



27085290

## OFFERING CIRCULAR

**SLOUGH ESTATES plc***(incorporated with limited liability in England and Wales with registered number 167591)***£100,000,000 5.75 per cent. Notes due 2035**

(to be consolidated and form a single series with the Issuer's existing £100,000,000 5.75 per cent. Notes due 2035 issued on 20 June 2005)

**Issue price: 99.897 per cent. plus 177 days' accrued interest (from and including 20 June 2005 to but excluding 14 December 2005) at the rate of 5.75 per cent. per annum**

The £100,000,000 5.75 per cent. Notes due 2035 (the **Notes**) are issued by Slough Estates plc (the **Issuer** or the **Company**) and will, upon exchange of the Temporary Global Note for the Permanent Global Note (each as defined below), be consolidated and form a single series with the £100,000,000 5.75 per cent. Notes due 2035 (the **Existing Notes**) issued by the Issuer on 20 June 2005.

The Issuer may, at its option, redeem all or, subject to certain conditions, some only, of the Notes from time to time at the redemption amount described under "*Terms and Conditions of the Notes – Redemption and Purchase*" plus accrued interest. Also, the Issuer may, at its option, redeem all, but not some only, of the Notes at any time at par plus accrued interest, in the event of certain tax changes as described under "*Terms and Conditions of the Notes - Redemption and Purchase*". The Notes mature on 20 June 2035.

Application has been made to the Financial Services Authority in its capacity as competent authority (the **UK Listing Authority**) under the Financial Services and Markets Act 2000 (the **FSMA**) for the Notes to be admitted to the Official List of the UK Listing Authority (the **Official List**) and to London Stock Exchange plc (the **London Stock Exchange**) for the Notes to be admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market (the **Market**). The Market is a regulated market for the purposes of Directive 93/22/EEC.

**For a description of certain matters that prospective investors should consider, see "Risk Factors" on page 9.**

The Notes are expected, on issue, to be assigned an "A-" rating by Fitch Ratings Ltd. The rating addresses the ability of the Issuer to make timely payments of both principal and interest in respect of the Notes. **A security rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

The Notes will initially be represented by a temporary global note (the **Temporary Global Note**), without interest coupons, which will be deposited on or about 14 December 2005 (the **Closing Date**) with a common depository for Euroclear Bank S.A./N.V., as operator of the Euroclear System, (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes**), without interest coupons, on or after 23 January 2006 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances - see "*Summary of Provisions relating to the Notes while represented by the Global Notes*".

*Joint Lead Managers***Barclays Capital****The Royal Bank of Scotland**

The date of this Offering Circular is 9 December 2005

This document comprises a prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**).

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains all information which is material in the context of the Notes, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Managers (as defined under "*Subscription and Sale*" below). Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or the Issuer and its subsidiaries (together, the **Group**) since the date hereof. This Offering Circular does not constitute an offer of, or an invitation by, or on behalf of, the Issuer or the Managers to subscribe for, or purchase, any of the Notes. This Offering Circular does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

The Managers and Commercial Union Trustees Limited (the **Trustee**) have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers, the Trustee or any of them as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer in connection with the Notes.

This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Managers that any recipient of this Offering Circular should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this Offering Circular, see "*Subscription and Sale*" below.

**IN CONNECTION WITH THE ISSUE OF THE NOTES, BARCLAYS BANK PLC AND/OR THE ROYAL BANK OF SCOTLAND PLC (OR ANY PERSON ACTING ON BEHALF OF EITHER OF THEM) MAY OVER-ALLOT NOTES (PROVIDED THAT, THE AGGREGATE PRINCIPAL AMOUNT OF NOTES ALLOTTED DOES NOT EXCEED 105 PER CENT. OF THE AGGREGATE PRINCIPAL AMOUNT OF NOTES) OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AND/OR THE EXISTING NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD. HOWEVER, THERE IS NO ASSURANCE THAT BARCLAYS BANK PLC AND/OR THE ROYAL BANK OF SCOTLAND PLC (OR**

**PERSONS ACTING ON BEHALF OF EITHER OF THEM) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE CLOSING DATE AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.**

All references in this document to **Sterling** and **£** refer to the currency of the United Kingdom.

---

## CONTENTS

	<b>Page</b>
Documents Incorporated by Reference .....	4
Summary .....	5
Risk Factors.....	9
Terms and Conditions of the Notes.....	16
Summary of Provisions relating to the Notes while represented by the Global Notes .....	32
Use of Proceeds.....	35
Description of the Issuer .....	36
Financial Information.....	44
Taxation .....	50
Subscription and Sale.....	53
General Information.....	55

---

### DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published and have been filed with the Financial Services Authority, shall be incorporated in, and form part of, this Offering Circular.

- (a) the auditors report and audited consolidated and non-consolidated annual financial statements of the Issuer for the financial year ended 31 December 2004, which appear on pages 71 to 99 of the annual report of the Issuer for the year ended 31 December 2004;
- (b) the auditors report and audited consolidated and non-consolidated annual financial statements of the Issuer for the financial year ended 31 December 2003, which appear on pages 59 to 87 of the annual report of the Issuer for the year ended 31 December 2003;
- (c) the interim consolidated financial statements for the six months ended 30 June 2005 of the Issuer, which appear on pages 27 to 55 of the interim report for the six months ended 30 June 2005; and
- (d) the Issuer's memorandum of association.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being.

## SUMMARY

**This Summary must be read as an introduction to this Offering Circular and any decision to invest in any Notes should be based on a consideration of this Offering Circular as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area, no civil liability will attach to the Issuer in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Offering Circular. Where a claim relating to information contained in this Offering Circular is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Offering Circular before the legal proceedings are initiated.**

Words and expressions defined in "*Terms and Conditions of the Notes*" shall have the same meanings in this Summary.

**Issuer:** Slough Estates plc (incorporated under the laws of England and Wales with registration number 00167591) (the **Issuer**).

The Issuer is the parent company of an international group of companies which, together, form one of the largest United Kingdom property investment and development groups, based on the size of the Group's property portfolio on a square metre basis. The Issuer conducts no business operations of its own and has not engaged in any activities other than the holding of ownership interests in its subsidiary undertakings.

**Description of Notes:** £100,000,000 5.75 per cent. Notes due 2035 (the **Notes**), to be issued by the Issuer on 14 December 2005 (the **Closing Date**).

The Notes will, upon exchange of the Temporary Global Note for the Permanent Global Note, be consolidated and form a single series with the £100,000,000 5.75 per cent. Notes due 2035 (the **Existing Notes**) issued by the Issuer on 20 June 2005.

**Trustee:** Commercial Union Trustees Limited.

**Managers:** Barclays Bank PLC  
The Royal Bank of Scotland plc.

**Interest:** The Notes will bear interest at a rate of 5.75 per cent. per annum from (and including) 20 June 2005. Interest in respect of the Notes will be payable annually in arrear on 20 June in each year commencing on 20 June 2006.

**Limitation on Borrowings Covenants:** The Notes have the benefit of certain limitation on borrowings covenants of the Issuer (see "*Terms and Conditions of the Notes - Condition 3 - Covenants*").

**Optional Redemption by Issuer:** The Notes will be redeemable at any time (upon not less than 15 nor more than 30 days' notice to the Noteholders) in whole or in part, at the option of the Issuer, at the Redemption Amount together with interest accrued to but excluding the date of redemption.

**Optional Redemption by Issuer for tax reasons:** If, as a result of any change in UK law, the Issuer would be required to pay Additional Amounts under the tax gross-up provision (see "*Withholding Tax and Additional Amounts*" below) and the requirement cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may redeem the Notes at any time (upon not less than 30 nor more than 60 days' notice to the Noteholders), in whole but not in part, at their principal amount together with interest accrued to but excluding the date of redemption.

**Optional Redemption by Noteholders:** If at any time while any of the Notes remains outstanding, a Restructuring Event is deemed to occur and within the Restructuring Period:

- (a) (if at the time that Restructuring Event is deemed to have occurred there are Rated Securities or the Issuer has a corporate Rating) a Rating Downgrade in respect of that Restructuring Event occurs or is deemed to occur and such Rating Downgrade has not been cured prior to the expiry of the Restructuring Period; or
- (b) (if at such time there are no Rated Securities and the Issuer does not have a corporate Rating) a Negative Rating Event in respect of that Restructuring Event is deemed to occur,

(such Restructuring Event and, where applicable, Rating Downgrade or Negative Rating Event, as the case may be, occurring within the Restructuring Period and, in the case of a Rating Downgrade, not having been cured prior to the expiry of the Restructuring Period, together called a **Put Event**) each holder of a Note will have the option (unless, prior to the giving of a Put Event Notice, the Issuer gives a notice to redeem the Notes, as provided above) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note, on the date (the **Optional Redemption Date**) falling seven days after the expiry of the Put Period, at its principal amount together with interest accrued to but excluding the Optional Redemption Date.

Promptly upon becoming aware that a Put Event has occurred, the Issuer shall give notice (a **Put Event Notice**) to the Noteholders specifying the nature of the Put Event.

To exercise the put option, or as the case may be, purchase of a Note under the above provisions, the holder of the Note

must deliver such Note, on any Business Day falling within the period (the **Put Period**) of 45 days after a Put Event Notice is given, at the specified office of any Paying Agent.

**Events of Default:**

Events of Default under the Notes include non-payment of principal or premium for seven days, non-payment of interest for 14 days, breach of other obligations under the Notes or Trust Deed (which breach is not remedied within 30 days), a cross-acceleration provision with a threshold amount of £5,000,000 in respect of indebtedness for borrowed money of the Issuer or any Principal Subsidiary and certain events related to cessation of business and insolvency of the Issuer or any Principal Subsidiary.

**Meetings of Noteholders:**

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

**Modification, Waiver and Substitution:**

The Trustee may, without the consent of Noteholders, agree to (i) any modification of (subject to certain exceptions), or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) the substitution of a wholly owned subsidiary of the Issuer or a successor company of the Issuer as principal debtor under any Notes in place of the Issuer, in each case, in the circumstances and subject to the Conditions described in Condition 13 of the Terms and Conditions of the Notes.

**Withholding Tax and Additional Amounts:**

The Issuer will pay such Additional Amounts as may be necessary in order that the net payment received by each Noteholder in respect of the Notes, after withholding for any taxes imposed by tax authorities in the United Kingdom upon payments made by or on behalf of the Issuer in respect of the Notes, will equal the amount which would have been received in the absence of any such withholding taxes, subject to customary exceptions, as described in Condition 7 of the Terms and Conditions of the Notes.

**Listing:**

Application has been made to admit the Notes to the Official List and to trading on the Market.

**Governing Law:**

The Notes will be governed by, and construed in accordance with, English law.

**Form:**

The Notes will be in bearer form in denominations of £1,000, £10,000 and £100,000. The Notes will initially be represented by the Temporary Global Note, without interest coupons or talons, which will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg on

or about the Closing Date. The Temporary Global Note will be exchangeable for interests in the Permanent Global Note, without interest coupons or talons, not earlier than 40 days after the Closing Date upon certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable for definitive Notes only in the limited circumstances set out in the Permanent Global Note, as described under "*Summary of Provisions Relating to the Notes while represented by the Global Notes*" below.

**Credit Ratings:**

The Notes are expected to be assigned on issue a rating of "A-" by Fitch Ratings Ltd. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Selling Restrictions:**

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Notes may be sold in other jurisdictions (including the UK and other Member States of the European Economic Area) only in compliance with applicable laws and regulations. See "*Subscription and Sale*" below.

**Use of Proceeds:**

The net proceeds of the issue of the Notes will be applied towards refinancing of existing bank indebtedness and, thereafter, towards general corporate purposes of the Group.

**Risk Factors:**

There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes and there are certain factors which are material for the purpose of assessing the market risks associated with the Notes. See "*Risk Factors*" below.

