividends semi-annually.

The target dividends are illustrative and based on a number of assumptions which may not materialise. There can be no guarantee that the Company will generate the returns indicated. There is no guarantee that the target dividend will be paid. None of the returns should be taken as a forecast of profits. Furthermore, it is expected that the Major Portfolio will be only 55 per cent. let on completion. Whilst the Manager aims to reduce vacancy levels of the Major Portfolio there is no guarantee that it will be able to secure tenants for this Portfolio and accordingly rental income which, once the expected Rental Shortfall Cover has been utilised in full, may result in the Company having to pay a reduced dividend or being unable to pay any dividend at all.

Payment of a dividend is dependent on, *inter alia*, the Company becoming fully invested, the Placing being fully subscribed and the level of rental and other income generated from the properties acquired, investments made or joint ventures entered into by the Company. There is no guarantee that the Company will be fully invested within the 12 month time frame indicated.

Dividend growth on the Ordinary Shares will depend principally on rental growth in the Property Portfolio. There is no guarantee that there will be rental growth in the Property Portfolio.

AIM

The Ordinary Shares will be admitted to trading on AIM. An investment in shares admitted to trading on AIM may be less liquid and may carry a higher risk than an investment in shares quoted on the Official List. The AIM Rules are less demanding than the Listing Rules made by the UK

Listing Authority. Further, the London Stock Exchange has not itself examined or approved the contents of this document. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Volatility of the value of the Ordinary Shares

Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment, especially as the market in Ordinary Shares on AIM may have limited liquidity.

In addition, the price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Company, and others of which are extraneous. These factors could include the performance of the Company's operations, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory or taxation changes and general economic conditions. The value of the Ordinary Shares will therefore fluctuate and may not reflect their underlying asset value.

Forward-looking Statements

All statements other than statements of historical facts included in this document, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to shareholder returns, dividends or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance, achievements of or dividends paid by, the Company to be materially different from future results, performance or achievements, or dividend payments expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

These forward-looking statements speak only as of the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

The potential investment opportunities referred to in this document cannot be guaranteed and it may be the case that only some or even none of these comes to fruition.

Guernsey law

The Company is a limited company incorporated under the Law. Guernsey law does not make a distinction between private and public companies and some of the protections and safeguards that investors may expect to find in relation to a public company under the Act are not provided for under Guernsey law.

PART 2

The Company

Certain information from this Part 2 has been sourced from third parties. The Directors believe that this information has been accurately reproduced and, as far as the Directors are aware, and are able to ascertain from information published by such said parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

1. Introduction

Develica Deutschland Limited is a newly incorporated closed-ended Guernsey registered company which has been established to take advantage of potential opportunities that exist in the German commercial property market. The Company's objective is to provide Shareholders with an attractive level of income together with the prospect of long term capital growth.

The Company will seek to acquire investment properties in primarily urban locations throughout Germany with a focus on office, retail and distribution properties. The Company intends to target assets with good fundamental characteristics reflected in tenants with strong covenants.

Develica Holdings, on behalf of the Group, has entered into heads of terms granting to it exclusivity for the acquisition of, in aggregate, 39 commercial investment properties located throughout Germany with a total asset value of approximately €1.1 billion including costs. Develica Holdings is undertaking due diligence investigations of the Proposed Portfolio for and on behalf of the Company. If such due diligence is satisfactory to, and the acquisition of the Proposed Portfolio is approved by, the Board, and provided that suitable financing terms can be obtained from lenders acceptable to the Company, it is expected that legally binding agreements for the acquisition of the Proposed Portfolio may be entered into within four weeks of Admission with completion of the acquisition of the Proposed Portfolio expected to take place by no later than September 2006.

If acquired by the Company, the Proposed Portfolio is expected to achieve a net initial yield of approximately 6.7 per cent. based on the aggregate of the actual rental income on the Proposed Portfolio and the Rental Shortfall Cover as more particularly described in paragraph 4 of this Part 2. **It should be emphasised that the yield estimate, and the Assumptions upon which it is based, may or may not materialise and is for illustrative purposes only. There is no guarantee that the Property Portfolio will generate this yield.**

It is emphasised that at the date of this document, Develica Holdings has secured terms of exclusivity and that the Company has not entered into any legally binding contracts for the acquisition of the Proposed Portfolio or for any other acquisition of German commercial property. There is therefore no guarantee that the Company will proceed with the acquisition of the Proposed Portfolio. Further information of a statistical nature relating to the Proposed Portfolio is set out in Part 5 of this document.

The Company has appointed Develica Deutschland Management Limited as its investment manager to be responsible for the day-to-day management of the Property Portfolio and the introduction and facilitation of new investment opportunities. DTZ will provide property management and advisory services to the Manager. Further details on the Manager and the Property Manager are described in Part 3 of this document.

The Company has raised €250 million (before expenses) pursuant to the Placing conditional on Admission. The Company will issue one class of Euro denominated Ordinary Shares which will be admitted to trading on AIM.

2. Investment Rationale

2.1 *The German Economy*

Germany is the world's third largest economy by GDP and the largest economy within the European Union. After over a decade of under-performance following re-unification in 1990, the

German economy has recently been showing signs of recovery. Researchers from the German Association of Chambers of Commerce and Industry have upgraded their GDP growth estimates for 2006 from 1.5 per cent. to 2 per cent. This is more than double German GDP growth in 2005 of 0.9 per cent. According to the OECD, German unemployment has fallen at the fastest rate of the G7 nations over the 12 month period to February 2006. In addition, business confidence in Germany is now at a 15 year high due to general optimism about prospects for growth of the German economy.

2.2 The German Commercial Property Market

The Manager believes that the German commercial property market currently offers an attractive opportunity to acquire property assets with significant yield and capital value growth prospects.

Commercial Property Stock

The value of investor holdings of German commercial property is estimated to have totalled €593 billion in 2005, representing an increase of 6.4 per cent. compared to 2004 and is the second largest in Europe after the United Kingdom and almost twice the size of the third largest, France. The total commercial property stock in Germany (including owner occupied and investment stock) is estimated at some €1.21 trillion. The split between sector type is approximately 43 per cent. office, 29 per cent. retail and 27 per cent. industrial. The total German commercial stock accounts for some 20 per cent. of total European stock.

Prospects for Growth

Since 1990 the German commercial property market has been characterised by a lack of demand brought on by weak GDP growth and increases in supply stemming from over-investment during the period following re-unification. Nationwide, vacancy rates rose sharply from 2000 to mid 2003 but have recently shown signs of falling, a trend that is forecast to continue. As a result, the Manager anticipates that rents will rise in the short to medium term. Deutsche Bank predicts that aggregate rental growth from 2005 to 2009 will be 18 per cent. in Munich, 12.6 per cent. in Frankfurt, and 8.2 per cent. in Hamburg.

2.3 Acquisition Opportunities

The Manager believes that there are significant acquisition opportunities in the German commercial property market.

The German commercial property market is characterised by an owner-occupier ratio of approximately 52 per cent. compared to a 30 per cent. European average. This indicates that the outsourcing potential for the German market is considerably higher than its European neighbours. DTZ analysis has shown that up to €7.4 billion of commercial properties could come into investor hands through sale and leaseback of commercial property stock in the period from 2006 to 2010. Furthermore, due to an increasing government budget deficit and shareholder pressures respectively, there is growing pressure on the major property owners (state and federal governments, banks and large corporations) to release large holdings from their property portfolios.

The realignment of institutional property portfolios may also provide investment opportunities. It is expected that German open-ended property funds may be required to make adjustments to portfolio valuations that will give rise to the disposal by such funds of assets with opportunistic qualities. As a result of these disposals, the Manager believes that there will be potential for adding value to such assets by applying an active asset management strategy.

The Manager further believes that as investor interest for German commercial property assets increases, more investment properties will come to the market. The Manager further believes that it will potentially be able to secure investments on an off-market basis via its network of contacts in Germany and its relationship with DTZ.

2.4 Positive Yield Spread and Yield Compression

Currently, the spread between average yields on German commercial property assets and Euro interest rates remains positive albeit with a narrowing trend caused by recent interest rate increases and the beginning of compression of yields on prime investment property.

The Manager believes that as the prospects for the German economy improve, the same factors that have caused UK yields to compress are likely to spread to Germany. German commercial property asset prices are therefore expected to rise.

3. Investment Strategy

3.1 Investment Objective

The investment strategy of the Company is to invest in a diverse portfolio of German commercial property assets. The Company intends to achieve its objective by the acquisition, active management and disposal of its assets over an appropriate time cycle. The Company intends to undertake selective improvement and refurbishment of properties to increase the value of the Property Portfolio.

The Company will hold its assets through separate SPVs, which are intended to utilise gearing with a view to generating enhanced returns.

The Company currently anticipates that it will be fully invested within 12 months of Admission although the Board will monitor progress closely and will consider all options for the Company based on its initial investment progress.

3.2 Investment Policy

The Company will adhere to the following investment policies and restrictions:

(a) *Sector*

Investment will primarily focus on office, retail and distribution properties. The Company does not intend to acquire any residential assets except where such assets form part of a portfolio transaction. Although development sites will not be actively sought, if opportunities arise to enhance property value through seeking planning gain, such opportunities will be progressed provided that increased value can be realised by onward sale.

(b) *Geographical Location*

The Company will solely invest in properties within Germany. Although properties will be acquired throughout the country, the principal focus will be on large cities in western Germany such as Munich, Frankfurt and Bonn (as well as Berlin in the east of the country) where the Manager believes economic conditions and prospects are stronger and more stable.

(c) *Types of Investment Property*

The Company will principally seek to acquire assets with the following key characteristics:

- good quality tenants with strong covenants;
- potential for rental growth through indexation; and
- good level of maintenance requiring little refurbishment.

Where vacancies provide opportunities for enhancement through re-positioning and improved management, the Company will seek to add value by pursuing a pro-active lettings and asset management strategy.

(d) *Realisation of Investments*

The Company will aim to realise individual investments when the Board, with the advice of the Manager, the Advisory Committee and the Property Manager, believe that the realisation would be in the best interests of the Company and fulfil its investment objectives.

(e) *Investment Restrictions*

It is intended that no single asset will account for more than 20 per cent. of Gross Asset Value once fully invested and measured at the time of investment.

3.3 Active Management

The Manager will seek to enhance income returns and capital appreciation by way of active management of the Company's assets. The strategy is based on a detailed analysis of the property market in each geographic location utilising the resources available to the Manager, under its arrangements with DTZ and other sources.

The Manager will also undertake an analysis of the leasing history in respect of each asset and investigate previous marketing initiatives. The Manager will seek to identify areas where capital expenditure is required having regard to cost relative to benefit.

The Manager intends to enter into dialogues with existing tenants to identify their property needs and aspirations and thereby attempt to secure lease renewals or extensions of existing leases or to restructure leases where required.

In addition the Manager plans to use proactive and aggressive marketing strategies to secure new occupiers in respect of vacant properties. The Company may, where circumstances allow, offer incentives to existing and prospective tenants.

4. Proposed Portfolio

Develica Holdings has, on behalf of the Group, entered into heads of terms for the acquisition of the Proposed Portfolio. The heads of terms provide Develica Holdings with a period of exclusivity which extends beyond Admission to acquire the Proposed Portfolio, but is otherwise non-binding on either party. The acquisition of the Proposed Portfolio is subject to due diligence which is currently being undertaken by Develica Holdings. Further information on the Proposed Portfolio is described in Part 5 of this document.

The passing rent currently receivable in respect of the Major Portfolio is equivalent to approximately 55 per cent. of the Seller's total estimated rental value of the Major Portfolio. At completion of the acquisition of the Major Portfolio (if completed), it is expected that the Rental Shortfall Cover will become available to the Company to enable it to cover the rental shortfall on the unlet part of the Major Portfolio for a period of approximately three years. The Company will be entitled to utilise this amount in such manner as it sees fit, including offering incentives to new and existing tenants. Furthermore, to the extent that the Company lets unoccupied space to tenants who commence paying rent within the period that the Rental Shortfall Cover is available, the Company is under no obligation to return any excess part of the Rental Shortfall Cover to the Seller.

