

OFFERING CIRCULAR

22nd February, 2000

**SLOUGH
ESTATES**

Slough Estates plc

*(Incorporated with limited liability in England under the Companies Acts 1908 to 1917,
registered number 167591)*

£225,000,000

6.75 per cent. Notes due 2024

Issue price 98.437 per cent.

Warburg Dillon Read

Greenwich NatWest

HSBC

This document comprises listing particulars in accordance with the listing rules made under Part IV of the Financial Services Act 1986 for the purpose of giving information with regard to Slough Estates plc (the "Company"), the Company and its subsidiaries (together, the "Group") and its £225,000,000 6.75 per cent. Notes due 2024 (the "Notes"). The Company accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Company (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.

Application has been made to London Stock Exchange Limited (the "London Stock Exchange") for the Notes to be admitted to the Official List. A copy of this document has been delivered to the Registrar of Companies in England and Wales for registration in accordance with section 149 of the Financial Services Act 1986.

No dealer, salesman or any other person has been authorised to give any information or to make any representation not contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company 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, create any implication that there has been no change in the information contained herein since the date hereof.

The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law. Neither the Company nor any of the Managers represents that this document may lawfully be distributed, or that the Notes may lawfully be offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Company or any of the Managers outside the United Kingdom which would permit a public offering of the Notes, or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this document nor any advertisement or other offering material may be distributed or published in any jurisdiction (other than any offer or sale of the Notes or the distribution or publication of this document in the United Kingdom), except under circumstances that will result in compliance with any applicable laws and regulations. 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 United States tax law requirements. Accordingly, the Notes are not being offered or sold and, subject to certain exceptions, may not be offered, sold or delivered, directly or indirectly, within the United States or to U.S. persons. For a fuller description of certain restrictions on offering, sale and delivery of the Notes and on the distribution of this document, see "Subscription and Sale" below.

In connection with the issue of the Notes, UBS AG, acting through its division Warburg Dillon Read may over-allot or effect transactions which stabilise or maintain the market price of the Notes at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time. In this Offering Circular references to "£", "sterling" and "pounds" are to the currency for the time being of the United Kingdom.

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TERMS AND CONDITIONS OF THE NOTES

The following, subject to alteration and amendment and except for the wording in italics, are the Terms and Conditions of the Notes substantially in the form in which they will appear on the Notes in definitive form, if issued:

The £225,000,000 6.75 per cent. Notes due 2024 (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 therewith) of Slough Estates plc (the "Company") are constituted by a fourth supplemental trust deed dated 23rd February, 2000 (the "Fourth 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 (the "Noteholders") supplemental to the trust deed dated 14th 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 first supplemental trust deed dated 3rd 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 second supplemental trust deed dated 17th 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 and the third supplemental trust deed dated 5th 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 Principal Trust Deed, the First Supplemental Trust Deed, the Second Supplemental Trust Deed, the Third Supplemental Trust Deed and the Fourth Supplemental Trust Deed are hereinafter together referred to as the "Trust Deed". The issue of the Notes was authorised pursuant to resolutions of the board of directors of the Company passed on 17th January, 2000 and resolutions of a committee of the board of directors of the Company passed on 21st January, 2000 and 18th February, 2000. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed. Copies of the Trust Deed and the agency agreement dated 23rd February, 2000 (the "Agency Agreement") between the Company, the Trustee, the principal paying agent referred to below (the "Principal Paying Agent", which expression shall include any successor) and the other paying agents referred to below (together with the Principal Paying Agent, the "Paying Agents", which expression shall include any additional or successor paying agent) are available for inspection by Noteholders and holders ("Couponholders") of the interest coupons appertaining to the Notes (the "Coupons" which expression shall unless the context otherwise requires, include any talon for further interest coupons (the "Talons")) at the principal office for the time being of the Trustee (being at the date of issue of the Notes at Pitheavlis, Perth PH2 0NH) and at the specified office(s) 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, DENOMINATIONS AND TITLE

The Notes are issued in bearer form, serially numbered, in the denominations of £1,000, £10,000 and £100,000 each with Coupons (, if applicable) and one Talon attached on issue. Title to the Notes and to the Coupons will pass by delivery. Notes of one denomination may not be exchanged for Notes of another denomination.

Except as ordered by a court of competent jurisdiction or as required by law, the Company, the Trustee and the Paying Agents shall be entitled to treat the bearer of any Note and the bearer of any Coupon as the absolute owner thereof (whether or not such Note or such Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for the purpose of making payment and for all other purposes.

The Notes will be represented initially by a single temporary global Note (the "Temporary Global Note"), without Coupons attached, which will be deposited with a common depositary for Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear") and Clearstream, Banking, société anonyme ("Clearstream, Luxembourg"), on or about the Closing Date (as defined in these Terms and Conditions) for credit against payment to the accounts designated by the relevant subscribers with Euroclear or Clearstream, Luxembourg. The Temporary Global Note will be exchangeable on or after a date which is expected to be 4th April, 2000 for interests in a permanent global Note (the "Permanent Global Note", and, together with the Temporary Global Note, the "Global Notes"), without Coupons attached, upon certification that the beneficial owners of the relevant Notes are not U.S. persons or persons who have acquired such Notes for resale to any U.S. person. The Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances - see "Summary of the Provisions relating to the Notes while represented by the Global Notes".

The Notes, the Coupons and the Global Notes will bear the following legend:

"Any United States person (as defined in the United States Internal Revenue Code) 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."