## **RISK FACTORS**

*All the information set out in this Offering Circular should be carefully considered, together with the risks normally associated with companies of a similar nature to the Group and, in particular, those risks described below. If any of the following risks actually materialise, the Group's business, financial condition and prospects could be materially and adversely affected to the detriment of the Group. Further risks which are not presently known to the directors of the Issuer (the **Directors**) at the date of this Offering Circular, or that the Directors currently deem immaterial, may also have an effect on the Group's business. The Directors consider the following risks to be the most significant for potential investors, but the risks listed do not necessarily comprise all those associated with an investment in the Notes.*

*Prospective investors should read the detailed information set out elsewhere in this Offering Circular prior to making any investment decision.*

*Unless otherwise defined herein, terms used in this section shall have the same meaning as in "Terms and Conditions of the Notes" (see below).*

### **RISK FACTORS RELATING TO THE ISSUER**

*Risks relating to the Issuer may negatively impact its business and results of operations and consequently its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur, and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

#### **Creditworthiness of the Issuer**

The Notes constitute unsubordinated and unsecured obligations of the Issuer and will rank equally among themselves and with all other unsubordinated and unsecured obligations of the Issuer. Prospective investors should rely solely on the creditworthiness of the Issuer.

#### **Credit Rating**

The market value of the Notes from time to time is likely to be dependent upon the level of credit rating ascribed to the long-term debt of the Issuer. A credit rating reflects an assessment by the rating agency of the credit risk associated with a particular borrower or particular securities. Credit ratings are not recommendations to buy, sell or hold securities and are subject to revision or withdrawal at any time by the assigning rating agency. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed herein, and other factors that may affect the value of the Notes. Each rating agency may have different criteria for evaluating company risk and, therefore, ratings should be evaluated independently for each rating agency. Lower credit ratings generally result in higher borrowing costs and reduced access to capital markets.

#### **The Issuer is a holding company that has no revenue generating operations of its own**

The Issuer is a holding company and conducts no business operations of its own and has not engaged in any activities other than the holding of ownership interests in its subsidiary undertakings. It therefore depends on revenues generated by its subsidiary undertakings in order for it to be able to make payments on the Notes.

## **Liquidity Risks and Capital Resources**

Liquidity risk is the possibility of being unable to meet all present and future financial obligations as they become due. To mitigate its liquidity risk and augment its capital resources, the Issuer currently relies on the following forms of financing: liquidity facilities (i.e., committed lines of credit from major banks) and unsecured debt.

Each of these sources of financing could become unavailable to the Issuer, for example if banks decline to renew the existing liquidity facilities, or a reduction in its credit rating makes the cost of accessing the public and private debt markets prohibitive. Although the Issuer considers that the diversity of its financing helps to protect it from liquidity risk, it could find itself unable to access any or all of these sources of financing at reasonable rates or at all.

## **Operational Risk**

The Issuer faces a risk of loss resulting from, among other factors, inadequate or flawed processes or systems, theft, fraud and natural disaster. Operational risk of this kind can occur in many forms including, among others, errors, business interruptions, inappropriate behaviour of or misconduct by employees of the Issuer or those contracted to perform services for the Issuer, and third parties that do not perform in accordance with their contractual agreements. These events could result in financial losses or other damage to the Issuer. Furthermore, the Issuer relies on internal and external information technology systems to manage its operations and is exposed to risk of loss resulting from breaches in the security, or other failures, of these systems.

The Issuer's approach to operational risk management is intended to reduce the risk of such loss. To monitor and manage operational risk, the Issuer maintains a framework of internal controls designed to provide a sound and well-controlled operational environment. The Issuer strives to maintain appropriate levels of operational risk relative to its businesses strategies, its competitive and regulatory environment, and the markets in which it operates. The Issuer is indemnified under insurance policies and programmes for those operating risks that can be mitigated through the purchase of insurance. Nevertheless, notwithstanding these control measures and this insurance coverage, the Issuer remains exposed to operational risk that could negatively impact its business and results of operations.

## **Regulatory Risk**

Complying, or failing to comply, with existing or new regulations in areas such as competition, employment, environmental and health and safety, pensions and banking could result in additional costs for, or financing or sales restrictions on, the Issuer.

## **RISK FACTORS RELATING TO THE ISSUER'S BUSINESS OPERATIONS**

### **General**

Real property investments are subject to varying degrees of risk. Rental revenues and property values are affected by changes in the general economic climate and local conditions such as an oversupply of space, a reduction in demand for commercial real estate in an area, competition from other available space, increased operating costs and the relative attractiveness to investors generally of property of that type as an investment.

Rental revenues and property values are also affected by a number of factors including political developments, government regulations and changes in planning and tax laws and practices, interest rate levels, inflation, the availability of financing and the prospective returns from alternative investments. In particular, property values are dependent on current rental values, prospective rental

growth, lease lengths, tenant creditworthiness and the valuation yield (which is, in turn, a function of interest rates, the market appetite for property investments in general and with reference to the specific property in question) together with the nature, location and physical condition of the property concerned. Retail and commercial rentals and values are sensitive to such factors which can sometimes result in rapid, substantial increases and decreases in market rental and valuation levels. Any decline in rental levels or market values may adversely affect the revenues and operations of the Issuer and accordingly its ability to meet its obligations under the Notes.

### **Changes to and Enactment of the Lease Code**

The Code of Practice for commercial leases in England and Wales (2nd edition) was launched in April 2002 (the **Lease Code**). The Lease Code is a non-binding guide to best practice for landlords negotiating leases. It also contains various recommendations on key terms of commercial leases. In total, there are 23 recommendations in the Lease Code concerning the negotiation and content of any commercial lease. The use of the Lease Code is currently voluntary. The Office of the Deputy Prime Minister issued a consultation paper announcing a period of consultation from 1 June 2004 to 30 September 2004 inviting representations from relevant bodies in relation to options to deter or prohibit inflexible leasing practices, focusing on the use of upwards only rent review clauses. The consultation paper proposed six options ranging from doing nothing to changing the voluntary nature of the Code to banning upwards only rent review clauses. In June 2005, the Office of the Deputy Prime Minister issued a paper summarising the 94 responses received. Although nearly two-thirds of the responses to the consultation paper opposed legislation, approximately 30 per cent. favoured some kind of legislative intervention.

On 15 March 2005, the Office of the Deputy Prime Minister confirmed in a written ministerial statement that it is still concerned about upward only rent review clauses, but does not propose to legislate against them as yet, although it will continue to monitor the situation and retains the option to legislate in future if necessary. The statement also confirmed that the government wished to undertake a joint review of the Lease Code with the property industry and monitor the situation over a three year period.

There is a risk that legislation or regulation could be introduced to regulate all commercial leases which could impact rental incomes and property values in ways which cannot be foreseen. There is, however, no current expectation that any resulting legislation would apply retrospectively to render invalid pre-existing upwards only rent review clauses or other potentially inconsistent provisions.

### **Property Risks**

The Issuer is subject to risks generally affecting interests and investments in, and ownership of, real property, including: changes in general political and economic conditions or in specific industry segments; declines in property values; changes in valuation yields due to relative attractiveness of property as an asset class; variations in supply of and demand for commercial, industrial and retail space (or commercial, industrial and retail space of a particular type); obsolescence of properties; declines in rental or occupancy rates; increases in interest rates; changes in rental terms (including the tenants' responsibility for operating expenses); fluctuations in the availability of financing for the acquisition of properties; changes in governmental rules, regulations and fiscal and other policies; war; terrorism and acts of God (where not covered by insurance); changes to the United Kingdom taxation regime in relation to property, in particular, but not limited to, stamp duty land tax; and other factors which are beyond the control of the Issuer, all of which may affect rental and/or valuation levels and may adversely impact the Issuer's ability to make payments of interest and/or principal and/or premium in respect of, *inter alia*, the Notes when due and payable.

## **Dependence on Tenants**

The Issuer's ability to fulfil its obligations under the Notes will depend on its subsidiaries continuing to receive a significant level of rent from its tenants. The Issuer's ability to fulfil such obligations could be affected if occupancy levels were to fall or if tenants occupying a significant proportion of the Group's estate were unable to meet their obligations.

As existing leases terminate or become subject to tenant break options or space needs to be re-let for other reasons, there can be no assurance that such space will be re-let or, if re-let, that it will be re-let on terms (including rental levels) as favourable to the Group as those currently, or then, existing or that new tenants will be as creditworthy as existing tenants.

## **Environmental Considerations**

Environmental legislation primarily imposes liability for cleaning up contaminated land, watercourses or groundwater on the person causing or knowingly permitting the contamination. An owner or occupier of contaminated land could become liable as a "knowing permitter" if they become aware of significant pollution, have the necessary degree of control over operations on the land to prevent such contamination and fail to take any action to prevent it. This legislation places liability for clean-up costs on the owner or occupier of contaminated land where no person can be found who has caused or knowingly permitted the presence of the substances which have led to the pollution. Thus, if land owned by the Group is contaminated, then, where the person who caused or knowingly permitted such contamination to occur cannot be found, the Group might be liable for the costs of cleaning up such contamination. A polluter or owner/occupier of contaminated land can also be liable to third parties for harm caused to them or their property as a result of the contamination.

Other environmental legislation concerning statutory nuisance also places liability on the owner or occupier in some circumstances instead of the person responsible for the nuisance. In the relevant legislation, the concept of "owner" has not been defined and could include any person with a proprietary interest in the property. The owner or occupier would be responsible where the person responsible for such nuisance cannot be found or the nuisance has not yet occurred. The owner would be responsible where the nuisance arises from any defect of a structural nature.

Liability for any of these environmental risks could be significant and might adversely impact the business and operations of the Issuer which, in turn, might result in the Issuer having insufficient funds available to it to pay in full all amounts due in respect of the Notes.

## **RISK FACTORS RELATING TO THE NOTES**

Set out below is a brief description of certain risks relating to the Notes generally:

### **General**

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should: have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement; have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio; have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for payments is different from the potential investor's currency; understand thoroughly the terms of the Notes and be familiar with the financial markets; and be able to evaluate (either alone or with the help

of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

### **Public Markets**

The Notes constitute a further issue of securities by the Issuer which will, upon exchange of the Temporary Global Note for the Permanent Global Note, be consolidated and form a single series with the Existing Notes. An application has been made for the Notes to be admitted to trading on the Market, however none of the Managers (as defined in "*Subscription and Sale*") and any other person is under any obligation to maintain a market in the Notes and/or the Existing Notes. The liquidity and the market prices of the Notes can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer and the Group and other factors that generally influence the market prices of securities.

### **Liquidity Risks**

There can be no assurance of a secondary market for the Notes or the continued liquidity of such trading market if one develops.

The development or continued liquidity of any secondary market for the Notes will be affected by a number of factors such as the creditworthiness of the Issuer, as well as other factors such as the time remaining to the maturity of the Notes, the outstanding amount of the Notes and the redemption features of the Notes. Such factors also will affect the market value of the Notes.

Investors may not be able to sell Notes readily or at prices that will enable investors to realise their anticipated yield. No investor should purchase Notes unless the investor understands and is able to bear the risk that certain Notes will not be readily sellable, that the value of Notes will fluctuate over time and that such fluctuations might be significant.

### **Modification, Waivers and Substitution**

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including such Noteholders who did not attend and vote at the relevant meeting and such holders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of (subject to certain exceptions), or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) the substitution of a wholly owned subsidiary of the Issuer or a successor company of the Issuer as principal debtor under any Notes in place of the Issuer, in the circumstances, and subject to the Conditions, described in Condition 13 of the Terms and Conditions of the Notes.

### **Tax Consequences**

Potential investors should consider the tax consequences of investing in the Notes and consult their own tax advisers in light of their personal situations.

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required

(unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

### **Regulatory Restrictions**

Investors whose investment activities are subject to investment laws and regulations or to review or regulation by certain authorities may be subject to restrictions on investments in certain types of debt securities. Investors should review and consider such restrictions prior to investing in the Notes.

### **Change of Law**

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

### **Interest Rate Risks**

Investment in the Notes (being fixed rate instruments) involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

### **Notes Subject to Optional Redemption by the Issuer**

The optional redemption feature of the Notes may limit their market value. The Issuer may elect to redeem Notes pursuant to its rights under the Terms and Conditions of the Notes at any time and any such redemption shall be at the Redemption Price (as defined in Condition 6.3 of the Terms and Conditions of the Notes). The market value of the Notes generally will not rise substantially above the price at which they can be redeemed.