5. Competitive Strengths

Through the combined skills of its key personnel and working with the Manager, and the Property Manager, and the Manager's relationship with certain senior lenders, the Company is well positioned to carry out its investment strategy. In addition, the Company benefits from a number of key competitive strengths:

5.1 Local Market Knowledge

Asset management of the Company's property portfolio on a local and regional level will be undertaken by DTZ. With over 9,000 people operating in 192 offices in 40 countries (including five offices in the major cities in Germany) the Property Manager has the scope, resource skills and experience to provide quality management services to the Company. The Board will be advised by the Manager and Advisory Committee made up of industry professionals with considerable depth and breadth of experience in the German and European property market.

5.2 Established Relationships

The key individuals from the Manager and Advisory Committee together with the Property Manager have strong track records in all aspects of property asset identification, valuation, purchase and contract negotiation, exchange and completion and subsequent property management for optimum rental yield and growth in capital value. The Property Manager has an experienced team of property specialists in each of Berlin, Düsseldorf, Frankfurt, Hamburg and Munich.

5.3 Experience of the Develica Management Team in Property Investment

Develica is an experienced and innovative provider of real estate private equity, with a specific focus on opportunistic investment and property development in the UK. The management team of Develica currently controls assets under management with a development value of in excess of £60 million across a variety of sectors and geographical locations in the UK. Develica is actively

involved in a number of transactions in the residential, retail, office, distribution and industrial sectors. This broad mandate allows Develica to source and execute bespoke and complex deals including direct private equity investments in real property, direct developments and joint ventures with established property professionals throughout the UK.

5.4 Access to Capital Resources

With the benefit of debt financing expected to be available to the Company and the net proceeds of the Placing, the Company will be able to acquire a Property Portfolio of in excess of €1.1 billion. This gives considerable strength to the Company in its ability to benefit from the type of large-scale acquisition opportunities described in Part 5 of this document.

6. Investment Process

Drawing upon their extensive experience and business contacts in Germany, the Manager and the Property Manager will have responsibility for sourcing new investment opportunities for the Company that fall within the investment strategy described in this document.

In sourcing acquisitions, the Manager will carry out initial due diligence on investment properties following which it will prepare a report covering the key aspects of the proposed investment for presentation to the Board. On approval in principle by the Board, the Manager will undertake full due diligence, including, where appropriate, financial analysis and modelling, and will submit the investment proposal to the Advisory Committee for review. In assessing the viability of an individual proposal the Manager will have the ability to retain, if it considers necessary, external accounting, legal, operational and environmental consultants to assist with due diligence at the expense of the Company. Following completion of the appropriate due diligence and evaluation processes, the Manager will submit the final recommended proposal for consideration by the Board.

The Board will have final sanction over all acquisition and disposal decisions by the Company and may review lettings of vacant space and renewals of leases of significance to the income of the Company.

7. Anticipated Dividends

The Directors will determine the Company's dividend policy. As at the date of this document, dividends on the Ordinary Shares are expected to be declared and paid semi-annually. The Company intends to distribute substantially all of its net income in the form of dividends. On the basis of the Assumptions, and in the absence of any unforeseen circumstances, the Company is targeting an annualised dividend yield of 6 per cent. on the Placing Price. **This target relates to dividends only, is not a forecast and is based on the Assumptions. It must be emphasised that there can be no guarantee that this target will be achieved or that the Company will be able to pay dividends at the rate indicated or at all. The Directors may revise the dividend policy from time to time.**

If the Major Portfolio is acquired, then, in determining the expected amount that the Company can pay as a dividend, the Company intends to utilise part of the Rental Shortfall Cover. Once the Company has utilised all of the Rental Shortfall Cover then the level of dividend it will be able to pay will depend upon the amount of the space in the Major Portfolio that has been let and on what terms. To the extent that the amount of unlet space of the Major Portfolio remains at or around the current level then the Company may pay a reduced dividend or be unable to pay any dividend at all.

If the Proposed Portfolio is not acquired, the timing and amount of the dividend payable will depend upon the time that it takes for the Company to become fully invested and the yield on the portfolio acquired.

Further information on the tax treatment of an investment in the Company is set out in Part 8 of this document.

8. Financial Consequences of the Placing and the Acquisition

The Company has been incorporated with a share capital of two Ordinary Shares of €0.01 each which are issued and fully paid and immediately prior to Admission the Company will have net assets of €0.02. Following completion of the Placing and the Acquisition of the Proposed Portfolio, the Company is expected to have net assets of approximately €239.1 million comprising Net Proceeds of the Placing and the Gross Asset Value of the Proposed Portfolio less senior debt costs and costs associated with the Acquisition and other pre-incorporation expenses.

9. Life of the Company

The Company does not have a fixed life. However, the Board considers it desirable that Shareholders should have an opportunity to review the future of the Company at appropriate intervals. Accordingly, the Board intends to propose an ordinary resolution at the annual general meeting of the Company in 2012 that the Company cease to continue as presently constituted. If the resolution is not passed, the Board intends that a similar resolution will be proposed at every third annual general meeting thereafter. If the resolution is passed, the Directors will be required to formulate proposals to be put to Shareholders to re-organise, unitise or reconstruct the Company or for the Company to be wound up. The Board may at its discretion prior to 2012 convene an extraordinary general meeting to propose a special resolution to wind up the Company and distribute surplus assets to Shareholders if during this time it concludes that an early liquidation of the Property Portfolio will be to the advantage of Shareholders.

10. Borrowings

There is no limit in the Articles to the amount of borrowings that the Company may incur. As is typical with property investment, the SPVs will use leverage for the acquisition of individual properties. The Company expects to be able to secure senior debt finance equivalent to approximately 85 per cent. of the value of property acquisitions.

PART 3

Management, Advice and Administration

1. Board of Directors

The Board consists of seven non-executive directors, as follows:

Derek Butler BSc, FRICS (aged 63), Non-executive Chairman

Derek Butler is a Fellow of the Royal Institution of Chartered Surveyors with extensive experience of real estate investment in Europe. He spent over 30 years with DTZ Debenham Tie Leung until 1999 where he held various senior positions including chairing the UK firm's investment division for much of the 1980s, and subsequently became Chairman of the DTZ international business. Mr Butler has been involved with continental investment for much of that period. After his departure from DTZ, Mr Butler chaired Curzon Global Partners from 1999 to 2003, a real estate investment management business which is an affiliate of IXIS AEW Europe, a group with €13.2 billion of real estate assets under management in Europe and €25.5 billion globally. He continues in the role of senior advisor to Curzon Global Partners. Mr. Butler is also an advisor to Develica 1 LLP, the UK real estate developer and investor.

Lord Sanderson of Bowden, DL (aged 73), Non-executive Director

Russell Sanderson retired as Chairman of Clydesdale Bank PLC in June 2004 having served as its Chairman for six years and as a board member for 12 years. Until recently, he was also a member of the boards of Yorkshire Bank PLC and National Australia Bank (Europe). He served for 10 years as Chairman of Scottish Mortgage Investment Trust and was a member of the boards of Morrison Construction (1995 – 2000), United Auctions and Shires Investment Trust. Lord Sanderson served as Minister of State at the Scottish Office from 1987 to 1990 and as Chairman of The Scottish Conservative Party from 1990 to 1993. Lord Sanderson started his business career in the wool industry and was a Director of both Johnston of Elgin and Illingworth Morris PLC. He is currently Chairman of The Hawick Cashmere Company. Lord Sanderson has received Honorary Degrees from both Glasgow University and Napier University.

Alan Gravett (aged 58), Non-executive Director

Alan Gravett worked for Barclaytrust (formerly Barclays Bank Limited, Executor and Trustee Department) from 1965 to 1988, reaching the highest level in Gibraltar administering offshore companies and trusts. Between 1988 and 1993 Mr Gravett was trust and company manager at Finsbury Management Limited (later Valmet Group) Gibraltar, being responsible for the management of some 5,000 offshore entities. From 1993 to date he has been a director of Prime Trust Corporation Limited, a Gibraltar based trust corporation managing offshore trusts and companies for a world-wide client base. Mr Gravett is licensed by the Financial Services Commission Gibraltar to act personally as a director and trustee, and is an Associate of the Institute of Bankers.

Quentin Spicer (aged 61), Non-executive Director

Quentin Spicer qualified as a solicitor at Wedlake Bell in 1968 and became a partner in 1970. He was head of the Property Department before moving to Guernsey in 1996 to take over as Senior Partner of Wedlake Bell Guernsey. Mr Spicer specialises in UK commercial property transactions for offshore funds and for persons and entities not tax resident in the UK. He is Chairman of the Guernsey Housing Association LBG, Mercator Group Holdings Limited, ISIS Property Trust 2 Limited, RAB Special Situations Company Limited, European Value and Income Fund Limited and is a non-executive director of several other property funds. Mr Spicer is a member of the Institute of Directors.

John Hallam (aged 57), Non-executive Director

John Hallam is a resident in Guernsey, a fellow of the Institute of Chartered Accountants in England and Wales and qualified as an accountant in 1971. He is a former partner of PricewaterhouseCoopers having retired in 1999 after 27 years with the firm both in Guernsey and

in other countries. Mr Hallam is currently chairman of EFG Private Bank (Channel Islands) Limited, M&G Recovery Investment Co Limited and Prodesse Investment Limited as well as being a director of a number of other financial service companies, some of which are listed on the London Stock Exchange. Mr Hallam has also served as the Chairman of Guernsey Financial Services Commission.

Peter Le Cheminant, FRICS (aged 52), Non-executive Director

Peter Le Cheminant is a resident of Guernsey. He qualified as a chartered surveyor in 1979 and has been an executive director of Martel Maides Limited, estate agents, valuers, auctioneers and property consultants since 1988. He has extensive experience, initially in London and the provinces, and over 20 years in Guernsey, specialising in commercial property. In 1992 he was elected Fellow of the Royal Institution of Chartered Surveyors and in 1999 he was admitted as a member of the Chartered Institute of Arbitrators. He is a non-executive director of the UK Balanced Property Trust Limited and The Accelerated Return Fund and has been a member of the Juvenile Court Panel of the Royal Court of Guernsey since August 1990.

Grant Tromans (aged 39) Non-executive Director

Grant Tromans is Managing Director of the Manager. Mr Tromans co-founded Develica in 2002 and focuses on identifying, evaluating and managing all fund investments. He is also Chief Executive of MacNiven & Cameron Plc, a founding investor in Develica 1 LLP and a London-based property investment, development and professional services company. MacNiven & Cameron Plc has carried out substantial planning, development and advisory work on numerous projects throughout the UK, from residential and commercial refurbishments to the development of small to large-scale mixed-use retail and residential units.

2. Corporate governance

The Directors recognise the importance of sound corporate governance and intend to comply to the extent possible with the Quoted Companies Alliance's Corporate Governance Guidelines for AIM Companies.

In particular, the Directors are responsible for overseeing the effectiveness of the internal controls of the Company designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made, and which is issued for publication, is reliable and that the assets of the Company are safeguarded.

The Board will establish an audit committee with formally delegated duties and responsibilities, comprising not less than two offshore members of the Board. The audit committee will meet at least twice a year and will be responsible for ensuring that the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies.

The Board will also establish remuneration, management engagement and nomination committees with formally delegated duties and responsibilities, comprising not less than two offshore members of the Board. The role of the committees will be, *inter alia*, to monitor and review with the Board the performance of the Manager, the terms of the Management Agreement and the framework for the remuneration of the non-executive directors, if applicable.

The Company has adopted the Model Code on dealings of directors and employees in securities as set out in Annex 1 of the Listing Rules of the UKLA for the Directors with effect from Admission and will take steps to ensure compliance by the Directors with the terms of this code.

3. Manager

3.1 Functions of the Manager

The Company has engaged Develica Deutschland Management Limited to assist in the management of the Company's investments pursuant to the Management Agreement. The principal objective of Develica Deutschland Management Limited is to identify acquisition targets and manage transactions and portfolios within Germany on behalf of the Company.

3.2 Management Agreement

The Management Agreement is subject to termination, *inter alia*, on 12 months' notice by either party, such notice not to expire before the fourth anniversary of Admission. The Company is entitled to terminate the Management Agreement if the Manager becomes insolvent or commits a material unremedied breach of agreement. The terms of the Management Agreement are set out in more detail in paragraph 7 of Part 9 of this document.