The Sections of the Internal Revenue Code referred to in the legend provide that U.S. persons, with certain exceptions, will not be permitted to deduct any loss and will not be eligible for capital gains treatment with respect to any gain on any sale, exchange or redemption of a Note or Coupon.

2. STATUS

The Notes and the Coupons are direct, unconditional and unsecured obligations of the Company and 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 laws relating to creditors' rights.

3. COVENANTS

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

- (i) 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
- (ii) 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.

(B) So long as any of the Notes remains outstanding:

- (i) the Company shall not and shall procure that no Subsidiary shall (whether by acquisition or otherwise) without the previous consent in writing of the Trustee take any action which would result in the nature of the business of the Company and the Subsidiaries taken as a whole being materially different from the nature of the business of the Company and the Subsidiaries taken as a whole as at 21st February, 2000;
- (ii) except as provided in the Trust Deed or in the ordinary course of business or to another member of the Group, the Company shall not and shall procure that none of the Subsidiaries shall sell, transfer, lend or otherwise dispose of the whole or any part of its assets whether by a single transaction or a number of transactions (whether related or not) if and to the extent that the value of the assets so disposed of when aggregated with the value of all other assets disposed of by the Company and the Subsidiaries which fall to be taken into account for the purposes of this sub-paragraph (ii) would exceed 30 per cent. of the gross value of the assets of the Company and the Subsidiaries taken as a whole immediately before such disposal, all as more particularly set forth in the Trust Deed; and
- (iii) the Company shall not pay a dividend (other than in respect of the cumulative convertible redeemable preference shares of 25 pence nominal value each in the capital of the Company) to a New Owner or a New Owner Associate (both as defined in the Trust Deed) out of earnings in respect of a financial period prior to that in which the relevant person or body corporate became a New Owner or New Owner Associate (other than any dividends declared prior to the New Owner becoming a New Owner).

4. INTEREST

The Notes bear interest from, and including, the Closing Date (as defined below) at the rate of 6.75 per cent. per annum payable semi-annually in arrear on 23rd February and 23rd August in each year (each an "Interest Payment Date"). The first payment of interest will be made on 23rd August, 2000 and will amount to a full half year's interest. Interest payable under this Condition will be paid in accordance with the provisions of Condition 5. Except as provided in the Trust Deed, the Notes will cease to bear interest from the due date for redemption thereof. Interest in respect of a period of less than one full half year shall be computed on the basis of a 360 day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

5. PAYMENTS AND EXCHANGE OF TALONS

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 relevant 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.

Payments in respect of each Note will be made at the specified office of any Paying Agent, at the option of the holder, by sterling cheque drawn on a branch of, or by transfer to a sterling account maintained by the payee with, a bank in London, 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.

Each Note should be presented for payment together with all relative unmatured Coupons failing which the full amount of any relative 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 relative 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 otherwise have become due, but not thereafter.

Upon any Note becoming due and repayable, all unmatured Talons (if any) appertaining thereto shall become void and no further Coupons will be issued in exchange therefor.

If the due date for redemption of a Note is not an Interest Payment Date, interest accrued on such Note from and including the last preceding Interest Payment Date or, as the case may be, the Closing Date (as defined below), will be payable only against presentation and surrender (or, in the case of part payment only, endorsement) of such Note.

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not 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 but, if the due date is not or was not a Business Day in London, is or falls after the next following such Business Day; and
- (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, in the case of payment by transfer to a sterling account in London as referred to above, in London.

"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.

"Closing Date" means 23rd February, 2000 or such other date as the Company, the Trustee and UBS AG, acting through its division Warburg Dillon Read (on behalf of the managers appointed in respect of this issue) may agree.

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, with the prior written approval of the Trustee, to terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents outside the United States or its possessions, provided that it will at all times maintain a Paying Agent having a specified office in London, a Paying Agent having a specified office in another major city in mainland Europe approved in

writing by the Trustee and a Paying Agent having a specified office in a place outside the European Union approved in writing by the Trustee. Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than 60 nor less than 45 days' notice thereof shall have been given to the Noteholders in accordance with Condition 12.

On or after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet, subject to the provisions of Condition 8. The Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

6. REDEMPTION AND PURCHASE

- (A) Unless previously redeemed or purchased and cancelled as provided below, the Company will redeem the Notes on 23rd February, 2024 at their principal amount.
- (B) If the Company satisfies the Trustee immediately prior to the giving of the notice referred to below that, as a result of any change in or amendment to the laws or regulations of the United Kingdom or any political sub-division thereof or of any authority therein or thereof having the power to tax or in the interpretation or administration thereof, on the occasion of the next payment due in respect of the Notes or Coupons, the Company would be required to pay additional amounts as provided in Condition 7, 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 their principal amount together with interest accrued to the date of such redemption.
- (C) The Company may at any time, having given not less than 45 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable) redeem all or, from time to time, some only (being £5,000,000 in principal amount or a higher integral multiple of £1,000,000) of the Notes at par or, if higher, the Adjusted Redemption Price (as defined below) together in each case with interest accrued to the date of redemption. In the case of a partial redemption of the Notes, Notes to be redeemed will be selected by lot (*pro rata*, as nearly as is practicable, to the respective principal amounts of the Notes outstanding in each denomination) in such place as the Trustee may approve and in such manner as the Trustee shall deem appropriate and fair and a list of Notes called for redemption will be published in accordance with Condition 12 not less than 30 nor more than 45 days prior to the redemption date.