### **Redemption Prior to Maturity for Tax Reasons**

If the Issuer would be obliged to increase the amounts payable in respect of the Notes due to any change in or amendment to the laws or regulations of the United Kingdom or any political subdivision thereof or of any authority therein or thereof having the power to tax or in the interpretation or administration thereof, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions of the Notes. It may not be possible for an investor to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes and this may only be possible at a significantly lower rate.

### **European Monetary Union**

If the United Kingdom joins the European Monetary Union prior to the maturity of the Notes, there is no assurance that this would not adversely affect investors in the Notes. It is possible that, prior to the maturity of the Notes, the United Kingdom may become a participating Member State and that the euro may become the lawful currency of the United Kingdom. In that event (i) all amounts payable in

respect of any Notes, which are denominated in Sterling, may become payable in euros and (ii) the law may allow or require such Notes to be re-denominated into euros and additional measures to be taken in respect of such Notes. The introduction of the euro could also be accompanied by a volatile interest rate environment, which could adversely affect investors in the Notes.

### **Exchange Rate Risk and Exchange Controls**

The Issuer will pay principal, any premium and interest on the Notes in Sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than Sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of Sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Sterling would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Terms and Conditions of the Notes which will be endorsed on each Note in definitive form (if issued):*

The £100,000,000 5.75 per cent. Notes due 2035 (the **Notes**, which expression shall in these Terms and Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 15 and forming a single series with the Notes) of Slough Estates plc (the **Company**) are constituted by a fifteenth supplemental trust deed dated 14 December 2005 (the **Fifteenth Supplemental Trust Deed**) between the Company and Commercial Union Trustees Limited (the **Trustee**, which expression shall include its successors as trustee under the Trust Deed (as defined below)) as trustee for the holders of the Notes (as defined below) (the **Noteholders**) and the holders of the interest coupons appertaining to the Notes (the **Couponholders** and the **Coupons** respectively) supplemental to the trust deed dated 14 July 1992 (the **Principal Trust Deed**) made between the same parties and constituting £100,000,000 11.625 per cent. Bonds due 2012 of the Company (the **2012 Bonds**), the first supplemental trust deed dated 3 May 1995 (the **First Supplemental Trust Deed**) made between the same parties and constituting £100,000,000 10 per cent. Bonds due 2017 of the Company (the **2017 Bonds**), the second supplemental trust deed dated 17 February 1998 (the **Second Supplemental Trust Deed**) made between the same parties and constituting £125,000,000 7.125 per cent. Notes due 2010 of the Company (the **2010 Notes**), the third supplemental trust deed dated 5 February 1999 (the **Third Supplemental Trust Deed**) made between the same parties and constituting £150,000,000 6.25 per cent. Notes due 2015 of the Company (the **2015 Notes**), the fourth supplemental trust deed dated 23 February 2000 (the **Fourth Supplemental Trust Deed**) made between the same parties and constituting £225,000,000 6.75 per cent. Notes due 2024 of the Company (the **2024 Notes**), the fifth supplemental trust deed dated 14 March 2001 (the **Fifth Supplemental Trust Deed**) made between the same parties and constituting £150,000,000 7 per cent. Notes due 2022 of the Company (the **2022 Notes**), the sixth supplemental trust deed dated 9 June 2005 (the **Sixth Supplemental Trust Deed**) made between the same parties and modifying the Conditions of the 2012 Bonds, the seventh supplemental trust deed dated 9 June 2005 (the **Seventh Supplemental Trust Deed**) made between the same parties and modifying the Conditions of the 2017 Bonds, the eighth supplemental trust deed dated 20 June 2005 (the **Eighth Supplemental Trust Deed**) made between the same parties and constituting £200,000,000 5.50 per cent. Notes due 2018 of the Company, the ninth supplemental trust deed dated 20 June 2005 (the **Ninth Supplemental Trust Deed**) made between the same parties and constituting £100,000,000 5.75 per cent. Notes due 2035 of the Company (the **Existing Notes**), the tenth supplemental trust deed dated 21 October 2005 (the **Tenth Supplemental Trust Deed**) made between the same parties modifying the Conditions of the 2010 Notes, the eleventh supplemental trust deed dated 21 October 2005 (the **Eleventh Supplemental Trust Deed**) made between the same parties and modifying the Conditions of the 2015 Notes, the twelfth supplemental trust deed dated 21 October 2005 (the **Twelfth Supplemental Trust Deed**) made between the same parties and modifying the Conditions of the 2024 Notes, the thirteenth supplemental trust deed dated 21 October 2005 (the **Thirteenth Supplemental Trust Deed**) made between the same parties and modifying the Conditions of the 2022 Notes and the fourteenth supplemental trust deed dated 7 December 2005 (the **Fourteenth Supplemental Trust Deed**) made between the same parties and constituting £250,000,000 5.625 per cent. Notes due 2020. The Principal Trust Deed, the First Supplemental Trust Deed, the Second Supplemental Trust Deed, the Third Supplemental Trust Deed, the Fourth Supplemental Trust Deed, the Fifth Supplemental Trust Deed, the Sixth Supplemental Trust Deed, the Seventh Supplemental Trust Deed, the Eighth Supplemental Trust Deed, the Ninth Supplemental Trust Deed, the Tenth Supplemental Trust Deed, the Eleventh Supplemental Trust Deed, the Twelfth Supplemental Trust Deed, the Thirteenth Supplemental Trust Deed and the Fourteenth Supplemental Trust Deed are hereinafter together referred to as the **Trust Deed**.

The Notes will, pursuant to Condition 15, upon exchange of the temporary global Note initially representing the Notes on issue for the permanent global Note then to represent the Notes (which is expected to be on or after 23 January 2006, upon certification as to non-U.S. beneficial ownership), be consolidated and form a single series with the Existing Notes.

The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Paying Agency Agreement dated 20 June 2005, as supplemented by the First Supplemental Paying Agency Agreement dated 14 December 2005 (together, the **Agency Agreement**) made between the Company, the initial Paying Agents and the Trustee are available for inspection during normal business hours by the Noteholders and the Couponholders at the principal office for the time being of the Trustee, being at the date of issue of the Notes at St. Helen's, 1 Undershaft, London EC3P 3DQ, and at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

## **1. FORM, DENOMINATION AND TITLE**

### **1.1 Form and Denomination**

The Notes are in bearer form, serially numbered, in the denominations of £1,000, £10,000 and £100,000 each with Coupons attached on issue. Notes of one denomination may not be exchanged for Notes of another denomination.

### **1.2 Title**

Title to the Notes and to the Coupons will pass by delivery.

### **1.3 Holder Absolute Owner**

The Company, any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon or of any trust or interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

## **2. STATUS**

The Notes and the Coupons are direct, unconditional and unsecured obligations of the Company and rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Company, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

## **3. COVENANTS**

The Company will procure that so long as any of the Notes remains outstanding (as defined in the Trust Deed):

- (a) the aggregate principal amount (together with any fixed or minimum premium payable on final repayment) for the time being outstanding of all Net Borrowings (as defined in the Trust Deed) of the Company and the Subsidiaries (as defined in the Trust Deed) (excluding borrowings by the Company from a Subsidiary or by a

Subsidiary from the Company or another Subsidiary) shall not exceed a sum equal to 175 per cent. of the Adjusted Capital and Reserves (as defined in the Trust Deed); and

- (b) the aggregate principal amount (together with any fixed or minimum premium payable on final repayment) for the time being outstanding of (a) all Secured Borrowings (as defined in the Trust Deed) of the Company and the Subsidiaries and (b) all Borrowings which are not Secured Borrowings of Subsidiaries which are not or do not become Guarantor Subsidiaries (as defined in the Trust Deed) (excluding borrowings by a Subsidiary from the Company or another Subsidiary) shall not exceed a sum equal to 50 per cent. of the Adjusted Capital and Reserves. Subject to the Trustee being satisfied as to the legal validity of the guarantee of the Notes given by such Subsidiary, the Company can procure, at any time, that any Subsidiary becomes a Guarantor Subsidiary without the consent of the Noteholders or Couponholders.

## **4. INTEREST**

### **4.1 Interest Rate and Interest Payment Dates**

The Notes bear interest from and including 20 June 2005 at the rate of 5.75 per cent. per annum, payable annually in arrear on 20 June (each an **Interest Payment Date**). The first payment shall be made on 20 June 2006.

### **4.2 Interest Accrual**

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in the Trust Deed.

### **4.3 Calculation of Broken Interest**

When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the **Accrual Date**) to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date.

## **5. PAYMENTS**

### **5.1 Payments in respect of Notes**

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

### **5.2 Method of Payment**

Payments will be made by credit or transfer to an account in Sterling maintained by the payee with or, at the option of the payee, by a cheque in Sterling drawn on a bank in London.

### 5.3 Missing Unmatured Coupons

Each Note should be presented for payment together with all relevant unmatured Coupons, failing which the full amount of any relevant missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 8) or, if later, five years after the date on which the Coupon would have become due, but not thereafter.

### 5.4 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 7.

### 5.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4, be entitled to any further interest or other payment if a Presentation Date is after the due date.

**Presentation Date** means a day which (subject to Condition 8):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a Sterling account in London as referred to above, is a Business Day in London.

In these Terms and Conditions, **Business Day** means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place.

### 5.6 Initial Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Terms and Conditions. The Company reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city which, so long as the Notes are admitted to listing on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market, shall be London or such other place as the UK Listing Authority may approve;

- (c) the Company undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (d) there will at all times be a Paying Agent in a jurisdiction within continental Europe.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Company in accordance with Condition 12.

## **6. REDEMPTION AND PURCHASE**

### **6.1 Redemption at Maturity**

Unless previously redeemed or purchased as provided below, the Company will redeem the Notes at their principal amount on 20 June 2035.

### **6.2 Redemption for Taxation Reasons**

If the Company satisfies the Trustee immediately before the giving of the notice referred to below that:

- (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 7), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 16 June 2005, on the next Interest Payment Date the Company would be required to pay additional amounts as provided or referred to in Condition 7; and
- (b) the requirement cannot be avoided by the Company taking reasonable measures available to it,

the Company may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be required to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Company shall deliver to the Trustee a certificate signed by two Directors of the Company stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Company taking reasonable measures available to it, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

### **6.3 Redemption at the Option of the Company**

The Company may, having given:

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 12; and

- (b) notice to the Trustee and the Principal Paying Agent not less than 15 days before the giving of the notice referred to in (a),

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all of the Notes or, subject as provided in paragraph 6.4 below, from time to time some only at their Redemption Amount together with interest accrued to the date of redemption.

Prior to giving any notice of redemption under this Condition, the Company shall provide to the Trustee a certificate signed by two directors of the Company that it will have the funds, not subject to any interest of any other person, required to redeem the Notes as aforesaid on the relevant redemption date.

In these Terms and Conditions **Redemption Amount** means an amount equal to the principal amount of the relevant Notes to be redeemed multiplied by the Redemption Percentage (as defined below) (rounding the resulting figure to the nearest penny, half a penny being rounded upwards), together with interest accrued on the relevant Notes to but excluding the date of redemption.