3.3 Key Individuals

In addition to Grant Tromans, the senior management of the Manager, who will be responsible for managing the Property Portfolio and subsequent acquisitions, are:

Stephen J Webster, FRICS

Stephen Webster is investment director of the Manager. Mr Webster has been associated with Develica since its inception. He has joint responsibility for the identification, evaluation and consummation of all fund investments. Mr Webster joined the City office of DTZ Debenham Tie Leung (then DTC), the international property consultancy, in 1971 and was made an equity partner in 1975. Mr Webster joined the main board of DTZ in 1987 and in 1994 was appointed as Director with responsibility for international development and as European Marketing Director. Mr Webster's many years of experience in the property sector cover investment, development, agency and valuation advice to a number of FTSE 100 property companies, private investors, banks and pension funds on existing buildings and development projects in all sectors throughout the UK and continental Europe. Mr Webster is a consultant to DTZ and a Director of Howard Holdings PLC, a Fellow of the Royal Institution of Chartered Surveyors (FRICS), a member of the British Property Federation and a Member of the British Council of Offices.

Darren McComb

Darren McComb is non-executive director of the Manager. Mr McComb was Trust and Company Executive at Coopers & Lybrand (now PriceWaterhouse Coopers), from 1992 to 1997. In 2004, after an intervening military career serving in the British Army in Northern Ireland and Gibraltar he became managing director of Prime Trust Corporation Limited, a trust and management company based in Gibraltar.

Brian Quinn

Brian Quinn is structured finance director of the Manager. Mr Quinn was formerly at Anglo Irish Bank Corporation plc, involved in investment banking and real estate finance. During his 7-year tenure at Anglo Irish he was responsible for managing property portfolios and funding a wide range of property investors and developers throughout the United Kingdom, for many of the banks most significant clients. Prior to joining Anglo Irish Bank Corporation plc in 1999 Brian worked as an economist and holds a Bachelor of Economics (Hons) degree and is an associate of the Chartered Institute of Bankers. At Develica, Brian is responsible for business development and as a member of the investment team, he is also responsible for the evaluation of all fund investments.

Michael Goldhill

Michael Goldhill acts as a consultant to the Manager. Michael has extensive experience in property investment and management, specifically at creating and optimising value from distressed assets. After studying at the College of Estate Management he joined Barrington Laurence in 1970, moving to Leighton Goldhill where he became a partner in 1976. In 1982 Michael founded Surelodge Properties, co-financed by UK and overseas investors, which grew successfully and attracted further investment from Kleinwort Benson, Clerical Medical and other major institutions. In 1990 Mr Goldhill co-founded Hemingway Properties PLC which was later reversed into Marylebone Estates and taken private in 1991 with a portfolio under management of £500 million. In 2003 Mr Goldhill established a new management team, and left Hemingway to concentrate on managing his own property portfolio.

The Manager will also benefit from the experience of the following key individuals through its relationship with DTZ, as well as from the members of the Advisory Committee described below.

Timo Tschammler MSc, MRICS

Timo Tschammler, a German national, acts as an adviser to the Manager for sales and acquisitions. Mr Tschammler is Director at DTZ International with responsibility for international investments. He graduated from the State Business Academy in Mannheim having studied Business Administration and Real Estate Economics. Mr Tschammler worked for Deutsche Bank Immobilien for four years as a real estate broker, then moved to Atis Real as international investment director, and moved to DTZ International in 2005. Recent deals Mr Tschammler has brokered include the disposal of €670 million property assets by CGI, advising Kan Am on the purchase of 'Crystal Park' for €450 million, and the disposal by Kan Am of their French property portfolio for approximately €1.2 billion. Mr Tschammler is a Member of the Royal Institution of Chartered Surveyors.

Dr. Bernd Bodenbach

Dr. Bernd Bodenbach joined DTZ in 2003 as managing director of Consultancy & Research and will act as an adviser to the Manager with responsibility for letting and portfolio strategy. Qualified with a Master of Business Administration, Dr. Bodenbach was project manager for real estate at Real SB-Warenhaus (a leading German hypermarket company) in the 1990s, before moving to Wal-Mart Germany as Head of Expansion & Development. His expertise and experience covers planning, portfolio analysis, market and location analysis and marketing consultancy.

Jochen Kleef

Jochen Kleef joined DTZ in 2001 and acts as an adviser to the Manager for property asset management. Mr Kleef's property management experience includes work in the UK, Belgium, the Netherlands and Germany, where he has overseen property refurbishment, new build, technology and telecoms installation, and managing leisure, office and retail assets on behalf of clients. He is currently based in Frankfurt for DTZ, as managing director for Building Consultancy and Property Management.

Petra Sollorz

Petra Sollorz joined DTZ in 2005 and acts as a lettings adviser to the Manager. She has 15 years experience in the property industry, with focus on assisting clients to achieve objectives and enhance shareholder value. She worked at Diva Immobilien from 1990-92 as a letting agent and then moved to North Property Consulting as head of lettings, leasing and marketing. From 1997 to 2000 Ms Sollorz was head of lettings at VIVICO, then deputy head of client solutions at Cushman & Wakefield (Munich) before joining DTZ.

3.4 Management fees

Management fee

In consideration of the Manager performing asset and portfolio management services, whether itself or through subcontractors, the Manager will be paid an annual management fee of 0.5 per cent. of the Gross Asset Value as reduced by any uncommitted Placing Proceeds, payable quarterly in advance. The Gross Asset Value will be assessed by reference to an external valuation of properties held by the Group as at 31 March each year. Save for the performance fees described below, no additional fees are payable to the Manager in relation to acquisitions, disposals or uncommitted Placing Proceeds. The Manager will also have the right to reimbursement of its reasonable expenses incurred in connection with acquisitions and disposals of properties within the Property Portfolio.

Performance fee

The Manager is entitled to be paid a performance fee calculated as 20 per cent. of the excess of the Net Asset Value per Ordinary Share (after adding back dividends and other distributions and ignoring any accrued performance fee) as at the end of each third financial year of the Company or at such other time in circumstances where, in the reasonable opinion of the Board, a significant disposal of assets and return of capital or distribution of cash to Shareholders has occurred (each such time being "the Calculation Date") over the benchmark multiplied by the time weighted average number of Ordinary Shares in issue.

For these purposes, the benchmark is equal to the Placing Price increased at a compound rate of 10 per cent. per annum or, where a performance fee has been paid, the Net Asset Value per Ordinary Share which gave rise to the payment of the most recent performance fee disregarding the effect on the Net Asset Value of the payment of the performance fee and such amount being increased at a rate of 10 per cent. per annum compound thereafter.

Performance fees will be accrued on the basis set out above. If the Manager becomes entitled to a performance fee in respect of a performance period, the Company will only be required to settle such liability to the Manager in respect of any performance fee earned to the extent that, and only when and if, the Company has realised profits on any investments. For the avoidance of doubt, unless an asset has been disposed of within six months of the relevant Calculation Date, in which case the calculation of the performance fee will be adjusted by using the actual disposal price of the property instead of the valuation of the property, any difference between the Net Asset Value per Ordinary Share used for calculating whether any performance fee becomes payable and the actual amount of realised profit on any investments shall be ignored for the purposes of determining the amount of any performance fee payable to the Manager. If the Management Agreement terminates for any reason, the parties will agree the amount of deemed realised profit of the Company's investments for the purposes of determining any performance fee payable to the Manager at the date of termination.

Further details of the terms of the Management Agreement are set out in paragraph 7 of Part 9 of this document.

4. Advisory Committee

The Manager has recruited an Advisory Committee that will act in an advisory capacity to the Manager. It will advise the Manager on potential acquisitions for the Property Portfolio, together with proposed disposals and refinancings, as recommended by the Manager. The Advisory Committee is to be composed of the following team:

John Slade, FRICS

Managing Director of International Investment at DTZ. Formerly he was Chief Executive of Richard Ellis City and for seven years ran his own successful Investment Agency, Slade & Co. His career spans 26 years in the investment markets and his specialisation is acting for and advising clients on significant international investment transactions on a global basis.

Peter Sinding

Peter Sinding, formerly with Andersen Worldwide and Davies Arnold Cooper, has extensive experience in structured finance, corporate finance and property finance. He is a fluent German speaker and has a considerable network in the legal and property industries throughout Germany. As a qualified solicitor, Mr Sinding has acted for property investment funds and construction and development joint ventures. Mr Sinding currently provides property advisory services to Develica.

Paul Webster

Paul Webster has over 20 years experience in all forms of corporate and real estate transactions. He was formerly equity partner and Head of Real Estate Finance at Alsop Wilkinson (1985-1996), then corporate counsel with 2 major City banks, principally involved in real estate funding. Mr Webster is currently running his law practice through a consultancy at Davies Arnold Cooper.

5. Experience of the Board and Management Team

The Board, the management team of Develica Deutschland Management Limited and the members of the Advisory Committee have considerable experience in the United Kingdom and international property markets together with an extensive network of contacts and relationships. Their diverse and collective skills cover property financing, asset management, investment, corporate finance, development and agency. Developments and investments successfully concluded or currently under consideration by individual members of the management team and the Advisory Committee cover residential, retail, office, distribution and industrial sectors. Members of the management team of the Manager have between them overseen the equivalent of some €250 million of United Kingdom property development and investment in aggregate.

6. Conflicts management

The Manager and its affiliates currently provide property management services to other funds and investors who have a similar objective to that of the Company. In providing such services, information which is used by the Manager to manage the Group's property assets may also be used to provide similar services to other clients.

The Manager will manage its duties to the Company and to other funds for whom it and its affiliates act pursuant to the terms of the Management Agreement and any other contracts which they may have entered into with such other funds. The Management Agreement contains provisions dealing with conflicts management. Should investment opportunities meet the investment objective and criteria of both the Company and any other fund managed by the Manager, such opportunities will be allocated between them subject to the Manager's allocation process. The Manager's allocation process is designed to reduce potential conflicts of interest and is intended to ensure that all clients, including the Company, will have fair access to new investment opportunities made available to clients.

The Management Agreement prohibits the Manager (without the Company's prior consent) from undertaking any property acquisition and/or development activities in respect of commercial property assets in Germany without offering the Company a right of first refusal in respect of the same until at least 80 per cent. of the proceeds of the Placing, plus related debt, has been invested or committed for investment.

7. Valuations

The Property Portfolio will be valued annually by an internationally recognised property appraiser appointed by the Company from time to time. Investment properties held directly or indirectly by the Company will be valued on an open market basis. The Net Asset Value per Ordinary Share will be calculated annually based on the annual valuation of the Property Portfolio and calculated on the basis of IFRS. This valuation will be announced to the London Stock Exchange through a Regulatory Information Service.

8. Financial information and reports

The Group's financial statements will be prepared in accordance with IFRS and reported in Euros.

The first accounting period of the Company will run until 31 March 2007 and, thereafter, accounting periods will end on 31 March in each year. It is expected that the audited annual accounts will be sent to Shareholders within five months of the year end to which they relate. Unaudited half yearly reports, made up to 30 September, are expected to be announced within three months thereof. The first unaudited half yearly report will cover the period from incorporation to 30 September 2006.

The audited annual accounts and half yearly reports will also be available at the registered office of the Administrator and the Company.

9. Administration and Secretarial

The Administrator is Kleinwort Benson (Channel Islands) Fund Services Limited and is licensed and regulated by the GFSC.

The Administrator has been appointed to provide administration and secretarial services to the Company, including the determination and calculation of the Net Asset Value per Ordinary Share, as set out in the Administration Agreement. For these services the Administrator will be paid an annual fee of 0.0275 per cent. per annum (subject to a minimum of €100,000 per annum) of the Gross Asset Value. The Administration Agreement is terminable by either party giving not less than 90 days' notice.

Further details of the agreement between the Company and the Administrator are set out in paragraph 7 of Part 9 of this document.

10. Custodian

Kleinwort Benson (Channel Islands) Limited has been appointed as custodian. The Custodian is a private limited company established under the laws of Guernsey and is licensed and regulated by the GFSC. Its registration number is 1215. It was incorporated on 15 September 1961 and its registered office is Kleinwort Benson House, Wests Centre, St. Helier, Jersey.