The "Adjusted Redemption Price" shall mean such price as shall be determined by a leading bank and/or broker in London selected by the Trustee as being the price at which the gross redemption yield on the Notes (if they were to remain outstanding to their original maturity) would be equal to the gross redemption yield in respect of the 8 per cent. Treasury Stock, 2021 (or, if such stock is not then in existence, such other stock issued by or on behalf of H.M. Government as the Trustee, on the advice of three brokers and/or gilt-edged market makers or such other three persons operating in the gilt-edged market as the Trustee may approve, shall determine to be appropriate on the basis of the arithmetic mean of the offered prices quoted for such stock on a dealing basis by three gilt-edged market makers or such other three persons operating in the gilt-edged market as the Trustee may approve) at or about 3 p.m. on the Determination Date (as defined below) and on the basis that the gross redemption yield in respect of the Notes and in respect of such stock shall be calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the Journal of the Institute of Actuaries Vol. 105, Part 1, 1978, page 18. For this purpose "Determination Date" means the fourth Business Day in London prior to the publication of the notice of redemption referred to in this paragraph (C).

References in these Terms and Conditions and in the Trust Deed to principal shall, unless the context otherwise requires, be deemed to include a reference to any premium payable on redemption pursuant to this paragraph (C).

- (D) The Company or any of the Subsidiaries may, subject to any relevant laws or regulations, at any time purchase Notes in any manner and at any price, provided that all unmatured Coupons appertaining thereto are attached thereto or surrendered therewith.
- (E) All Notes which are (i) redeemed or (ii) purchased by or on behalf of the Company or any of the Subsidiaries will forthwith be cancelled (together with all unmatured Coupons attached thereto or delivered therewith) and accordingly may not be reissued or resold.

- (F) Upon the expiry of any such notice as is referred to in paragraph (B) or (C) above the Company shall be bound to redeem the Notes to which such notice relates at the price aforesaid, together with interest accrued to the date of redemption.

7. TAXATION

All payments of principal and interest will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the United Kingdom, or any authority therein or thereof having the power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Company will pay such additional amounts as may be necessary in order that the net amounts receivable by the holders of the Notes and Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of such withholding or deduction except that no such additional amount shall be payable with respect to any payment in respect of any Note or Coupon:

- (i) to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the United Kingdom otherwise than merely by the holding of such Note or Coupon; or
- (ii) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of 30 days; or
- (iii) presented for payment to a Paying Agent in the United Kingdom.

As used herein, the "Relevant Date" means the date on which the payment first becomes due and payable, but if the full amount of the money payable has not been received in London by the Principal Paying Agent or the Trustee on or prior to such due date, the "Relevant Date" means the date on which, the full amount of such money having been so received, notice to that effect shall have been duly published in accordance with Condition 12. Any reference in these Terms and Conditions to principal or interest shall be deemed also to refer to any additional amounts which may be payable under the foregoing provisions or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

8. PRESCRIPTION

Notes and (subject to the provisions of Condition 5) Coupons (which for this purpose shall not include Talons) will become void unless surrendered for payment within periods of ten years and five years, respectively, from the Relevant Date, as defined in Condition 7, in respect thereof. There shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue under this Condition or Condition 5.

9. 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, give written notice to the Company that the Notes are, and they shall accordingly thereby 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"):

- (i) if default is made in the payment of any principal in respect of any of the Notes and such default continues for a period of seven days or more; or
- (ii) 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
- (iii) 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
- (iv) 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

- (v) 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
- (vi) 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
- (vii) 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
- (viii) 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;

provided, in the case of any such Events of Default other than those described in sub-paragraphs (i) and (ii) above, the Trustee shall first have certified to the Company that such Event of Default is, in its opinion, materially prejudicial to the interests of the Noteholders.

For the purpose of this Condition, a "Principal Subsidiary" at any time shall mean 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). A report by the Auditors (as defined in the Trust Deed) that in their opinion a Subsidiary is or is not a Principal Subsidiary shall, in the absence of a manifest error, be conclusive and binding on all parties.

10. ENFORCEMENT

At any time after the Notes shall have become immediately due and repayable the Trustee may, at its discretion and without further notice, take such proceedings against the Company as it may think fit to enforce repayment of the Notes together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have 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 shall have been indemnified to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Company unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure shall be continuing.

11. REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may, subject to all applicable laws and stock exchange requirements, be replaced at the specified office of the Paying Agent in London. Replacement will be made only upon payment by the claimant of the expenses, taxes and duties incurred in connection therewith 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

Notices to holders of Notes will be valid if published in a leading London daily newspaper (which is expected to be the *Financial Times*) or, if this is not practicable, such other English language newspaper with circulation in Europe as the Trustee may approve. Such notices shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication.

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

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction.

15. FURTHER ISSUES

The Company shall be 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 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)

or upon such terms as to interest, conversion, redemption and otherwise as the Company may at the time of the issue thereof determine. Any further notes or bonds forming a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any deed supplemental thereto 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

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

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 exchangeable in whole but not in part (free of charge to the holders) for definitive Notes only (i) upon the happening of any of the events defined in the Trust Deed as "Events of Default", (ii) if Euroclear and/or Clearstream, Luxembourg (as the case may be) is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available, or (iii) if the Company would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg (as the case may be) which would not be suffered were the Notes in definitive form and a certificate to such effect signed by two Directors of the Company is given to the Trustee. Thereupon (in the case of (i) and (ii) above) the holder of the Permanent Global Note (acting on the instructions of (an) Accountholder(s) (as defined below)) may give notice to the Company, and (in the case of (iii) above) the Company may give notice to the Trustee and the Noteholders, of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Note may surrender the Permanent Global Note to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Note the Company will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated 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 Fourth Supplemental Trust Deed. On exchange of the Permanent Global Note for definitive Notes, the Company will procure that the Permanent Global Note is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

"Exchange Date" means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (ii) above, in the city in which the relevant clearing system is located.