For the purposes of this Condition:

**Redemption Percentage** means the greater of:

- (i) 100 per cent.; and
- (ii) that price (expressed as a percentage) (as reported in writing to the Company and the Trustee by a financial adviser nominated by the Company and approved by the Trustee) (and rounded to three decimal places (0.0005 being rounded upwards)) at which the Gross Redemption Yield (determined by reference to the mid-market price) on the Notes on the Relevant Date is equal to the Redemption Rate;

**Gross Redemption Yield** on the Notes and on the Relevant EIB Bonds will be expressed as a percentage and will be calculated on the basis indicated by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields" page 4, Section one: Price/Yield Formulae "Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published 8 June 1998) or on such other basis as the Trustee may approve;

**Redemption Rate** means the Relevant EIB Redemption Rate;

**Relevant Date** means the date which is two Business Days prior to the publication or dispatch of the notice of redemption under this Condition;

**Relevant EIB Bonds** means such sterling bonds of the European Investment Bank (or any successor thereto) as the Trustee (with the advice of an investment bank as may be approved by the Trustee) and the Company may determine (failing such determination, as determined by the Trustee with such advice) to be a benchmark bond, the duration of which most closely matches the then duration of the Notes, as calculated by or on behalf of the Trustee; and

**Relevant EIB Redemption Rate** means the Gross Redemption Yield (determined by reference to the mid-market price) of the Relevant EIB Bonds provided that, if for any reason the Relevant EIB Redemption Rate is not capable of determination as aforesaid, then the Relevant EIB Redemption Rate shall be such rate as shall be determined by a financial adviser (nominated by the Company and approved by the Trustee) to be appropriate.

#### 6.4 Provisions relating to Partial Redemption

In the case of a partial redemption of Notes, Notes to be redeemed will be selected, in such place as the Trustee may approve and in such manner as the Trustee may deem appropriate and fair, not more than 30 days before the date fixed for redemption. Notice of any such selection will be given not less than 15 days before the date fixed for redemption. Each notice will specify the date fixed for redemption and the aggregate principal amount of the Notes to be redeemed, the serial numbers of the Notes called for redemption, the serial numbers of Notes previously called for redemption and not presented for payment and the aggregate principal amount of the Notes which will be outstanding after the partial redemption.

#### 6.5 Redemption at the Option of the Holders

If at any time while any of the Notes remains outstanding a Restructuring Event is deemed to occur and within the Restructuring Period:

- (a) (if at the time that Restructuring Event is deemed to have occurred there are Rated Securities or the Company has a corporate Rating) a Rating Downgrade in respect of that Restructuring Event occurs or is deemed to occur and such Rating Downgrade has not been cured prior to the expiry of the Restructuring Period; or
- (b) (if at such time there are no Rated Securities and the Company does not have a corporate Rating) a Negative Rating Event in respect of that Restructuring Event is deemed to occur,

(such Restructuring Event and, where applicable, Rating Downgrade or Negative Rating Event, as the case may be, occurring within the Restructuring Period and, in the case of a Rating Downgrade, not having been cured prior to the expiry of the Restructuring Period, together called a **Put Event**) the holder of each Note will have the option (unless, prior to the giving of the Put Event Notice referred to below, the Company gives any of the notices referred to in paragraph 6.2 or 6.3 in respect of the Note) to require the Company to redeem or, at the Company's option, purchase (or procure the purchase of) that Note on the Optional Redemption Date (as defined below) at its principal amount (the **Optional Redemption Amount**) together with (or, where purchased, together with an amount equal to) interest accrued to but excluding the Optional Redemption Date.

Promptly upon the Company becoming aware that a Put Event has occurred, the Company shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of a least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders the Trustee shall (subject in each case to being indemnified and/or secured to its satisfaction), give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 12 and to the Paying Agents specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition.

To exercise the option to require redemption or, as the case may be, purchase of a Note under this Condition, the holder of the Note must deliver such Note, on any Business Day (in the place of the specified office of the Paying Agent at which the Note is delivered) falling within the period (the **Put Period**) of 45 days after a Put Event Notice is given, at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a **Put Notice**) and in which the holder may specify a bank account to which payment is to be made under this Condition.

The Notes should be delivered together with all Coupons appertaining thereto maturing after the date (the **Optional Redemption Date**) seven days after the expiry of the Put Period, failing which the face amount of any missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the face amount of such missing unmatured Coupons which the sum of principal so paid bears to the total principal amount due) shall be deducted from the sum due for payment. Each amount of principal so deducted shall be paid in the manner mentioned in Condition 5 against surrender (or, in the case of part payment only, endorsement) of the relevant missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 8) or, if later, five years from the date on which the Coupon would have become due, but not thereafter.

The Paying Agent to which such Note, Put Notice and Coupons (if any) are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specifies a bank account in the Put Notice to which payment is to be made, on the Optional Redemption Date by transfer to that bank account and, in every other case, on or after the Optional Redemption Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Put Notice, once given, shall be irrevocable (except in the circumstances set out in clause 10.4 of the Agency Agreement). For the purposes of these Terms and Conditions and the Trust Deed, receipts issued pursuant to this Condition shall be treated as if they were Notes. The Company shall redeem or, at the option of the Company, purchase (or procure the purchase of) the relevant Notes on the Optional Redemption Date unless previously redeemed or purchased.

For the purposes of this Condition:

A **Negative Rating Event** shall be deemed to have occurred if (i) the Company does not on or before the 21st day after the relevant Restructuring Event, seek, and thereafter use all reasonable endeavours to obtain, a Rating of the Notes or a corporate Rating or at the Company's sole discretion a Rating of any Relevant Debt or (ii) if it does so seek and use such endeavours, it has not at the expiry of the Restructuring Period and as a result of such Restructuring Event obtained such a Rating of at least investment grade (BBB- (in the case of S&P), Baa3 (in the case of Moody's) or BBB- (in the case of Fitch), or their respective equivalents for the time being), provided that a Negative Rating Event shall be deemed not to have occurred in respect of a particular Restructuring Event if (i) two directors of the Company certify to the Trustee that they have used all reasonable endeavours to obtain an investment grade Rating of the Notes, the Company or any Relevant Debt within the Restructuring Period and the failure so to obtain such a Rating is, in their opinion, unconnected with the Restructuring Event; and (ii) the Rating Agency declining to assign a Rating of at least investment grade (as defined above) does not announce or publicly confirm or, having been so requested by the Company, inform the Company or the Trustee in writing that its declining to assign a Rating of at least investment grade was the result, in whole or in part, of the applicable Restructuring Event (whether or not the Restructuring Event shall have occurred at the time such investment grade rating is declined);

**Rated Securities** means the Notes so long as they shall have an effective Rating and otherwise any Relevant Debt which has a Rating; provided that, if after a Restructuring Event is deemed to occur the Notes do not have an effective Rating, there is no such Relevant Debt and the Company does not have a corporate Rating, the Trustee may require the Company to obtain and thereafter update on an annual basis a Rating of the Notes or a corporate Rating from one Rating Agency. In addition, the Company may at any time obtain and thereafter update on an annual basis a Rating of the Notes or a corporate Rating, provided that, except as

provided above, the Company shall not have any obligation to obtain such a Rating of the Notes or itself.

**Rating** means a rating provided by a Rating Agency at the invitation of the Company.

**Rating Agency** means Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. and its successors (**S&P**) or Moody's Investors Service, Inc. and its successors (**Moody's**) or Fitch Ratings Ltd and its successors (**Fitch**) or any other rating agency of equivalent standing specified by the Company from time to time in writing to the Trustee;

A **Rating Downgrade** shall be deemed to have occurred in respect of a Restructuring Event if the then current Rating of the Notes or any Relevant Debt or corporate Rating of the Company (i) is withdrawn and is not within the Restructuring Period replaced by a Rating of the relevant Rating Agency or of another Rating Agency at least equivalent to that which was current immediately before the occurrence of the Restructuring Event or (ii) is reduced from an investment grade rating (BBB-/Baa3/BBB- (or their respective equivalents for the time being) or better) to a non-investment grade rating (BB+/Ba1/BB+ (or their respective equivalents for the time being) or worse) or (iii) (if the relevant Rating Agency shall have already given a Rating for the Rated Securities, or if there are no Rated Securities and the Company has a corporate Rating, below investment grade (as described above)) is lowered one full rating category (from BB+ to BB or such similar lowering or equivalent ratings); provided that a Rating Downgrade otherwise arising by virtue of a particular reduction in Rating shall be deemed not to have occurred in respect of a particular Restructuring Event if (A) two directors of the Company certify to the Trustee that the withdrawal or reduction in the Rating is, in their opinion, unconnected with the Restructuring Event and (B) the Rating Agency making the withdrawal or reduction in Rating to which this definition would otherwise apply does not announce or publicly confirm or, having been so requested by the Company, inform the Company or the Trustee in writing that the reduction was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Restructuring Event (whether or not the applicable Restructuring Event shall have occurred at the time of the Rating Downgrade);

**Relevant Debt** means any unsecured and unsubordinated debt securities of the Company (or any Subsidiary of the Company which is guaranteed on an unsecured and unsubordinated basis by the Company) having an initial maturity of five years or more;

A **Restructuring Event** shall be deemed to have occurred at each time (whether or not approved by the Board of Directors of the Company) that any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), or any persons acting on behalf of any such persons(s), at any time is/are or become(s) interested (within the meaning of Part VI of the Companies Act 1985) in (i) more than 50 per cent. of the issued or allotted ordinary share capital of the Company or (ii) such number of shares in the capital of the Company carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Company; and

**Restructuring Period** means the period ending 180 days after the public announcement of the Restructuring Event.

The Trust Deed provides that the Trustee is under no obligation to ascertain whether a Restructuring Event, a Negative Rating Event, a Rating Downgrade or any event which could lead to the occurrence of or could constitute a Restructuring Event has occurred and until it shall have actual knowledge or express notice pursuant to the Trust Deed to the contrary, the

Trustee may assume that no Restructuring Event, Negative Rating Event, Rating Downgrade or other such event has occurred.

## **6.6 Purchases**

The Company or any of its Subsidiaries (as defined above) may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price.

## **6.7 Cancellations**

All Notes which are redeemed will forthwith be cancelled, together with all relevant unmatured Coupons attached to the Notes or surrendered with the Notes, and accordingly may not be held, reissued or resold. Notes purchased by the Company or any of its Subsidiaries may be held, reissued or resold or surrendered for cancellation.

## **6.8 Notices Final**

Upon the expiry of any notice as is referred to in paragraph 6.2, 6.3 or 6.5 above the Company shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph (in the case of paragraph 6.5 above, save as otherwise provided therein).

## **7. TAXATION**

### **7.1 Payment without Withholding**

All payments in respect of the Notes by or on behalf of the Company shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Company will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (a) presented for payment by or on behalf of, a holder who is liable to the Taxes in respect of the Note or Coupon by reason of his or her having some connection with the Relevant Jurisdiction other than the mere holding of the Note or Coupon; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or
- (d) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on

presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Presentation Date (as defined in Condition 5.

## 7.2 Interpretation

In these Terms and Conditions:

- (a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Company in accordance with Condition 12; and
- (b) **Relevant Jurisdiction** means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax.

## 7.3 Additional Amounts

Any reference in these Terms and Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

## 8. PRESCRIPTION

Notes and Coupons will become void unless presented for payment within periods of 10 years (in the case of principal and premium) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 5 and Condition 6.