In its capacity as custodian, the Custodian will receive a fee from the Company of 0.02 per cent. per annum of the value of the Company's assets held in the custody of the Custodian. Additional fees will be payable for additional services provided by the Custodian. The Custody Agreement is terminable by either party giving not less than 30 days written notice.

The Custodian may appoint sub-custodians or agents provided that the Custodian shall make reasonable enquiries of them. The Custodian shall not be liable for any loss arising from any act, omission or default of any of the sub-custodians or agents.

Further details of the agreement between the Company and Custodian are set out in paragraph 7 of Part 9 of this document.

11. Registrar

The Company has appointed Capita IRG (CI) Limited to provide registrar services in respect of the Company. Further details of the agreement between the Company and the Registrar are set out in paragraph 7 of Part 9 of this document.

12. Ongoing Property Management

In accordance with the terms of the Management Agreement, the Manager has subcontracted the provision of day-to-day portfolio management services to DTZ on a non-exclusive basis although the Company reserves the right to use other letting agents if DTZ is not considered appropriate for a particular assignment. After Admission, it is envisaged that all property management services will be provided to the Group in accordance with the Management Agreement, although the Group will be entitled to retain the services of third party companies for the management of properties, if those companies are managing the relevant properties at the time of acquisition. The fees of the Property Manager will be met out of the management fees payable to the Manager.

The property management services that DTZ will render to the Group include: rent collection and service charge administration, tenant liaison, negotiating rent reviews and lettings with tenants, lease renewals, and preparation of investment, performance and financial reports for the Company.

PART 4

Placing, Admission and related matters

The Placing and use of Proceeds

Fairfax has undertaken to use its reasonable endeavours to place with investors up to 250 million Ordinary Shares, as agent for the Company, at the Placing Price.

The Placing, which is not being underwritten, is conditional upon the admission of the Ordinary Shares to trading on AIM by 31 May 2006, or such later time as Fairfax, the Nominated Adviser and the Company may agree, but in any event not later than 30 June 2006.

The Placing of the Ordinary Shares on behalf of the Company is intended to raise approximately €250 million before expenses. The expenses of Admission and the Placing payable by the Company are estimated at approximately €10.9 million, assuming the Placing is fully subscribed, so that the net proceeds of the Placing of the Ordinary Shares on behalf of the Company are estimated to be approximately €239.1 million.

The Company intends to use the Net Proceeds of the Placing to provide working capital for the operations of the Company and to invest in commercial property in Germany.

Based on current market conditions, and in the absence of unforeseen circumstances, the Manager anticipates that the Company should be fully invested within 12 months of Admission, although there can be no guarantee of this. The Board will monitor progress closely and will consider all options for the Company based on its initial investment progress. Pending investment, money will be invested in cash or short term liquid investments.

Proceeds of the Placing should be received by Fairfax on or before 31 May 2006. CREST accounts will be credited on the date of Admission and it is anticipated that certificates in respect of the Ordinary Shares will be despatched within 10 business days of such date, in the week commencing 12 June 2006. Pending receipt by Shareholders of definitive share certificates, the Registrar will certify any instruments of transfer against the register.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the Uncertificated Securities Regulations 2001. The Articles permit the holding of Ordinary Shares under the CREST system. All the Ordinary Shares will be in registered form and no temporary documents of title will be issued.

The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. It is expected that Admission will become effective and dealings in Ordinary Shares will commence on 31 May 2006. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

Risk factors

Certain risk factors in relation to the Company and its business are brought to your attention in Part 1 of this document.

Taxation

Information regarding United Kingdom, German and Guernsey taxation with regard to potential Shareholders is set out in Part 8 of this document. If you are in any doubt as to your tax position, you should consult your professional adviser immediately.

Further information

Your attention is drawn to the additional information set out in Part 9 of this document.

PART 5

Proposed Portfolio Acquisition

As at the date of this document Develica Holdings, on behalf of the Group, has exchanged letters and heads of terms providing exclusivity until after Admission in relation to the Proposed Portfolio. Develica Holdings is undertaking due diligence investigations of the Proposed Portfolio for and on behalf of Develica Deutschland Limited, and if such due diligence is satisfactory to, and the acquisition of the Proposed Portfolio is approved by, the Board, and provided that suitable financing terms can be obtained from lenders acceptable to the Company, it is expected that legally binding agreements for the acquisition of the Proposed Portfolio may be entered into within four weeks of Admission with completion of the Acquisition expected to take place by no later than September 2006. It is emphasised that the heads of terms and letters exchanged are non-binding and there can therefore be no guarantee that the Company will complete the Acquisition or the acquisition of similar properties, whether on the same or similar terms or at all.

The total asset value including estimated acquisition costs of the Proposed Portfolio, is approximately €1.1 billion.

The Proposed Portfolio comprises 39 investment properties which are predominantly located within or close by the major German cities of Frankfurt, Munich, Hamburg, Berlin and Bonn. Of the total Proposed Portfolio, 38 properties, comprising the Major Portfolio, will be acquired from one seller and the remaining property, located in Bonn, will be acquired from a separate seller pursuant to separate contractual terms. The Major Portfolio will represent approximately 95 per cent. of the total valuation attributed to the Proposed Portfolio by the Company.

General information about the Proposed Portfolio is set out below.

1. Values and Rents

The average value of the properties within the Proposed Portfolio is approximately €26.5 million, ranging from €3.0 million to €179.5 million.

The gross annual rental income from the Proposed Portfolio (including Rental Shortfall Cover in respect of the Major Portfolio calculated at the Seller's estimated rental value) is approximately €75.37 million (before non-recoverable items).

2. Summary of Tenure

<i>Type of Tenure</i>	<i>No properties</i>	<i>% Market Value</i>
Freehold	39	100
Leasehold	0	0
Total	39	100

3. Lease Length

The length of leases as at 1 May 2006 can be summarised as follows:

<i>Length of Leases</i>	<i>As a rounded percentage of Proposed Portfolio net passing rent</i>
0-5 years	78%
5-10 years	17%
10-15 years	3%
15-20 years	1%
20+ years	1%

The average lease length is 4.79 years (weighted by current rental income, including the Rental Shortfall Cover). The typical term of a German commercial lease is five years. It is not unusual for commercial leases to grant the tenant an option to extend for a further five years.

4. Lease Terms

The leases are on terms that in the Manager’s view could reasonably be expected for properties of the type comprised in the Proposed Portfolio.

5. Occupancy

As at 1 May 2006, the total passing rent in respect of the Proposed Portfolio amounted to €42.9 million corresponding to approximately 57 per cent. of the gross annual rental income in respect of the Proposed Portfolio as set out in paragraph 1 of this Part 5.

6. Tenant Base

The Proposed Portfolio has approximately 430 tenants. The top 20 tenants pay 45 per cent. of the current passing rent in respect of the Proposed Portfolio. The largest tenant is a member of the Deutsche Telekom group of companies.

7. Regional Weightings

The regional weightings of the Portfolio by square metres can be summarised as follows

<i>Location</i>	<i>As a percentage of the Proposed Portfolio</i>
Frankfurt	43.5%
Berlin	8.5%
Munich	14.5%
Hamburg	6.3%
Others	27.2%

8. Sector Weightings

The sector weightings of the Portfolio can be summarised as follows:

<i>Sector</i>	<i>As a percentage of the current and estimated passing rent of the Proposed Portfolio</i>
Offices	71%
Retail	25%
Storage	4%

PART 6

Financial Information

Part A – Accountants Report on Develica Deutschland Limited



The Directors
Develica Deutschland Limited
Dorey Court
Admiral Park
St Peter Port
Guernsey GY1 3BG
Channel Islands

Dear Sirs

We report on the financial information set out on page 33. This financial information has been prepared for inclusion in the AIM admission document dated 25 May 2006 of Develica Deutschland Limited (“the Company”) on the basis of the accounting policies set out in note 2 to the financial information. This report is required by Schedule Two of the AIM Rules and is given for the purpose of complying with that schedule and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of information set out in note 2 to the financial information.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the AIM admission document and to report our opinion to you.

Basis of Opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion the financial information gives for the purposes of the AIM admission document dated 25 May 2006 a true and fair view of the state of affairs of the Company as at the date stated in accordance with the basis of preparation set out in note 2.

Declaration

We are responsible for this report as part of the AIM admission document 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 AIM admission document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

Ernst & Young LLP

Part B – Financial Information on Develica Deutschland Limited

1. Responsibility

The directors of the company are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information.

2. Accounting Policies

The financial information is prepared under the historical cost convention and in accordance with applicable International Financial Reporting Standards.

3. Balance Sheet as at 25 May 2006

	<i>As at 25 May 2006 €</i>
Current assets	
Debtors	0.02
Capital and reserves	
Called up share capital	0.02

4. Share Capital

	<i>As at 25 May 2006 €</i>
Authorised:	
500,000,000 Ordinary shares of €0.01 each	5,000,000
Issued:	
2 Ordinary shares of €0.01 each	0.02

PART 7

Principal Bases and Assumptions

The principal bases and assumptions used in this document are:

- (1) 250 million Ordinary Shares of the Company are issued at €1 per Ordinary Share;
- (2) a €1,000 million debt facility is available to the Group of which 50 per cent. is fixed at an interest rate of 4.720 per cent. per annum with the remaining 50 per cent. floating at an interest rate of 3.534 per cent. per annum (although it is emphasised that interest rates and level of interest hedging may change in accordance with relevant circumstances prevailing at drawdown);
- (3) the Gross Asset Value before up front fees amounts to €1.250 billion (assuming all bank borrowings are drawn down immediately following Admission);
- (4) the total launch expenses and commission relating to the Placing borne by the Company are 4.36 per cent. of the gross placing proceeds;
- (5) the total costs of acquiring the Proposed Portfolio (including the costs of arranging the bank facility) amount to 5.33 per cent. of the Gross Asset Value before upfront fees;
- (6) the starting property assets net of acquisition costs total €1,172,496,101;
- (7) the initial yield on the property portfolio is 6.7 per cent. per annum on the basis that the portfolio is fully let;
- (8) an annual management fee of 0.5 per cent. per annum of the Gross Asset Value;
- (9) annual running costs of €1,751,000 plus annual property maintenance costs of 2.0 per cent. of rental income;
- (10) each SPV is funded by the Company as to 60 per cent. by way of inter-company loan and as to 40 per cent. by way of equity capital. Inter-company equity borrowings provided by the Company to the SPVs attract interest at the rate of 10 per cent. per annum;
- (11) the Company's year one effective tax rate, calculated as the year one tax charge divided by the year one rental income, is 2.21 per cent.;
- (12) the Company amortises its bank borrowings at 1.0 per cent. per annum; and
- (13) the issued share capital of the Company does not change following Admission.

PART 8

Taxation

The following information is based on the law and practice currently in force in the UK, Guernsey and Germany. This information is not exhaustive and, if potential investors are in any doubt as to their taxation position, they should consult their professional adviser. Investors should note that tax law and interpretation can change and that, in particular, the levels and bases of, and reliefs from, taxation may change and that changes may alter the benefits of investment in the Company.

UK taxation

The Company

It is the intention of the Directors to conduct the affairs of the Company so that the central management and control of the Company is not exercised in the United Kingdom and so that the Company does not carry out any trade in the United Kingdom (whether or not through a permanent establishment situated there). The Company should thus not be resident in the United Kingdom for taxation purposes. On this basis, the Company should not be liable for United Kingdom taxation on its income and gains other than income deriving from a United Kingdom source.

UK Shareholders

Shareholders who are resident in the United Kingdom for tax purposes and who hold their shares in the Company as investments may, depending on their circumstances, be liable to United Kingdom income tax or corporation tax in respect of dividends paid by the Company.

Individual Shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes will be liable to income tax on dividends paid by the Company. Such Shareholders are not entitled to a tax credit in the United Kingdom in respect of a dividend paid by the Company.

Shareholders who are liable to income tax at the starting or basic rates will be liable to income tax at the rate of 10 per cent. of the dividend paid. Shareholders who are liable to income tax at the higher rate will be liable to income tax at the rate of 32.5 per cent. of the dividend paid.

A UK resident corporate Shareholder will be liable to corporation tax on the dividend paid.