2. Payments

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 (as the case may be), 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 relative Accountholders rather than by publication as required by Condition 12 provided that, so long as the Notes are listed on the London Stock Exchange, all requirements of the London Stock Exchange have been complied with. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

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 (as the case may be), each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg (as the case may be) 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 and/or Clearstream, Luxembourg (as the case may be) as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders) 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. Subject as provided in Condition 10, Accountholders shall have no claim directly against the Company in respect of payments due on the Notes for so long as the Notes are represented by a Global Note and the obligations of the Company will be discharged by payment to the bearer of such Global Note in respect of each amount so paid. Each Accountholder must look solely to Euroclear and/or Clearstream, Luxembourg (as the case may be) for its share of each payment made to the bearer of the relevant Global Note.

5. Cancellation

Cancellation of any Note represented by a Global Note and required by the 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.

6. Call Option

For so long as all of the Notes are represented by one or both of the Global Notes, no drawing of Notes will be required under Condition 6(C) in the event that the Company exercises its call option pursuant to Condition 6(C) in respect of less than the aggregate principal amount of the Notes outstanding at such time and Notes to be redeemed under Condition 6(C) will be selected in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg (as the case may be).

7. Euroclear and Clearstream, Luxembourg

References herein to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.

8. 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).

USE OF PROCEEDS

The net proceeds of the issue of the Notes, which are estimated to amount to approximately £220,077,000 will be used for the general corporate purposes of the Group and to fund its ongoing development programme.

CAPITALISATION AND INDEBTEDNESS

The following table sets out the consolidated share capital and the borrowings of the Company, its subsidiaries and the Group at the close of business on 31st December, 1999:

| | As at 31st December, 1999 (£ millions) |
|---|---|
| Capital and Reserves | |
| Called up share capital (fully paid) | 138.5 |
| Share premium account.. .. . | 325.3 |
| Borrowings | |
| <i>The Company</i> | |
| Unsecured | |
| 10 per cent. Bonds due 2007 | 50.0 |
| 12.375 per cent. Loan Stock due 2009 | 31.8 |
| 7.125 per cent. Notes due 2010 | 123.8 |
| 11.625 per cent. Bonds due 2012 | 100.0 |
| 6.25 per cent. Bonds due 2015 | 147.5 |
| 10 per cent. Bonds due 2017 | 98.2 |
| Medium term loans | 69.5 |
| Bank loans and overdrafts | 151.1 |
| | <u>771.9</u> |
| Secured loans (secured by mortgages or charges over specific properties).. .. . | 40.0 |
| | <u>811.9</u> |
| Subsidiaries | |
| Unsecured | |
| 8.32 per cent. Notes due 2000 | 10.7 |
| 8.09 per cent. Notes due 2004 | 45.9 |
| 7.58 per cent. Notes due 2007 | 11.7 |
| 9.27 per cent. Notes due 2010 | 10.7 |
| Medium term loans | 9.2 |
| Bank loans and overdrafts | 75.2 |
| | <u>163.4</u> |
| Secured loans (secured by mortgages or charges over specific properties).. .. . | 174.1 |
| | <u>337.5</u> |
| Group | <u><u>1,149.4</u></u> |

As at 31st December, 1998, the latest date at which the information was available, the consolidated capital reserves of the Group was 1,120.2 (£ millions) and the consolidated profit and loss account was 214.6 (£ millions).

At 31st December, 1999, the authorised share capital of the Company was £182,000,000 divided into 586,400,000 ordinary shares of 25 pence nominal value each, of which 412,802,462 were issued and fully paid, and 141,600,000 cumulative redeemable convertible preference shares of 25 pence nominal value each, of which 141,043,784 were issued and fully paid.

The Company has guaranteed loans and bank overdrafts of subsidiary companies aggregating £156.8 million. All such loans and overdrafts so guaranteed are included in the above analysis of Borrowings under the Subsidiary section. In addition a loan of an associated company and contingent liabilities of the Group aggregating £12 million which are not included in the above analysis of Borrowings have been guaranteed or indemnified by the Group.

Save as disclosed above, and apart from intra-group indebtedness and guarantees, neither the Company nor any of its subsidiaries had at the close of business on 31st December, 1999 any loan capital outstanding (including loan capital created but unissued), term loans or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase commitments or obligations under finance leases.

There has been no material change in the authorised or issued share capital, the share premium account or the borrowings or indebtedness, including guarantees and contingent liabilities of the Company or the Group since 31st December, 1999.

At the close of business on 31st December, 1999 the Group had bank balances of £59.4 million.

THE ACTIVITIES OF THE GROUP

Business

The Company (and the Group) is registered and has its head office at 234 Bath Road, Slough, Berkshire, SL1 4EE and is the parent company of a group of companies which is one of the largest United Kingdom property investment and development groups. Its largest estate is the Slough Trading Estate which accounts for some 21 per cent. of its portfolio in terms of lettable floor space.