## 9. EVENTS OF DEFAULT

### 9.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified to its satisfaction), (other than in respect of the events described in subparagraphs (a) and (b) below, only if the Trustee shall have certified in writing to the Company that such event is, in its opinion, materially prejudicial to the interests of the Noteholders) give notice to the Company that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, in any of the following events (**Events of Default**):

- (a) if default is made in the payment of any principal or premium or, in the case of Condition 6.5, if applicable, purchase price in respect of any of the Notes and such default continues for a period of seven days or more; or
- (b) if default is made in the payment of any interest due on the Notes or any of them and such default continues for a period of 14 days or more; or
- (c) if the Company fails to perform or observe any of its other obligations under the Notes or the Trust Deed and (except where the Trustee considers such failure to be

incapable of remedy when no such continuation and notice as is hereinafter mentioned will be required) such failure continues for the period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Company of notice requiring the same to be remedied; or

- (d) if any loan or other indebtedness for borrowed money (as defined in the Trust Deed) of the Company or any Principal Subsidiary in an aggregate principal amount of not less than £5,000,000 (or its equivalent in any other currency) becomes due and repayable prematurely by reason of an event of default (howsoever described) in relation thereto or the Company or any Principal Subsidiary fails to make any payment of an amount of not less than £5,000,000 (or its equivalent in any other currency) in respect thereof on the due date for such payment as extended by any applicable grace period (as provided for in the document evidencing such indebtedness) or if any guarantee or indemnity given by the Company or any Principal Subsidiary in respect of any loan or other indebtedness for borrowed money in an amount of not less than £5,000,000 (or its equivalent in any other currency) is not honoured when due and called upon or if the security for any such first-mentioned loan or other indebtedness for borrowed money or any such guarantee or indemnity becomes enforceable and steps are taken to enforce the same; or
- (e) if any order shall be made by any competent court or resolution passed for the winding up or dissolution of the Company, save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms approved by the Trustee; or
- (f) if any order shall be made by any competent court or a resolution passed for the winding up or dissolution of a Principal Subsidiary, save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement (not involving or arising out of the insolvency of such Principal Subsidiary) under which all the assets of the Principal Subsidiary are transferred to the Company or any of the other Subsidiaries or the terms of which have been approved by the Trustee; or
- (g) if the Company or any Principal Subsidiary shall cease to carry on the whole or a substantial part of its business, save in the case of a Principal Subsidiary for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangements (not involving or arising out of the insolvency of such Principal Subsidiary) under which all the assets of the Principal Subsidiary are transferred to the Company or any of the other Subsidiaries or the terms of which have been approved by the Trustee, or if the Company or any Principal Subsidiary shall suspend payment of its debts generally or shall be unable to, or shall admit inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent by any competent court, or shall enter into any composition or other similar arrangement with its creditors generally; or
- (h) if an administrative or other receiver, or an administrator or other similar official, shall be appointed in relation to the Company or any Principal Subsidiary or in relation to the whole or a substantial part of the assets of any of them or a distress, execution or other process shall be levied or enforced upon or sued out against, or an encumbrancer shall take possession of, the whole or a substantial part of the assets of any of them and in any of the foregoing cases it or he shall not be discharged within 14 days.

## **9.2 Interpretation**

For the purposes of this Condition:

a **Principal Subsidiary** means a Subsidiary the book value of whose tangible assets (as shown by the then most recent audited balance sheet of such Subsidiary and attributable to the Company) constitutes five per cent. or more of the book value of the tangible assets of the Company and the Subsidiaries (as shown by the then most recent audited consolidated balance sheet of the Company and the Subsidiaries) provided that, if a Subsidiary itself has subsidiaries and produces in respect of any year an audited consolidated balance sheet of such Subsidiary and its subsidiaries, the reference above to tangible assets of such Subsidiary shall be construed as a reference to tangible assets of such Subsidiary and its consolidated subsidiaries and the reference to the then most recent audited balance sheet of such Subsidiary shall be construed as a reference to the then most recent audited consolidated balance sheet of such Subsidiary and its consolidated subsidiaries (all as more particularly described in the Trust Deed).

## **9.3 Reports**

A report by two Directors of the Company whether or not addressed to the Trustee that in their opinion a Subsidiary of the Company is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest or proven error, be conclusive and binding on all parties.

## **10. ENFORCEMENT**

### **10.1 Enforcement by the Trustee**

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Company as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (a) it has been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding and (b) it has been indemnified to its satisfaction.

### **10.2 Enforcement by the Noteholders**

No Noteholder or Couponholder shall be entitled to proceed directly against the Company unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

## **11. REPLACEMENT OF NOTES AND COUPONS**

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Company may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## **12. NOTICES**

### **12.1 Notices to the Noteholders**

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London or such other English language daily newspaper with general circulation in Europe as the Trustee may approve. It is expected that publication will normally be made in the *Financial Times*. The Company shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or the relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this paragraph.

### **12.2 Notices from the Noteholders**

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relevant Note or Notes, with the Principal Paying Agent or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

## **13. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Terms and Conditions or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented except that at any meeting, the business of which includes the modification of certain of these Terms and Conditions and certain provisions of the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than three-quarters, or at any adjourned such meeting not less than a clear majority, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they are present at the meeting and whether or not they vote in favour, and on all Couponholders.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification (subject to certain exceptions) of, or to the waiver or authorisation of any breach or proposed breach of, any of these Terms and Conditions or any of the provisions of the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or to any modification which is to correct a manifest error.

The Trustee may also agree, subject to the relevant provisions of the Trust Deed and to such other conditions (if any) as the Trustee may require but without the consent of the Noteholders or the Couponholders (i) to the substitution of a wholly-owned Subsidiary in place of the Company as principal debtor under the Trust Deed, the Notes and the Coupons subject to the Company unconditionally and irrevocably guaranteeing that Subsidiary's obligations as such principal debtor by a document in such form and substance as the Trustee

may require and/or (ii) to the substitution of any successor company (as defined in the Trust Deed) of the Company in place of the Company.

In connection with any such modification, waiver, authorisation or substitution, the Trustee shall not have regard to the tax or other consequences thereof for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory.

Any such modification, waiver, authorisation or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any such modification or substitution shall be notified to the Noteholders in accordance with Condition 12 as soon as practicable thereafter.

## **14. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE COMPANY**

### **14.1 Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction.

### **14.2 Trustee Contracting with the Company**

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Company and/or any of the Company's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Company and/or any of the Company's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

## **15. FURTHER ISSUES**

The Company is at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Company may determine at the time of the issue. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

## **16. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

The Trust Deed, the Notes and the Coupons are governed by, and will be construed in accordance with, English law.

**17. RIGHTS OF THIRD PARTIES**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

*The following is a summary of the provisions to be contained in the Trust Deed to constitute the Notes and in the Global Notes which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.*

### 1. Exchange

The Permanent Global Note will be exchanged in whole but not in part (free of charge to the holder) for definitive Notes on the date on which the permanent global Note for the Existing Notes is exchanged in whole for definitive Existing Notes.

The holder of the Permanent Global Note shall surrender the Permanent Global Note to or to the order of the Principal Paying Agent on the same date as it presents the permanent global Note in respect of the Existing Notes to the Principal Paying Agent for exchange. In exchange for the Permanent Global Note the Company will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Note, the Company will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

### 2. Payments

On and after 23 January 2006, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of such Global Note to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Principal Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Notes. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

### 3. Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant Accountholders rather than by publication as required by Condition 12. Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Principal Paying Agent and Euroclear and Clearstream, Luxembourg may approve for this purpose.

#### **4. Accountholders**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notice to the Company pursuant to Condition 9 and Condition 6.5) other than with respect to the payment of principal and interest on such principal amount of such Notes, the right to which shall be vested, as against the Company and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

#### **5. Prescription**

Claims against the Company in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7).

#### **6. Cancellation**

Cancellation of any Note represented by a Global Note and required by the Terms and Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

#### **7. Put Option**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, the option of the Noteholders provided for in Condition 6.5 may be exercised by an Accountholder giving notice to the Principal Paying Agent in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) of the principal amount of the Notes in respect of which such option is exercised and at the same time presenting or procuring the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly within the time limits set forth in that Condition.

#### **8. Redemption at the Option of the Company**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, no drawing of Notes will be required under Condition 6.4 in the event that the Company exercises its call option pursuant to Condition 6.3 in respect of less than the aggregate principal amount of the Notes outstanding at such time. In such event, the standard procedures of Euroclear and/or Clearstream, Luxembourg shall operate to determine which interests in the Global Note(s) are to be subject to such option.

**9. Euroclear and Clearstream, Luxembourg**

References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes, amounting to £102,060,356.16 (which includes 177 days' accrued interest from and including 20 June 2005 to but excluding 14 December 2005), will be applied towards refinancing of existing bank indebtedness and, thereafter, towards general corporate purposes of the Group.

## DESCRIPTION OF THE ISSUER

### Business

The Issuer was incorporated in England on 19 May 1920. The Issuer is a public limited company incorporated under the laws of England and Wales with registration number 00167591. The registered office is at 234 Bath Road, Slough, Berkshire, SL1 4EE and its telephone number is 01753 537171.

The Issuer is the parent company of an international group of companies which, together, form one of the largest United Kingdom property investment and development groups, based on the size of the Group's property portfolio on a square metre basis. The Issuer conducts no business operations of its own and has not engaged in any activities other than the holding of ownership interests in its subsidiary undertakings. The Issuer therefore depends on revenues generated by its subsidiary undertakings. The Group's largest estate remains the Slough Trading Estate, which is 683,395 square metres of floor space and accounts for some 22 per cent. of the Group's entire portfolio by lettable floor space. The objects of the Issuer, which can be found at section 4 of the Issuer's memorandum of association, (which is incorporated by reference in this Offering Circular) include, without limitation, the acquiring, disposing, developing of and investing in real and other property of any kind, general investment activities and the raising of funds.

Other activities of the Group include property development for trading purposes, the provision of utility services to its Slough and Birmingham estates and investment in other property and nonproperty areas.

The Issuer was founded in 1920 in Slough, England, where it developed one of the earliest industrial estates. As at 30 June 2005, the Group had interests in 3.1 million square metres of lettable floor space, 85 per cent. of which was classified as industrial, 10 per cent. as office and 5 per cent. as retail.

Internationally the portfolio split by floor space as at 30 June 2005 was: 68 per cent. in the United Kingdom; 16 per cent. in Europe; and 16 per cent. in the United States of America. Worldwide the Group has some 1524 separate customers renting space.

### Investments

Since the interim consolidated financial statements for the six months ended 30 June 2005, the principal investment made by the Group was the acquisition of two holding entities owning two major multi-let estates; namely Woodside Industrial Estate in Dunstable, UK; and Heywood Distribution Park in Manchester, UK for an aggregate of £276 million in cash, comprising an aggregate of 371,000 square metres of prime industrial property with a combined income of approximately £16 million per annum, and over 11.3 hectares of further development land.

### Principal Future Investments

In 2005, the Group is expecting to spend approximately £200 million on developments and by the end of June 2005, approximately £125 million had been incurred. Also at the end of the half year, the Group had approximately 170,032 square metres under construction, of which approximately 48 per cent is pre-leased. The Group has continued to prepare its development sites, obtaining planning consents and putting in place the key infrastructure so that it is in a position to agree pre-lets and, where appropriate, to start on limited speculative development.

The following table sets out, as at 30 June 2005, the Group's principal future investments on development sites, on which the Group has made firm commitments.

<b>Location</b>	<b>Type</b>	<b>Practical completion H1 2005 sq.m.</b>	<b>Work in progress June 05 sq.m.</b>	<b>Anticipated completion Date</b>	<b>Potential starts H2 2005 sq.m.</b>	
<b>UK</b>						
Slough 381 Sykes Road	Industrial	2,394				
24-29 Buckingham Avenue	Industrial/ Retail		2,437	Q4		
115-118 Buckingham Avenue	Industrial		4,706	Q4		
61 Whitby Road	Industrial				2,584	
638 Ajax Avenue	R&D				5,914	
303/310 Farnham Road	Retail				6,064	
2 Buckingham Avenue	Industrial				5,500	
91-93 Farnham Road	Leisure				2,323	
Oxford Avenue	Industrial				3,404	
<b>Slough total</b>		<b>2,394</b>	<b>7,143</b>		<b>25,789</b>	
Portsmouth Motorpark	Industrial		2,950	Q3*		Pre-let to Pentagon Ltd
Railway Triangle Voyager Park	Industrial Industrial		1,924	Q3*	15,008	
Radlett Phase 200	Industrial	9,676				
Phase 300	Industrial		6,968	Q4		Pre-let to Viglen
West Drayton Stone Close Phase 1	Car Showroom	2,926				Pre-let to HR Owen
Stockley Close Phase 1	Industrial		6,032	Q3*		
Camberley Stanhope Road	Industrial	2,484				Pre-sold to The Dolphin Head
Hounslow Pulborough Way	Industrial		5,318	Q3*		
Farnborough 200/250 The Square	Offices		7,029	2006		
Q134	Offices		4,544	2006		
Luton Phase 200	Industrial				6,039	
Uxbridge Phase 300/400	Industrial/				7,316	