In the case of those Shareholders who are individuals or otherwise not within the charge to corporation tax and who hold their shares as investments, capital gains tax may be payable on a disposal of Ordinary Shares. Taper relief may be available to reduce the amount of any chargeable gain on disposal. No indexation allowance will be available to such holders. Individual Shareholders are entitled to an annual exemption from capital gains tax, which for the 2006/2007 tax year is £8,800.

Shareholders within the charge to UK corporation tax may be subject to corporation tax on capital gains in respect of any gain arising on a disposal of Ordinary Shares. Indexation allowance may apply to reduce any chargeable gain arising on disposal of the Ordinary Shares.

It is not anticipated that the Company would be regarded as a close company if it were resident in the UK. Therefore, capital gains realised by the Company should not be attributed to Shareholders under section 13 of the Taxation of Chargeable Gains Act 1992.

The Directors intend to manage the Company's affairs such that it should not be regarded as a collective investment scheme for the purposes of section 235 Financial Services and Markets Act 2000. Accordingly, a shareholding in the Company should not be regarded as a material interest in an offshore fund for the purposes of Sections 757 to 764 (as amended by the Finance Act 2005) of the Income and Corporation Taxes Act 1988 (the "Taxes Act") and gains realised on such holdings should not be subject to tax as income under that legislation.

A UK resident corporate Shareholder who, together with connected or associated persons, is entitled to at least 25 per cent. of the Ordinary Shares should note the provisions of the controlled foreign companies legislation contained in Sections 747 to 756 of the Taxes Act.

The attention of individuals ordinarily resident in the United Kingdom is drawn to the provisions of section 739 to 746 of the Taxes Act which may render such individuals liable to tax on the income of the Company (taken before any deduction for interest) in certain circumstances.

Non-UK Shareholders

Shareholders who are not resident or ordinarily resident in the United Kingdom and do not carry on a trade, profession or vocation through a branch, agency or other form of permanent establishment in the United Kingdom with which the Ordinary Shares are connected will not normally be liable to United Kingdom taxation on capital gains arising on the sale or other disposal of their Ordinary Shares. However, non-UK Shareholders should take specific professional advice about their individual tax position.

Individual Savings Accounts and Personal Equity Plans

Ordinary Shares in the Company will not be eligible to be held in the stocks and shares component of an ISA or an existing PEP.

Guernsey taxation

The Company and each SPV will apply on an annual basis for tax exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 (the "Ordinance"). Exemption must be applied for annually and will be granted, subject to the payment of an annual fee which is currently fixed at £600, provided that the Company continues to qualify under the applicable legislation for exemption. It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it qualifies.

No capital gains or similar taxes are levied in Guernsey on realised or unrealised gains resulting from the Company's investment activities.

Shareholders will receive dividends without deduction of Guernsey income tax. Shareholders who are resident in Guernsey will incur Guernsey tax on any dividends paid on Shares owned by them. The Company will be required to notify the Administrator of Income Tax of amounts paid to Guernsey residents by way of dividend. Furthermore, the Company will be required to make a return to the Administrator of Income Tax, on request, of the names, addresses and shareholdings of Guernsey resident Shareholders.

Shareholders will not suffer any liability to capital gains tax in Guernsey. There are no death duties, capital, inheritance, capital gains, gifts, sales or turnover taxes levied in Guernsey in connection with the acquisition, holding or disposal of Ordinary Shares.

Document duty is payable on the creation or increase of authorised share capital at the rate of one half of one per cent. of the authorised share capital of a company incorporated in Guernsey up to a maximum of £5,000 in the lifetime of a company. No stamp duty or stamp duty reserve tax is chargeable in Guernsey on the issue, transfer, conversion or redemption of Ordinary Shares.

In November 2002, the Advisory and Finance Committee (now the Policy Council) of the States of Guernsey announced a proposed framework for a structure of corporate tax reform within an indicative timescale. At the end of September 2005 the Fiscal and Economic Policy Steering Group published a second consultation document on Guernsey's future economic and taxation strategy. In March 2006 the States issued a further Strategy Paper. These documents confirmed the earlier recommendation that the general rate of income tax paid by Guernsey companies, including the Company and the SPVs, would be reduced to 0 per cent. in respect of the tax year 2008 and subsequent years. The proposals are expected to be presented to the States this summer.

The changes, if implemented, will mean that the Company, and each SPV, will be subject to zero rate Guernsey tax. No further changes are proposed that would impact upon the position of non-Guernsey resident Shareholders. Such holders will not be subject to Guernsey tax on the redemption or disposal of their holding of Shares.

However, no retentions or exchanges of information under the EU Savings Tax Directive as implemented in Guernsey are expected to apply to holdings of Shares where payment in respect of such holdings are made by a Guernsey paying agent.

The foregoing summary does not address tax considerations which may be applicable to certain shareholders under the laws of jurisdictions other than Guernsey. The Company has no present plans to apply for any certifications or registrations, or to take any other actions under the laws of any jurisdictions which would afford relief to local investors therein from the normal tax regime otherwise applicable to an investment in Ordinary Shares. It is the responsibility of all persons interested in purchasing the Ordinary Shares to inform themselves as to any income or other tax consequences arising in the jurisdictions in which they are resident or domiciled for tax purposes, as well as any foreign exchange or other fiscal or legal restrictions, which are relevant to their particular circumstances in connection with the acquisition, holding or disposition of the Ordinary Shares.

German Taxation

It is anticipated that property acquisitions will be made through SPVs.

The SPVs

It is the intention of the Directors that the affairs of the SPVs will be conducted so that the SPVs do not have either a place of management or permanent establishment in Germany. On this basis, the SPVs should only be liable for German taxation on their German source income and gains.

In particular, based upon rates currently in force, the SPVs will be liable to German corporate income tax at an effective rate of 26.375 per cent. on their net rental income, and on any gains arising on disposal of properties by the SPVs. Net rental income is arrived at after deductions for interest paid to third party banks and related party lenders, subject to restrictions imposed by the transfer pricing and thin capitalisation legislation.

If the SPVs were considered to have a permanent establishment in Germany then, in addition to corporate income tax, the SPVs may be liable to German trade tax on profits. The ownership of the properties should not in itself create a permanent establishment.

The acquisition of German real estate is subject to real estate transfer tax at the rate of 3.5 per cent.

The Company

It is the intention of the Directors that the affairs of the Company will be conducted so that the Company does not have either a place of management or permanent establishment in Germany. On this basis, the Company should not be liable for German taxation on its income and gains, other than German source income and gains. Capital gains made by the Company on the disposal of shares in the SPVs should not be subject to German taxation.

Dividends received by the Company from the SPVs will not be subject to tax in Germany provided that neither the Company nor the SPVs are considered to have a place of management in Germany.

Any person who is in any doubt as to his/her tax position or requires more detailed information than the general outline above should consult his/her professional advisers.

PART 9

Additional information

1. Directors' Responsibility

The Directors, whose names are set out on page 7 of this document, accept responsibility for all the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

- 2.1 The Company was incorporated on 18 May 2006 with limited liability in Guernsey under the Law with registered number 44810. The Company has an unlimited life.
- 2.2 The Company's registered office and its principal place of business are in Guernsey and are located at Dorey Court, Admiral Park, St Peter Port, Guernsey GY1 3BG, Channel Islands.
- 2.3 Save for its entry into the material contracts summarised in paragraph 7 of this Part 9 and certain non-material contracts, since its incorporation, the Company has not carried on business nor incurred borrowings.

3. Share Capital

- 3.1 At incorporation the authorised share capital of the Company was €0.02 divided into two Ordinary Shares of €0.01 each of which two were issued as subscriber shares to the two subscribers to the Memorandum and Articles.
- 3.2 The current authorised and issued share capital and the proposed issued share capital of the Company (all of which will be fully paid-up) immediately following the Placing and at Admission are and will be as follows:

	<i>Current</i>				<i>At Admission</i>			
	<i>Authorised</i>		<i>Issued</i>		<i>Authorised</i>		<i>Issued</i>	
	<i>Number of Ordinary Shares</i>	<i>€ Nominal</i>	<i>Number of Ordinary Shares</i>	<i>€ Nominal</i>	<i>Number of Ordinary Shares</i>	<i>€ Nominal</i>	<i>Number of Ordinary Shares</i>	<i>€ Nominal</i>
Ordinary Shares	500,000,000	€5,000,000	2	€0.02	500,000,000	€5,000,000	250,000,000	€2,500,000

- 3.3 By an ordinary resolution dated 22 May 2006 the Company took authority, in accordance with section 5 of the Companies (Purchase of Own Shares) Ordinance 1998 (the "Ordinance"), conditional upon the Placing becoming unconditional, to make market purchases of fully paid Ordinary Shares, provided that the maximum number of Ordinary Shares authorised to be purchased shall be 14.99 per cent. of the issued ordinary share capital of the Company in issue immediately following the conclusion of the Placing and the minimum price which may be paid for an Ordinary Share is €0.01 and the maximum price which may be so paid shall be no more than 5 per cent. above the average of the closing middle market quotations for an Ordinary Share for the five business days immediately preceding the date of purchase. The Company is permitted to fund the payments for purchases of Ordinary Shares in any manner permitted by the Ordinance. Such authority shall expire at the annual general meeting of the Company in 2007 unless such authority is varied, revoked or renewed prior to such date by a special resolution of the Company in general meeting.
- 3.4 By a special resolution dated 22 May 2006 it was resolved that, conditional on the Placing becoming unconditional and the approval of the Royal Court in Guernsey, the amount standing to the credit of the share premium account of the Company following completion of the Placing be cancelled and the amount of the share premium account so cancelled be credited as a distributable reserve to be established in the books of account of the Company which shall be able to be applied in any manner in which the Company's profits available for

distribution (as determined in accordance with the Law) are able to be applied, including the purchase of the Company's own shares and payment of dividends. In deciding whether to give its confirmation, the court will be concerned to protect the interests of any creditors of the Company as at the date the reduction takes effect. The court will require all such creditors to have been paid or to have consented to the reduction. Until the court has confirmed the reduction of the share premium account (and the terms of any undertaking regarding creditors required by the court to be complied with), the Company will only be able to distribute dividends out of existing distributable profits and, to the extent permitted by the Ordinance, to repurchase Ordinary Shares out of existing distributable profits or the proceeds of a fresh issue of shares.

- 3.5 In accordance with the power granted to the Directors by the Articles, it is expected that the Ordinary Shares to be issued under the Placing will be allotted (conditional upon Admission) pursuant to a resolution of the Board to be passed shortly before Admission. There are no provisions of Guernsey law equivalent to sections 89 to 96 of the Companies Act 1985 of England and Wales which confer pre-emption rights on existing Shareholders in connection with the allotment of equity securities for cash.
- 3.6 The liability of Shareholders is limited to the amount payable in respect of Ordinary Shares held.
- 3.7 The Ordinary Shares (which are in registered form and capable of being held in uncertificated form) carry the right to vote at general meetings and the entitlement to receive any dividends and surplus assets of the Company on a winding-up.
- 3.8 Save pursuant to the Placing and for the subscription of the two Ordinary Shares referred to above, since the date of incorporation no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration and no commission, discounts, brokerages or other special terms have been granted by the Company in connection with the issue of any such capital.
- 3.9 Save as disclosed in this document, no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 3.10 As of the date of this document, the Company has no listed or unlisted securities not representing share capital.
- 3.11 The Ordinary Shares to be issued pursuant to the Placing will be created and issued under the Law.

4. Directors' and other Interests

- 4.1 The maximum amount of remuneration payable to the Directors permitted under the Articles is €300,000 in aggregate in any financial year.
- 4.2 The Directors were appointed as non-executive directors by letters dated 22 May 2006 that state that appointment and any subsequent termination or retirement shall be subject to the Articles. Save as described above, there are no existing or proposed service contracts between any of the Directors and the Company.
- 4.3 There are no contracts entered into by the Company in which the Directors have a material interest save that Grant Tromans is the ultimate beneficiary under a discretionary trust that has an indirect material interest in MacNiven & Cameron Equity Holdings Limited and Develica Holdings.
- 4.4 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.
- 4.5 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 Company and which have been effected by the Company since incorporation and remain in any way outstanding or unperformed.
- 4.6 No Director (nor any member of a Director's family) has had a related financial product (as defined in the AIM Rules) referenced to Ordinary Shares.