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 non-property areas.

The Company was founded in 1920 at Slough, England, where it developed one of the earliest industrial estates. As at 30th June, 1999 the Group had interests in over 3 million square metres of industrial and commercial properties.

Directors

The directors of the Company are:

Sir Nigel Mobbs, JP
P.D. Orchard-Lisle, CBE, TD, DL
D.R. Wilson
J.A.N. Heawood
R.D. Kingston
D.E.F. Simons
M.D. Lees
C.R.E. Brooke
R.D.C. Hubbard, OBE
Sir Gordon Jewkes, KCMG
D. Kramer
The Rt. Hon. John MacGregor, OBE, MP
all of 234 Bath Road, Slough, Berkshire SL1 4EE.

Chairman
Non-executive deputy chairman
Chief executive
Executive director
Executive director
Executive director
Executive director
Non-executive director
Non-executive director
Non-executive director
Non-executive director
Non-executive director

Their principal outside directorships are:

Sir Nigel Mobbs

D.R. Wilson

C.R.E. Brooke

R.D.C. Hubbard

D. Kramer

The Rt. Hon. John MacGregor

Barclays PLC
Bovis Homes Group PLC
Candover Investments plc
Westbury plc
Carillion PLC
TR City of London Trust Plc
Draper & Kramer Inc.
Associated British Foods PLC
Unigate Plc

SLOUGH ESTATES PLC
FINANCIAL INFORMATION

The following table sets out a summary of the results of the Group for the two financial years ended 31st December, 1998, as extracted without material adjustment from the Group's audited consolidated financial statements and the unaudited interim statements, for the half year ended 30th June, 1999:

Profit and Loss Account

| | Half year 30/6/99 | Full year 1998 | Full year 1997 |
|--|-----------------------------|---------------------------|---------------------------|
| | (£ millions) (unaudited) | (£ millions) (audited) | (£ millions) (audited) |
| Operating income: | | | |
| Property investment.. .. . | 91.4 | 141.4 | 124.8 |
| Property trading | 1.1 | 6.1 | 8.5 |
| Utilities | (1.2) | 1.9 | 1.2 |
| Other income | 3.5 | 11.6 | 9.1 |
| Administration expenses | (6.2) | (13.5) | (10.9) |
| Operating profit | 88.6 | 147.5 | 132.7 |
| Share of operating profit of joint ventures and associates | | | |
| — property.. .. . | 3.5 | 5.8 | 7.5 |
| — other | (0.2) | 1.7 | 2.6 |
| | 3.3 | 7.5 | 10.1 |
| Profit/(loss) on sale of investment properties | 4.6 | (2.1) | 3.3 |
| Profit before interest and taxation | 96.5 | 152.9 | 146.1 |
| Interest (net) | (35.8) | (51.8) | (52.9) |
| Profit on ordinary activities before taxation | 60.7 | 101.1 | 93.2 |
| Taxation | (6.1) | (19.8) | (20.6) |
| Profit on ordinary activities after taxation | 54.6 | 81.3 | 72.6 |
| Minority interests — equity.. .. . | (0.4) | (0.5) | 0.3 |
| Preference dividends | (5.8) | (11.6) | (11.6) |
| Profit attributable to ordinary shareholders | 48.4 | 69.2 | 61.3 |
| Ordinary dividends | (18.1) | (42.1) | (37.3) |
| Retained profit | 30.3 | 27.1 | 24.0 |
| Basic earnings per ordinary share | 11.9p | 17.5p | 15.7p |
| Adjustment for profits and losses on sale of investment properties net of tax and minority | (1.1p) | 0.5p | (0.8p) |
| Adjusted basic earnings per ordinary share | 10.8p | 18.0p | 14.9p |
| Diluted earnings per ordinary share | 11.9p | 17.5p | 15.6p |

Balance Sheet

| | 1998 | 1997 |
|-------------------------------------|----------------|----------------|
| | (£ millions) | (£ millions) |
| | (audited) | (audited) |
| Investment property | 2,670.0 | 2,017.5 |
| Associates & Joint Ventures .. | 151.0 | 101.7 |
| Trading property | 96.5 | 79.1 |
| Other assets | 191.9 | 171.8 |
| Cash and deposits | 65.3 | 35.8 |
| Total assets | 3,174.7 | 2,405.9 |
| Borrowings | (1,158.2) | (723.8) |
| Other liabilities/minorities .. | (222.1) | (164.5) |
| Shareholders' Equity | 1,794.4 | 1,517.6 |
| NAV per share | | |
| — basic | 402p | 350p |
| — diluted | 387p | 340p |

NB: The Group does not prepare a balance sheet at the half year as the property portfolio is only revalued annually.

EXTRACT FROM THE CHAIRMAN'S INTERIM STATEMENT

The following is an extract without material adjustment from the Chairman's Interim Statement contained in the announcement of the Group's results for the half year ended 30th June, 1999 made on 31st August, 1999.

Introduction

The Group made considerable progress during the first half of 1999. Occupancy is high at 95 per cent. world-wide and our development programme is on schedule with 189,000 sq.m. currently under construction and a further 102,000 sq.m. likely to start before the year-end. During the first half-year, development completions amounted to 198,000 sq.m. This substantial development programme will continue to enhance both the scale and quality of earnings.