<b>Location</b>	<b>Type</b>	<b>Practical completion H1 2005 sq.m.</b>	<b>Work in progress June 05 sq.m.</b>	<b>Anticipated completion Date</b>	<b>Potential starts H2 2005 sq.m.</b>	
Weston Super Mare Phase 100	Office Industrial		1,759	Q4		Let to Bradford & Sons
West Thurrock Phase HelioSlough Trax Park, Doncaster	Industrial	11,148			4,295	
<b>UK TOTAL</b>		<b>28,628</b>	<b>43,667</b>		<b>58,447</b>	
<b>BELGIUM</b>						
Rumst	Industrial				13,000	
Pegasus Park	Office		6,360	Q3*	14,000	
Kortenbergh	Industrial				2,300	
<b>Total</b>		<b>-</b>	<b>6,360</b>		<b>29,300</b>	
<b>FRANCE</b>						
Le Blanc Mesnil	Industrial	5,509	4,638	Q3*	5,000	3,709 sq.m. let to Finemetal
<b>Total</b>		<b>5,509</b>	<b>4,638</b>		<b>5,000</b>	
<b>GERMANY</b>						
Neuss V	Industrial		5,802	Q3*		
Neuss IV Asics	Industrial		21,120	Q4		18,327 sq.m. pre-let to ASICS
Krefeld	Industrial		7,596	Q4		3,021 sq.m. pre-let to Nachi
Kapellen, Phase III	Logistics		12,186	Q3*		
Dormagen	Industrial		6,327	Q4		6,327 sq.m. pre-let to FEAG
Mönchengladbach	Industrial				21,812	
<b>Total</b>		<b>-</b>	<b>53,031</b>		<b>21,812</b>	
<b>US</b>						
Poway	Industrial		14,492	Q3*	17,837	
East Grand	R&D		41,805	2006		Pre-let to Glenentech
Pointe Grand	R&D		6,039	Q3*		

<b>Location</b>	<b>Type</b>	<b>Practical completion H1 2005 sq.m.</b>	<b>Work in progress June 05 sq.m.</b>	<b>Anticipated completion Date</b>	<b>Potential starts H2 2005 sq.m.</b>	
BOP II	R&D				10,498	
BOP E	R&D				9,144	Pre-let to Amgen
Torrey Pines Science Park 5	R&D				4,181	
285 E Grand	R&D				6,968	
<b>Total</b>		-	<b>62,336</b>		<b>48,628</b>	
<b>OVERSEAS</b>		<b>5,509</b>	<b>126,365</b>		<b>104,740</b>	
<b>TOTAL</b>						
<b>GROUP TOTAL</b>		<b>34,137</b>	<b>170,032</b>		<b>163,187</b>	
<b>Let or Sold</b>		<b>26.7%</b>	<b>47.7%</b>		<b>5.6%</b>	

\*These developments were completed during the third quarter of 2005.

The Group expects that the main source of funds for investment in the development sites will be the Group's existing bank facilities.

### Significant New Activities

In April 2004, the Group established a 50/50 joint venture, HelioSlough Limited, with Helios Properties, which has £100 million of funding available focusing on development of a network of strategic distribution parks throughout the UK. This is a sector which the Group had not previously exploited in the UK, although it had successfully developed a number of distribution parks around Paris and Brussels. The joint venture is progressing in line with Group expectations and has a number of sites which are ready to enter into the construction stage, at Nimbus (near Thorne, Doncaster); at Sheffield International Railfreight Terminal, at Wynard One, Tees Valley and at Cardiff Rail Freight Terminal.

The Group's purchase of a 60 per cent. equity stake in Mainland B.V. in 2005, which has, through various options to acquire, access to 130,000 square metres of new development sites in the Schiphol Airport area outside Amsterdam, has brought it into the Dutch market for the first time.

In the first six months of 2005, the Group leased 104,559 square metres of space, much of which was in the Group's higher value properties. Of the seven largest vacant properties at the end of 2004, the Group has let one, totalling 11,189 square metres and has disposed of one, Avenue Kléber, Paris. The Group took back 124,542 square metres over this period, of which 25,291 square metres was either demolished or redundant space, presenting a substantial opportunity for redevelopment. Of this space taken back from customers, the largest amount was approximately 31,757 square metres in the Heathrow region, and West London region. The space returned to the Group in the first half of 2005 represented approximately 54 per cent. of lease expiries and 21 per cent. of break options.

### Principal Markets

The Issuer is primarily a property investment and development company. The other principal markets in which the Group competes include property development for trading purposes, the provision of utility services and investment in other property and non-property areas.

## **Outlook and Trends**

### *Investment Market*

The Issuer believes that overall the property market is in a robust state and there continues to be strong demand for property for investment purposes as there is recognition of the attractions of property as a key component in investment portfolios. This demand has resulted in further yield compression and increases in capital values during 2005.

### *Occupier Market*

There appears to be increasing evidence from the property market that occupier demand is continuing to improve although the pace of change has been slower than generally anticipated 12 months ago. However demand for offices in the UK, and the Thames Valley in particular is still weak although against this background the Group has just let a 7,000 square metre office on the Bath Road at Slough to Research In Motion. Generally there continues to be good demand for modern well located flexible business space as evidenced by the size, in square metres, of the property let by the Group in the first half of 2005.

Going forward, the Group's focus will be on flexible business space in the UK as it builds out the projects summarised in the Principal Future Investment section mainly in the South East of England.

The Group intends to expand its established position in Continental Europe, where it anticipates good opportunities for expanding its base in the industrial, logistics and suburban office markets. To this end, the Group has brought its Continental European operations together under a single management structure, based in Paris.

In North America, the Group's health science property portfolio is developing well and the Group believes prospects for the current pipeline are excellent. The Group has built up a leading position in the provision of space to the health science community which means that it should be able to expect to see a very positive contribution towards Group earnings from both its completed laboratory space and from its strong development pipeline. The Group's US business is self-financing and capital will be recycled selectively to exploit future development opportunities.

The Issuer believes that it is well positioned to take advantage of the opportunities in the marketplace as the Group has what it considers to be excellent properties and substantial land holdings with planning consents for development, located in many of the prime international business centres. This will enable the Group to start to build into the recovery in occupier demand and, having successfully put in the infrastructure for these new schemes in 2005, it will be possible to accelerate this development pipeline as demand requires.

## **Board Practices**

### *Audit committee*

The Issuer's Audit Committee comprises of the following members:

Lord MacGregor (Chairman)  
Lord Blackwell  
S L Howard  
A W Palmer  
T Wernik

Lord MacGregor, who is not deemed independent, has been on the board of directors of the Issuer (the **Board**) since 1995. As the Audit Committee does not solely comprise non-executive directors who are deemed independent the Issuer is not in compliance with the Code (see "*Statement of Compliance*" below). The Board is entirely satisfied that Lord MacGregor is independent in character and judgement, that there are no relationships or circumstances that are likely to affect, or could appear to affect, his judgement. With the forthcoming changes to the accounting regime following the introduction of the International Accounting Standards, the Board believes that continuity of direction is very important.

The Terms of Reference of the Audit Committee are:

- (a) assessing the independence of the external auditors and ensuring that key partners are rotated at appropriate intervals;
- (b) recommendation of the audit fee to the Board and pre-approve any fees in respect of non-audit services provided by the external auditors in excess of a fee of £25,000 per assignment to ensure that the provisions of non-audit services does not impair the external auditors independence or objectivity. For the avoidance of doubt, the provision of normal taxation advice is to be regarded as being included within normal audit services;
- (c) discussing with the external auditor, before the audit commences, the nature and scope of the audit and reviewing the auditors' quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;
- (d) overseeing the process for selecting the external auditor and making appropriate recommendations through the Board to the shareholders to consider at the AGM;
- (e) reviewing the external auditor's management letter and management's response;
- (f) reviewing annually the need for an internal audit function as compared with the current arrangement of self-certification and review;
- (g) considering management's response to any major external audit or internal review recommendations;
- (h) reviewing from time to time the company's procedures for handling allegations from 'whistleblowers';
- (i) reviewing the assessment and management of risk, including financial, market, operational, legal, regulatory and reputational risks, and reviewing management, internal auditor's reports (if appointed) and the comments of the external auditors;
- (j) reviewing management's and the internal auditor's reports (if appointed) on the effectiveness of systems for internal financial control and reporting;
- (k) reviewing, and challenging where necessary, the actions and judgements of management, in relation to the interim and annual financial statements before submission to the Board.

### *Statement of Compliance*

The Issuer believes that it has applied the principles and, save as indicated below, complied with the provisions of The Combined Code on Corporate Governance (the **Code**, which came into effect for reporting years beginning on or after 1 November 2003) throughout the year ended 31 December 2004.

Circumstances where the Issuer did not comply with the provisions of the Code:

- (a) up until November 2004, the Remuneration Committee did not comprise solely of non-executive directors who were deemed independent and in this respect the Company was not for that period only in compliance with the Code;

- (b) the current composition of the Board does not comply with the requirement that at least half of the directors be independent, and in this respect the Issuer is not in compliance with the Code, although steps are being taken to meet this requirement; and
- (b) the Audit Committee does not solely comprise non-executive directors who are deemed independent the Company is not in compliance with the Code.

## Subsidiaries

The Issuer has more than 100 subsidiaries. The principal subsidiary undertakings are listed below (all holdings are equity holdings unless otherwise stated).

<i>Company</i>	<i>Country of incorporation</i>	<i>Subsidiaries (percentage holding)</i>	<i>Joint Ventures (percentage holding)</i>
<b>Property</b>			
*Slough Properties Ltd	England	100	
*Slough Trading Estate Ltd	England	100	
*Allnatt London Properties PLC	England	100	
*Bilton p.l.c.	England	100	
*Bredero Properties Plc	England		
	Ordinary	99.2	
	Preference	100	
Slough Investments Ltd (operating in Germany)	England	100	
Cambridge Research Park Ltd	England	100	
Slough Industrial Estates Ltd	England	100	
*Shopping Centres Ltd	England		50
Slough Europe Ltd	England	100	
Slough Estates USA Inc.	USA	100	
Slough Management N.V.	Belgium	100	
Slough Properties N.V.	Belgium	100	
Slough Developments (France) S.A.	France	100	
Kingswood Ascot Property Investments Ltd	England	100	
Farnborough Business Park Ltd	England	100	
Real Estate and Commercial Trust Ltd	England	100	
HelioSlough Ltd	England		50
Slough Estates (Warrington) Ltd	England	100	
Slough Estates (Epsom) Ltd	England	100	
Slough Estates (Leatherhead) Ltd	England	100	
Slough Estates (Chelmsford) Ltd	England	100	
Slough Estates (Northampton) Ltd	England	100	
Slough Estates (Mitchell Way) Ltd	England	100	
Slough Estates (Motor Park) Ltd	England	100	
Slough Estates (Swanley) Ltd	England	100	
<b>Service</b>			
*Slough Estates Administration Ltd	England	100	
*Slough Estates Finance plc	England	100	
<b>Other</b>			

Slough Heat & Power Ltd	England	100
*Kwacker Ltd	England	100

*\*Held directly by Slough Estates plc*

## Directors

The directors of the Issuer are:

P.D. Orchard-Lisle, CBE, TD, DL	Chairman
I.D. Coull	Chief Executive
J.A.N. Heawood	Executive Director
R.D. Kingston	Executive Director
M.D. Lees	Executive Director
Lord Blackwell	Senior Independent Non-Executive
S.L. Howard	Non-Executive Director
The Rt. Hon. Lord MacGregor of Pulham Market, OBE	Non-Executive Director
A.W. Palmer	Non-Executive Director
C.A. Peacock	Non-Executive Director
T. Wernink	Non-Executive Director

all of 234 Bath Road, Slough, Berkshire, SL1 4EE.

Their principal directorships outside of the Group are:

P.D. Orchard-Lisle, CBE, TD, DL	Europa Capital Partners Ltd
I.D. Coull	British Property Federation
Lord Blackwell	House of Fraser Plc
	Interserve Plc
	Centre for Policy Studies Ltd
	Kinnect Holdings Ltd.
	SLLC Limited
	Smartstream Technologies Group Ltd
	Standard Assurance Co
	The Corporate Services Group Plc
R.D. Kingston	Alpha Pyrenees Trust
The Rt. Hon. Lord Macgregor of Pulham Market, OBE	Associated British Foods plc
	Friends Provident PLC
A.W. Palmer	Legal & General Group Plc
C.A. Peacock	JLW European Holdings Ltd

No potential conflicts of interest exist between any duties to the Issuer of the board of directors listed above and their private interests or other duties in respect of their management roles.