- 4.7 Based on the intentions of the Directors (and persons connected with the Directors) to subscribe under the Placing, the Directors (and persons connected with the Directors) are expected to hold, following Admission, the number of Shares set out below:

<i>Name</i>	<i>Ordinary Shares</i>	
	<i>Number</i>	<i>%</i>
Derek Butler	36,500	0.01
Grant Tromans	2,500,000	1.0
Lord Sanderson	100,000	0.01
John Hallam	25,000	0.01
Peter Le Cheminant	20,000	0.01

All the interests detailed above are beneficial save that those of Lord Sanderson include 33,900 Ordinary Shares registered in the name of his wife, Frances Elizabeth Sanderson, and a further 14,700 Ordinary Shares held in each of three discretionary trusts for the benefit of his wife. The Ordinary Shares of John Hallam are registered in the name of Schroders (CI) Limited and those of Derek Butler are registered in the name of Bestinvest. The Ordinary Shares of Grant Tromans are registered in the name of Finsbury Nominees Limited.

In accordance with the lock-in arrangements contained in the AIM rules, the Directors have agreed not to dispose of their securities for a period of one year from the date of Admission.

Save as set out in this sub-paragraph, no Director has any interest in the share capital of the Company nor has any person connected with any Director (so far as is known, or which could with reasonable diligence be ascertained by, that Director) an interest in the share capital of the Company or in options in respect of such capital.

- 4.8 The Company is not aware of any person or persons who directly or indirectly, jointly or severally, exercise or could exercise control of the Company.
- 4.9 Save as set out below, the Company is not aware of any person holding directly or indirectly more than 3 per cent. of the Company's issued share capital or any person who will hold, directly or indirectly, more than 3 per cent. of the Company's issued share capital on Admission*

<i>Name</i>	<i>Ordinary Shares</i>	
	<i>Number</i>	<i>%</i>
Artemis Fund Managers Limited	25,000,000	10.00
AXA Framlington Investment Management Limited	9,000,000	3.60
GLG Partners LP	8,100,000	3.24
Henderson Global Investors Limited	33,000,000	13.20
ING Real Estate Investment Management Limited	10,800,000	4.32
Laxey Partners UK Limited	17,812,500	7.13
QVT Financial LP	20,000,000	8.00
Standard Life Investments Limited	23,750,000	9.50

- 4.10 The Company will purchase directors and officers liability insurance for the benefit of the Directors.
- 4.11 No Director has any unspent convictions relating to indictable offences, has been bankrupt or has made, or been the subject of, any individual voluntary arrangement.
- 4.12 Save as set out below, none of the Directors has been a director of any company at the time of or within twelve months preceding the date of its receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors. None of the Directors has been a partner of any partnership at the time of or within twelve months preceding the date of its compulsory liquidation, administration or partnership voluntary arrangement or the receivership of any assets of such partnership.

Grant Tromans was appointed a director of Regent Corporation PLC ("Regent Corporation") on 22 May 1996. On 23 June 1997 Regent Corporation was placed under Administration. On 1 June 1998 at an extraordinary general meeting, shareholders of Regent Corporation approved the board's proposals for a company voluntary arrangement

and a reduction in capital. Regent Corporation came out of Administration on 3 December 1998. On 25 May 2001, the Court of Session in Scotland confirmed the reduction in capital proposals which were then implemented in full. The administration of the company voluntary arrangement was formally concluded on 7 January 2002. Grant Tromans continues to be a director of Regent Corporation, now MacNiven & Cameron PLC.

Alan Gravett was an executive director of Bohemian Consultants Limited, an Irish company, from 13 January 1998 to 29 September 2005. Bohemian Consultants Limited was placed into members voluntary liquidation on 29 September 2005. The liquidation remains open pending distribution of the company's assets.

- 4.13 None of the Directors has been publicly criticised by any statutory or regulatory authority or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 4.14 The directorships held by each of the Directors over the five years preceding the date of this document and the partnerships in which they have been partners in the five years preceding the date of this document are as follows:

	<i>Current</i>	<i>Past</i>
Derek Butler	Gelling (Isle of Man) Limited Property Bourse Limited South West Urban Regeneration Fund Limited Speymill Deutschland Immobilien Company plc	Ashley Gardens Management Company Limited Bentley House Limited BRH Limited CCP (Holland) BV CCP La Granada Logistics 2 S.L. CCP La Granada Logistics 3 S.L. CCP La Granada Logistics 4 S.L. Courts House Limited DTZ Debenham Thorpe (Bahrain) Limited DTZ International Limited Hoskyn House Limited Tewkesbury Property Limited TVE Property Limited WPC Property Limited
Lord Sanderson of Bowden	Hawick Cashmere Company Limited	Clydesdale Bank plc Yorkshire Bank plc National Australia Group Europe Limited Scottish Mortgage & Trust plc Morrison Construction plc United Auction plc Watson-Philip plc Edinburgh Woollen Mills Limited Scottish Pride Holdings plc Johnston of Elgin Limited Illingworth Morris Plc Edinburgh Financial Trust plc Shires Investment plc Woolcombers plc
Grant Tromans	Berkeley Square Holdings Limited Berkeley Square Ventures Limited Burlow Developments Limited Cameron Court Residential Management Limited Columbus Tower Limited Develica Management Limited Lodgetowers Limited MacNiven & Cameron (Brentford) Limited MacNiven & Cameron (Bristol) Limited MacNiven & Cameron (Liskeard) Limited	Accsys Fibres Limited Berkeley 2 Estate Limited Berkeley Park Limited Berkeley Square Estate Management Company Limited Berkeley Square Park Limited Blandford St Mary (Homes) Limited Capax Public Limited Company Cotton Management Limited MacNiven & Cameron (Stanmore) Limited MacNiven & Cameron Estates Limited Metropolitan STG (Newry) Limited

	<i>Current</i>	<i>Past</i>
Grant Tromans (continued)	MacNiven & Cameron (London) Limited MacNiven & Cameron (Newquay) Limited MacNiven & Cameron (Plymouth) Limited MacNiven & Cameron (Salsburgh) Limited MacNiven & Cameron (SL1) Limited MacNiven & Cameron (Streatham) Limited MacNiven & Cameron (Transit Way) Limited MacNiven & Cameron Apartments Limited MacNiven & Cameron Construction Limited MacNiven & Cameron Developments Limited MacNiven & Cameron Homes Limited MacNiven & Cameron Investments Limited MacNiven & Cameron Management Limited MacNiven & Cameron McNicholas Limited MacNiven & Cameron Nominees Limited MacNiven & Cameron Properties Limited MacNiven & Cameron PLC MacNiven & Cameron Property Holdings Limited MacNiven & Cameron Telecommunications Limited SKMC Management Limited SKMC Properties Limited The Cromwell Hospital Management Group Limited	SKMC 1I Limited SKMC 2D Limited SKMC-COH Limited The MDA Group Plc International Cellulose Company Limited MacNiven & Cameron (Holloway Road) Limited SKMC 1D Limited STG Holdings plc Asset 21 Limited Furness Freehold Limited Griffon Properties Limited HTTP Insights Limited LCZ Limited MacNiven Quays Limited MDA Computing Limited MDA Consulting Limited MDA Environmental Limited MDA International Limited MDA Overseas Limited Monk Dunstone Associates (Bristol) Limited Monk Dunstone Associates (Croydon) Limited Monk Dunstone Associates (Leeds) Limited Monk Dunstone Associates (Leicester) Limited Monk Dunstone Associates (Manchester) Limited Monk Dunstone Associates Limited The MDA Group UK Limited XBBE Limited
Quentin Spicer	Guernsey Housing Association LBG European Value & Income Fund Limited Mercator Group Holdings Limited AUB General Partner (Guernsey) Limited AUB Prime Limited ISIS Property Trust 2 Limited Quintain (Guernsey) Limited RAB Special Situations Limited Atlas Estates Limited O Twelve Estates Limited Protego Industrial Limited Protego Industrial (Guernsey) Limited PINE Trustee (Jersey) Limited Bizspace Management (Jersey) Limited Bathgate Property Company Limited	Breams Registrar and Nominees Limited Breams Trustees Limited Property Acquisition & Management Limited (and subsidiaries) Collins Stewart No.III Fund PCC Limited Coolstream Limited Granges International Limited Stanton International Limited Square Bay General Partner Limited WB Trustees

	<i>Current</i>	<i>Past</i>
Quentin Spicer (continued)	Bellegrove Investments Limited Cambria House Limited Clifton Holdings Limited Dova Limited Farley Investment Enterprises Limited Lambert Smith Hampton Trustees Limited Sesame Properties Limited Summit Germany Limited David Stein Limited UBK Opportunity Limited Farley Property Company Limited Wedlake Bell (Guernsey)(Partner) Wedlake Bell (Partner)	
Peter Le Cheminant	UK Balanced Property Trust Limited UK Balanced Property Holdings Limited UK Balanced Property Finance Limited UK PH No 1 Limited UK Balanced Property Standby Company Limited The Accelerated Return Fund Limited Martel Maides Limited	BFS Managed Properties Limited BFS Managed Properties Holdings Limited BFS Managed Properties Securities Limited
John Hallam	Abroad Spectrum PCC Limited Barclays Insurance Guernsey PCC Limited Baring Coller Secondaries Fund Limited Gironde Limited Bordeaux Services (Guernsey) Limited Bracken Partners Investments Channel Islands Limited Ciel Bleu Limited Ciel Clair Limited Ciel Gris Limited Ciel Nuageux Limited Ciel Orageux Limited Ciel Voilè Limited Danube Property Investments Limited Dexion Absolute Limited EFG Eurobank Ergasias International (CI) Limited EFG Private Bank (Channel Islands) Limited Electra European Fund (GP) Limited Electra European Fund II (GP) Limited Emperor Marine Limited Les Echelons II Limited	Acumen Guaranteed Fund PCC Limited Blue Cap (2004) Limited CEDR Investment Company Limited Close Finsbury Absolute Return Fund Limited Electra Bridge Company Limited Elizabeth College Foundation Reinsurance PCC Limited Framlington Global Financial & Income Fund Limited Framlington Global Financial & Income Securities Limited Gartmore Multi-Funds PCC Limited Govett Asian Income & Growth Fund Limited Guernsey Financial Services Commission Harbour Insurance PCC Limited Harle Syke Limited International Structured Guarantee Fund PCC Limited Investec European Growth & Income Trust Limited Phoenix Ventures Insurance Limited

	<i>Current</i>	<i>Past</i>
John Hallam (continued)	Genesis Asset Managers LLP Genesis Emerging Markets Investment Company SICAV Genesis Emerging Markets Opportunities Fund Limited Les Echelons 1 Limited Genesis Fund Managers LLP Genesis Investments Limited Genesis Pacific Management Limited Genesis Smaller Companies SICAV Genesis Taihei Investments Limited Genesis Taihei Investments LLC HSBC Infrastructure Company Limited Harlequin Insurance PCC Limited HedgeFirst Limited Heritage Insurance PCC Limited Investec Premier Funds PCC Limited M&G Recovery Investment Company Limited Mannequin Insurance PCC Limited Partners Group Alternative Strategies PCC Limited Prodesse Investment Limited Septup Limited Sienna Investment Company Limited Sienna Investment Company 2 Limited Sienna Investment Company 3 Limited Standard Life Investments Property Income Trust Limited Standard Life Investments Property Holdings Limited Tapestry Investment Company PCC Limited Weightman Vizards Insurance Limited	Premier League Underwriting Solutions Limited Spread Eagle Insurance Company Limited SLI Property Income Fund Limited SLI Property Holdings Limited The 2003 Island Games Company LBG TwentytwoColomberie Limited Xavex Income 1 Limited
Alan Gravett	Aectra Commodities Limited Aectra Distributors Limited Affordable Developments Limited Allenwood Investments Limited Amber Properties Limited Angela Associates Limited Arab Investments & Holdings Limited Aspen Services LLC Bayswater Holdings LLC Beauchamp Trading Company Limited Bel-Call Telecom Limited Belgravia Investments LLC Benchfield Limited Blue Mansion Limited Braeside Properties Limited Brunswick Investments Limited	Asia IT Capital Investments Limited Baros Holdings Limited Bohemian Consultants Limited Elthorne Holdings Limited Financière Industrielle et Garantie S.A. Mont Blanc Pharmaceutical S.A. Sunborne Limited Triassic Chemicals Limited Wigley Holdings Limited