The integration of the Bilton business is now complete. Sales of non-core property assets completed and agreed will realise some £111.5 million, an 8.7 per cent. increase over book values and ahead of the £100 million estimate on acquisition. The sales included two large disposals – a portfolio of south-east offices for £35.2 million and an industrial portfolio for £50.7 million. The retained portfolio comprising 24 industrial properties, representing approximately two-thirds by value, offers excellent redevelopment and refurbishment opportunities, increasing Slough's successful UK development programme.

RESULTS

The half-year profit before taxation was £60.7 million, £11.1 million or 22.4 per cent. higher than in 1998. Excluding profits on sale of investment properties, pre-tax profits were £56.1 million (1998 £49.4 million), an increase of 13.6 per cent. Income from core property net of interest rose by 23.7 per cent. to £51.7 million (1998 £41.8 million). The acquisition of the Bilton plc properties in November 1998 contributed £5.6 million to this increase. Much of the balance arose from the large development programme of recent years making first time contributions to earnings. Rents from new developments added £8.9 million to rental income in the half-year and Bilton added a further £13.9 million.

During the first 6 months of the year, the company benefited from profits from property trading and other income of £4.4 million (1998 £7.6 million). However, such profits are irregular by nature and should not be taken as an indicator of future performance.

Earnings per share, adjusted to exclude investment property sale profits, of 10.8p per share (1998 8.5p per share) increased by 27 per cent. benefiting from a lower average tax rate of 10 per cent. (1998 20 per cent).

DIVIDENDS

An interim dividend of 4.4p per share will be paid on 15th October, 1999 to shareholders on the register on 17th September, 1999. This represents an increase of 6.7 per cent. over the 1998 interim dividend of 4.125p per share.

BALANCE SHEET

The Group's balance sheet remains strong. Net borrowings rose by £21 million to £1,114 million in the six months to 30th June, 1999. Shareholders' equity at 30th June, 1999 was £1,831 million, based on year-end 1998 valuations and subsequent expenditure at cost. The net debt to equity ratio was 61 per cent. and the Group has substantial undrawn committed bank facilities, fully adequate to undertake its current development plans.

REVIEW OF ACTIVITIES

United Kingdom

Occupier demand for the Group's properties has continued to be good, although tenants are selective. We are therefore seeing acceptable levels of rental growth in the portfolio and generally our targets at rent review are being met. Occupancy at 94.3 per cent. overall consolidates a 9.9 per cent. vacancy in the Bilton properties.

The integration of the Bilton business into Slough has been completed and the Bilton head office sold, realising synergy benefits in excess of £2 million per annum. A review of the portfolio resulted in 30 of the 54 properties representing 33 per cent. of the total floor-space being identified as strategically non-core or simply too small for retention and these have been sold as have the sporting assets and housing land. The challenge now is to reduce vacancy and proceed with the many excellent redevelopment and refurbishment opportunities which the retained portfolio offers.

On 31st March the opening of the Buchanan Galleries was greeted with great enthusiasm in Glasgow and the west of Scotland generally. Trading is reported to be exceeding the expectations of the retailers with few exceptions. The Galleries was honoured by a visit from Her Majesty The Queen in July.

As previously reported, the acquisition of the former Royal Aircraft Establishment factory site at Farnborough amounting to 72 hectares was completed in March and work has begun on obtaining initial planning consents for the masterplan and infrastructure works.

Elsewhere in the UK, 78,200 sq.m. of new buildings were completed in the first half, 53,500 sq.m. are under construction at Slough, Elstree, Acton, Bristol and Birmingham and a further 56,000 sq.m. are expected to break ground before the year-end. The take-up of new space is good with 75 per cent. leased or pre-leased.

Overseas

The North American markets in which we operate continue to be strong and the developments are leasing well.

In Canada 37,400 sq.m. has been completed and a further 54,100 sq.m. is currently under construction, primarily in Toronto at the Mississauga, Goreway, American Drive and Oakville estates. We expect this to be leased rapidly.

In Torrey Pines, San Diego, a 4,900 sq.m. R&D building was sold on completion and a further 7,700 sq.m. unit is under construction. In the San Francisco Bay Area 49,300 sq.m. of new construction is leased, and a further 3 hectares of land is being acquired to expand the Pointe Grand estate to meet pre-let demand.

In Europe 25,400 sq.m. of construction is underway in Brussels, including 20,600 sq.m. at Pegasus Park of which 64 per cent. is pre-leased, mainly to Cisco and Regus. In Paris, planning consent was obtained for the rebuilding of the Rue Vineuse office property and demolition has commenced. As I announced at the Annual General Meeting, we have contracted to acquire a 25.3 hectare site at Marly la Ville just north of Charles de Gaulle Airport which comprises a 10,400 sq.m. warehouse newly leased to Printemps and brownland capable of supporting a further 98,000 sq.m. of large warehouse space on which work should commence in early 2000. A further site for the development of industrial space has been acquired at Mönchengladbach in Germany.

YEAR 2000

Appropriate steps have been taken to ensure that the Group's future operations will not be significantly affected by the Year 2000 issue. However there can be no absolute assurance that this will be so as the Group may be adversely affected by third parties' difficulties in solving the Year 2000 problem.

OUTLOOK

The economic climate of low inflation, low interest rates and modest growth presents an unfamiliar environment for the UK property market. Nevertheless with businesses seemingly less nervous than they were a year ago there is a solid base for property as an investment. Low vacancy, firm to rising rents and steady demand for a product which is currently restricted in supply in many areas are all factors which bode well for the future.