## FINANCIAL INFORMATION

The financial information set out below has been extracted from the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2004 and 31 December 2003 and from the un-audited consolidated financial statements of the Issuer as at and for the six months ended 30 June 2005, each as incorporated by reference in this Offering Circular. The financial information set out below should be read in conjunction with such financial statements. The financial information set out in (A), (B) and (C) below has been produced in accordance with generally accepted accounting principles in the United Kingdom.

### (A) GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	£m	2004 £m	£m	2003 £m
<b>Turnover</b>				
<b>Group</b>				
- continuing		323.7		312.4
- discontinued		13.3		13.5
<b>Total Group</b>		<b>337.0</b>		<b>325.9</b>
<b>Joint Ventures</b>				
- continuing		10.8		8.6
- discontinued		8.9		8.2
<b>Total joint ventures</b>		<b>19.7</b>		<b>16.8</b>
<b>Group operating income</b>				
Property investment				
- continuing	220.6		212.1	
- discontinued	10.3		11.0	
		<b>230.9</b>		<b>223.1</b>
Property trading – operating	7.1		7.1	
Property trading – exceptional provision	-		(37.9)	
		<b>7.1</b>		<b>(30.8)</b>
Utilities		(4.1)		(4.2)
Oil and gas		(3.1)		(3.5)
Other income		10.0		4.8
Administration expenses		(15.2)		(14.0)
<b>Group operating outfit</b>		<b>225.6</b>		<b>175.4</b>
Continuing	215.3		164.4	
Discontinued	10.3		11.0	
Share of operating profit (loss) of property joint ventures and associate				
Property investment	16.4		15.1	
Property trading	(0.5)		0.2	
		<b>15.9</b>		<b>15.3</b>
<b>Total operating profit</b>		<b>241.5</b>		<b>190.7</b>
Profit on sale on investment properties				
- continuing	55.5		1.6	
- discontinued	6.8		-	
		<b>62.3</b>		<b>1.6</b>
<b>Profit before interest and taxation</b>		<b>303.8</b>		<b>192.3</b>
Interest (net)		(94.7)		(88.5)
<b>Profit on ordinary activities before taxation</b>		<b>209.1</b>		<b>103.8</b>
Taxation				
- current	(35.1)		(14.7)	
- deferred	(6.6)		2.3	
		<b>(41.7)</b>		<b>(12.4)</b>
<b>Profit on ordinary activities after taxation</b>		<b>167.4</b>		<b>91.4</b>
Minority interests - equity		1.6		1.8
Preference dividends		(11.2)		(11.4)
<b>Profit attributable to ordinary shareholders</b>		<b>157.8</b>		<b>81.8</b>
Ordinary dividends		(67.0)		(62.5)
<b>Retained profit</b>		<b>90.8</b>		<b>19.3</b>

**(B) GROUP BALANCE SHEET  
AS AT 31 DECEMBER 2004**

	2004 £m	Group 2003 restated £m	2004 £m	Company 2003 restated £m
<b>Fixed assets</b>				
Intangible asset - goodwill	(4.7)	-	-	-
Tangible assets - investment properties	3,795.6	3,563.9	-	-
- other	118.0	41.8	-	-
Investments in subsidiaries	-	-	3,847.9	3,404.2
Investments in joint ventures - share of gross assets	134.8	255.9	78.7	65.3
- share of gross liabilities	(46.4)	(50.5)	(27.0)	(26.5)
	88.4	205.4	51.7	38.8
Investment in associate	3.9	3.9	-	-
	<b>4,001.2</b>	<b>3,815.0</b>	<b>3,899.6</b>	<b>3,443.0</b>
<b>Current assets</b>				
Stocks	127.2	123.2	-	-
Debtors	61.2	35.9	2.9	46.6
Trading investments	38.4	107.3	-	-
Cash and deposits	397.4	159.3	41.2	34.9
	<b>624.2</b>	<b>425.7</b>	<b>44.1</b>	<b>81.5</b>
Prepayments and accrued income	23.1	19.3	0.5	1.6
<b>Total assets</b>	<b>4,648.5</b>	<b>4,260.0</b>	<b>3,944.2</b>	<b>3,526.1</b>
<b>Capital and reserves</b>				
Called up share capital	138.8	138.9	138.8	138.9
Share premium account	339.1	336.0	339.1	336.0
Capital reserves	1,664.6	1,439.2	1,631.5	1,455.5
Own shares held	(5.2)	(5.2)	(5.2)	(5.2)
Profit and loss account	308.9	267.2	342.0	250.9
<b>Shareholders' funds</b>	<b>2,446.2</b>	<b>2,176.1</b>	<b>2,446.2</b>	<b>2,176.1</b>
Minority interests - equity	21.0	22.1	-	-
- non-equity	0.3	0.3	-	-
Provisions for liabilities and charges	211.6	205.6	28.2	40.1
Creditors falling due within one year				
Borrowings	39.2	40.5	27.6	5.1
Other	231.5	179.3	74.3	72.5
	<b>270.7</b>	<b>219.8</b>	<b>101.9</b>	<b>77.6</b>
Creditors falling due after more than one year				
Borrowings	1,683.5	1,626.6	1,197.4	1,159.3
Other	15.2	9.5	170.5	73.0
	<b>1,698.7</b>	<b>1,636.1</b>	<b>1,367.9</b>	<b>1,232.3</b>
	<b>4,648.5</b>	<b>4,260.0</b>	<b>3,944.2</b>	<b>3,526.1</b>
<b>Shareholders' funds attributable to:</b>				
Equity shareholders - ordinary shares	2,310.2	2,038.3	2,310.2	2,038.3
Non-equity shareholders - preference shares	136.0	137.8	136.0	137.8
	<b>2,446.2</b>	<b>2,176.1</b>	<b>2,446.2</b>	<b>2,176.1</b>

**(C) GROUP CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2004**

	£m	2004 £m	£m	2003 restated £m
<b>Net cash inflow from operating activities</b>		<b>204.9</b>		214.3
<b>Dividends from joint ventures and associate</b>		<b>8.3</b>		8.8
<b>Returns on investments and servicing of finance</b>				
Interest received	7.4		3.5	
Interest paid	(113.0)		(113.9)	
Dividends paid to preference shareholders	(11.3)		(11.4)	
Dividends paid to minority shareholders	(0.8)		(0.9)	
		<b>(117.7)</b>		<b>(122.7)</b>
<b>Taxation</b>		<b>(14.1)</b>		<b>(14.1)</b>
<b>Capital expenditure and financial investment</b>				
Purchase and development of investment properties	(86.4)		(109.5)	
Purchase of other fixed assets	(15.8)		(8.9)	
Purchase of trading investments	(16.0)		(33.7)	
Sales of investment properties	228.4		59.3	
Sales of other fixed assets	-		0.1	
Sales of trading investments	18.0		11.9	
		<b>128.2</b>		<b>(80.8)</b>
<b>Acquisitions and disposals</b>				
Investment in joint ventures	(5.3)		(1.2)	
Loans to joint ventures	(2.0)		-	
Amount received from property swap*	3.4		-	
Legal costs paid in relation to property swap*	(2.2)		-	
Repayment of loans by others	3.4		-	
Contributions from minority	4.4		-	
Acquisition of minority	(3.9)		-	
Proceeds from a reduction of holding in subsidiary	3.1		-	
		<b>0.9</b>		<b>(1.2)</b>
<b>Equity dividends paid</b>		<b>(64.1)</b>		<b>(59.6)</b>
Net cash inflow/(outflow) before use of liquid resources and financing		<b>146.4</b>		<b>(55.3)</b>
<b>Management of liquid resources</b>				
Investment in term deposits	(230.6)		(46.1)	
Net cash outflow from the management of liquid resources		<b>(230.6)</b>		<b>(46.1)</b>
<b>Financing</b>				
Issue of ordinary shares	3.0		5.2	
Payment to acquire own shares	(0.8)		(2.0)	
Increase in debt	87.3		118.3	
Cash inflow from financing		<b>89.5</b>		<b>121.5</b>
<b>Increase in cash</b>		<b>5.3</b>		<b>20.1</b>

\* The property swap relates to the acquisition of Ravenseft Industrial Estates Limited from Land Securities and the disposal of certain of the Group retail companies. This arrangement was settled net.

Please note that the financial information at (D), (E) and (F) below for the half year to 30 June 2005 has been prepared on the basis of international financial reporting standards (IFRS), while the financial information for the half year to 30 June 2004 and for the year to 31 December 2004 have been restated to reflect IFRS.

**(D) GROUP INCOME STATEMENT  
FOR THE HALF YEAR TO 30 JUNE 2005**

	Half year to 30 June 2005	Half year to 30 June 2004	Year to 31 December 2004
	£m	£m	£m
Revenue	232.5	161.6	342.7
Gross rental income from rental properties	153.0	132.6	257.4
Interest received on finance lease assets	0.4	0.4	0.9
Other property related income	5.9	6.5	13.4
Property outgoings	(22.4)	(19.7)	(39.2)
<b>Net rental income</b>	<b>136.9</b>	<b>119.8</b>	<b>232.5</b>
Proceeds on sale of trading properties	49.0	4.3	31.4
Carrying value of trading properties sold	(26.1)	(2.1)	(27.7)
Trading property rental income	1.6	2.0	4.2
Property outgoings relating to trading properties	(0.4)	(0.3)	(1.1)
<b>Net income from trading properties</b>	<b>24.1</b>	<b>3.9</b>	<b>6.8</b>
Income from sale or utilities and gas	22.6	15.8	35.4
Cost of sales	(23.6)	(20.7)	(42.8)
<b>Net income from utilities and gas</b>	<b>(1.0)</b>	<b>(4.9)</b>	<b>(7.4)</b>
Other investment income	3.3	3.2	10.5
Administration expenses	(7.7)	(6.3)	(14.7)
(Loss)/gain on disposal of property assets	(3.0)	0.1	64.7
Net valuation gains	137.6	84.0	166.7
<b>Operating income</b>	<b>290.2</b>	<b>199.8</b>	<b>459.1</b>
Finance costs	(58.3)	(49.6)	(101.9)
Exceptional loss on repayment of bonds	(125.6)	-	-
	<b>(183.9)</b>	<b>(49.6)</b>	<b>(101.9)</b>
Finance income	7.7	2.6	6.7
Share of profit from joint ventures and associate after tax	5.0	20.8	24.1
<b>Profit before tax</b>	<b>119.0</b>	<b>173.6</b>	<b>388.0</b>
Taxation			
- current	(13.5)	(11.0)	(49.4)
- deferred	(32.1)	(35.7)	(42.8)
	<b>(45.6)</b>	<b>(46.7)</b>	<b>(92.2)</b>
<b>Profit after tax</b>	<b>73.4</b>	<b>126.9</b>	<b>295.8</b>
Preference dividends	-	(5.6)	(11.2)
<b>Profit for the period</b>	<b>73.4</b>	<b>121.3</b>	<b>284.6</b>
Attributable to minority interests	1.8	(0.7)	(1.2)
Attributable to equity shareholders	71.6	122.0	285.8
	<b>73.4</b>	<b>121.3</b>	<b>284.6</b>