Alan Gravett
(continued)

Current

Past

Buildhi Properties Limited
Cedric Investments Inc.
Chapley Investments Limited
Chelwood Limited
Churchley Properties Limited
Commodore Holdings Limited
Constrain Enterprises Limited
Cottington Limited
Coverdale Limited
Curzon Holdings LLC
Davenport Properties Limited
The Dependable Foundation
Limited
Develica Holdings Limited
Eagle Lake Properties Limited
Elleron Properties Limited
Evergreen Investments Group Inc.
Faywood Investments Limited
The Forsyth Foundation Limited
Foxholt Limited
Gamshare Limited
Garrison Developments Inc.
Glenclose Holdings Limited
Glenhurst Holdings Limited
Greenslope Investments Limited
Groveland Limited
Half Crown Holdings Limited
Hazeltree Limited
High Cliff Developments Limited
Hillfern Developments Limited
Hoylake Limited
International Capital Corporation
Limited
International Cellulose Company
Overseas Limited
Jasmine Hill Holdings Limited
JBM Investment Holdings Limited
Kerry Village Limited
Kerrygreen & Gold Organic
Products Limited
Khyber Limited
Kimbel Bears (Gibraltar) Limited
Kindle Financial Services Limited
Kings Lea Investments Limited
Kulbing Limited Corporation
Leecroft Limited
Lemanse Limited
Lenox Properties Inc.
Library of Life (USA) Inc.
Lithos Limited
Longville Limited
Lorac Limited
MacNiven & Cameron Group plc
Madron Limited
Magna Productions Limited
Mamba Limited
Martino Trading Limited
The Marvel Foundation Limited
Matrix Developments Limited

Alan Gravett
(continued)

Current

Past

MedicExchange Inc.
Melway Limited
Mollinburn Properties Limited
Mortlake Limited
Mountain Bear Limited
Nauticon Limited
New Century Holding Limited
The Nile Foundation Limited
Northside Limited
Northstar Invest Limited
Norval Limited
Novillo Investments Limited
Ocean Holdings Group Limited
OEM Holdings Plc
Pensfield Limited
Playit Ownit Limited
Pokershare.com Inc.
Portadown Limited
Prime Management Limited
Prime Nominees Limited
Prime Secretaries Limited
Prime Securities Limited
Prime Trust Corporation Limited
Prime Trust Management Limited
Sandcroft Limited
Sandrift Limited
Sandy Beach Holdings Limited
Sandymount Limited
Saturn 3 Limited
Savage Property Limited
Scimitar Enterprises Limited
Seagas Limited
Selmar Limited
Semlex International Limited
Silver Globe Inc.
Sladstone Investments Limited
Southton Limited
Sovereign Consultancy Services
Limited
Specified Investments Limited
Star Developments Limited
Steventon Limited
Tawny Gold Investments Limited
Terry Investments Limited
Tollingfield Limited
Ton Investments Limited
Transfield Limited
Treadway Limited
Trek Developments Limited
Tristar Developments Limited
Tweson Company Limited
Unconditional Holdings Limited
United Capital Corporation Limited
Unitrade Properties Limited
Upper Valley Properties Limited
Webtrade Plc
Westcroft Limited
Wigram Limited
Wild West Trading Company
Limited
Williams Holdings Limited
Xander Limited
Zealot Investments Limited

5. Memorandum and Articles of Association

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

The Articles (which are available for inspection at the address set out in paragraph 10 below) contain provisions, *inter alia*, to the following effect:

5.1 Voting

Members have the right to receive notice of, and to vote at, general meetings of the Company. Each member who is present in person or by proxy at a general meeting on a show of hands has one vote and, on a poll, every such member who is present in person or by proxy has one vote in respect of each share held.

5.2 Shares

- (a) If at any time the shares of the Company are divided into different classes, all or any of the rights for the time being attached to any share or class of shares 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 the class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of such shares. The necessary quorum shall be two persons holding or representing by proxy at least one-third of the capital committed or agreed to be committed in respect of the issued shares of the class in question. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not be deemed to be varied by (a) the creation or issue of further shares ranking *pari passu* or (b) the purchase or redemption by the Company of any of its own shares.
- (b) Subject to the Articles, the unissued shares shall be at the disposal of the Directors, which may allot, grant options over, or otherwise dispose of them to such persons, on such terms and conditions, and at such times as they determine but no share shall be issued at a discount and so that the amount payable on application on each share shall be fixed by the Board.
- (c) The Company may also pay such brokerages and/or commissions provided that the rate or amount of commission shall be fixed by the Board and disclosed in accordance with the Law.

5.3 Power to require disclosure

- (a) 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 shall determine.
- (b) If any member is in default in supplying to the Company the information required by the Company within the prescribed period, the Directors in their absolute discretion may at any time thereafter 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 authorised under the Articles) shall be registered unless the member is not himself in default in supplying the information and when presented for registration the transfer is accompanied by a certificate stating that the member is satisfied that no person in default is interested in any shares the subject of the transfer.

5.4 *Transfer of shares*

The Directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of the CREST System.

The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any share which is not fully paid or on which the Company has a lien, provided, in the case of a listed share that this would not prevent dealings in the share from taking place on an open and proper basis. In addition, the directors may refuse to register a transfer of shares unless:

- (a) it is in respect of only one class of shares;
- (b) it is in favour of a single transferee or not more than four joint transferees; and
- (c) in the case of certificated shares, it is delivered for registration to the Company's Registered Office or such other place as the Board may decide, accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so.

The Board may only decline to register a transfer of an uncertificated share in the circumstances set out in regulations issued for this purpose under Guernsey Law or such as may otherwise from time to time be adopted by the Board on behalf of the Company in circumstances permitted by the United Kingdom Listing Authority, the London Stock Exchange and the rules of any relevant system and practices of the operator, and where, in the case of a transfer, the joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

If the Board refuse to register the transfer of a share they shall, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee.

The registration of transfers may be suspended at such time and for such periods (not exceeding 30 days in any one year) as the Board may decide and either generally or in respect of a particular class of share provided that the Board may not suspend the registration of transfers of any participating security without the consent of the operator of the relevant system.

5.5 *Alteration of capital*

- (a) The Company may by ordinary resolution increase the share capital by such sum to be divided into shares of such amount as the resolution prescribes.
- (b) The Company may from time to time, subject to the provisions of the Law, purchase its own shares (including any redeemable shares) in any manner authorised by the Law.
- (c) The Company may by ordinary resolution consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares; subdivide all or any of its shares into shares of a smaller amount than is fixed by the Memorandum; cancel any shares which at the date of the resolution have not been taken or agreed to be taken and diminish its authorised share capital accordingly; convert all or any fully paid up shares into stock and reconvert that stock into paid up shares of any denomination; and convert its fully paid shares expressed in one currency into shares expressed in a different currency.
- (d) The Company may by special resolution reduce its share capital, any redemption reserve fund or any stated capital account in any manner permitted by the Law.

5.6 *General Meetings*

- (a) Not less than 14 days notice specifying the time and place of any general meeting and specifying also in the case of any special business the general nature of the business to be transacted shall be given by notice sent by post to such members as are entitled to receive notices provided that with the consent in writing of all the members entitled to receive notices of such meeting, a meeting may be convened by a shorter notice or at no notice and in any manner they think fit.
- (b) In every notice there shall appear a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend or vote instead of him and that a proxy need not be a member.
- (c) The accidental omission to give notice of any meeting to or the non-receipt of such notice by any member shall not invalidate any resolution passed or proceeding at any meeting.

5.7 *Powers and duties of the Board*

- (a) Save as mentioned below, a Director may not vote (or be counted in the quorum) on any resolution of the Board (or a committee of the Directors) in respect of any matter in which he has (together with any interest of any person connected with him) a material interest (other than by virtue of his interest in shares or debentures or other securities of the Company).
- (b) 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 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) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other 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) a contract, arrangement, transaction or proposal concerning any other company in which he (and any persons connected with him) is interested, directly or indirectly, as an officer, creditor or shareholder or otherwise if he does not to his knowledge hold an interest in shares representing 1 per cent. or more of any class of the equity share capital of any such company (or of any third party company through which his interest is derived) or of the voting rights of such company;
 - (v) a contract, arrangement, transaction or proposal 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; and
 - (vi) a contract, arrangement, transaction or proposal for the purchase or maintenance of any insurance policy for the benefit of the Director or persons including the Directors.
- (c) Any Director may act by himself or by his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- (d) Any Director may continue to be or become a director, managing director, manager or other officer or member of any company promoted by the Company or in which the

Company is interested, and any such Director shall not be accountable to the Company for any remuneration or other benefits received by him.

5.8 *Remuneration of Directors*

- (a) The Directors shall be entitled to receive by way of fees for their services such sum as the Board shall determine provided that the aggregate amount of such fees shall not exceed €300,000 in any financial year (or such greater sum as may be determined from time to time by ordinary resolution of the Company). The Directors shall also be entitled to be paid all reasonable out of pocket expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties.
- (b) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director on such terms as to remuneration and otherwise as the Directors may determine.
- (c) The Directors may from time to time appoint one or more of their body (other than a Director resident in the United Kingdom) to be holder of any executive office including the office of managing director on such terms and for such periods as they may determine.

5.9 *Dividends and distribution of assets on a winding up*

- (a) The Company may in general meeting declare dividends but no dividend shall exceed the amount recommended by the Board. No dividend shall be paid otherwise than out of the profits of the business of the Company.
- (b) The Directors may at any time declare and pay such interim dividends as appear to be justified by the position of the Company.
- (c) No dividend or other amount payable to any Shareholder shall bear interest against the Company.
- (d) All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having been declared or become due for payment shall be forfeited and shall revert to the Company.
- (e) If the Company should be wound up the liquidator may with the authority of a special resolution, divide amongst the members *in specie* the whole or any part of the assets of the Company and whether or not the assets shall consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more class or classes or property, and may determine how such division should be carried out as between the members or different classes of members.

5.10 *Borrowing*

The Directors may exercise all and any powers of the Company to borrow money or 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.

5.11 *Life of the Company*

At the annual general meeting of the Company to be held in 2012 an ordinary resolution will be proposed that the Company cease to continue as constituted. If the resolution is not passed, a similar resolution will be proposed at every third annual general meeting thereafter. If the resolution is passed, the Directors shall be required to formulate proposals to be put to Shareholders to reorganise, unitise, reconstruct or wind up the Company.

5.12 *Register of Shareholders*

The Company shall keep the register at its registered office, in accordance with the Law.

6. Overseas Investors

No action has been taken to permit the distribution of this document in any jurisdiction outside the United Kingdom where such action is required to be taken. This document may not therefore be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Accordingly, no person receiving a copy of this document in any territory other than the United Kingdom, may treat the same as constituting an offer or invitation to him to acquire, subscribe for or purchase Ordinary Shares nor should he in any event acquire, subscribe for or purchase Ordinary Shares unless such an invitation, acquisition, subscription or purchase complies with any registration or other legal requirements in the relevant territory. Any person outside the United Kingdom wishing to acquire, subscribe for or purchase Ordinary Shares should satisfy himself that, in doing so, he complies with the laws of any relevant territory, and that he obtains any requisite governmental or other consents and observes any other applicable formalities.

The Company is not registered with the US Securities Exchange Commission under the US Investment Companies Act of 1940, as amended (the “1940 Act”). In addition, the Ordinary Shares are not registered under the US Securities Act of 1933, as amended (the “1933 Act”). Therefore, the Ordinary Shares may not be publicly offered or sold in the US or directly or indirectly to or for the benefit of a “US Person” as defined herein. A “US Person” as used herein means a “US Person” as defined under Regulation S of the 1933 Act, as well as the following: (1) a citizen or resident of the US; (2) a partnership or corporation organised or incorporated under the laws of any state, territory or possession of the US; (3) any estate or trust, other than an estate or trust which is not subject to US income tax on its income derived from sources outside the US and not effectively connected with the conduct of a trade or business within Germany; or (4) any estate or trust which has a US person as its executor, administrator, or trustee. Ordinary Shares will not be offered or sold within the United States except to Qualified Purchasers, as defined under the 1940 Act.