The Group's policy of selective development in prime business centres is showing through strongly in earnings growth. This policy should continue to deliver improving shareholder value.

Finally, as reported in my statement accompanying the final results for 1998, I will from 22nd September be reducing my executive responsibilities but remaining as Chairman. The Group is now in an exceptionally strong position and I am confident that the Chief Executive, Derek Wilson, and the team will continue to deliver excellent results in the future."

Nigel Mobbs
Chairman

UNITED KINGDOM TAXATION

The following is a summary of the Issuer's understanding of current law and practice in the United Kingdom, as at the date of the Offering Circular, relating to the taxation of the Notes. It is not exhaustive and, in particular, does not deal with the position of certain classes of Noteholders, such as dealers in securities or persons connected with the Issuer. Prospective Noteholders who may be subject to tax in jurisdictions other than the United Kingdom or are in any doubt as to their tax position should seek their own professional advice.

Interest on the Notes

1. The Notes will constitute "quoted Eurobonds" within the meaning of Section 124 of the Income and Corporation Taxes Act 1988 ("the Act") as long as they continue to be in bearer form, carry a right to interest and are listed on a "recognised stock exchange" within the meaning of Section 841 of the Act. The London Stock Exchange is recognised for this purpose. Accordingly, while Notes remain in global form and are held in a recognised clearing system within the meaning of section 841A of the Act (Clearstream, Luxembourg and Euroclear have each been designated as a recognised clearing system for this purpose), payments of interest on the Notes may be made by any paying agent without withholding or deduction for or on account of United Kingdom income tax provided that, where required by regulation, such paying agent has received an appropriate declaration or a notice from the Inland Revenue.
2. If Notes are issued in definitive form and remain quoted Eurobonds, then payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax:
 - (i) where payment is made by or through a paying agent who is not in the United Kingdom; or
 - (ii) where payment is made by or through a paying agent who is in the United Kingdom and either:
 - (a) the beneficial owner of the Notes is not resident in the United Kingdom and is beneficially entitled to the interest, or
 - (b) the Notes are held in a recognised clearing system,and, if required by regulations, a declaration in appropriate form has been given to the person by or through whom the payment is made or the Inland Revenue has issued an appropriate notice to that person.

In all other cases interest on the Notes must be paid under deduction of United Kingdom income tax at the lower rate (currently 20 per cent.), subject to any direction to the contrary by the Inland Revenue pursuant to the provisions of an applicable double taxation treaty.

3. In relation to Notes which constitute quoted Eurobonds, where a person in the United Kingdom in the course of a trade or profession:
 - (i) acts as custodian of the Notes and receives interest on the Notes or directs that interest on the Notes be paid to another person or consents to such payment; or
 - (ii) collects or secures payment of or receives interest on the Notes for a Noteholder or a Couponholder whether by means of Coupons or otherwise (except by means only of clearing a cheque or arranging for the clearing of a cheque); or
 - (iii) otherwise acts for another person in arranging to collect or secure payment of interest on the Notes (a "collecting agent"), the collecting agent will be liable and account for, and will accordingly deduct a sum representing, income tax at the lower rate on payments of interest on the Notes unless:
 - (i) the relevant Notes are held in a recognised clearing system and the collecting agent either:
 - (A) pays or accounts for the interest directly or indirectly to the recognised clearing system; or
 - (B) is acting as depositary in respect of the relevant Notes for the recognised clearing system; or
 - (ii) the person beneficially entitled to the interest is not resident in the United Kingdom and beneficially owns the relevant Notes; or
 - (iii) the interest arises to trustees not resident in the United Kingdom of certain discretionary or accumulation trusts (where, *inter alia*, none of the beneficiaries of the trust is resident in the United Kingdom); or
 - (iv) the person beneficially entitled to the interest is eligible for certain reliefs from United Kingdom tax in respect of the interest; or

- (v) the interest falls to be treated as the income of, or of the government of, a sovereign power or of an international organisation within the meaning of the Act; or
- (vi) the relevant Notes and the interest are beneficially owned by a person falling into certain specified categories, or one of certain other circumstances applies, in each case as prescribed by regulations made under the Act, which would apply, for example, to Notes held under a personal equity plan, in a pension funds pooling scheme or a superannuation fund.

In the case of each of the above exceptions (except (i) (B)), further administrative conditions imposed by the regulations made under the Act may have to be satisfied for the relevant exception to be available.

4. 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 or deduction.

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 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. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers).

Noteholders may be entitled to relief from United Kingdom taxation on interest on the Notes under the terms of an applicable double taxation treaty.

United Kingdom Corporation Tax payers

5. In general, all interest, profits, gains and losses arising from the Notes will be taxed or relieved as income for Noteholders within the charge to corporation tax, broadly in accordance with an authorised accounting method.

Other United Kingdom Tax payers

Taxation of Chargeable Gains

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

Accrued Income Scheme

7. On a disposal of Notes by a Noteholder, any interest which has accrued since the last interest payment date may be chargeable to tax as income if that Noteholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable.

Stamp Duty and SDRT

8. No stamp duty or stamp duty reserve tax is payable on the issue or transfer by delivery of the Notes or on their redemption.

Proposed EU Directive on the Taxation of Savings Income

9. In June 1998 the European Commission presented to the Council of the European Union a proposal for a Council Directive to oblige member states to adopt either a "withholding tax system" or an "information system" in relation to savings income. It is currently uncertain whether the proposal will be adopted in its current or an amended form, or at all.