**(E) GROUP BALANCE SHEET  
AS AT 30 JUNE 2005**

	30 June 2005 £m	30 June 2004 £m	31 December 2004 £m
<b>Non-current assets</b>			
Goodwill	0.6	-	-
Investment properties	3,816.8	3,370.5	3,452.7
Property, plant and equipment	381.6	353.8	394.8
Finance lease receivables	10.8	11.0	10.9
Available-for-sale investments	44.5	34.5	38.4
Investments in joint ventures and associate	94.1	220.8	84.1
Deferred tax asset	0.3	-	0.2
<b>Total non-current assets</b>	<b>4,348.7</b>	<b>3,990.6</b>	<b>3,981.1</b>
<b>Current assets</b>			
Inventories	1.8	1.7	1.9
Trading properties	104.7	124.5	125.3
Finance lease receivables	0.1	0.1	0.1
Trade and other receivables	121.9	90.9	115.0
Non-current assets classified as held-for-sale	87.3	-	-
Cash and cash equivalents	178.3	136.7	397.4
<b>Total current assets</b>	<b>494.1</b>	<b>353.9</b>	<b>639.7</b>
<b>Total assets</b>	<b>4,842.8</b>	<b>4,344.5</b>	<b>4,620.8</b>
<b>Non-current liabilities</b>			
Borrowings	1,634.6	1,644.7	1,683.5
Obligations under finance leases	0.5	0.5	0.5
Pension scheme deficit	30.2	27.3	41.5
Deferred tax provision	488.6	441.1	448.4
Provisions for liabilities and charges	0.3	20.4	18.3
Other payables	14.8	9.1	15.8
<b>Total non-current liabilities</b>	<b>2,169.0</b>	<b>2,143.1</b>	<b>2,208.0</b>
<b>Current liabilities</b>			
Borrowings	331.1	8.0	39.2
Liabilities relating to non-current assets held-for-sale	55.0	-	-
Tax liabilities	9.4	20.2	47.4
Trade and other payables	148.0	134.5	141.7
<b>Total current liabilities</b>	<b>543.5</b>	<b>162.7</b>	<b>228.3</b>
<b>Total liabilities</b>	<b>2,712.5</b>	<b>2,305.8</b>	<b>2,436.3</b>
<b>Net assets</b>	<b>2,130.3</b>	<b>2,038.7</b>	<b>2,184.5</b>
<b>Equity</b>			
Called up ordinary share capital	105.7	138.7	138.8
Share premium account	250.3	337.0	339.1
Own shares held	(6.9)	(4.4)	(5.2)
Other reserves	1,283.2	1,172.1	1,127.2
Retained earnings	479.5	376.8	565.2
	<b>2,111.8</b>	<b>2,020.2</b>	<b>2,165.1</b>
Minority interests	18.5	18.5	19.4
<b>Total equity</b>	<b>2,130.3</b>	<b>2,038.7</b>	<b>2,184.5</b>

**(F) SUMMARISED GROUP CASH FLOW STATEMENT  
FOR THE HALF YEAR TO 30 JUNE 2005**

	Half year to 30 June 2005	Half year to 30 June 2004	Year to 31 December 2004
	£m	£m	£m
<b>Cash inflow generated from operations</b>	<b>154.1</b>	104.5	202.4
Interest received on deposits	6.2	2.5	7.4
Dividends received from joint ventures and associate	2.8	4.3	8.4
Dividends received from available-for-sale investments	0.7	2.7	3.1
Interest paid (including penalty on bond repayment)	(99.9)	(51.9)	(115.0)
Dividend paid to preference shareholders	(5.6)	(5.7)	(11.3)
Monthly dividends paid	(3.9)	(0.5)	(0.9)
Tax paid	(49.8)	(5.9)	(15.3)
Funding pension scheme deficit	(15.0)	-	-
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(10.4)</b>	50.0	78.8
<b>Cash flows from investing activities</b>			
Purchase and development of investment properties	(189.8)	(21.5)	(68.1)
Sales of investment properties	14.2	2.7	237.1
Amount received from property swap	-	-	3.4
Legal costs paid in relation to property swap	(0.6)	-	(2.2)
Purchase of property plant and equipment	(66.6)	(27.5)	(35.8)
Sale of property plant and equipment	3.7	0.9	0.9
Purchase of available-for-sale investments	(2.7)	(4.6)	(16.2)
Proceeds from disposal of available-for-sale investment	4.7	11.6	20.5
Proceeds from reduction in holding of a subsidiary	-	-	3.3
Investment and loans to associate and joint ventures	(5.3)	(1.2)	(3.8)
Investment in longer term deposits	180.6	-	(184.5)
Acquisition of minority interests	-	-	(4.0)
Contribution from minorities	-	0.2	4.6
<b>Net cash used in investing activities</b>	<b>(61.8)</b>	(39.4)	(44.8)
<b>Cash flows from financing activities</b>			
Dividend paid to ordinary shareholders	(41.6)	(38.4)	(64.1)
Net increase in borrowings	71.2	4.9	88.2
Proceeds from the issue of ordinary shares	0.7	0.8	3.0
Purchase of own shares	(1.0)	-	(0.8)
<b>Net cash used in financing activities</b>	<b>29.3</b>	(32.7)	26.3
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(42.9)</b>	(22.1)	60.3
Cash and cash equivalents at the beginning of the period	218.1	158.6	158.6
Effect of foreign exchange rate changes	(0.1)	(1.4)	(0.8)
<b>Cash and cash equivalents at the end of the period</b>	<b>175.1</b>	135.1	218.1
Cash and cash equivalents per balance sheet	178.3	136.7	397.4
Less restricted deposits	-	-	(176.0)
	178.3	136.7	221.4
Bank overdrafts	(3.2)	(1.6)	(3.3)
Cash and cash equivalents per cash flow statement	175.1	135.1	218.1

## TAXATION

**The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.**

### **A. Interest on the Notes**

#### *1. Payment of interest on the Notes*

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes continue to be listed on a "recognised stock exchange" within the meaning of section 841 of the Income and Corporation Taxes Act 1988 (the Act). The London Stock Exchange is a recognised stock exchange. Under an HM Revenue and Customs published practice, securities will be treated as listed on the London Stock Exchange if they are admitted to the Official List by the United Kingdom Listing Authority and admitted to trading by the London Stock Exchange. Provided, therefore, that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes is paid to a person who belongs in the United Kingdom for United Kingdom tax purposes and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner of the interest is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HM Revenue and Customs has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the beneficial owner of the interest is not within the charge to United Kingdom corporation tax as regards such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the lower rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HM Revenue and Customs can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Noteholders who are individuals may wish to note that HM Revenue and Customs has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays interest to or receives interest for the benefit of an individual. Information so obtained may, in certain circumstances, be exchanged by HM Revenue and Customs with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

#### *2. EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of

interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

3. *Further United Kingdom Income Tax Issues*

Interest on the Notes constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Notes are attributable (or, where that Noteholder is a company, unless that Noteholder carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the Notes are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Noteholders.

**B. United Kingdom Corporation Tax Payers**

4. In general, Noteholders which are within the charge to United Kingdom corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Notes broadly in accordance with the way such amounts and fluctuations are recognised in accordance with generally accepted accounting practice.

**C. Other United Kingdom Tax Payers**

5. *Taxation of Chargeable Gains*

The Notes will constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a Noteholder of a Note will not give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains.

6. *Accrued Income Scheme*

A disposal of Notes by a Noteholder who is resident or ordinarily resident in the United Kingdom or who carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable may give rise to a charge to United Kingdom income tax in respect of an amount treated (under the rules known as the "accrued income scheme" set out in Chapter II of Part XVII of the Act) as representing interest which has accrued since the last interest payment date.

**D. Stamp Duty and Stamp Duty Reserve Tax (SDRT)**

7. No United Kingdom stamp duty or SDRT is payable on a transfer by delivery of the Notes.

## SUBSCRIPTION AND SALE

Barclays Bank PLC of 5 The North Colonnade, Canary Wharf, London E14 4BB and The Royal Bank of Scotland plc of 135 Bishopsgate, London EC2M 3UR (together, the **Managers**) have, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 9 December 2005, jointly and severally agreed to subscribe for £100,000,000 in aggregate principal amount of the Notes at the issue price of 99.897 per cent. of the principal amount of Notes plus 177 days' accrued interest (from and including 20 June 2005 to but excluding 14 December 2005) at the rate of 5.75 per cent. per annum, less a combined selling concession and management and underwriting commission of 0.625 per cent. of the principal amount of the Notes. The Issuer will also reimburse the Managers in respect of certain of their expenses, and has agreed to indemnify the Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

The total expenses of the issue of the Notes are estimated to be approximately £80,000.

At the Closing Date, the yield on the Notes will be 5.754 per cent. per annum. The yield is calculated at the Closing Date on the basis of the issue price. It is not an indication of future yield.

### *United States*

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### *United Kingdom*

Each Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time 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;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### **General**

No action has been taken by the Issuer or any of the Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

## GENERAL INFORMATION

### Authorisation

1. The issue of the Notes was duly authorised by resolutions of the Board of Directors of the Issuer dated 5 October 2005 and 18 November 2005, and of a Committee of the Board of Directors dated 29 November 2005.

### Listing

2. Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for the Notes to be admitted to trading on the Market. Such listing and admission to trading is expected to occur on or about the Closing Date subject only to the issue of the Temporary Global Note.

### Clearing Systems

3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. Until exchange of the Temporary Global Note for the Permanent Global Note, the Notes will have a temporary ISIN of XS0236170139 and a temporary Common Code of 023617013. Thereafter, the ISIN for this issue will be XS0221324154 and the Common Code will be 022132415, each being the same as for the Existing Notes. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### No significant change

4. There has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2005 and there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December 2004.

### Litigation

5. Neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings in the past twelve months (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had during the previous twelve months a significant effect on the financial position or profitability of the Issuer or the Group.

### Investor Presentations

6. The Issuer intends to arrange, on an annual basis, investor presentations to which Noteholders (or their duly authorised representatives) will be invited.

### Accounts

7. The auditors of the Issuer are PricewaterhouseCoopers LLP, Chartered Accountants of 9 Greyfriars Road, Reading RG1 1JG who have audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in the United Kingdom for each of the three financial years ended on 31 December 2004.

## **U.S. Tax**

8. The Notes and Coupons will contain the following legend: "*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.*"

## **Documents**

9. Copies of the following documents will be available for inspection from the specified offices of Citibank, N.A. in London during normal business hours for twelve months from the date hereof:
- (a) the memorandum of association of the Issuer;
  - (b) the audited financial statements of the Issuer in respect of the financial years ended 31 December 2003 and 31 December 2004 and the un-audited interim financial statements of the Issuer in respect of the six months ended 30 June 2005; and
  - (c) the Trust Deed, the Agency Agreement and the Subscription Agreement.

## **General**

As at the date of this Offering Circular and in so far as known to the Issuer, the Issuer is not aware of any person who, directly or indirectly, owns or exercises control over the Issuer.

As at the date of this Offering Circular and in so far as known to the Issuer, the Issuer is not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Issuer.

## **Share Capital**

The Issuer's issued share capital and composition is as follows:

£105,753,931.75 comprising of 423,015,727 ordinary shares of 25p each fully paid up.

£31,760,764 comprising of 127,043,056 8.25 cumulative redeemable convertible preference shares of 25 p each fully paid up.

Unissued share capital and composition (i.e. authorised share capital minus issued share capital):

£40,846,068.25 comprising of 163,384,273 ordinary shares of 25p each fully paid up; and

£3,639,236 comprising of 14,556,944 8.25 cumulative redeemable convertible preference shares of 25 p each fully paid up.

**THE ISSUER**

**Slough Estates plc**  
234 Bath Road  
Slough SL1 4EE

**TRUSTEE**

**Commercial Union Trustees Limited**  
Norwich Union Trustee Department  
Pitheavlis  
Perth PH2 ONH

**PRINCIPAL PAYING AGENT**

**Citibank, N.A.**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

**PAYING AGENT**

**Citigroup Global Markets Deutschland AG & Co. KGaA**  
Reuterweg 16  
60323 Frankfurt  
Germany

**LEGAL ADVISERS**

*To the Issuer as to English law*

**Lovells**  
Atlantic House  
Holborn Viaduct  
London EC1A 2FG

*To the Managers and the Trustee as to English law*

**Allen & Overy LLP**  
One New Change  
London EC4M 9QQ

**AUDITORS**

*To the Issuer*

**PricewaterhouseCoopers LLP**  
9 Greyfriars Road  
Reading RG1 1JG