The Company’s Articles contain provisions designed to restrict the holding of Ordinary Shares by persons, including US Persons, where in the opinion of the Directors such a holding could cause or be likely to cause the Company some legal, regulatory, pecuniary, tax or material administrative disadvantage.

7. Material Contracts

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

- 7.1 The Management Agreement dated 25 May 2006 between the Company, the Manager and MacNiven & Cameron Equity Holdings Limited pursuant to which the Manager has agreed to provide investment management services to the Company in relation to the assets held by it from time to time.

The Manager has the benefit of an indemnity from the Company in relation to liabilities incurred by the Manager in the discharge of its duties other than those arising by reason of any fraud, wilful default, negligence or bad faith on the part of the Manager or its delegates.

In consideration for its services thereunder, the Manager is entitled to the following remuneration:

Management fee

In consideration of the Manager performing asset and portfolio management services, whether itself or through subcontractors, the Manager will be paid an annual management fee of 0.5 per cent. of the Gross Asset Value (excluding uncommitted Placing Proceeds), payable quarterly in advance. The Gross Asset Value will be assessed by reference to an external valuation of properties held by the Group at 31 March each year. No fee is payable to the Manager in relation to acquisitions, disposals or un-invested cash. The Manager will also have the right to reimbursement of its reasonable expenses incurred in connection with acquisitions and disposals.

Performance fee

The Manager is entitled to be paid a performance fee calculated as 20 per cent. of the excess of the Net Asset Value per Ordinary Share (after adding back dividends and other distributions and ignoring any accrued performance fee) as at the end of each third financial year of the Company or at such other time in circumstances where, in the reasonable opinion of the Board, a significant disposal of assets and return of capital or distribution of cash to Shareholders has occurred (each such time being “the Calculation Date”) over the benchmark multiplied by the time weighted average number of Ordinary Shares in issue.

For these purposes, the benchmark is equal to the Placing Price increased at a compound rate of 10 per cent. per annum or, where a performance fee has been paid, the Net Asset Value per Ordinary Share which gave rise to the payment of the most recent performance fee disregarding the effect on the Net Asset Value of the payment of the performance fee and such amount being increased at a rate of 10 per cent. per annum compound thereafter.

Performance fees will be accrued on the basis set out above. If the Manager becomes entitled to a performance fee in respect of a performance period, the Company will only be required to settle such liability to the Manager in respect of any performance fee earned to the extent that, and only when and if, the Company has realised profits on any investments. For the avoidance of doubt, unless an asset has been disposed of within six months of the relevant Calculation Date, in which case the calculation of the performance fee will be adjusted by using the actual disposal price of the property instead of the valuation of the property, any difference between the Net Asset Value per Ordinary Share used for calculating whether any performance fee becomes payable and the actual amount of realised profit on any investments shall be ignored for the purposes of determining the amount of any performance fee payable to the Manager. If the Management Agreement terminates for any reasons, the parties will agree the amount of deemed realised profit of the Company’s investments for the purposes of determining any performance fee payable to the Manager at the date of termination.

The Management Agreement prohibits the Manager (without the Company’s prior consent) from undertaking any property acquisition and/or development activities in respect of commercial property assets in Germany without offering the Company a right of first refusal in respect of the same until at least 80 per cent. of the proceeds of the Placing, plus related debt, has been invested or committed for investment.

The Management Agreement is subject to termination, *inter alia*, on 12 months’ notice by either party, such notice not to expire before the fourth anniversary of Admission. The Company is entitled to terminate the Agreement if the Manager becomes insolvent or commits a material unremedied breach of the Agreement.

- 7.2 An agreement (“the Administration Agreement”) dated 25 May 2006 between the Company and the Administrator whereby the Company has appointed the Administrator to provide administrative and secretarial services to the Company. Under the Administration Agreement the Company has also appointed the Administrator as secretary to the Company.

The agreement is terminable on 90 days notice in writing and on shorter notice in the event of breach of contract or insolvency.

The Administrator will be paid an annual fee of 0.0275 per cent. per annum (subject to a minimum of €100,000 per annum) of the Gross Asset Value. The Company will reimburse the Administrator in respect of reasonable out of pocket expenses properly incurred in the performance of its duties.

- 7.3 An agreement (“Offshore Registrar Agreement”) dated 25 May 2006 between the Company and the Registrar whereby the Registrar is appointed to act as registrar of the Company. The Registrar shall be entitled to receive an annual registration fee from the Company of £2.00 per shareholder account, subject to an annual minimum charge of £7,500 (comprising £5,500 minimum registration fee plus £2,000 for the provision of a UK transfer agency). Additional fees payable by the Company include, *inter alia*, £80 for additional listings and reports as well as excess transfer charges. The Registrar shall also be entitled to reimbursement of all reasonable out of pocket expenses properly incurred on behalf of the

Company. The Offshore Registrar Agreement is terminable by the Company giving not less than three months' notice, such notice to expire at any time on or after the first anniversary of Admission, and the Registrar giving not less than three month's notice.

7.4 An agreement ("the Custody Agreement") dated 25 May 2006 between the Company and the Custodian under which the Custodian has agreed to act as custodian of the Company's assets. The Custodian has the benefit of an indemnity from the Company against liabilities arising in the absence of the Custodian's negligence, fraud or wilful default. As remuneration for its services the Custodian shall receive from the Company a fee of 0.05 per cent. per annum of the value of the Company's assets held in the custody of the Custodian, payable monthly in arrears together with a transaction charge of £50 per trade plus agents charges. The Custodian Agreement is terminable on 30 days written notice.

7.5 A nominated adviser engagement letter dated 25 May 2006 between the Company and Grant Thornton Corporate Finance under which Grant Thornton Corporate Finance has agreed, *inter alia*, to act as the Company's nominated adviser with effect from Admission as required by the AIM Rules. Grant Thornton Corporate Finance has agreed to provide such advice and guidance to the Company to ensure compliance by the Company on an on-going basis with the AIM Rules as the Directors may reasonably request from time to time.

Grant Thornton will receive an annual fee of £25,000 for its services, payable quarterly yearly in advance, commencing on Admission. The Company has also given certain undertakings and indemnities to Grant Thornton Corporate Finance in connection with its appointment as Nominated Adviser. This agreement is terminable by either Grant Thornton Corporate Finance or the Company on three month's notice, such notice not to expire earlier than two years from commencement of appointment.

7.6 A broker agreement dated 25 May 2006 between the Company and Fairfax under which Fairfax has agreed to act as the Company's broker with effect from Admission on an on-going basis.

Fairfax will receive an annual fee of £30,000 for its services, payable half yearly in advance, the first payment of £15,000 falling due on 1 January 2007. The Company has also given certain undertakings and indemnities to Fairfax in connection with its appointment as broker. This agreement is terminable by Fairfax or the Company on written notice.

7.7 A placing agreement dated 25 May 2006 between the Company, Fairfax, the Manager, the Directors, MacNiven & Cameron Equity Holdings Limited and Grant Thornton Corporate Finance under which Fairfax has agreed to use its reasonable endeavours as agent for the Company to seek subscribers at the Placing Price for up to 250 million Placing Shares. In consideration for its services, Fairfax will be paid by the Company a corporate finance fee of £250,000 (less the amount payable to Grant Thornton Corporate Finance) and a commission of 4 per cent. of the aggregate value at the Placing Price of the Placing Shares issued pursuant to the Placing. In addition, Fairfax has an option to subscribe for a period of 5 years following Admission, at the Placing Price, for 2 per cent. of the issued ordinary share capital of the Company immediately after Admission.

The Placing Agreement contains certain warranties and indemnities given by the Company (which are of a customary nature) and the Manager in favour of Fairfax and Grant Thornton Corporate Finance. The Placing Agreement may be terminated in certain circumstances prior to Admission including by reason of *force majeure*.

7.8 A Lock-In Agreement dated 25 May 2006 between the Company, the Directors, Fairfax and Grant Thornton Corporate Finance whereby each of the Directors have agreed not to dispose of any Ordinary Shares held by him or any Related Party, as defined in the AIM Rules, during the period from the date of Admission until 12 months thereafter. The Directors have also agreed that, for a period of 12 months following the end of the lock-in period, they will not dispose of any Ordinary Shares except through Fairfax (provided that Fairfax remains the broker of the Company) for the purpose of preserving an orderly market in the Ordinary Shares.

8. Working Capital

The Directors believe that, in their opinion having made due and careful enquiry, the working capital available to the Company will be sufficient for its present requirements (that is for at least twelve months from Admission).

9. Miscellaneous

- 9.1 The Company will be applying to CRESTCo for the Ordinary Shares to be admitted to CREST as a participating security. It is expected that the admission of the Ordinary Shares to CREST as a participating security will be effective from or soon after Admission. Shareholders who are direct or sponsored members of CRESTCo will be able to dematerialise the Ordinary Shares in accordance with the rules and practices instituted by CRESTCo.
- 9.2 The Company has not been and is not currently engaged in any legal or arbitration proceedings nor, so far as the Company is aware, are there any such legal or arbitration proceedings pending or threatened by or against the Company which may have or have had since the Company's incorporation a significant effect on the Company's financial position.
- 9.3 None of the Ordinary Shares available under the Placing are being underwritten.
- 9.4 The Company has no subsidiaries.
- 9.5 The Directors confirm that the Company was incorporated and registered on the date referred to in paragraph 2.1 above and that, save for its entry into the material contracts described in paragraph 7 above, the Company has not traded, no accounts have been made up and no dividends have been declared.
- 9.6 There has been no significant change in the financial or trading position of the Company since the date of its incorporation or any factors which have influenced its activities. The Company does not have nor has it had since incorporation any employees and it neither owns nor leases any premises.
- 9.7 Assuming the Placing is fully subscribed, the total costs and expenses payable by the Company in connection with the Placing and Admission (including professional fees, the costs of printing and the other fees payable, excluding sales commission) are estimated to be approximately £10.9 million, representing approximately 4.36 per cent. of the gross amount raised.
- 9.8 The Company is not dependant on any patents or other intellectual property rights or licences.
- 9.9 Save for the Acquisition, the Company currently has no significant investments in progress.
- 9.10 Save as disclosed in this document, no person has received, directly or indirectly, from the Company since 18 May 2006 (the date of incorporation of the Company) or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission, fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more, calculated by reference to the Placing Price, or any other benefit with a value of £10,000 or more at the date of Admission.
- 9.11 The accounting reference date of the Company is 31 March.
- 9.12 Fairfax, Grant Thornton Corporate Finance, the Manager and DTZ have given and not withdrawn their written consent to the inclusion in this document of references to their names in the form and context in which they appear.
- 9.13 Fairfax and Grant Thornton Corporate Finance are authorised and regulated by the FSA.
- 9.14 The maximum amounts of fees which are payable by the Company under the Custody Agreement, which are or may be material, are calculated by reference to the location and value of the assets held for safekeeping and the number of transactions undertaken and cannot therefore be quantified.
- 9.15 The ISIN number of the Ordinary Shares is GB00B151M860. The SEDOL code of the Ordinary Shares is B151M86.
- 9.16 The Company will not make any material change in the investment objectives and policy of the Company without the approval of Shareholders by ordinary resolution.

- 9.17 Other than as provided in the City Code on Takeovers and Mergers there are no rules or provisions relating to mandatory takeover bids in relating to the Ordinary Shares. There are no rules or provisions relating to squeeze-out and/or sell-out rules relating to the Ordinary Shares.
- 9.18 Ernst & Young LLP have been the only auditors of the Company since its incorporation and are independent.
- 9.19 The Manager was incorporated on 18 May 2006 in Guernsey as a private company with limited liability with registered number 44811. The address of the registered office of the Manager is Dorey Court, Admiral Park, St Peter Port, Guernsey GY1 3BG, Channel Islands. The telephone number of the Manager is 01481 719 545.
- 9.20 The Directors, in accordance with the AIM Rules, will, until the Company is substantially invested, at each annual general meeting of the Company, seek Shareholder approval of the Company's investing strategy.

10. Availability of this document

Copies of this document will be available free of charge from Stephenson Harwood, One St. Pauls Churchyard, London EC4M 8SH during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) for a period of not less than one month from the date of Admission.

Dated: 25 May 2006