The "withholding tax system" would, subject to certain exemptions, require a "paying agent" (which can include an issuer of debt) established in an EU member state to withhold tax at a minimum of 20% from interest (including discounts and premiums) paid to an individual resident (for tax purposes) in another EU member state and who is beneficially entitled to the interest. The "information system" would require an EU member state to supply other member states with details of payments of interest made by "paying agents" within its jurisdiction to individuals resident in those other member states who are beneficially entitled to interest paid by that paying agent. A member state would be free to choose which of the two systems to adopt.

If adopted by the Council of the European Union in its current draft form and duly implemented the provisions of the Directive would be applicable from 1st January, 2001.

SUBSCRIPTION AND SALE

UBS AG, acting through its division Warburg Dillon Read, Greenwich NatWest Limited (as agent for National Westminster Bank Plc) and HSBC Bank plc (together the "Managers") have, pursuant to a Subscription Agreement dated 22nd February, 2000 (the "Subscription Agreement"), jointly and severally agreed with the Company, subject to the satisfaction of certain conditions, to subscribe for the Notes at 98.437 per cent. of their principal amount. The Company has agreed to pay to the Managers a combined management and underwriting commission and a selling commission of 0.625 per cent. of such principal amount. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Company. The Company has agreed to indemnify the Managers against certain liabilities in connection with the issue of the Notes.

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. Terms used in this paragraph have the meanings given to them by Regulation S under 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 and regulations thereunder.

Each of the Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Terms and Conditions), within the United States or to or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells 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.

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

Each Manager has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell any Notes to persons in the United Kingdom prior to admission of the Notes to listing in accordance with Part IV of the Financial Services Act 1996 (the "FSA") except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended) or the FSA;
- (ii) it has complied and will comply with all applicable provisions of the FSA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Notes, other than any document which consists of or any part of listing particulars, supplementary listing particulars or any other document required or permitted to be published by listing rules under Part IV of the FSA, to a person who is of a kind described in Article 11 (3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (as amended) or is a person to whom such document may otherwise lawfully be issued or passed on.

Each of the Managers has represented and agreed that, without prejudice to the above, it will not (directly or indirectly) offer, sell or deliver any of the Notes and will not distribute or publish any prospectus, form of application, other offering material or advertisement (including this Offering Circular) in connection with the Notes in any jurisdiction, except in accordance with all applicable laws and regulations.

GENERAL INFORMATION

1. The listing of the Notes on the London Stock Exchange will be expressed as a percentage of their principal amount (exclusive of accrued interest). Transactions will normally be effected for settlement in sterling and for delivery on the third calendar day after the date of the transaction. It is anticipated that such listing will be granted on or around 23rd February, 2000 subject only to the issue of the Temporary Global Note. Prior to official listing however, dealings will be permitted by the London Stock Exchange in accordance with its rules.
2. The Notes have been accepted for clearance through Clearstream, Luxembourg and Euroclear. The Common Code is 10709946. The ISIN is XS0107099466.
3. The Notes and the Coupons will bear a legend as follows: "Any United States person (as defined in the United States Internal Revenue Code) who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165 (j) and 1287 (a) of the Internal Revenue Code".
4. There are no and have not been any litigation or arbitration proceedings, including any which, as far as the Company or the Group is aware, are pending or threatened, which may have or have had during the twelve months prior to the date hereof a significant effect on the financial position of the Company or the Group.
5. The financial information on the Group contained in this document does not amount to statutory accounts within the meaning of section 240 of the Companies Act 1985. Statutory accounts relating to the Company for the financial years ended 31st December, 1998 and for the preceding two financial years have been delivered to the Registrar of Companies. The auditors of the Company, PricewaterhouseCoopers at 9 Greyfriars Road, Reading, Berkshire RG1 1JG, chartered accountants, have made reports under section 235 of the Companies Act 1985 in respect of the financial year ended 31st December, 1998 and its predecessor partnership, Coopers & Lybrand, made reports under section 235 of the Companies Act 1985 in respect of the preceding two financial years, and each such report was an unqualified report and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.
6. Save as disclosed herein, there has been no significant change in the financial or trading position of the Group since 30th June, 1999, the date to which the last published unaudited interim financial statements were prepared, and no material adverse change in the financial position or prospects of the Group since 31st December, 1998, the date to which the last published audited statutory accounts were prepared.
7. Copies of the following documents may be inspected at the offices of Lovells, 65 Holborn Viaduct, London EC1A 2DY during usual business hours on any weekday (Saturdays and public holidays excepted) for 14 days from the date of this document:
 - (a) the memorandum and articles of association of the Company;
 - (b) the audited consolidated accounts of the Company and its subsidiaries for the two years ended 31st December, 1998 and the interim unaudited consolidated accounts of the Company and its subsidiaries for the six months ended 30th June, 1999;
 - (c) the Subscription Agreement; and
 - (d) the Principal Trust Deed, the First Supplemental Trust Deed, the Second Supplemental Trust Deed, the Third Supplemental Trust Deed and drafts (subject to modification) of the Fourth Supplemental Trust Deed (incorporating the forms of the Global Notes, the definitive Notes, the Coupons and the Talons) and of the Agency Agreement.

REGISTERED AND HEAD OFFICE OF THE COMPANY

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TRUSTEE FOR THE BONDHOLDERS

Commercial Union Trustees Limited
CGU Insurance Trustee Department
Pitheavlis
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To the Managers and the Trustee
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